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Electronic News Financial Fact Book & Directory

1987

26th Annual Edition

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New York

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Editor's Note: In order to present a clearer picture of a company's involvement in the Electronics field, we have, in some cases, included only those divisions and subsidiaries related to Electronics.

Robert Benjamin
Chief Research Editor

Arlene Bienenfeld
Robert Egan
Associate Editors

Standard Book Number 87005-566-6

Printed in the United States of America

LEADERS IN THE ELECTRONICS INDUSTRY - 1987

U.S. COMPANIES	Electronic Sales (000's)	% of Electronic Sales	Gross Sales in Lastest Available Four Quarters (000's)
IBM Corp.	$41,867,000	80.0	$ 52,334,000
General Electric Co	13,970,000	33.0	41,930,000
General Motors	10,755,000	11.0	101,134,000
AT&T	10,178,000	35.0	29,286,000
Unisys	9,649,000	100.0	9,649,000
Digital Equipment Corp.	9,390,100	100.0	9,390,100
Hewlett-Packard Co.	7,484,000	100.0	7,484,000
Motorola, Inc.	6,235,000	100.0	6,235,000
Xerox Corp.	5,000,000	50.0	10,000,000
NCR Corp.	4,788,313	92.0	5,233,130
N.A. Philips Corp.	4,779,812	97.0	4,951,119
Honeywell, Inc.	4,468,900	75.0	5,958,700
Raytheon Co.	4,409,000	59.4	7,423,000
Texas Instruments, Inc.	4,234,200	83.0	5,101,500
Rockwell International Corp.	3,714,800	30.0	12,382,700
Lockheed Corp.	3,540,000	32.0	10,993,000
Tandy Corp.	3,456,908	100.0	3,456,908
Westinghouse Electric Corp.	3,434,400	33.0	10,407,300
Control Data Corp.	3,329,700	100.0	3,329,700
Litton Industries Inc.	3,011,885	70.0	4,329,240
Wang Laboratories Inc.	2,836,700	100.0	2,836,700
GTE Corp.	2,756,949	18.0	15,316,384
ITT Corp.	2,682,000	14.5	18,500,000
TRW, Inc.	2,670,000	42.0	6,360,000
Eaton Corp	2,428,000	61.0	3,980,000
Apple Computer Corp.	2,386,000	100.0	2,386,000
Zenith Electronics Corp.	2,196,200	100.0	2,196,200
Harris Corp.	2,113,244	100.0	2,113,244
Allied-Signal Inc.	2,100,000	17.0	12,400,000
National Semiconductor Corp.	1,900,000	100.0	1,900,000
AMP Inc.	1,732,000	83.0	2,099,429
Schlumberger Ltd.	1,697,000	42.0	4,040,000
Intel Corp.	1,513,268	100.0	1,513,268
Penn Central	1,479,000	66.0	2,275,000
E.I. duPont de Nemours & Co.	1,457,000	0.5	28,012,000
Teledyne, Inc.	1,400,000	45.0	3,204,500
Tektronix Inc.	1,395,885	100.0	1,395,885
Singer Corp.	1,393,800	77.0	1,800,800
Avnet	1,339,200	87.0	1,539,300
Data General Corp.	1,271,597	100.0	1,271,597
Amdahl Corp.	1,216,316	100.0	1,216,316
Ford Aerospace & Comm. Corp.	$ 1,200,000	80.0	$ 1,500,000
United Telecom Corp.	1,015,000	35.0	2,880,860
Perkin-Elmer Corp.	989,775	75.0	1,319,700
Northrop Corp.	984,500	17.0	5,748,400
Tandem Computers Inc.	965,000	100.0	965,000
Varian Associates, Inc.	963,100	100.0	963,100
Seagate Technology	958,000	100.0	958,000
Gould Inc.	908,800	100.0	908,800
E-Systems, Inc.	737,612	62.0	1,193,547
FOREIGN COMPANIES			
Matsushita Electric Ltd.	25,224,000	92.0	27,417,000
N.V. Philips	18,861,000	75.0	25,148,000
Hitachi Ltd.	14,996,000	43.0	34,633,000
NEC Ltd.	14,000,000	100.0	14,000,000
Siemens	13,061,945	50.0	26,123,889
Toshiba Ltd.	12,532,000	55.0	22,655,000
Fujitsu Ltd.	12,256,000	100.0	12,256,000
General Electric Co. plc	6,011,000	72.0	8,395,200
Thomson-CSF	5,217,000	100.0	5,217,000
Sharp	5,154,000	100.0	5,154,000
Olivetti	4,846,000	86.0	5,628,000
Northern Telecom Ltd.	4,377,700	92.0	4,742,900
Mitsubishi	3,347,200	27.0	12,397,000
STC	3,093,440	100.0	3,093,440
LM Ericsson	2,911,000	63.0	4,642,000
Bull	2,803,000	100.0	2,803,000
Nixdorf Computer AG	2,300,000	100.0	2,300,000
Plessey Co. plc	2,186,726	95.0	2,301,817
Racal Electronics plc	1,652,284	80.0	2,065,355
Thorn EMI plc	1,322,500	25.0	5,354,377
Oki Electric Ltd.	1,111,235	49.0	2,272,465

(Reprinted from *Electronic News* — August 24, 1987)

LOOKING AT THE LEADERS 1987

	STOCK PRICES		EARNINGS PER SHARE(A)		P/E RATIOS(B)		EPS (C) PROJ. ACTUAL		SALES (Millions) Last Four Quarters	Year End
	6-30-87	6-30-86	1987	1986	1987	1986	1987	1986	1987	1986/7
Allied-Signal	44	44⅞	$ 3.27	$ d3.67	15	12	$2.92	$2.26	$ 12,400	$ 11,800
Amdahl	36⅜	17½	1.81	0.60	16	29	2.25	0.81	1,216	966
AMP	60⅛	37	1.90	1.02	26	23	2.30	1.52	2,099	1,933
Apple Computer	41¼	18⅛	1.35	1.13	27	16	1.55	1.19	2,386	1,901
AT&T	32	25⅜	0.32	1.90	18	13	1.75	1.21	29,186	34,087
Avnet	34¼	28⅞	2.28	0.86	46	34	0.75	2.23	1,539	1,539
Control Data	29⅝	22½	d5.78	NA	59	d	.50	d6.58	3,329	3,346
Data General	32⅝	34⅜	d3.04	0.40	d	87	d1.15	0.21	1,271	1,268
Digital Equipment	163⅞	85¾	8.53	4.50	19	19	8.53	4.81	9,390	7,590
E.I. du Pont de Nemours	124⅞	83¼	6.50	6.25	18	13	7.00	6.35	28,012	27,148
Eaton	98⅝	66¼	5.49	6.75	13	10	7.50	4.29	3,980	3,811
E-Systems	34⅜	35	1.88	2.20	16	16	2.15	2.00	1,193	1,135
Ford Aerospace & Communications			SUBSIDIARY						1,500	1,700
General Electric	59¼	40½	2.62	2.25	21	15	2.80	2.73	41,930	36,725
General Motors	88⅞	77⅝	7.19	10.15	12	8	7.50	8.21	101,134	102,813
Gould	22	21⅞	0.37	NA	26	d	0.85	d2.26	908	908
GTE	41¾	36⅛	3.19	3.84	12	9	3.40	3.53	15,316	15,111
Harris	35⅜	33¼	1.84	1.44	18	23	2.00	1.48	2,113	2,113
Hewlett-Packard	61⅛	41	2.16	2.00	24	20	2.50	2.02	7,484	7,102
Honeywell	84½	75¾	d8.03	5.65	16	13	5.30	d8.83	5,958	5,378
Intel	47¾	23	d1.70	0.14	17	14	9.50	7.81	52,334	51,248
IBM	161	146½	7.29	10.75	64	NA	.75	d1.57	1,513	1,265
ITT	63	53⅜	4.58	4.00	11	14	5.50	3.50	18,500	17,437
Litton Industries	101	81	4.90	3.15	18	26	5.50	2.52	4,329	4,521
Lockheed	54¾	55¾	6.22	6.15	8	8	6.70	6.18	10,993	10,273
Motorola	58⅝	39⅞	1.79	2.15	27	19	2.15	0.89	6,235	5,888
N.A. Philips	42⅞	45	0.05	NA	15	19	0.05	d1.37	4,951	4,531
National Semiconductor	13⅞	11¾	d0.42	d1.73	d	d	d0.42	d1.73	1,900	1,900
NCR	79⅛	51⅜	3.81	3.65	19	14	4.20	3.42	5,233	4,881
Northrop	48	50	0.09	d0.05	20	11	2.40	d0.73	5,748	5,608
Penn Central	61¾	57⅜	NA	NA	17	25	NA	2.27	2,275	2,387
Perkin-Elmer	34¼	27⅜	0.55	1.75	24	16	1.40	1.61	1,319	1,290
Raytheon	80⅞	63⅜	6.10	5.10	13	12	6.10	5.50	7,423	7,308
Rockwell	26⅞	22	6.22	2.18	10	10	2.60	2.06	12,382	12,295
Schlumberger	49½	34⅜	d1.54	1.55	71	22	0.70	d0.97	4,040	4,938
Seagate	28⅝	12⅜	2.81	0.72	10	20	2.81	0.72	958	958
Singer	44⅞	55⅞	1.86	4.10	20	14	2.30	4.27	1,800	1,725
Tandem	27⅝	31	1.01	0.88	25	31	1.10	0.72	965	767
Tandy	46⅞	38¼	2.50	2.50	17	15	2.70	2.22	3,456	3,456
Tektronix	38⅝	30	1.33	1.25	29	24	1.33	0.98	1,395	1,383
Teledyne	336⅜	336½	20.93	24.00	17	14	22.00	20.35	3,203	3,241
Texas Instruments	62½	39⅞	1.93	1.17	19	34	3.33	0.38	5,101	4,974
TRW	58⅞	50⅞	3.28	4.00	14	13	4.10	3.62	6,360	6,036
Unisys	43⅜	20½	0.01	1.62	15	13	2.80	d0.54	9,649	7,432
United Telecommunications	31⅛	27¼	0.84	0.01	d	12	NA	0.27	2,880	2,371
Varian Associates	36¼	25¾	0.20	0.48	36	54	1.00	d0.70	963	891
Wang Laboratories	16¾	15⅛	d0.44	0.35	d	43	d0.44	0.35	2,836	2,836
Westinghouse Electric	69¼	53⅜	4.79	4.10	13	13	5.25	4.42	10,407	10,731
Xerox	73¾	56⅛	4.49	4.45	13	13	5.50	3.85	10,000	9,355
Zenith Electronics	31⅝	24¾	0.20	0.25	32	99	1.00	d0.43	2,196	1,892
			FOREIGN							
Hitachi	76¾	52⅛	d0.44	NA	35	18	NA	2.39	34,633	34,633
LM Ericsson	39	35¼	2.19	NA	18	18	NA	2.19	4,642	4,642
Matsushita	173	89⅞	5.50	NA	31	13	NA	5.50	27,417	25,746
NEC	70¾	45⅞	0.54	NA	NA	79	NA	0.58	14,000	14,000
Northern Telecom	21⅞	14⅞	1.33	1.20	16	12	1.38	1.22	4,742	4,383
N.V. Philips	26⅛	21	2.27	NA	12	14	NA	2.02	25,148	25,718
Plessey Co.	32	35	2.61	NA	12	17	NA	2.61	2,301	2,301

NOTE: Bull, Fujitsu, General Electric Co. plc, Mitsubishi, Nixdorf Computer, Oki, Olivetti, Racal, Sharp, Siemens, STC, Thomson-CSF, Toshiba and Thorn EMI are not traded on U.S. exchanges.
D—Deficit

A—Earnings per-share for the 12 months through June 30.
B—Price-earnings ratio for the 12 months through June 30.
C—Earnings per-share as actually reported for either fiscal 1987, or calendar 1986.
NA—Not Available.

(Reprinted from *Electronic News* — August 25, 1987)

LEADING U.S. ELECTRONICS COMPANIES BY RATIO

% Income Before Taxes to Sales*	
GTE	13.83
Tandy	12.75
NCR	12.69
Penn Central	11.33
Digital Equipment	11.30
du Pont	11.00
Hewlett-Packard	10.98
General Electric	10.48
E-Systems	9.63
Raytheon	8.92
Perkin-Elmer	8.70
Rockwell	8.61
Ford	8.08
Allied-Signal	7.99
Seagate	7.86
Westinghouse	7.46
Teledyne	7.10
Lockheed	6.92
TRW	6.13
Eaton	5.77
Motorola	4.50
Tektronix	3.13
Avnet	2.99
Litton	2.83
Harris	2.74
N.A. Philips	2.25
Wang	2.12
Texas Instruments	1.98
General Motors	1.42
Data General	1.11

% Net Income to Sales*	
AMP	8.50
Tandem	8.31
Digital Equipment	8.13
Apple Computer	8.10
GTE	7.84
Seagate	7.51
Teledyne	7.35
Hewlett-Packard	7.27
General Electric	7.08
NCR	6.89
Tandy	6.51
Penn Central	6.46
Westinghouse	6.25
du Pont	5.67
Perkin-Elmer	5.62
E-Systems	5.42
Raytheon	5.38
Ford	5.24
Allied-Signal	5.13
Rockwell	4.97
Lockheed	3.97
TRW	3.61
Eaton	3.61
Motorola	3.29
Tektronix	2.91
General Motors	2.86
Harris	2.69
Wang	1.93
Avnet	1.69
Litton	1.57

% Net Income to Equity	
Westinghouse	22.29
Apple Computer	22.18
Ford	22.11
Lockheed	21.86
Raytheon	20.12
Rockwell	19.33
TRW	18.17
Seagate	16.57
General Electric	16.49
Allied-Signal	16.41
E-Systems	16.33
Tandy	15.13
Singer	15.12
GTE	15.02
Teledyne	14.56
AMP	14.48
NCR	14.04
Tandem	11.93
Hewlett-Packard	11.80
du Pont	11.50
Eaton	10.96
Digital Equipment	10.78
United Telecommunications	10.49
Perkin-Elmer	10.28
Xerox	9.92
General Motors	9.60
ITT	7.55
Penn Central	7.37
Motorola	7.04
Litton	6.97

Sales to Inventories†

Apple Computer	17.50
Teledyne	15.36
General Motors	14.21
Raytheon	12.75
TRW	11.76
Ford	10.83
Rockwell	9.46
Lockheed	9.36
Westinghouse	9.24
Tektronix	8.20
Texas Instruments	8.16
Penn Central	8.11
Eaton	7.86
Hewlett-Packard	7.24
National Semiconductor	7.18
Seagate	7.14
Motorola	7.09
du Pont	6.38
Gould	6.10
Singer	5.57
AMP	5.49
Data General	5.34
N.A. Philips	5.29
Allied-Signal	4.81
Varian	4.21
Zenith	3.76
Avnet	3.42
Perkin-Elmer	3.01

Debt to Equity

Tandem	0.02
Raytheon	0.02
Hewlett-Packard	0.03
Penn Central	0.04
AMP	0.04
NCR	0.05
Digital Equipment	0.06
Seagate	0.08
Tektronix	0.11
Perkin-Elmer	0.12
Motorola	0.12
Schlumberger	0.12
Varian	0.12
General Motors	0.13
Texas Instruments	0.16
Litton	0.17
National Semiconductor	0.18
E-Systems	0.18
Avnet	0.18
Harris	0.19
Intel	0.22
Ford	0.23
Rockwell	0.23
du Pont	0.24
Tandy	0.26
Teledyne	0.35
Westinghouse	0.37
ITT	0.41
General Electric	0.41
Data General	0.42

FOOTNOTES:
*-Excluding companies with discontinued operations.
†-Excluding companies where sales include other income.

AAR Corp.

1111 Nicholas Boulevard
Elk Grove Village, Illinois 60007
(312) 439-3939

Officers: Ira A. Eichner, chairman of the board & chief executive officer; Barton J. Levin, president & chief operating officer; Sam G. Ayoub, v.p.-technical services marketing; Ben C. Brostoff, v.p. & secretary; Robert A. Cameron, v.p.-operations and finance & treasurer; John C. DeBenedictis, v.p.-marketing, aviation group; Jan van den Berg, v.p.-Europe; Joseph J. Dzurinko, v.p. & controller; A. Lee Hall v.p.-commercial & military aviation group; A.C. Richards, v.p.-industrial group.

Directors: Ira A. Eichner*, chairman; Robert C. Stuart, Ben C. Brostoff*, Robert A. Cameron, Herbert K. Cummings, Lee B. Stern, Edgar D. Jannotta, Robert D. Judson, Erwin E. Schulze*, Edward Donnell*, Jan van den Berg, Barton J. Levin*, A. Robert Abboud.

* Member of the Executive Committee.

Areas of Work: Engaged in the overhaul and certification of communications and navigation equipment (avionics), engines, engine parts, and airframe parts; design, manufacture and marketing of proprietary instrumentation; associated distribution of parts and accessories for general aviation, and flight instruction; and line and shop maintenance of engines, propellers, airframes, avionics, and accessories. Also, lease financing of aircraft, aircraft engines, and other aviation products.

Subsidiaries:

AAR Aircraft Turbine Center, Inc.
Elk Grove Village, Illinois
(312) 439-3939

Energy Services Division
Garden City, New York
(516) 222-6400

AAR Technical Service Center Corp.
747 Zeckendorf Boulevard
Garden City, New York 11530
(516) 222-9000

AAR Oklahoma, Inc.
Will Rogers World Airport
6611 South Meridian - Box 59100
Oklahoma City, Oklahoma 73159
(405) 681-3000

AAR Hardware Corp.
2100 Touhy Avenue
Elk Grove Village, Illinois
(312) 437-9300

AAR Hardware
3309 N.W. 55th Street
Fort Lauderdale, Florida 33309
(305) 486-5040

AAR Allen Aircraft Corp.
2100 Touhy Avenue
Elk Grove Village, Illinois 60007
(312) 437-9300

Allen Aircraft International, Inc.
Cardinal Point, Newell Road
Heathrow Airport
Hounslow, Middlesex
England

AAR Allen-Airmotive Inc.
705 Kruisweg
Hoofddorp, The Netherlands

Avia Radio A/S
Hangar 141
Copenhagen Airport
2791 Dragoer, Denmark

Mars Aircraft Service Company of New Jersey
Hangar 3
Teterboro Airport
Teterboro, New Jersey 07508
(201) 288-0222

Technisch Handelskantoor Lloyd, B.V.
Kruisweg 703
Hoofdoorp, The Netherlands

AAR Western Skyways, Inc.
Portland-Troutdale Airport
Troutdale, Oregon 97060
(503) 665-1181

Allen-Airmotive International (France) S.A.R.L.
30, Avenue de l'Amiral Lemonnier
78160 Marly Le Roni
Paris, France

Abscoa Industries, Inc.
200 Saw Mill River Road
Hawthorne, New York 10532
(914) 747-0500

Abscoa Industries, Inc.
3160 West El Segundo Boulevard
Hawthorne, California 90250
(213) 970-0886

Jet International Corp.
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Northbrook, Illinois 60062
(312) 480-9440

AAR Brooks & Perkins Corp.
Suite 750 Honeywell Center
17515 West Nine Mile Road
Southfield, Michigan 48075
(313) 559-3500

Brooks & Perkins/Advanced Structures
12633 Inkster Road
Livonia, Michigan 48150
(313) 522-2000

AAR Brooks & Perkins Handling Technologies
P.O. Box 1227
Anderson & Taylor Streets
Aberdeen, North Carolina 28315
(919) 944-2105

Brooks & Perkins/Cadillac Manufacturing
201 Haynes Street
Cadillac, Michigan 49601
(616) 775-8800

Brooks & Perkins/Aeronetics
2100 Touly Avenue
Elk Grove Village, Illinois 60007
(312) 437-9300

AAR Pacific Pte. Ltd.
Building 550
Great West Road
West Camp
Seletar Airport
Singapore 2879

AAR Circamet Coating Technology, Inc.
One West Frankfort Industrial Park Drive
Frankfort, New York
(315) 724-6113

AAR Financial Services Corp.
1111 Nicholas Boulevard
Elk Grove Village, Illinois 60007
(312) 439-3939

AAR Agio, A.G.
Baarer Strasse 6
Zug, Switzerland

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois

The Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AIR

Number of Employees:

1986	1,780	1983	1,320
1985	1,500	1982	1,460
1984	1,391		

Plant Footage:

1986	2,000,000 sq. ft.	1983	1,800,000
1985	2,000,000	1982	1,800,000
1984	2,000,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 248,012,000	$ 11,506,000
1985	218,946,000	9,071,000
1984	177,762,000	4,487,000
1983	155,006,000	2,795,000
1982	175,924,000	1,225,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,075,000	$ 1.27
1985	9,038,000	1.00
1984	6,905,000	0.65
1983	5,880,000	0.48
1982	5,574,000	0.22

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Commercial & military aviation	$ 189,897,000	$ 166,181,000
Energy & industry	26,328,000	21,927,000
Business & private aviation	31,787,000	30,838,000
Total	$ 248,012,000	$ 218,946,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	3-for-2
1985	0.32	—	—
1984	0.29	—	—
1983	0.29	—	—
1982	0.29	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 95,381,000	$ 10.51
1985	87,385,000	9.67
1984	81,085,000	11.74
1983	43,225,000	7.35
1982	42,423,000	7.61

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	1986	1985
Net sales	$ 248,012,000	$ 218,946,000
Cost of sales	190,340,000	169,779,000
Expenses	34,990,000	32,337,000
Interest Expense	3,008,000	1,707,000
Eq. in inc. of nonconsol. subsid.	(932,000)	(48,000)
Income before taxes	$ 20,606,000	$ 15,171,000
Income taxes	9,100,000	6,100,000
Net Income	$ 11,506,000	$ 9,071,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,600,000 in 1986 and $4,520,000 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 3,529,000	$ 2,227,000
Marketable securities	1,099,000	2,778,000
Accts. receiv., net	47,396,000	42,515,000
Receiv. from nonconsol. subsid.	7,949,000	430,000
*Inventories	74,606,000	48,532,000
Prepaid expenses	6,162,000	5,972,000
Current Assets	$ 140,741,000	$ 102,454,000
#Fixed assets	38,614,000	34,466,000
Other assets	18,932,000	18,485,000
Total Assets	$ 198,287,000	$ 155,405,000

Liabilities		
Notes payable	$ 30,327,000	$ 11,797,000
Long-term debt, curr.	1,551,000	1,140,000
Accts. payable	24,451,000	19,875,000
Accruals	12,701,000	10,303,000
Income taxes	1,054,000	2,390,000
Curr. Liabilities	$ 70,084,000	$ 45,505,000
Long-term debt:		
Due to banks & others	25,022,000	16,415,000
Deferred inc. taxes	7,800,000	6,100,000
+Common stock	9,105,000	6,056,000
Add. paid-in capital	54,035,000	37,014,000
Retained earnings	33,014,000	25,208,000
Cum. trans. adjust.	(755,000)	(774,000)
Treasury stock	(18,000)	(119,000)
Total Liabilities & Shareholders' Equity	$ 198,287,000	$ 155,405,000

* At lower of cost or market.
# Less accumulated depreciation.
+ $1 par value

Statistical Summary

%Income before Taxes to Sales	8.31	6.93
%Net Income to Sales	4.64	4.14
%Net Income to Equity	12.06	10.38
Sales to Inventories	3.32	4.51
Debt to Equity	0.60	0.34
Working Capital	$70,657,000	$56,949,000
Current Ratio	2.01	2.25
Shareholders' Equity	$95,381,000	$87,385,000

Acme-Cleveland Corporation

30195 Chagrin Boulevard
Cleveland, Ohio 44124
(216) 292-2100

Officers: B. Charles Ames, chairman & chief exec. officer; Edwin S. Braude, v.p.-operations; David L. Swift, v.p.-administration & secretary; Francis R. Appeldorn, v.p. & controller; Donna M. Flammang, asst. secretary; Thomas M. Skove, treasurer; Charles J. Schenkelberg, asst. controller; Joseph C. McCarty, asst. treasurer.

Directors: B. Charles Ames, chairman; Theodore M. Alfred, W. Paul Cooper, W. David Dance, Stephen M. DuBrul, Jr., John J. Dwyer, Martin J. Koldyke, Karl M. Rudolph, Robert M. Taylor.

Areas of Work: The Company's principal products are machine tools, cutting and threading tools, telecommunications products, electrical and electronic controls and sensors, quality-control equipment and systems, and related replacement parts and services.

Divisions and Subsidiaries:

National Acme Division
Cleveland & Fremont, Ohio
Turning machines and systems, replacement parts, supplies and service for standard machine tools.

Namco Controls Division
Mentor, Ohio
Newton, North Carolina
New Milford, Connecticut
Herzhorn, West Germany
Limit switches, solenoids, electronic proximity switches and sensors, flow controls, infrared sensors, and electronic programmable switches and encoders for industrial machinery and process control applications.

Communications Technology Corporation
Los Angeles, California
Atlanta, Georgia
Rexdale (Toronto), Ontario, Canada
Telecommunications equipment, including electronic equipment such as test sets for testing spliced cable pairs; special services control units; voltage detection equipment and cable restoration equipment.

The Cleveland Twist Drill Company
Cleveland, Ohio
Asheboro, North Carolina
Cranston, Rhode Island
Cynthiana, Kentucky
Mansfield, Massachusetts
Metal cutting, metal removing, and threading tools, such as high-speed drills, reamers, end mills, taps, and rolling heads.

Acme Communications Technology Systems Corporation
Dallas & Denison, Texas
Computerized telephone cable plant testing products and services.

M&M Precision Systems Division
West Carrollton & Cincinnati, Ohio
Tamworth, England
Loffingen, West Germany
Computerized quality control and measurement systems, master gears, spline gauges and thread gauges used in the production of precision gears, rotary tables and slides for numerically controlled machines.

Transfer Agent(s):

AmeriTrust Company
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: AMT

Number of Employees:

1986 2,400

Plant Footage:

1986 . . . . . 2,231,500 sq. ft.

Sales and Earnings

	Net Sales #	Net Income
1986	$ 186,050,158	$ (12,530,392)
1985	213,608,852	(11,492,858)
1984	146,109,907	(11,395,750)
1983	130,249,913	N.A.
1982	206,795,720	N.A.

	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,278,897	$ —
1985	6,186,305	—
1984	5,551,820	—
1983	4,366,351	N.A.
1982	4,351,352	N.A.

(Loss)
N.A.-Not Available.
Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Capital equipment	$ 54,859,000	$ 62,047,000
Expendable products	73,412,000	85,656,000
Telecommunications & elec. products	58,126,000	66,471,000
Eliminations	(347,000)	(565,000)
Total	$ 186,050,000	$ 213,609,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.90	—	—
1982	1.40	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1986	$ 85,374,166	$ 13.69
1985	99,639,014	15.96
1984	113,257,436	18.63

† After allowing for preferred stock at redemption value.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 186,050,158	$ 213,608,852
Other income	3,207,196	1,541,696
Interest income	1,932,450	989,643
Total income	$ 191,189,804	$ 216,140,191
Cost of sales	125,779,724	138,480,927
Expenses	45,817,161	46,946,156
Depreciation & amortization	11,718,431	11,352,202
Interest expense	4,070,371	5,586,091
Restruc. of oper.	—	3,391,000
Other expenses	3,632,239	1,267,861
Income before taxes	$ 171,878	$ 9,115,954
Income taxes	1,997,000	4,460,000
Income (loss) from cont. oper.	$ (1,825,122)	$ 4,655,954
Loss from discont. oper.	(10,705,270)	(16,148,812)
Net Loss	$ (12,530,392)	$ (11,492,858)

Assets

As of Sept. 30	1986	1985
Cash	$ 3,733,183	$ 7,923,715
Marketable securities	15,764,642	12,218,458
Accts. receiv., net	26,407,598	25,431,775
Recov. income taxes	800,215	1,994,728
*Inventories	38,772,048	43,362,948
Prepaid expenses	3,213,918	2,717,762
Assets of discont. oper.	9,243,161	27,055,230
Current Assets	$ 97,934,765	$ 120,704,616
# Fixed assets	59,664,885	61,762,934
Goodwill in subsid.	13,762,413	14,370,929
Assets held for sale	3,973,076	5,774,659
Invest. in affil.	5,717,566	11,001,412
Other assets	10,963,403	10,375,135
Total Assets	$ 192,016,111	$ 223,989,685

Liabilities

Notes payable	$ 68,898	$ 157,298
Payable to banks	8,110,017	3,633,200
Long-term oblig., curr.	3,555,516	4,050,825
Accts. payable	8,800,532	9,136,732
Accruals	8,882,521	11,174,535
Accrued payroll	11,912,563	13,616,217
Other accrued taxes	1,707,140	1,483,545
Income taxes	2,293,093	1,500,432
Liabilities of discont. oper.	12,220,296	19,356,482
Curr. Liabilities	$ 57,550,576	$ 64,109,266
Long-term oblig.	31,133,631	41,955,281
Deferred inc. taxes	402,250	382,391
Unfunded pension costs	13,359,764	13,708,009
+ Preferred stock	3,630,915	3,630,915
+ + Common stock	6,278,897	6,278,897
Add. paid-in capital	53,545,312	53,545,312
For. curr. trans. adjust.	(1,395,338)	(2,462,914)
Retained earnings	27,510,104	42,842,528
Total Liabilities & Shareholders' Equity	$ 192,016,111	$ 223,989,685

* At lower of cost (primarily LIFO).
# Less accumulated depreciation and amortization.
+ No par value; $1.80 cumulative convertible.
+ + $1 par value.

Statistical Summary

Sales to Inventories	4.80	4.93
Debt to Equity	0.48	0.48
Working Capital	$40,384,189	$ 56,595,350
Current Ratio	1.70	1.88
Shareholders' Equity	$89,569,890	$103,834,738

Acme Electric Corporation

Security Norstar Bank Building
260 N. Union Street
Olean, New York 14760
(716) 373-3050

Officers: James W. McLaughlin, chairman; G. Wayne Hawk, president & chief executive officer; Joseph Pinker, v.p. & gen. mgr.-Commercial Products Division; J. Thomas Odell, v.p.; Thomas G. Long, v.p. & gen. mgr.-Acme Transformer Division; Thomas P. Sullivan, v.p. & gen. mgr.-Power Products Group; Dale G. Guilford, div. mgr.-Power Products Group; Daniel K. Corwin, v.p. & controller; David G. Anderson, secretary, treasurer & general counsel.

Directors: K.E. Hampton*, R. Hartley Bond, W. Bennett Conner, G. Wayne Hawk*, J.W. McLaughlin*, Henry H. Coords, H. Craig Casey, Jr.

* Member of the Executive Committee.

Areas of Work: Dry type power distribution transformers, regulated D.C. power supplies, constant voltage transformers, static power rectifiers, motor starting reactors and reactor packs, machine tool control transformers, stepdown and tapped winding transformers, voltage adjusting transformers, saturable reactors, magnetic amplifier power controls, military type power supplies, power line regulators, special purpose transformers, frequency control equipment, automotive battery chargers, communication power supplies and magnetic components power supplies for electrostatic applications, specification line transformers.

Divisions and Subsidiaries:

Commercial Products Division
Cuba, New York
Manufactures consumer battery chargers.

Power Products Group
Cuba, New York
Salt Lake City, Utah
Manufactures power conversion equipment and custom magnetics.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: ACE

Sales and Earnings

	Net Sales	Net Income
1986	$ 69,578,000	$ 1,883,000
1985	75,849,000	2,651,000
1984	67,273,000	2,260,000
1983	50,983,000	126,000
1982	63,183,000	2,386,000

	No. of Com. Shares #	Earn. per Share #
1986	4,016,822	$ 0.47
1985	3,982,384	0.67
1984	3,956,701	0.57
1983	3,964,902	0.03
1982	3,982,751	0.60

Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.32	5%	—
1985	0.30	5%	—
1984	0.29	10%	—
1983	0.27	5%	—
1982	0.25	5%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 22,680,000	$ 5.65
1985	21,808,000	5.48
1984	20,095,000	5.08
1983	18,801,000	4.74
1982	20,030,000	5.03

Adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 69,578,000	$ 75,849,000
Cost of sales	49,953,000	55,469,000
Expenses:		
Res. & engr.	4,985,000	4,591,000
Sell. & admin.	10,772,000	10,183,000
Interest expense	499,000	714,000
Income before taxes	$ 3,369,000	$ 4,892,000
Income taxes	1,486,000	2,241,000
Net Income	$ 1,883,000	$ 2,651,000

* Included in Costs and Expenses, Depreciation: $1,234,000 in 1986 and $1,303,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 774,000	$ 494,000
Short-term investments	404,000	—
Accts. receiv., net	10,862,000	12,378,000
*Inventories	11,469,000	12,885,000
Other curr. assets	441,000	403,000
Current Assets	$ 23,950,000	$ 26,160,000
#Fixed assets	9,712,000	9,984,000
Total Assets	$ 33,662,000	$ 36,144,000

Liabilities

Long-term debt, curr.	$ 629,000	$ 604,000
Notes payable	—	1,700,000
Accts. payable	2,680,000	3,321,000
Accrued comp. & other	1,426,000	1,644,000
Curr. Liabilities	$ 4,735,000	$ 7,269,000
Long-term debt	5,208,000	6,214,000
Deferred inc. taxes	1,039,000	853,000
+Common stock	4,016,000	3,806,000
Add. paid-in capital	13,092,000	11,537,000
Retained earnings	5,589,000	6,532,000
Treasury stock	(17,000)	(67,000)
Total Liabilities & Shareholders' Equity	$ 33,662,000	$ 36,144,000

* At lower of current cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.84	6.45
%Net Income to Sales	2.71	3.50
%Net Income to Equity	8.30	12.16
Sales to Inventories	6.07	5.89
Debt to Equity	0.26	0.39
Working Capital	$19,215,000	$18,891,000
Current Ratio	5.06	3.60
Shareholders' Equity	$ 22,608,000	$21,808,000

ADAC Laboratories

540 Alder Drive
Milpitas, California 95035
(408) 945-2990

Officers: Q.T. Wiles, chairman of the board; Michael O. Preletz, president & chief executive officer; John M. Burgess, exec. v.p.; I.R. Reuling, v.p. & chief financial officer; Robert L. Deinhammer, exec. v.p. & chief operating officer.

Directors: Q. T. Wiles, chairman; William R. Hambrecht, Michael O. Preletz, Morton A. Cohen.

Areas of Work: The Corporation designs and manufactures digital radiography image processing systems which utilize digital images as opposed to the conventional film used in radiology. The system processor is a computer controlled image processing system with real-time image manipulation hardware, digital data storage via magnetic disc drives, an analog video disc recorder and interface electronics for connection to X-Ray fluoroscopy systems. ADAC is also involved in the design and manufacture of nuclear medicine image processing systems which accept images from the scintillation cameras used in nuclear medicine, convert them to digital form and store them for further analysis.

Other products include radiation therapy planning systems which develop precise radiation dosemetry plans for individual cancer patients using display terminals: X-Ray products, and research and development.

Divisions and Subsidiaries:

Digital Radiography Computer Systems Division
Nuclear Medicine Division
Radiation Therapy Division
Field Service Division
International Division
X-Ray Systems Division
Radiology Management Systems Division
Advanced Marketing and Technology Division

Mid-Continent Computer Services, Inc.
Manufactures radiology information systems.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
50 California Street
San Francisco, California 94111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADAC (NASDAQ)

Number of Employees:

1986	322	1983	1,010
1985	460	1982	665
1984	750		

Plant Footage:

1986	97,962 sq. ft.	1983	350,000
1985	175,000	1982	N.A.
1984	350,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 46,581,000	$ (22,036,000)
1985	56,979,000	(29,806,000)
1984	59,259,000	(33,139,000)
1983	73,109,000	4,805,000
1982	52,800,000	4,846,000

	No. of Com. Shares #	Earn. per Share #
1986	12,469,000	$ —
1985	9,550,000	—
1984	9,436,000	—
1983	9,402,000	0.51
1982	7,917,000	0.61

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,696,000	$ 0.22
1985	12,165,000	1.27
1984	21,103,000	2.24

1983	53,867,000	5.73
1982	29,078,000	3.67

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 46,581	$ 56,979
Cost of sales	30,892	49,128
Expenses	20,096	29,122
Loss on write-down of assets	1,554	2,515
Prov. for loss (gain) on invest.	(384)	2,481
Interest expense	2,364	4,361
Interest income	(129)	(822)
Unusual items	14,224	—
Net Loss	$ (22,036)	$ (29,806)

* Included in Costs and Expenses, Depreciation and Amortization: $2,832,000 in 1986 and $4,485,000 in 1985.

Assets
(000's)

As at Sept. 30	1986	1985
Cash	$ 3,620	$ 3,280
Accts. receiv., net	9,022	12,937
*Inventories	12,276	17,318
Prepaid expenses	645	512
Current Assets	$ 25,563	$ 34,047
#Fixed assets	7,511	12,564
Total Assets	$ 33,074	$ 46,611

Liabilities
(000's)

Notes payable	$ 4,398	$ 11,297
Long-term debt, curr.	4,145	4,487
Accts. payable	3,062	4,301
Accrued payroll	1,674	1,664
Deferred serv. rev.	2,636	2,174
Other accrued liab.	3,747	3,170
Curr. Liabilities	$ 19,662	$ 27,093
Long-term debt	9,316	7,353
Deferred rents	1,400	—
Deferred taxes	19,896	20,396
+Common stock	56,630	43,563
Retained earn. (deficit)	(73,830)	(51,794)
Total Liabilities & Shareholders' Equity	$ 33,074	$ 46,611

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	3.79	3.29
Debt to Equity	3.46	1.90
Working Capital	$ 5,901,000	$ 6,954,000
Current Ratio	1.30	1.26
Shareholders' Equity	$ 2,696,000	$12,165,000

Adage, Inc.

(46.4% owned by American Research and Development Division of Textron Inc.)

One Fortune Drive
Billerica, Massachusetts 01821
(617) 667-7070

Officers: Richard N. Spann, president & chief executive officer; John P. Cunningham, exec. v.p.-finance & administration & treasurer; Ross A. Belson, exec. v.p.-operations; Brijeshwari Prasad, executive vice president-product development & engineering; Seymour Yalen, Richard D. Fiorentino, George S. Drewett, B. Edwards Fitzgibbons, Robert E. Eubank, Ted Vartanian, v.p.'s; Andrew E. Taylor, Jr., clerk.

Directors: Harlan E. Anderson, Ross A. Belson, Charles J. Coulter, Jr., William B. Mitchell, Richard N. Spann, Michael J. Wozny.

Areas of Work: Manufactures, develops and sells interactive computer graphics systems and subsystems, primarily for use in problem solving through interaction with computer generated graphics displays.

Divisions and Subsidiaries:

Adage S.r.l.
Milan, Italy
331/456024

Adage GmbH
Candidplatz 13
D-8000 Munich 90
West Germany

Adage Ltd.
Hook, England

Lexidata Division
One Fortune Drive
Billerica, Massachusetts 01821

Lexidata GmbH
Munich, West Germany

Lexidata Ltd.
Hook, England

Lexidata SARL
Paris, France

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADGE (NASDAQ)

Number of Employees:

1987 ..... N.A. 1986 632

Plant Footage:

1987 ..... N.A. 1986 ..... 276,000 sq. ft.

N.A. — Not Available.

Sales and Earnings

	Net Sales	Net Income †
1987	$ 27,292,000	$ (9,853,000)
1986	24,788,000	(5,394,000)
1985	33,840,000	1,549,000
1984	42,458,000	4,334,000
1983	31,250,000	3,087,000

	No. of Com. Shares ‡	Earn. per Share #
1987	7,456,003	$ —
1986	7,433,215	—
1985	4,713,814	0.33
1984	4,661,588	0.92
1983	4,588,980	0.83

(Loss)
‡ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and special class common stock outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 40,906,000	$ 5.49
1986	50,517,000	6.80
1985	43,846,000	9.30
1984	42,122,000	9.04
1983	37,333,000	8.14

‡ Adjusted to reflect stock split.

Income Account *

Year ended	3/28/87	3/29/86
Net sales	$ 27,292,000	$ 24,788,000
Service contracts	15,235,000	12,262,000
Total operating revenues	$ 42,527,000	$ 37,050,000
Cost of sales	31,200,000	26,020,000
Inventory writedown	—	3,500,000
Expenses	22,392,000	16,704,000
Interest expense	682,000	349,000
Interest income	(182,000)	(552,000)
Other income	(576,000)	(19,000)
Prov. for disposed of of cap. equip.	978,000	—
Prov. for consol. of oper.	—	1,200,000
Loss bef. taxes	$ (11,967,000)	$ (10,152,000)
Tax credit	(2,114,000)	(4,758,000)
Net Loss	$ (9,853,000)	$ (5,394,000)

* Included in Costs and Expenses, Depreciation and Amortization: $4,551,000 in 1987 and $2,790,000 in 1987.

Assets

As of	3/28/87	3/29/86
Cash & term deposits	$ 2,067,000	$ 3,034,000
Accts. receiv., net	11,643,000	13,287,000
*Inventories	17,960,000	24,100,000
Prepaid expenses	4,339,000	5,148,000
Current Assets	$ 36,009,000	$ 45,569,000
#Fixed assets	11,849,000	16,620,000
Other assets	6,332,000	6,764,000
Total Assets	$ 54,190,000	$ 68,953,000

Liabilities

Notes payable	$ 2,860,000	$ 1,000,000
Conv. subord. debentures	—	1,054,000
Cap. lease oblig., curr.	1,097,000	1,110,000
Accts. payable	3,393,000	6,219,000
Accrued empl. compens.	1,445,000	1,988,000
Other current liabilities	2,605,000	2,959,000
Curr. Liabilities	$ 11,400,000	$ 14,330,000
Cap. lease oblig.	1,619,000	2,694,000
Deferred inc. taxes	—	607,000
Deferred inc. tax credits	265,000	805,000
+Common stock	746,000	743,000
Add. paid-in capital	43,193,000	43,008,000
Retained earnings (def.)	43,193,000	7,346,000
Cumulative trans. adj.	(2,507,000)	132,000
Deferred compensation	—	(712,000)
Total Liabilities & Shareholders' Equity	$ 54,190,000	$ 68,953,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.04	0.10
Working Capital	$24,609,000	$31,239,000
Current Ratio	3.16	3.18
Shareholders' Equity	$40,906,000	$50,517,000

Adams-Russell Electronics Co., Inc.

1380 Main Street
Waltham, Massachusetts 02154
(617) 894-8540

Officers: Gerald J. Adams, chairman of the board; John J. Lynch, president & chief executive officer; David J. McLachlan, v.p.-finance & secretary; Joseph S. Batal, v.p.-human resources; James Connolly, group v.p.-Electronics & Instruments; Trevor Lambert, v.p.-corporate development; Harold H. Leach, group v.p.-Aerospace Products; Donald G. Warner, controller; Kennett F. Burnes, clerk.

Directors: Gerald J. Adams, George B. Foote, Jeptha H. Wade, Jr., John J. Lynch, Abraham J. Siegel, George H. Gage.

Areas of Work: Designs and manufactures microwave products and digital systems, and manufactures automated advertising insertion equipment for the cable television industry.

Divisions and Subsidiaries:

Electronic Products
Radio-microwave components for signal processing distribution and electronic intelligence collection, radar and aerospace electronics; antennas, waveguide and coaxial cable assemblies; fabrication of electronic packaging, digital signal processing systems, surveillance receivers and instrumentation.

Anzac Division
80 Cambridge Street
Burlington, Massachusetts 02154
(617) 273-3333

448 Griffin Road
Bangor, Maine 04401
(207) 942-7391

Antenna and Microwave Division
Haverhill Road
Amesbury, Massachusetts 01913
(617) 388-5210

Brazonics Division
Haverhill Road
Amesbury, Massachusetts 01913
(617) 388-2280

Micro-Tel Division
10713 Gilroy Road
Hunt Valley, Maryland 21030
(301) 667-0077

Microwave Products Division
9533 Irondale Avenue
Chatsworth, California 91311
(213) 882-3434

Communications Programs Division
1370 Main St.
Waltham, Massachusetts 02154
(617) 891-4700

RHG Electronics Laboratory, Inc.
161 East Industry Center
Deer Park, New York 11719
(516) 242-1100

Reaction Instruments, Inc.
475 Spring Park Place
Herndon, Virginia 22070
(703) 471-6060

SDI Microwave
11 Executive Park Drive
North Billerica, Massachusetts 01862
(617) 667-7700

Adams-Russell BV
Cork, Ireland

Semiconductor Center
80 Cambridge Street
Burlington, Massachusetts

Video Information Systems Division
1370 Main Street
Waltham, Massachusetts 02154
(617) 894-8540

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AARE (NASDAQ)

Number of Employees:

1986	2,000	1983	1,350
1985	1,600	1982	1,350
1984	1,439		

Plant Footage:

1986	505,740 sq. ft.	1983	391,540
1985	453,340	1982	393,840
1984	402,340		

Sales and Earnings †

	Net Sales	Net Income
1986	$ 113,117,000	$ 6,698,000
1985	89,677,000	8,220,000
1984	77,286,000	7,210,000
1983	68,542,000	6,108,000
1982	57,407,000	4,735,000

	No. of Com. Shares ‡	Earn per Share ‡
1986	6,338,000	$ 1.06

† On July 14, 1986 Adams-Russell Co., Inc. ("A-R") distributed one share of Adams-Russell Electronics Co., Inc. (the "Company") common stock for each share of A-R common stock to its shareholders of record on June 30, 1986. As a result of the distribution, the Company became a publicly held company and ceased to be a wholly owned subsidiary of A-R.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 90,903,000	$ 14.34

‡ Based on weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	9/28/86	9/29/85
Net sales	$ 113,117	$ 89,677
Cost of sales	72,574	52,803
Expenses	27,810	22,343
Interest expense	2,179	1,059
Interest income	(568)	(269)
Income before taxes	$ 11,922	$ 13,741
Income taxes	4,324	5,521
Net Income	$ 6,698	$ 8,220

* Included in Costs and Expenses, Depreciation and Amortization: $5,450,000 in 1986 and $3,136,000 in 1985.

Assets
(000's)

As of	9/28/86	9/29/85
Cash	$ 3,764	$ 5,558
Accts. receiv., net	22,087	20,165
Accts. receiv. not yet billed	8,911	4,140
*Inventories	26,610	20,242
Prepaid expenses	1,690	746
Current Assets	$ 63,062	$ 50,851
#Fixed assets	39,922	28,527
Intangibles	9,249	124
Total Assets	$ 112,233	$ 79,502

Liabilities
(000's)

Notes payable	$ 532	$ —
Accts. payable	3,186	3,466
Taxes payable	1,378	—
Accrued payroll	5,762	4,399
Other accruals	2,163	1,734
Curr. Liabilities	$ 13,031	$ 9,599
Long-term debt	5,392	—
Deferred income	363	369
Deferred inc. taxes	2,554	1,825
Invest. by Adams-Russell Co. Inc.	—	67,709
+Common stock	63	—
Add. paid-in capital	89,613	—
Retained earnings	1,227	—
Total Liabilities & Shareholders' Equity	$ 112,233	$ 79,502

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.74	15.32
%Net Income to Sales	5.92	9.17
%Net Income to Equity	7.37	—
Sales to Inventories	4.25	4.43
Debt to Equity	0.07	—
Working Capital	$50,041,000	$41,252,000
Current Ratio	4.84	5.30
Shareholders' Equity	$90,903,000	—

ADC Telecommunications, Inc.

5501 Green Valley Drive
Bloomington, Minnesota 55437
(612) 835-6800

Officers: C.M. Denny, Jr., chairman of the board & chief exec. officer; F.R. Boswell, president & chief operating officer; R.C. Wagner, sr. v.p.-operations; C.R. Bigham, v.p.-information services; L.J. Davis, v.p.-mfg.; W.C. Hamer, v.p. & chief technical officer; D.A. Leese, v.p.-marketing & sales; R.G. Martin, v.p.-quality assurance; D.H. Moersch, v.p.-human resources; LeRoy J. Morgan, v.p. & chief financial officer; W.R. Franta, v.p.-corp. development; M.B. Hasselquist, secretary; Craig M. Johnson, v.p.-product management; Aimee L. Gallogly, treasurer; Joan K. Berg, controller.

Directors: Charles M. Denny, Jr., chairman; Lennie L. Arnevik, Fredric R. Boswell, Frank A. Donaldson, Maynard B. Hasselquist, Thomas E. Holloran, Charles W. Oswald, Warde F. Wheaton.

Areas of Work: Designs, manufactures and markets, under the ADC trademark, electromechanical and electronic products for the telecommunications industry. The Company's products serve a broad range of access, termination, transmission, telephone test and data network management functions employing either analog or digital technologies.

Subsidiary:
ADC Fiber Optics Corporation
8 Walk-up Drive
Westborough, Massachusetts

Transfer Agent(s):
First Trust Copany
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADCT (NASDAQ)

Number of Employees:

1986	1,729	1985	1,729

Plant Footage:

1986	183,900 sq. ft.	1985	161,500

Sales and Earnings

	Net Sales +	Net Income
1986	$ 143,677,000	$ 11,968,000
1985	124,883,000	7,871,000
1984	87,595,000	3,700,000
1983	76,342,000	361,000
1982	62,155,000	4,464,000

ADC Telecommunications, Inc.

	No. of Com. Shares ‡	Earn. per Share ‡
1986	8,604,488	$ 1.39
1985	8,593,460	0.92
1984	8,598,056	0.43
1983	8,565,968	0.04
1982	8,557,011	0.52

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 60,318,000	$ 7.01
1985	48,108,000	5.60
1984	40,368,000	4.70
1983	36,509,000	4.26
1982	35,664,000	4.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account * (000's)

Year ended Oct. 31	1986	1985
Net sales	$ 143,677	$ 124,883
Cost of sales	73,908	69,515
Expenses	48,014	40,754
Other expenses	795	1,710
Income before taxes	$ 20,960	$ 12,904
Income taxes	8,992	5,033
Net Income	$ 11,968	$ 7,871

* Included in Costs and Expenses, Depreciation and Amortization: $6,937,000 in 1986 and $6,164,000 in 1985.

Assets (000's)

As of Oct. 31	1986	1985
Cash	$ 14,569	$ 10,039
Accts. receiv., net	20,612	17,123
*Inventories	17,032	21,021
Prepaid expenses	2,725	2 200
Current Assets	$ 54,938	$ 50,383
#Fixed assets	29,072	24,924
Other assets	1,069	1,908
Total Assets	$ 85,079	$ 77,215

Liabilities (000's)

Long-term debt, curr.	$ 223	$ 217
Accts. payable	5,300	5,643
Accrued payroll	7,924	5,700
Other accruals	4,981	4,651
Curr. Liabilities	$ 18,428	$ 16,211
Long-term debt	3,390	10,612
Deferred inc. taxes	2,943	2,284
+Common stock	1,722	1,146
Add. paid-in capital	18,400	18,734
Retained earnings	40,196	28,228
Total Liabilities & Shareholders' Equity	$ 85,079	$ 77,215

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.59	10.33
%Net Income to Sales	8.33	6.30
%Net Income to Equity	19.84	16.36
Sales to Inventories	8.44	5.94
Debt to Equity	0.06	0.23
Working Capital	$36,510,000	$34,172,000
Current Ratio	2.98	3.11
Shareholders' Equity	$60,318,000	$48,108,000

Addmaster Corporation

2000 South Myrtle Avenue
Monrovia, California 91016
(818) 358-2395

Officers: John G. Clary, president, chief exec. officer & treasurer; Milton V. Scozzafava, Larry K. Wirtz, Harland W. Gerds, v.p.'s; Hugh Clary, secretary & asst. treasurer; Jennie H. Slingmeyer, asst. secretary.

Directors: John G. Clary, Arthur J. Damscheh, Jr., Harland W. Gerds, Patricia Jean Clarke, John Clary.

Areas of Work: Manufactures and markets electric adding machines, calculators, and electronic terminals (with software) for use in the banking industry and at point-of-sale in retail stores.

Subsidiaries:

Addmaster Systems, Inc.
Addmaster Export Corporation

Both at:

416 Junipero Serra Drive
San Gabriel, California 91776

Clary Ltd.
12-14 Lower Addiscombe Road
Croydon, Surrey CR96AG
London, England

Transfer Agent(s):

U.S. Stock Transfer
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADDC (NASDAQ)

Number of Employees:

1986 45

Plant Footage:

1986 ..... 17,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income†
1986	$ 3,055,000	$ 112,521
1985	4,341,000	588,066
1984	4,703,000	(1,215,729)
1983	5,788,000	(136,108)
1982	4,636,000	(1,589,407)

	No. of Com. Shares	Earn. per Share ‡†
1986	1,329,720	$ 0.08
1985	1,329,720	0.44
1984	1,329,720	—
1983	1,329,720	—
1982	1,329,720	—

(Loss)
+ Includes other income.
‡ Based on the average number of shares outstanding.
† Including extraordinary gains of $31,000 (0.02 per share) in 1986 and $314,000 ($0.24 per share) in 1985.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 1,448,581	$ 1.09
1985	1,325,127	0.99
1984	764,443	0.57
1983	2,054,166	1.54
1982	2,251,464	1.69

Income Account *

Year ended May 31	1986	1985
Net sales & other income	$ 2,552,848	$ 2,881,647
Gain on sale of bldg.	501,892	1,459,000
Total revenues	$ 3,054,740	$ 4,340,647
Cost of sales	1,795,703	1,981,693
Expenses	1,056,689	1,361,747
Interest expense	89,827	125,141
Loss on discont. line	—	284,000
Inc. bef. taxes	$ 112,521	$ 588,066
Income taxes	31,000	314,000
Net Income	$ 81,521	$ 274,066
Extraord. gain	31,000	314,000
Net Income & extraord. gain	$ 112,521	$ 588,066

* Included in Costs and Expenses, Depreciation: $91,000 in 1986 and $88,228 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 169,184	$ 134,176
Accts. receiv., net	413,549	368,125
Notes receivable	210,000	—
*Inventories	1,250,843	1,332,289
Prepaid expenses	13,155	8,389
Current Assets	$ 2,056,731	$ 1,842,979
#Fixed assets	391,890	428,319
Software develop. costs	151,973	—
Other assets	46,933	36,645
Total Assets	$ 2,647,527	$ 2,307,943

Liabilities

Notes payable	$ 175,000	$ 350,000
Long-term debt, curr.	100,461	55,652
Accts. payable	363,742	286,396
Accruals	87,789	76,432
Other liabilities	74,983	91,142
Curr. Liabilities	$ 801,975	$ 859,622
Long-term debt	396,971	123,194
+ Common stock	133,492	133,492
Add. paid-in capital	442,523	442,523
Retained earnings	1,024,199	911,678
For. curr. trans. adjust.	(151,633)	(162,566)
Total Liabilities & Shareholders' Equity	$ 2,647,527	$ 2,307,943

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.41	20.41
%Net Income to Sales	3.19	9.51
%Net Income to Equity	5.63	20.68
Debt to Equity	0.46	0.40
Working Capital	$1,254,756	$ 983,357
Current Ratio	2.56	2.14
Shareholders' Equity	$1,448,581	$1,325,127

Advanced Micro Devices, Inc.

901 Thompson Place
P.O. Box 3453
Sunnyvale, California 94088
(408) 732-2400

Officers: W.J. Sanders, III, chairman of the board & chief exec. officer; Anthony B. Holbrook, president & chief operating officer; James Downey, sr. v.p.-operations; Richard Previte, sr. v.p.-finance & treasurer; George M. Scalise, sr. v.p.-gov't & industry relations; Marvin D. Burkett, v.p. & controller; Steve Zelenick, sr. v.p. & chief marketing exec.; Thomas

W. Armstrong, v.p. & gen. counsel; Gene Connor, v.p. & group executive; Stan Winvick, v.p.-human resources; John C. East, v.p. & group exec.-Logic Group; Alfred G. Lapierre, v.p. & group exec.-Memory Group.

Directors: W.J. Sanders, III, chairman; R. Gene Brown, R. Michael Shanahan, Hermann R. Franz, Richard H. Jenrette.

Areas of Work: Designs, develops, manufactures and markets complex monolithic integrated circuits for use by manufacturers of a broad range of electronic equipment and systems, primarily products for computation, communication and instrumentation applications. The Company also produces and sells integrated circuits to customers that manufacture and sell computer and video products for personal use.

Subsidiaries:

Advanced Micro Devices GmbH, Germany
Advanced Micro Devices Sdn. Bhd., Malaysia
Advanced Micro Devices Export Sdn. Bhd., Malaysia
Advanced Micro, Ltd., U.S.A.
Advanced Micro Devices U.K. (Limited), England
Advanced Micro Devices SA, France
Advanced Micro Devices K.K., Japan
Advanced Micro Devices (Philippines) Inc., Manila
AMD Properties, Inc., U.S.A.
Advanced Micro Devices Overseas Corporation, U.S. and Belgium
Advanced Micro Devices Export Corporation, Inc. U.S.A.
Advanced Micro Devices, A.B., Sweden,
Advanced Micro Devices (Singapore) Pte Ltd.
AMD (International) Limited
AMD Overseas Financial Limited
AMD Atlantic Limited
AMD (Thailand) Limited
AMD Foreign Sales Corporation
AMD Far East Ltd.

Transfer Agent(s):

Bank of America, NT & SA
P.O. Box 37002
San Francisco, California 94137

Bank of America, NT & SA
P.O. Box 3210
Church Street Station
New York, New York 10008

Stock Exchange(s): New York

Ticker Symbol: AMD

Number of Employees:

1986	12,700	1983	10,521
1985	15,299	1982	9,904
1984	13,067		

Plant Footage:

1986	2,400,000 sq. ft.	1983	1,654,000
1985	2,140,000	1982	1,292,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1987	$ 631,981,000	$ (95,865,000)
1986	576,124,000	(36,624,000)
1985	931,079,000	135,369,000
1984	583,346,000	71,111,000
1983	358,345,000	20,983,000

	No. of Com. Shares ×	Earn. per Share ×
1987	57,669,000	$ —
1986	57,669,000	—
1985	58,223,000	2.32
1984	57,642,000	1.23
1983	53,694,000	0.39

(Loss)
× Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	100%	—
1983	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 299,962,000†	$ 5.20
1986	389,178,000	6.75
1985	445,654,000	7.65
1984	278,574,000	4.83
1983	183,354,000	3.41

† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended	3/29/87	3/29/86
Net sales	$ 631,981	$ 576,124
Cost of sales	374,348	347,783
Expenses	319,283	306,139
Interest exp.	14,281	6,902
Consolidation of oper.	19,934	—
Loss before taxes	$ (84,700)	$ (84,7000
Tax credit	—	(48,076)
Net Income (Loss)	$ 95,865	$ (36,624)

* Included in Costs and Expenses, Depreciation and Amortization: $119,883,000 in 1986 and 112,791,000 in 1985.

Assets
(000's)

As of	3/29/87	3/29/86
Cash & cert. of deposit	$ 28,903	$ 15,350
Proceeds due from sale	167,843	—
Accts. receiv., net	122,130	109,023
*Inventories	47,620	42,512
Prepaid expenses & inc. taxes	10,788	27,216
Deferred income taxes	48,979	48,983
Current Assets	$ 426,263	$ 243,084
#Fixed assets	414,614	486,508
Other assets	2,666	1,903
Total Assets	$ 843,543	$ 731,495

Liabilities
(000's)

Notes payable	$ 31,025	$ 4,695
Long-term debt, curr.	5,708	6,139
Accts. payable	51,616	41,288
Accruals	57,002	49,195
Deferred income	43,436	37,569
Income taxes	178	3,575
Curr. Liabilities	$ 188,965	$ 142,461
Long-term debt	133,960	151,645
Deferred inc. taxes	48,156	48,211
+ Preferred stock	35	—
+ + Common stock	583	572
Add. paid-in capital	298,467	119,364
Retained earnings	173,377	269,242
Total Liabilities & Shareholders' Equity	$ 843,543	$ 731,495

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $30 convertible exchangeable.
+ + $0.01 par value.

Statistical Summary

Sales to Inventories	13.27	13.55
Debt to Equity	0.28	0.39
Working Capital	$237,298,000	$100,623,000
Current Ratio	2.26	1.71
Shareholders' Equity	$472,462,000	$389,178,000

AEL Industries, Inc.

305 Richardson Road
Lansdale, Pennsylvania 19446
(215) 822-2929

Mailing address:

P.O. Box 552
Landsdale, Pennsylvania 19446

Officers: Leon Riebman, chairman & chief executive officer; Mark H. Ronald, president; George King, sr. v.p. & chief financial officer; John F. Sharkey, v.p.-planning; John R. Cox, v.p., secretary & general counsel; Jesse H. Riebman, v.p., treasurer & assistant secretary; Raymond Gutowski, v.p. & controller; Richard M. Eisenstaedt, asst. secretary.

Directors: Leon Riebman, chairman; Francis J. Dunleavy, Donald H. Miller, Jr., Grinnell Morris, Lloyd W. Moffit, Conrad J. Fowler, Mark H. Ronald.

Areas of Work: Involved with electronic defense products and services, consisting primarily of the design and manufacture of electronic countermeasure systems, radars and receivers. The Company is also engaged in the installation and integration of avionics systems into military aircraft, and provides such products as antennas, microwave integrated circuits, and hybrid microcircuits, and such services as calibration services, product testing services and technical publication services.

Subsidiaries:

American Electronic Laboratories, Inc.
306 Richardson Road
Montgomeryville, Pennsylvania 18936

AEL Systems International Corp.
Emtech Investment Co., Inc.
UltraVest Corp.

Transfer Agent(s):

Pittsburgh National Bank
Pittsburgh, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AELNA (NASDAQ)

Number of Employees:

1987	1,557

Plant Footage:

1987	494,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income ‡
1987	$ 108,382,000	$ 3,321,000
1986*	104,909,000	4,739,000
1985	83,779,000	43,594,000
1984	64,208,000	6,895,000
1983	53,815,000	(517,000)

	No. of Com. Shares †	Earn. per Share #‡
1987	4,377,000	$ 0.74
1986*	4,636,000	1.01
1985	4,608,000	9.30
1984	4,618,500	1.23
1983	4,411,500	—

(Loss)
* 53 weeks.
+ Of continuing operations only.
‡ Including extraordinary gain of $2,500,000 ($0.54 per share) in 1984.
† Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	—

AEL Industries, Inc.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 55,676,000	$ 12.72
1986	55,501,000	11.97
1985	50,539,000	10.97
1984	8,838,000	1.91
1983	1,941,000	0.44

Adjusted to reflect stock splits.

Income Account *

Year ended	2/27/87	2/28/86
Net sales	$ 108,382,000	$ 104,909,000
Cost of sales	82,877,000	81,089,000
Expenses	19,480,000	17,145,000
Other expense (income)	(765,000)	222,000
Interest expense	807,000	681,000
Interest income	(865,000)	(1,483,000)
Share in inc. of unconsol. subsid.	1,502,000	(1,317,000)
Prov. for claim settle.	—	1,783,000
Income bef. taxes	$ 5,346,000	$ 6,589,000
Income taxes	2,025,000	1,850,000
Net Income	$ 3,321,000	$ 4,739,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,020,000 in 1986 and $2,178,000 in 1985.

Assets

As of	2/27/87	2/28/86
Cash & short-term invest.	$ 9,365,000	$ 13,278,000
Receivable, net	36,397,000	32,282,000
*Inventories	5,451,000	4,548,000
Prepaid expenses	867,000	1,151,000
Current Assets	$ 52,080,000	$ 51,259,000
Investments	10,295,000	10,604,000
#Fixed assets	25,359,000	20,996,000
Other assets	2,713,000	1,166,000
Total Assets	$ 90,447,000	$ 84,025,000

Liabilities

Short-term borrowing	$ 8,860,000	$ —
Long-term debt, curr.	1,334,000	1,468,000
Accts. payable	2,911,000	3,711,000
Accrued payroll	4,821,000	4,495,000
Advance deposits	1,138,000	1,740,000
Other accruals	6,816,000	6,340,000
Curr. Liabilities	$ 25,880,000	$ 17,754,000
Long-term debt	7,970,000	9,176,000
Def. inc. taxes	921,000	1,594,000
+Common stock:		
Class A	4,408,000	4,374,000
Class B	455,000	460,000
Add. paid-in capital	2,086,000	1,931,000
Retained earnings	52,901,000	49,580,000
Treasury stock	(4,174,000)	(844,000)
Total Liabilities & Shareholders' Equity	$ 90,447,000	$ 84,025,000

* At lower of cost (average and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.93	6.28
%Net Income to Sales	3.06	4.52
%Net Income to Equity	5.96	8.54
Sales to Inventories	19.88	23.07
Debt to Equity	0.14	0.17
Working Capital	$26,200,000	$33,505,000
Current Ratio	2.01	2.89
Shareholders' Equity	$55,676,000	$55,501,000

Aerosonic Corporation

1212 North Hercules Avenue
Clearwater, Florida 33515
(813) 461-3000

Officers: Herbert J. Frank, president; William Parker, v.p.-marketing; David S. Goldman, executive v.p. & treasurer; Miriam Frank, secretary.

Directors: Herbert J. Frank, David S. Goldman, Miriam Frank, C. Fred Burley.

Areas of Work: Engaged in the research, manufacture and overhaul of aircraft instrumentation. Sells a complete line of instrumentation, with altimeters representing a major portion of total sales.

Transfer Agent(s):
Aerosonic Corporation
Clearwater, Florida

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ASON (NASDAQ)

Number of Employees:

1987	213	1984	230
1986	211	1983	295
1985	230		

Plant Footage:
1987 ..... 75,500 sq. ft. 1986 75,500

Sales and Earnings

	Net Sales	Net Income
1987	$ 9,192,874	$ 106,587
1986	10,100,154	14,893
1985	10,960,996	315,512
1984	7,451,365	62,661
1983	6,755,875	(222,768)

	No. of Com. Shares ‡	Earn. per Share ‡
1987	3,836,211	$ 0.03
1986	3,836,211	—
1985	3,836,211	0.08
1984	3,836,211	0.02
1983	3,986,234	—

(Loss)
‡ Based on weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 6,295,134	$ 1.64
1986	6,188,547	1.61
1985	6,173,654	1.61
1984	5,858,142	1.53
1983	5,795,486	1.45

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 9,192,874	$ 10,100,154
Cost of sales	7,100,315	8,235,117
Expenses	1,867,038	1,868,544
Interest exp.	72,934	102,600
Income (loss) bef. taxes	$ 152,587	$ (106,107)
Income taxes (credit)	46,000	(121,000)
Net Income	$ 106,587	$ 14,893

* Included in Costs and Expenses, Depreciation: $415,212 in 1987 and $393,466 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	$ 32,925	$ 29,336
Accts. notes & other receiv.	1,680,370	1,309,080
Refundable income taxes	4,600	87,528
*Inventories	5,293,678	5,040,904
Prepaid expenses	26,429	37,146
Current Assets	$ 7,038,002	$ 6,503,994
#Fixed assets	1,877,884	1,977,454
Mortg. receiv.	1,500	2,223
Other assets	16,342	16,262
Total Assets	$ 8,933,728	$ 8,499,933

Liabilities

Notes payable	$ 600,000	$ 410,000
Long-term debt, curr.	267,120	280,391
Accounts payable	980,714	676,509
Accrued payroll	179,511	171,991
Accruals	80,921	130,460
Curr. Liabilities	$ 2,108,266	$ 1,699,351
Long-term debt	316,328	452,035
Def. inc. taxes	214,000	190,000
+Common stock	1,594,505	1,594,505
Add. paid-in capital	3,174,354	3,174,354
Retained earnings	1,598,936	1,492,349
Treasury stock	(72,661)	(72,661)
Total Liabilities & Shareholders' Equity	$ 8,933,728	$ 8,449,933

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.66	—
%Net Income to Sales	1.16	0.15
%Net Income to Equity	1.69	0.24
Sales to Inventories	1.74	2.00
Debt to Equity	0.19	0.18
Working Capital	$4,929,736	$4,834,643
Current Ratio	3.34	3.90
Shareholders' Equity	$6,295,134	$6,188,547

AES Technology Systems, Inc.

140 Lively Boulevard
Elk Grove Village, Illinois 60007
(312) 437-3084

Officers: Lee A. Goldboss, chairman & president; Ronald Wochinsky, exec. v.p. & secretary.

Directors: Martin T. Abrams, Lee A. Goldboss, Klaus-Peter Lange.

Areas of Work: An engineering firm which produces custom data recording systems. Specializes in designing machines with industry-wide applications to automatic handling, reproduction, and recording of large quantities of documents.

Subsidiaries:
Game Plan, Inc. (22.7% owned)
Delaware
Manufactures and distributes coin operated amusement games and devices.

Transfer Agent(s):
Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	84	1984	88
1985	N.A.	1983	85

Plant Footage:

1986	42,000 sq. ft.	1982	27,000
1985	N.A.	1982	N.A.
1984	27,000		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income †
1986	$ 5,911,717	$ 401,928
1985	5,940,004	(484,365)
1984	6,335,789	(1,147,182)
1983	5,668,109	83,338
1982	5,869,342	136,668

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	6,579,695	$ 0.06
1985	6,579,496	—
1984	6,064,883	—
1983	5,769,763	0.01
1982	5,924,227	0.02

(Loss)
† Including extraordinary gains of $164,637 ($0.02 per share) in 1986, $291,000 ($0.04 per share) in 1985 and $87,500 ($0.01 per share) in 1982.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (3,153,232)	$ —
1985	(3,555,160)	—
1984	(3,085,795)	—
1983	(3,225,813)	—
1982	(3,309,151)	—

(Deficiency)

Income Account *

Year ended June 30	1986	1985
Equip. rentals	$ 4,208,327	$ 5,804,644
Gain on equip. sales	1,688,639	65,556
Interest	6,591	21,180
Other income	8,160	48,624
Revenues	$ 5,911,717	$ 5,940,004
Lease oper. costs	2,847,195	3,654,324
Expenses	1,854,838	2,274,315
Interest expense	796,756	786,730
Inc. (loss) bef. taxes	$ 412,928	$ (775,365)
Income taxes	175,637	—
Net Income (Loss)	$ 237,291	$ (775,365)
Extraord. gain	164,637	291,000
Net Income (Loss) & extraord. gain	$ 401,928	$ (484,365)

* Included in Costs and Expenses, Depreciation and Amortization: $358,647 in 1986 and $292,653 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 122,731	$ 60,119
Accts. receiv., net	557,088	674,902
Advances to officers & employees	63,502	62,600
Note receivable, curr.	—	29,500
*Inventories	313,938	289,502
Prepaid expenses & other assets	26,068	39,052
Current Assets	$ 1,083,327	$ 1,155,675
Rental equip.	3,405,403	3,216,867
#Fixed assets	486,830	541,914
Other assets	194,198	228,391
Total Assets	$ 5,169,758	$ 5,142,847
Liabilities		
Note payable	$ 144,237	$ 357,183
Long-term debt, curr.	253,913	268,898
Accts. payable	397,288	514,921
Accruals	236,801	207,741
Customer prepayments	115,437	46,287
Curr. Liabilities	$ 1,147,676	$ 1,395,030
Long-term debt	7,175,314	7,302,977
+Common stock	65,803	65,803
Add. paid-in capital	5,887,398	5,887,398
Retained earnings (deficit)	(9,105,007)	(9,506,935)
Treasury stock	(1,426)	(1,426)
Total Liabilities & Shareholders' Equity	$ 5,169,758	$ 5,142,847

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

AFA Protective Systems, Inc.

519 Eighth Avenue
New York, New York 10018
(212) 279-5000

Officers: Philip Kleinman, chairman & chief executive officer; Reginald C. Miller, president; Robert D. Kleinman, exec. v.p., secretary & general counsel; Richard D. Kleinman, v.p. & chief operating officer; Raymond S. Greenberger, controller & assistant secretary.

Directors: Robert S. Heller, Philip Kleinman, Alfred J. Koeppel, Reginald C. Miller, Alfred G. Seddon, Harry F. Weyher, Richard D. Kleinman, Robert D. Kleinman, Leon Sicular.

Area of Work: Engaged in the distribution and installation of alarm devices and systems, including a time and frequency division multiplex signal transmission system. Provides central station protective services.

Subsidiaries:
AFA Mass., Inc.

Transfer Agent(s):
Mellon Securities Trust Company
1 Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AFAP (NASDAQ)

Number of Employees:

1986	250	1983	269
1985	246	1982	271
1984	262		

Sales and Earnings

	Sales & Revenues	Net Income
1986	$ 13,429,758	$ 1,061,422
1985	14,361,177	4,925,466
1984	14,095,741	1,337,155
1983	13,125,856	1,628,887
1982	12,171,807	1,475,030

	No. of Com. Shares	Earn. per Share #
1986	235,813	$ 4.00
1985	282,239	16.97
1984	313,687	4.07
1983	340,922	4.78
1982	340,922	4.31

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.94	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.72	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 5,671,609	$ 24.05
1985	8,515,939	30.17
1984	5,016,405	15.99
1983	5,011,192	14.70
1982	3,627,769	10.64

Income Account

Year ended Dec. 31	1986	1985
Service	$ 13,429,758	$ 14,361,177
Sales	2,406,329	2,354,286
Total income	$ 15,836,087	$ 16,715,463
Cost of sales	1,378,543	1,315,801
Cost of service	5,634,366	5,971,752
Expenses	4,645,766	4,348,751
Depreciation	1,457,739	1,528,594
Rental of signal lines	1,356,253	1,630,362
Interest expense	81,771	—
Interest income	(499,870)	(433,412)
Gain on sale of div.	—	(4,951,003)
Other expense (income)	(407,903)	154,152
Income before taxes	$ 2,189,422	$ 7,150,466
Income taxes	1,128,000	2,225,000
Net Income	$ 1,061,422	$ 4,925,466

Assets

As of Dec. 31	1986	1985
Cash	$ 175,621	$ 564,705
Marketable securities	1,286,715	3,442,827
Accts. & notes receiv., net	2,455,720	7,716,268
*Inventories	259,066	386,095
Prepaid expenses and other	333,866	277,579
Current Assets	$ 4,510,988	$ 12,387,474
Installment materials	823,719	617,817
#Fixed assets	10,983,729	6,656,156
Other assets	348,533	142,835
Total Assets	$ 16,666,969	$ 19,804,282
Liabilities		
Accts. payable	$ 1,253,372	$ 1,311,408
Income taxes payable	—	12,764
Other accrued liab.	1,432,186	1,460,057
Billings in exc. of costs	83,593	125,058
Other curr. liab.	440,500	1,613,700
Curr. Liabilities	$ 3,209,651	$ 4,522,987
Deferred income	6,530,809	5,794,256
Deferred inc. taxes	1,254,900	971,100
+Common stock	235,813	282,239
Add. paid-in capital	476,910	566,754
Retained earnings	4,958,886	7,666,946
Total Liabilities & Shareholders' Equity	$ 16,666,969	$ 19,804,282

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.83	42.78
%Net Income to Revenues	6.70	29.47
%Net Income to Equity	18.71	57.84
Working Capital	$1,301,337	$7,864,487
Current Ratio	1.41	2.74
Shareholders' Equity	$5,671,609	$8,515,939

Alden Electronics, Inc.

Washington Street
Westborough, Massachusetts 01581
(617) 366-8851

Officers: John M. Alden, chairman & chief exec. officer; Joseph H. Girouard, president; Lawrence A. Farrington, v.p.; S. Charles Sviokla, treasurer; Robert P. Tatnall, v.p.-engineering.

Directors: John M. Alden, chairman; Joseph H. Girouard, Lawrence A. Farrington, William L. Alden, S. Charles Sviokla, John W. Connolly, Edward D. Cross, Robert E. Blakelock, Howard F. Nichols.

Areas of Work: Designs, assembles, sells and leases facsimile recorders, communications equipment and weather graphics display terminals. The Company supplies this equipment to industry, military and government for the display and recording of weather maps, satellite pictures and scientific data.

Divisions and Subsidiaries:

Alden International, Inc.
Alfax Paper & Engineering Company, Inc.

both at:

Washington Street
Westboro, Massachusetts 01581

Alden Electronics Washington Lab and Service Facility
618 North Washington Street
Alexandria, Virginia 22314

Alfax Paper of United Kingdom, Ltd.
Epsom, Surrey KT171ER
England

Alfax Paper & Engineering Company, Inc.
250 St. Urban
Granby, Quebec J2G-8M8

Acquisition(s):

Zephyr Weathertrans, Inc. (d/b/a Zephyr Transmission Service, Inc.)
Distributes weather data utilizing satellite communications and downlink earth stations.

Transfer Agent(s):

State Street Bank & Trust Company
225 Franklin Street
Boston, Massachusetts 02116

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADNEA (NASDAQ)

Sales and Earnings

	Net Sales †	Net Income
1986	$ 17,194,846	$ 1,357,385
1985	17,910,123	1,440,964
1984	14,303,324	1,062,391
1983	13,446,928	1,012,921
1982	12,704,302	816,268

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,135,077	$ 0.64
1985	2,120,154	0.68
1984	2,096,846	0.51
1983	N.A.	0.49
1982	N.A.	0.40

N.A. - Not Available.
† Includes other revenues.
‡ Based on the weighted average number of Class A common stock and common share equivalents outstanding.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.25	—	—
1985	0.28	—	—
1984	0.20	—	—
1983	0.20	—	—
1982	0.15	—	—

+ Class A and Class B Common Stock combined.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 10,011,073	$ 5.16
1985	9,125,845	4.30

‡ Based on the weighted average number of Class A Common Stock and common share equivalents outstanding.

Income Account *

Year ended	3/29/86	3/30/85
Net sales & serv. revenues	$ 13,391,096	$ 14,232,804
Other income	3,528,509	3,355,894
Interest income	275,241	321,425
Total income	$ 17,194,846	$ 17,910,123
Cost of sales	10,628,114	10,794,013
Expenses	4,146,673	4,588,404
Interest expense	23,674	36,742
Income before taxes	$ 2,396,385	$ 2,490,964
Income taxes	1,039,000	1,050,000
Net Income	$ 1,357,385	$ 1,440,964

* Included in Costs and Expenses, Depreciation: $635,966 in 1986 and $604,084 in 1985.

Assets

As of	3/29/86	3/30/85
Cash	$ 470,610	$ 405,789
Marketable securities	2,386,202	2,044,467
Accts. receiv., net	2,273,353	3,255,189
Refundable taxes	26,422	450,000
*Inventories	3,703,308	2,469,168
Other curr. assets	103,483	66,916
Current Assets	$ 8,963,378	$ 8,691,529
#Fixed assets	3,206,922	2,481,331
Total Assets	$ 12,170,300	$ 11,172,860
Liabilities		
Long-term debt, curr.	$ 50,000	$ 50,000
Accts. payable	654,994	590,312
Accruals	243,665	213,765
Income taxes	217,999	173,015
Dividends payable	504,571	554,260
Other current liabilities	32,498	2,163
Curr. Liabilities	$ 1,703,727	$ 1,583,515
Long-term debt	237,500	287,500
Deferred inc. taxes	218,000	176,000
+Class A common stock	1,969,385	1,963,285
++Class B common stock	75	75
Add. paid-in capital	1,523,868	1,505,420
Retained earnings	6,517,745	5,664,931
Treasury stock (Class A)	—	(7,866)
Total Liabilities & Shareholders' Equity	$ 12,170,300	$ 11,172,860

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	17.90	17.50
%Net Income to Sales	10.14	10.12
%Net Income to Equity	13.56	15.79
Sales to Inventories	3.62	5.76
Debt to Equity	0.03	0.04
Working Capital	$ 7,259,651	$7,108,014
Current Ratio	5.26	5.49
Shareholders' Equity	$10,011,073	$9,125,845

Algorex Corporation

70 Corporate Drive
Hauppauge, New York 11788
(516) 434-9566

Officers: Sheldon O. Newman, chairman of the board; Robert M. Brill, president & chief executive officer; Merwin Kliman, exec. v.p.; Donald D. Shack, secretary; Marvin Sleven, Ken Greenberg, Thomas Pursch, v.p.'s; John G. Carlson, chief financial officer, treasurer & controller.

Directors: Sheldon O. Newman, chairman; Merwin Kliman, Donald D. Shack, Robert M. Brill, Thomas F. Kearns, Jr.

Areas of Work: Using computers, the company automates the design, manufacture and testing of complex systems of all kinds for companies in the electronics industry. Also, the corporation designs and manufactures miniature hybrid circuits.

Subsidiary:

Algorex-Nashua, Inc.
85 Factory Street
Nashua, New Hampshire 03060
Manufactures and tests printed circuit boards.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Ticker Symbol: ALGO (NASDAQ)

Number of Employees:

1986	230	1983	150
1985	N.A.	1982	140
1984	350		

Plant Footage:

1986	150,000 sq. ft.	1983	30,000
1985	N.A.	1982	30,000
1984	120,000		

N.A.-Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 16,452,603	$ (2,711,423)
1985	14,970,674	(5,855,766)
1984	15,223,475	1,619,152
1983	10,533,524	1,386,789
1982	8,507,798	732,685

	No. of Com. Shares #	Earn. per Share #
1986	2,764,981	$ —
1985	2,785,159	—
1984	2,815,335	0.58
1983	2,537,717	0.55
1982	2,121,713	0.35

(Loss)
Based on the weighted average number of shares outstanding during each period.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 10,592,724	$ 3.83
1985	13,290,485	4.77
1984	18,926,338	6.72
1983	15,941,625	6.28
1982	3,673,628	1.73

Based on the weighted average number of shares outstanding during each period.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 16,452,603	$ 14,970,674
Cost of sales	14,236,566	18,014,709
Expenses	2,663,961	4,617,462
Int. and dividend inc.	(57,292)	(206,651)
Other expenses	2,217,523	34,214
Loss bef. taxes	$ (2,608,155)	$ (7,489,060)
Income taxes (credit)	103,268	(1,633,294)
Net Loss	$ (2,711,423)	$ (5,855,766)

* Included in Costs and Expenses, Depreciation and Amortization: $1,498,641 in 1986 and $2,432,990 in 1985.

Assets

As at June 30	1986	1985
Cash	$ 599,911	$ 371,624
Investment securities	—	1,096,500
Accts. receiv., net	2,993,303	4,897,063
*Inventories	481,049	1,107,508
Other curr. assets	298,536	162,523
Current Assets	$ 4,332,799	$ 7,635,218
#Fixed assets	12,997,528	8,984,342
Construc. in progress	79,403	4,368,022
Cap. leased equip.	9,603	480,851
Intangibles	1,051,448	1,106,792
Other assets	518,341	199,517
Restricted investments	—	825,315
Total Assets	$ 18,989,122	$ 23,600,057

Liabilities

Short-term borrowings	$ —	$ 1,800,000
Revenue bonds	200,000	150,000
Cap. lease oblig., curr.	3,135	229,761
Accts. payable	751,427	946,279
Accruals	827,989	709,855
Income taxes pay.	67,053	—
Curr. Liabilities	$ 1,849,604	$ 3,835,895
Revenue bonds	6,150,000	6,350,000
Reserve for relocation	396,794	—
Cap. lease oblig.	—	123,677
+Common stock	27,657	27,647
Add. paid-in capital	15,553,298	15,546,184
Retained earnings (deficit)	(4,971,356)	(2,259,933)
Receiv. from emp.	—	(23,413)
Treasury stock	16,875	—
Total Liabilities & Shareholders' Equity	$ 18,989,122	$ 23,600,057

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Working Capital	$ 2,483,195	$ 3,799,323
Current Ratio	2.34	1.99
Shareholders' Equity	$10,592,724	$13,290,485

Allegheny International, Inc.

Two Oliver Plaza
P.O. Box 456
Pittsburgh, Pennsylvania 15230
(412) 562-4000

Officers: Oliver S. Travers, chairman of the board, president & chief executive officer; Thomas J. Albani, exec. v.p. & chief operating officer; Samuel H. Iapalucci, v.p. & treasurer; James T. Dougherty, v.p., general counsel & secretary; K. Wayne Long, v.p.-accounting & control; Roland H. Schriver, controller.

Directors: Anthony J.A. Bryan*, Richard M. Cyert*, Graeme K. Hilton, Mark H. McCormack, Anthony J.F. O'Reilly*, Alexander M. Haig, Jr.*, Jean-Jacques Servan-Schreiber, Spencer R. Stuart, Oliver S. Travers, Thomas J. Albani, Anthony D. Shanagher.

* Member of the Executive Committee.

Areas of Work: Operations include four business segments—consumer products, technology, metals, and industrial specialties.

Divisions and Subsidiaries:

Consumer Products

Operations in consumer products involve the manufacture and distribution of utilitarian products used primarily in and around the home, including small appliances, personal care products, electric blankets, housewares, scales, clocks, weather measuring instruments and barbecue grills.

Sunbeam Appliance Company
2001 South York Road
Oak Brook, Illinois 60521
(312) 654-1900
Irons, food and beverage preparation appliances, grooming and other personal care products.

Oster Division of Sunbeam Corporation
5055 North Lydell Avenue
Milwaukee, Wisconsin
(414) 332-8300
Food and beverage preparation appliances, personal care products, air cleaners.

Northern Electric Company
5224 North Kedzie Avenue
Chicago, Illinois 60625
(312) 267-5100
Electric blankets and personal care products.

Hanson Scale Company
P.O. Box 38-Highway 45 North
Shubuta, Mississippi 39360
(601) 687-1531
Bathroom, kitchen and postal scales.

Springfield Instrument Company
260 Railroad Avenue
Hackensack, New Jersey 07602
(201) 342-2700
Clocks, timers, and weather measuring instruments.

Sunbeam Corporation (Canada) Ltd.
Toronto, Ontario
Small appliances and barbecue grills.

Sunbeam International, Ltd.
Basingstoke, England
Irons, food and beverage preparation appliances.

Northern Blankets Ltd.
Manchester, England
Electric blankets and personal care products.

Solary
Division of Sunbeam Corporation (Canada) Limited
268 Grand River Avenue
P.O. Box 673
Brantford, Ontario
Canada N3T 5P9
(519) 759-6400
Personal care products, electric blankets and heating pads.

Almet/Lawnlite, Inc.
P.O. Box L
Portland, Tennessee 37148
(615) 325-9283
Casual furniture.

Sunbeam Leisure Products Company
P.O. Box 622
Neosho, Missouri 64850
(417) 451-4550
Gas and charcoal barbecue grills; insects killers.

Sunbeam Mexicana
Mexico City, Mexico
Small appliances, personal care products.

Oster de Venezuela
Caracas, Venezuela
Small appliances, personal care products.

Sunbeam del Peru
Lima, Peru
Small appliances, personal care products.

Technology

Involved in the manufacture of pyrotechnic devices; permanent magnets, both metal and ceramic; semiconductor devices and field measuring instruments; tape transport units for data storage, digital cartridge records and other peripheral products for computers; automated welding, transfer and assembly equipment; electron beam and robotic systems; diffusion furnaces; and systems used in the thermal processing of silicon wafers.

Kilgore Corporation
Route 138, Bradford Road
Toone, Tennessee 83831
(901) 658-5231
Pyrotechnics; land and marine signaling devices; infrared decoy flare counter-measure devices.

Kennedy Company
1600 South Shamrock
Monrovia, California 91016
(213) 357-8831
Computer tape drives.

Thermco Systems, Inc.
1465 North Batavia Street
Orange, California 92668
(714) 639-2340
Vapor deposition furnaces and other semiconductor processing equipment.

Sciaky Brothers, Inc.
4915 West 67th Street
Chicago, Illinois 60638
(312) 594-3800
Computer-controlled welding and automated transfer systems.

Bra-Con Industries, Inc.
12001 Globe Road
Livonia, Michigan 48150
(313) 591-0300
Automated assembly systems.

Industrial Specialties

Industrial specialties operations involve the production of combustion and pollution control systems and equipment; railway services and products; patient care equipment; refrigeration panels and temperature-controlled structures; and computer-based electronic systems.

Bally Engineered Structures, Inc.
Bally, Pennsylvania 19503
(215) 845-2311
Preengineered insulated structures; building panels and architectural products.

John Zink Company
4401 South Peoria
Tulsa, Oklahoma 74105
(918) 747-1371
Combustion, pollution control and waste disposal systems and equipment.

Major Affiliates:

Titanium Metals Corporation of America (unconsolidated, 50% owned)

TIMET Division
P.O. Box 2824
Pittsburgh, Pennsylvania 15230
(412) 262-4200
Titanium mill products.

Freedom Forge Corporation
Burnham, Pennsylvania
Forged steel specialty products.

Tel-Thermco Engineering Co., Ltd. (unconsolidated, 50% owned)
Tokyo, Japan
Semi-conductor processing equipment.

Transfer Agent(s):
American Stock Transfer Company
99 Wall Street
New York, N.Y. 10005

Stock Exchange(s): New York, London, Paris, Amsterdam

Ticker Symbol: AG

Number of Employees:

1986	18,000	1983	36,700
1985	30,800	1982	41,000
1984	34,800		

Sales and Earnings

	Net Sales +	Net Income
1986	$1,327,100,000	$ (164,000,000)
1985	1,445,400,000	(109,100,000)
1984	1,510,700,000	14,900,000
1983	1,511,900,000	28,300,000
1982	1,968,000,000	47,300,000

	No. of Com. Shares	Earn. per Share ‡
1986	10,831,450	$ —
1985	10,758,868	—

1984	10,527,204	—
1983	11,215,812	—
1982	11,268,639	0.21

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Consumer prods.- U.S. & Can.	$ 814,300	$ 694,000
Consumer prods.- International	88,300	101,200
Technology	145,400	186,900
Industrial spec.	181,700	178,900
Divested operations	97,400	284,400
Total	$ 1,327,100	$ 1,445,400

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	1.40	—	—
1984	1.40	—	—
1983	1.40	—	—
1982	1.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (23,800,000)	$ —
1985	85,700,000	7.97
1984	242,200,000	23.01
1983	321,700,000	28.68
1982	364,100,000	32.31

(Deficiency)

Income Account
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 1,327,063	$ 1,445,394
Cost of sales	973,371	1,031,093
Expenses	317,636	320,801
Depreciation & amortization	34,227	37,289
Other expense (income)	80,189	(18,815)
Interest expense	85,510	88,002
Loss before taxes	$ (163,870)	$ (12,976)
Income taxes	887	12,747
Equity loss	33,387	56,513
Loss- cont. oper.	$ (198,144)	$ (82,236)
Loss - discont. oper.	(34,144)	(26,907)
Net Loss	$ (164,000)	$ (109,143)

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 31,618	$ 25,675
Short-term invest.	8,856	6,479
Notes & accts. receiv., net	286,153	287,253
*Inventories	321,081	284,150
Prepaid expenses	13,594	35,703
Net assets of discont. oper.	68,307	76,926
Current Assets	$ 729,609	$ 716,186
Long-term receiv. & other invest.	53,966	45,758
Investments & advances	26,273	75,272
#Fixed assets	176,150	186,412
Other assets	7,761	13,260
Intangibles	126,742	155,297
Assets of discont. oper.	62,473	117,775
Total Assets	$ 1,182,974	$ 1,309,990

Liabilities
(000's)

Short-term borrowings	$ 88,793	$ 79,208
Long-term debt, curr.	136,997	17,222
Accts. payable	128,243	134,942
Accruals	107,548	139,619
Accrued payroll	25,465	35,442
Income taxes	9,767	7,836
Curr. Liabilities	$ 496,813	$ 414,269
Long-term debt	339,445	482,255
Other liab.	133,488	90,482
Deferred inc. taxes	6,032	8,616
+Redeemable pref. stock	231,022	228,520
++Common stock	8,869	8,827
Add. paid-in capital	214,264	213,308
Retained earnings (def.)	(78,620)	101,741
Cum. adjust. from for. curr. trans.	(78,371)	(147,767)
Treasury stock	(89,968)	(90,261)
Total Liabilities & Shareholders' Equity	$ 1,182,974	$ 1,309,990

* At lower of cost (average, and FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $0.66⅔ par value.

Statistical Summary

Sales to Inventories	4.13	5.09
Debt to Equity	—	5.83
Working Capital	$232,796,000	$301,917,000
Current Ratio	1.47	1.73
Shareholders' Equity (Deficiency)	$ (23,800,000)	$ 85,700,000

The Allen Group, Inc.

534 Broad Hollow Road
Melville, New York 11747
(516) 293-5500

Officers: Walter B. Kissinger, chairman of the board, chief executive officer & president; J. Chisholm Lyons, vice chairman of the board; Donald B. Bindler, sr. v.p.; R. Michael Briggs, exec. v.p.-operations; Stephen E. Gilhuley, v.p., secretary & general counsel; Andris Grants, v.p.-corp. development; Sheldon Gross, v.p. & president-Allen Group Canada Limited; Robert G. Paul, v.p.-finance; Richard P. Motta, v.p. & treasurer; Klaus J. Rath-Nagel, president-European operations; Robert A. Youdelman, v.p.-taxation; Stuart M. Wilens, v.p. & controller.

Directors: Walter B. Kissinger, chairman; Wade W. Allen, George A. Chandler, Philip W. Colburn, Albert H. Gordon, Henry Kohorn, J. Chisholm Lyons, Charles W. Robinson, Felix Schnyder, Richard S. Vokey, William M. Weaver, Jr.

Areas of Work: Manufactures automotive electronic test equipment, electronic assemblies and computerized engine diagnostic equipment. Other products include auto parts, antennas and truck cabs.

Subsidiaries:

Allen Testproducts
Kalamazoo, Michigan
Mississauga, Ontario, Canada
Engine diagnostic equipment for the automotive repair market.

Mangum Manufacturing Company
Dallas, Texas
Radiators and heat exchange products.

Allen Automated Systems Company
Westland, Michigan
Computerized products test and assembly machines and systems and automated test equipment.

The Antenna Specialists Co.
Cleveland, Ohio
Cellular telephone, marine, aviation, land mobile, monitor and CB antennas.

Allen European Operations
Offenbach, Hamburg, Hilden, Kassel, Schorllkrippen, Fuerth, and Munich, West Germany
Vienna, Austria
Wezembeek, Belgium
Birkerod, Denmark
The Hague, Netherlands
Porsgrund, Norway
Helsingborg, Sweden
Gas station installation and maintenance, car wash systems, garage equipment, and leasing.

The G&O Manufacturing Company
New Haven, Connecticut
Replacement radiator cores, radiators and heat exchange products.

The Allen Group Puerto Rico Inc.
Fajardo, Puerto Rico
Electronic assemblies used in other Allen products.

Allen Group Canada Limited
Toronto, Ontario, Canada
Die-cut and molded rubber products.

The Allen Group Leasing Corp.
Livonia, Michigan
Leasing engine diagnostic equipment.

The Crown Division
Wooster, Orrville, Lorain, Lardstown, Ohio; Baltimore, Maryland; Sterling Heights, Michigan; Mississauga, Canada.
Truck cabs, bodies, utility van interiors, farm tractor cabs and hoods.

Transfer Agent(s):
Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: ALN

Number of Employees:

1986	5,400	1983	4,700
1985	5,300	1982	4,100
1984	5,000		

Plant Footage*:

1986	N.A.	1983	1,745,000
1985	N.A.	1982	1,886,000
1984	1,894,000 sq. ft.		

* Includes only plant footage of the Automotive Test & Service Equipment Group.
N.A. - Not Available.

Sales and Earnings

	Net Sales †	Net Income
1986	$ 423,220,000	$ (8,553,000)
1985	399,155,000	16,651,000
1984	346,502,000	10,551,000
1983	275,399,000	6,164,000
1982	231,402,000	(11,758,000)

	No. of Com. Shares +	Earn. per Share ‡
1986	8,309,000	$ —
1985	9,050,000	1.82
1984	8,861,000	1.17
1983	8,562,000	0.78
1982	6,612,000	—

(Loss)
† Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock split.
+ Adjusted to reflect stock dividends and stock split.

Revenues By Line of Business
(000's)

	1986	1985
Automotive test & service	$ 322,600	$ 294,394
Mobile communications	32,878	27,611
Truck prods.	67,742	77,150
Total	$ 423,220	$ 399,155

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.56	—	—
1985	0.50	—	5-for-4
1984	0.40	5%	—
1983	0.31	5%	—
1982	0.59	5%	—

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 90,323,000‡	$ 10.54
1985	118,635,000	12.88
1984	104,127,000	11.45
1983	95,927,000	11.13
1982	71,769,000	10.53

+ Adjusted to reflect stock dividends and stock split.
‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 423,220	$ 399,155
Cost of sales	290,583	268,550
Expenses	116,605	102,641
Eq. in loss (earn.) of unconsol. lease fin. subsid.	1,896	(4,214)
Interest expense	7,459	9,685
Restructuring costs	11,000	—
Inc. (loss) bef. taxes	$ (4,323)	$ 22,493
Income taxes	4,230	5,842
Net Income (Loss)	$ (8,553)	$ 16,651

* Included in Costs and Expenses, Depreciation and Amortization: $8,260,000 in 1986 and $6,993,000 in 1985.

Assets
(000's)

As at Dec. 31	1986	1985
Cash & equivalents	$ 19,425	$ 1,415
Accts. receiv., net	74,689	50,808
*Inventories	107,569	100,946
Due from unconsol. lease fin. subsid.	3,821	—
Prepaid expenses	3,967	3,934
Current Assets	$ 209,471	$ 157,103
#Fixed assets	76,003	58,198
Goodwill	8,234	7,597
Investments & other assets	35,740	20,239
Total Assets	$ 334,065	$ 259,826

Liabilities
(000's)

Notes payable	$ 20,544	$ —
Long-term debt, curr.	3,640	—
Accts. payable	43,374	31,948
Accruals	37,087	26,955
Income taxes	666	798
Curr. Liabilities	$ 105,311	$ 59,701
Long-term debt	36,665	38,991
Indust. rev. bonds	25,104	25,869
Cap. lease oblig.	2,010	3,100
Deferred income	17,152	13,530
+Preferred stock	2,300	—
++Common stock	9,838	9,651
Add. paid-in capital	129,748	74,416
Retained earnings	23,622	40,634
Translations adjustment	(225)	(3,387)
Treasury stock	(15,807)	(2,679)
Unearned compensation	(1,653)	—
Total Liabilities & Shareholders' Equity	$ 334,065	$ 259,826

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; $1.75 convertible exchangeable.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.64
%Net Income to Sales	—	4.17
%Net Income to Equity	—	14.04
Sales to Inventories	3.94	3.95
Debt to Equity	0.25	0.57
Working Capital	$104,160,900	$ 97,402,000
Current Ratio	1.99	2.63
Shareholders' Equity	$147,823,000	$118,635,000

Allen Organ Company

Macungie, Pennsylvania 18062
(215) 966-2200

Officers: Jerome Markowitz, president & treasurer; Robert Pearce, vice president-sales; Eugene Moroz, vice president-production & asst. secretary; Leonard W. Helfrich, secretary & asst. treasurer; Steven Markowitz, v.p.- international operations.

Directors: Jerome Markowitz, Robert Pearce, Eugene Moroz, Fred Pillsbury, Leonard W. Helfrich, Steven Markowitz.

Areas of Work: Manufacturers electronic musical instruments.

Subsidiaries:

Allen Organ International, Inc. (DISC)
Macungie, Pennsylvania

Rocky Mount Instruments Inc.
Rocky Mount, North Carolina
(919) 442-8068

Transfer Agent(s):

Pittsburgh National Bank
10th St. & Ft. Duquesne Blvd.
Pittsburgh, Pennsylvania 15265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AORG (NASDAQ)

Number of Employees:

1986	470	1983	500
1985	500	1982	500
1984	500		

Plant Footage:

1986	287,000 sq. ft.	1983	287,000
1985	287,000	1982	287,000
1984	287,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 23,108,800	$ 3,655,692
1985	21,748,269	4,168,536
1984	21,104,549	3,555,712
1983	19,373,362	2,962,419
1982	18,086,544	2,827,417

	No. of Com. Shares #	Earn. per Share +
1986	1,364,919	$ 2.68
1985	1,363,980	3.06
1984	1,362,580	2.61
1983	1,239,256	2.17
1982	1,202,430	2.08

Class A and Class B shares combined adjusted to reflect stock split.
+ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.30	—	—
1985	0.29	—	2-for-1
1984	0.28	10%	—
1983	0.28	3%	—
1982	0.27	3%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 32,216,430	$ 23.60
1985	28,932,623	21.21
1984	25,124,992	18.44
1983	21,956,346	17.72
1982	19,336,831	16.08

+ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 23,108,800	$ 21,748,269
Cost of sales	14,368,328	13,829,023
Expenses	3,118,457	3,352,144
Other income	(1,654,677)	(3,567,434)
Income before taxes	$ 7,276,692	$ 8,134,536
Income taxes	3,621,000	3,966,000
Net Income	$ 3,655,692	$ 4,168,536

* Included in Costs and Expenses, Depreciation: $614,097 in 1986 and $527,387 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 883,797	$ 689,672
Short-term investments	17,810,070	14,894,293
Marketable securities	100,462	88,699
Accts. & notes rec., net	3,245,751	3,289,621
*Inventories	5,931,161	6,625,682
Prepaid expenses	16,872	24,042
Deferred inc. taxes	22,150	50,000
Current Assets	$ 28,010,263	$ 25,662,009
#Fixed assets	5,569,086	4,484,510
Other assets	635,236	941,890
Total Assets	$ 34,214,585	$ 31,088,409

Liabilities

Accts. payable	$ 232,006	$ 186,085
Accruals	473,494	441,815
Customers' deposits	284,449	279,587
Income taxes	646,014	636,544
Curr. Liabilities	$ 1,635,963	$ 1,544,031
Long-term liabilities	—	284,788
Deferred compensation	362,192	326,967
+Common stock:		
Class A	116,204	116,204
Class B	1,279,246	1,279,246
Add. paid-in capital	8,235,787	8,200,253
Retained earnings	22,701,241	19,455,026
Treasury stock	(116,048)	(118,106)
Total Liabilities & Shareholders' Equity	$ 34,214,585	$ 31,088,409

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	31.49	37.40
%Net Income to Sales	15.82	19.17
%Net Income to Equity	11.35	14.41
Sales to Inventories	3.90	3.28
Working Capital	$26,374,300	$24,117,978
Current Ratio	17.12	16.62
Shareholders' Equity	$32,216,430	$28,932,623

Allied-Signal Inc.

(formerly Allied Corporation)

Columbia Road and Park Avenue
P.O. Box 4000R
Morristown, New Jersey 07960
(201) 455-2000

Officers: Edward L. Hennessy, Jr., chairman of the board & chief exec. officer; Forrest N. Shumway, vice chairman; Daniel W. Derbes, exec. v.p. & pres., Allied-Signal International Inc.; Robert I. Kirk, exec. v.p.-pres. & chief exec. officer, Aerospace Company; Alan Belzer, exec. v.p.-pres., engineered materials; Roy H. Ekrom, exec. v.p.-pres., Garrett Aerospace; William C. Purple, exec. v.p.-pres., Bendix Aerospace; J. Mason Reynolds, exec. v.p.-pres., automotive; Gerard L. Seelig, exec. v.p.-pres., electronics & instrumentation; Donald R. Kayser, sr. v.p. & chief financial officer; L. James Colby, Jr., sr. v.p.-technology; Brian D. Forrow, sr. v.p.-secty. & gen. counsel; Edwin M. Halkyard, sr. v.p.-human resources; David G. Powell, sr. v.p.-public affairs; John W. Barter, sr. v.p.-planning, development & administration; Edward W. Callahan, v.p.-health, safety, and environmental science; William F. Loftus, v.p. & treasurer; Richard R. Alvarado, v.p.-gov't relations; J. Thomas Zusi, v.p. & controller; G. Peter D'Aloia, v.p.-taxes.

Directors: Jewel Plummer Cobb, Charles W. Nichols, Jr., Edward L. Hennessy, Jr., Donald W. Davis, William R. Haselton, Robert D. Kilpatrick, Theodore C. Rogers, Stanley P. Porter, Richard R. Shinn, Thomas P. Stafford, Edward J. Boling, Ralph P. Davidson, Carla Anderson Hills, Richard A. Lenon, Forrest N. Shumway, Arthur Temple, Rawleigh Warner, Jr.

Areas of Work: The Company's operations are conducted under three business segments: aerospace/electronics; automotive; and engineered materials. Aerospace/electronics products include turbofan/truboprop engines, gas turbine engines, auxiliary power units, integrated avionics systems, automatic test systems, wheels and brakes, weather radar systems, flight control actuators, fuel controls, ignition systems, pneumatic, hydraulic, electro-mechanical control systems, gyroscopic devices, secure communications devices, environmental systems, anti-submarine systems, communications systems, missile components and systems, space pointing and control systems, air data computers, data management systems, heat transfer systems, torpedo propulsion systems, electric generating systems, fiber optics, electrical and electronic connectors and components, flat ribbon cable and assemblies, professional video recorders and video processing systems, magnetic recording media, laser-based phototypesetting equipment, fluid measurement devices, precision bearings, and electronic sensors. Automotive products include air and hydraulic brake systems and components, friction materials, electronics, filters, spark plugs, turbocharges, and safety restraints.

Engineered materials include nylon filament and staple fibers, apparel fibers, process technologies, catalysts and sorbents, circuit board laminates, engineered plastics, fluorocarbons, high-density polyethylene, low-molecular-weight polyethylene, hydrofluoric acid, performance films, uranium hexafluoride, specialty eximes, image transfer products, amorphous metal alloys, sulfur hexaflurode, and tar products.

Electronic Subsidiaries and Divisions:
Allied Bendix
Aircraft Systems Company
Electronics Systems Company
Garrett
Ampex Corporation
Amphenol Corporation
Allied Linotype Company
MPB Corporation
Revere Corporation of America
Sigma Instruments, Inc.
Neptune International Corporation
Endevco Corporation

Transfer Agent(s):
The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Toronto, Amsterdam, Paris, Basle, Geneva, Zurich.

Ticker Symbol: ALD

Number of Employees:

1986	137,000	1983	117,750
1985	143,800	1982	105,000
1984	114,500		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 11,794,000	$ 605,000
1985	9,115,000	(279,000)
1984	9,462,000	488,000
1983	8,682,000	98,000
1982	4,902,000	272,000

	No. of Com. Shares †	Earn. per Share #
1986	174,362,025	$ 3.26
1985	175,194,456	—
1984	83,029,334	5.03
1983	80,188,947	0.09
1982	52,874,935	4.14

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Automotive	$ 2,874,000	$ 2,428,000
Aerospace	6,068,000	3,593,000
Engineered Materials	2,819,000	2,081,000
Unallocated	33,000	1,013,000
Total	$ 11,794,000	$ 9,115,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$1.80	—	—
1985	1.80	—	—
1984	1.75	—	3-for-2
1983	1.60	—	—
1982	1.60	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 3,670,000‡	$ 21.06
1985	5,833,000‡	33.29
1984	2,747,000‡	33.07
1983	2,455,000‡	30.61
1982	2,013,000	38.07

‡ After allowing for preferred stock series at stated value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 11,794,000	$ 9,115,0000
Cost of sales	9,111,000	7,080,000
Expenses	1,631,000	1,140,000
Restruc. expenses	—	247,000
Oper. profit	$ 1,052,000	$ 648,000
Other income	(160,000)	(54,000)
Non-recurring items	—	270,000
Interest expense	270,000	182,000
Income before taxes	$ 942,000	$ 250,000
Income taxes	302,000	502,000
Eq. in loss (inc.) of affil. cos.	35,000	(39,000)
Loss in the Henley Group	—	66,000
Net Income (Loss)	$ 605,000	$ (279,000)

* Included in Cost and Expenses, Depreciation; Depletion and Amortization: $368,000,000 in 1986 and $362,000,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term securities	$ 193,000	$ 1,125,000
Accts. & notes receiv., net	1,501,000	1,407,000
*Inventories	2,451,000	2,125,000
Other curr. assets	461,000	303,000
Current Assets	$ 4,606,000	$ 4,960,000
Invest. & long-term receiv.	711,000	3,152,000
#Fixed assets	3,514,000	3,153,000
Intangibles	1,990,000	1,416,000
Other assets	447,000	590,000
Total Assets	$ 11,268,000	$ 13,271,000

Liabilities
(000's)

Accts. payable	$ 1,883,000	$ 1,506,000
Comm. paper	360,000	219,000
Short-term borrowing	358,000	229,000
Long-term debt, curr.	135,000	43,000
Accruals	919,000	1,025,000
Curr. Liabilities	$ 3,655,000	$ 3,018,000
Long-term debt	2,127,000	2,086,000
Deferred inc. taxes	569,000	377,000
Other liabilities	1,179,000	1,335,000
+Redeem. pref. stock	52,000	325,000
+Preferred stock	16,000	297,000
++Common stock	179,000	176,000
Add. paid-in capital	2,584,000	4,836,000
Retained earnings	1,155,000	938,000
Treasury stock	(190,000)	(19,000)
Currency trans. adj.	(58,000)	(98,000)
Total Liabilities & Shareholders' Equity	$ 11,268,000	$ 13,271,000

* At lower of cost (LIFO, FIFO or average) or market.
# Less accumulated depreciation, depletion and amortization.
+ No par value.
++ $1 par value.

Statistical Summary

%Income by Taxes to Sales	5.13	2.74
%Net Income to Sales	16.41	—
%Net Income to Equity	4.81	—
Debt to Equity	0.71	0.38
Working Capital	$ 951,000,000	$1,942,000,000
Current Ratio	1.26	1.64
Shareholders' Equity	$3,686,000,000	$6,130,000,000

Alpha Industries, Inc.

20 Sylvan Road
Woburn, Massachusetts 01801
(617) 935-5150

Officers: George S. Kariotis, chairman & chief executive officer; Martin J. Reid, president & chief operating officer; Robert E. Goldwasser, Frank A. Leith, Howard J. Hall, vice presidents; Donald E. Paulson, secretary; Allan L. Coon, sr. v.p., treasurer & chief financial officer; Paul E. Vincent, controller; John A. Hanna, Jr., asst. treasurer.

Directors: George S. Kariotis, Zenon S. Zannetos, John M. Dempsey, Jr., Timothy X. Cronin, Alfred M. Bertocchi, Martin J. Reid, Ray Shamie.

Areas of Work: Supplies microwave ferromagnetic/dielectric materials and semiconductor devices, components and subsystems which are sold to manufacturers of sophisticated electronic systems. These products generate, amplify, detect and control microwave energy. The military defense market accounts for approximately 60% of Alpha's sales. Products include military radar, ECMs (electronic countermeasures) equipment, missile guidance and communications systems.

Divisions and Subsidiaries:

C.F.P. Holding Co., Inc.
20 Sylvan Road
Woburn, Massachusetts 01801
(617) 935-5150
Real estate.

Semiconductor Division
Woburn, Massachusetts
Microwave semiconductor devices and modules.

Advanced Technology Division
Methuen, Massachusetts
Microwave and millimeter wave antennas, components, and subsystems, and gallium arsenide integrated circuits.

Microwave Components Division
Lawrence, Massachusetts
Solid state control components.

Central Microwave Company
Maryland Heights, Missouri
Produces gallium arsenide millimeter and microwave signal sources.

Trans-Tech, Inc.
Adamstown, Maryland
Microwave ceramic materials.

Alpha Industries (U.S.A.), Ltd.
England

Alpha Industries GmbH
Germany

Alpha Industries FSC, Inc.
U.S. Virgin Islands

Alpha Securities Corporation
Alpha Telecommunications, Inc.
Alpha DISC, Inc.

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: AHA

Number of Employees:

1986 . . . . . 1,370 1984 1,260
1985 1,500

Plant Footage:

1986 . . . . . N.A. 1985 . . . . . 473,100 sq. ft.

N.A. - Not Available

Sales and Earnings

	Net Sales	Net Income
1986	$ 70,996,000	$ (876,000)
1985	69,278,000	3,689,000
1984	60,148,000	5,554,000
1983	52,219,000	5,213,000
1982	45,371,000	4,515,000

	No. of Com. Shares #	Earn. per Share #
1986	7,131,000	$ —
1985	7,078,000	0.52
1984	7,027,000	0.79
1983	6,973,000	0.75
1982	6,110,000	0.74

(Loss)

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.025	—	—
1985	0.05	—	—
1984	0.05	—	—
1983	0.05	—	2-for-1
1982	0.05	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 54,667,000	$ 7.67
1985	55,400,000	7.83
1984	51,420,000	7.32
1983	45,581,000	6.54
1982	40,068,000	6.56

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 70,996,000	$ 69,278,000
Cost of sales	59,717,000	50,563,000
Expenses	14,528,000	15,618,000
Other expense (income)	142,000	(846,000)
Income (loss) bef. taxes	$ (3,391,000)	$ 3,943,000
Income taxes (credit)	(2,515,000)	254,000
Net Income (Loss)	$ (876,000)	$ 3,689,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,415,000 in 1986 and $3,390,000 in 1985.

Assets

As of March 31	1986	1985
Cash & temp. invest.	$ 3,784,000	$ 7,775,000
Accts. receiv., net	11,730,000	13,751,000
Inc. tax refund	3,152,000	1,219,000
*Inventories	11,148,000	13,843,000
Prepaid expenses	888,000	765,000
Current Assets	$ 30,702,000	$ 37,353,000
#Fixed assets	46,620,000	41,242,000
Other assets	3,397,000	1,943,000
Total Assets	$ 80,719,000	$ 80,538,000

Liabilities

Long-term debt, curr.	$ 324,000	$ 324,000
Accts. payable	4,232,000	4,705,000
Accruals	4,334,000	4,683,000
Curr. Liabilities	$ 8,890,000	$ 9,712,000
Long-term debt	14,182,000	13,042,000
Deferred inc. taxes	2,980,000	2,384,000
+Common stock	1,857,000	1,851,000
Add. paid-in capital	26,208,000	25,893,000
Retained earnings	26,893,000	27,947,000
Treasury stock	(291,000)	(291,000)
Total Liabilities & Shareholders' Equity	$ 80,719,000	$ 80,538,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.69
%Net Income to Sales	—	5.32
%Net Income to Equity	—	6.66
Sales to Inventories	—	5.00
Debt to Equity	0.27	0.24
Working Capital	$21,812,000	$27,641,000
Current Ratio	3.45	3.85
Shareholders' Equity	$54,667,000	$55,400,000

Altos Computer Systems

2641 Orchard Parkway
San Jose, California 95134
(415) 946-6700

Officers: David Jackson, chairman, president & chief exec. officer; David Zacarias, chief operating officer & sr. v.p.; Kapil Nanda, v.p.-engineering; David Liggett, exec. v.p.-operations; Tom Anthony, v.p.-domestic distribution sales; Sandy Holt, v.p.-corp. marketing & int'l sales and marketing; John Doerner, v.p.-finance.

Directors: David Jackson, chairman; David Zacarias, Susan Jackson, Donald E. Lundgren, Wilfred J. Corrigan.

Area of Work: Designs, manufactures and markets multi-user microcomputer systems and software for a variety of business applications.

Subsidiaries:

Altos Computer Systems International
Altos International
San Jose, California

Altos Computer Systems Limited
England

Australian Altos Systems Pty. Limited
New South Wales, Australia

Altos Computer Systems GmbH
West Germany

Altos Computer Systems, S.A.R.L.
France

Altos Computer Systems A/C
Denmark

Altos Foreign Sales Corporation
Barbados

Altos Computer Systems S.R.L.
Italy

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALTO (NASDAQ)

Number of Employees:

1986 718

Plant Footage:

1986 . . . . . 157,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 134,189,000	$ 20,250,000
1985	124,445,000	10,398,000
1984	102,739,000	9,748,000
1983	74,587,000	7,921,000
1982	50,957,000	5,708,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	14,346,000	$ 1.41
1985	14,915,000	0.70
1984	14,954,000	0.65
1983	13,551,000	0.58
1982	11,034,000	0.52

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 102,393,000	$ 7.14
1985	100,320,000	6.73
1984	91,028,000	6.09
1983	80,376,000	5.93
1982	12,244,000	1.11

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	6/28/86	6/29/85
Net sales	$ 134,189	$ 124,445
Cost of sales	80,551	79,507
Expenses	45,513	35,644

Altos Computer Systems

Interest income	(4,580)	(5,658)
Eq. in earn. of affil. co.	(1,847)	(1,685)
Gain on sale of invest.	(16,936)	—
Income before taxes	$ 31,488	$ 16,637
Income taxes	11,238	6,239
Net Income	$ 20,250	$ 10,398

° Included in Costs and Expenses. Depreciation and Amortization: $2,893,000 in 1986 and $2,683,000 in 1985.

Assets
(000's)

As of	6/28/86	6/29/85
Cash & temp. cash invest.	$ 67,438	$ 56,982
Accts. receiv., net	23,160	21,629
°Inventories	22,297	17,166
Prepaid inc. taxes	1,142	—
Other curr. assets	3,280	2,470
Current Assets	$ 117,317	$ 98,247
#Fixed assets	6,550	6,584
Invest. in affil. cos.	2,823	13,548
Deposits & other assets	1,428	1,979
Total Assets	$ 128,118	$ 120,358

Liabilities
(000's)

Notes payable	$ —	$ 2,065
Long-term debt, curr.	1,615	279
Accts. payable	10,881	9,361
Accrued payroll	2,632	2,105
Other accruals	2,947	1,895
Income taxes	2,799	854
Deferred income taxes	—	2,324
Curr. Liabilities	$ 20,874	$ 18,883
Long-term debt	4,418	691
Deferred inc. taxes	433	464
+Common stock	44,937	63,309
+Junior common stock	29	29
Retained earnings	57,456	37,206
Shareholder notes receiv.	(29)	(224)
Total Liabilities & Shareholders' Equity	$ 128,118	$ 120,358

° At lower of standard cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	23.47	13.37
%Net Income to Sales	15.09	8.36
%Net Income to Equity	19.78	10.36
Sales to Inventories	6.02	7.25
Debt to Equity	0.06	0.03
Working Capital	$ 96,443,000	$ 79,364,000
Current Ratio	5.62	5.20
Shareholders' Equity	$102,393,000	$100,320,000

Amdahl Corporation

1250 East Arques Avenue
Sunnyvale, California 94088
(408) 746-6000

Officers: Eugene R. White, chairman of the board; John C. Lewis, president & chief executive officer; E. Joseph Zenke, chief operating officer; Edward Thompson, v.p., chief financial officer & secretary; William F. O'Connell, Jr., sr. v.p.-corporate strategy; Bruce O. Beebe, sr. v.p.-product operations; David M. Brewer, v.p.-processor products; Michael R. Clements, chief technical officer & v.p.-advanced development; Joseph J. Francesconi, sr. v.p.-marketing services & communications systems; Paul Hachigian, v.p.-communications; Anthony M. Pozos, sr. v.p.-industrial relations; William Flanagan, v.p.-manufacturing; Dean Witter, v.p. & treasurer; Ernest B. Thompson, v.p. & controller; Tom O'Rourke, v.p. & gen. mgr.-peripheral division; Daniel W. Tierney, v.p.-corp. operations; David J. Horton, v.p. & gen. mgr.-communications systems division; Frederick M. Trapnell, Jr., v.p.-system products; David L. Beamer, v.p.-U.S. sales operations; O.J. Nutt-v.p.-corp. marketing.

Directors: Eugene R. White, chairman; John C. Lewis, E.F. Heizer, Jr., Masaki Ogi, Burton G. Malkiel, Walter B. Reinhold, Norihiko Nakayama, R. Stanley Laing, Shoichi Ninomiya, J. Sidney Webb.

Areas of Work: Develops, manufactures and markets large-scale computer systems, storage products communications systems, software, and educational services. The company also provides products and software support for its systems and is engaged in research and development programs for future products.

Divisions and Subsidiaries:

Amdahl Canada Limited
1 First Canadian Place, 5th Floor
P.O. Box 123
Toronto, Ontario M5X 1A4
Canada
(416) 862-7479

Amdahl Belgium S.A.
Vorstlaan 360, B7
B1160 Brussels
Belgium

Amdahl Danmark Computer Systems A/S
Sundkrogsgade 2
DK-2100 Kodenhaven oe
Denmark

Amdahl Deutschland GmbH
Arabella Strasse 21
P.B. 810109
D-8000 Muenchen 81
West Germany

Amdahl Nederland B.V.
Havenweg 24
4130 EB Vianen
Amsterdam
The Netherlands

Amdahl France S.A.R.L.
Maillot 2000
251 Boulevard Pereire
75853 Paris 17
France

Amdahl Italia, S.p.A.
Viale Castello
Della Magliana, 75
Rome 00148
Italy

Amdahl Norge A/S
Postboks 2023 Grunerloekka
Markveien 35A
Postboks 2023 Grunerlokka
Oslo 5
Norway

Amdahl Svenska AB
Svardvagen 11
Box 150
S-182 12 Danderyd
Sweden

Amdahl Schweiz AG
Baumacherstrasse 46
8050 Zurich
Switzerland

Amdahl Ireland, Limited
24/35 South William Street
Dublin 2
Ireland

Amdahl Communications Systems Division
2500 Walnut Avenue
Marina del Rey, California 90291
Designs, produces, markets, installs and services equipment (excluding transmission facilities) and software that constitute digital communications networks.

Amdahl (U.K.) Limited
Viking House
Lampton Road,
Hounslow
Middlesex TW3 1JD
England

Tran Communications, Ltd.
1320 Shawson Drive
Mississauga, Ontario L4W 1C3
Canada
(416) 678-9504

Amdahl International South Africa
5 Andrea Road, 2091 Reuven
Johannesburg, Republic of South Africa

Amdahl Australia Pty Ltd.
123 Walker Street
P.O. Box 1506
North Sydney
NSW 2060
Australia

Amdahl International Hong Kong
2103, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Amdahl International Singapore
35-03 Shell Tower
50 Raffles Place
Singapore 0104

Amdahl International New Zealand
First Floor
Natwest House
132 The Terrace
Wellington
New Zealand

Transfer Agent(s):
Bank of America, NT & SA
San Francisco, California
New York, New York

Stock Exchange(s): American, London

Ticker Symbol: AMH

Number of Employees:

1985	N.A.	1982	N.A.
1984	7,000	1981	5,100
1983	6,300		

Plant Footage:

1985	N.A.	1982	N.A.
1984	1,900,000 sq. ft.	1981	1,000,000
1983	1,200,000		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income ‡
1985	$ 862,032,000	$ 28,706,000
1984	779,413,000	36,429,000
1983	777,680,000	46,457,000
1982	462,243,000	6,767,000
1981	442,774,000	26,764,000

	No. of Com. Shares #	Earn. per Share #‡
1985	47,589,000	$ 0.60
1984	45,569,000	0.80
1983	44,114,000	1.05
1982	40,342,000	0.17
1981	40,714,000	0.66

‡ Including extraordinary gains of $4,300,000 ($0.09 per share) in 1985, $3,200,000 ($0.07 per share) in 1983 and $1,900,000 ($0.05 per share) in 1982.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.20	—	—
1984	0.20	—	—
1983	0.20	—	2-for-1
1982	0.20	—	—
1981	0.20	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 457,760,000	$ 9.62
1984	428,300,000	9.40
1983	372,339,000	8.44
1982	270,422,000	6.70
1981	266,165,000	6.54

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/27/85	12/28/84
Revenues	$ 862,032	$ 779,413
Cost of revenues	501,616	436,424
Expenses	313,322	301,791
Interest income	(14,646)	(13,283)
Interest expense	25,934	17,752
Income before taxes	$ 35,806	$ 36,729
Income taxes	11,400	300
Net Income	$ 24,406	$ 36,429
Extraordinary gain	4,300	—
Net Income & extraordinary gain	$ 28,706	$ 36,429

* Included in Costs and Expenses, Depreciation and Amortization: $83,043,000 in 1985 and $72,192,000 in 1984.

Assets
(000's)

As of	12/27/85	12/28/84
Cash & short-term invest.	$ 41,847	$ 43,440
Receivables	300,103	280,495
*Inventories	185,407	188,055
Prepaid expenses & deposits	7,547	6,278
Tax benefit	4,298	13,694
Current Assets	$ 539,202	$ 531,962
Long-term receiv.	99,233	84,827
#Fixed assets	268,433	278,631
Total Assets	$ 906,868	$ 895,420

Liabilities
(000's)

Notes payable	$ 66,118	$ 25,809
Accts. payable	31,233	30,387
Accruals	45,392	81,586
Accrued liabilities	111,811	96,082
Curr. Liabilities	$ 254,554	$ 233,864
Long-term debt	111,698	145,540
Deferred invest. tax credits	6,088	9,494
Deferred inc. taxes	76,768	78,222
+Common stock	2,374	2,341
Add. paid-in capital	274,658	264,494
Retained earnings	180,728	161,465
Total Liabilities & Shareholders' Equity	$ 906,868	$ 895,420

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ 0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	4.15	4.71
%Net Income to Revenues	2.83	4.67
%Net Income to Equity	5.33	8.51
Debt to Equity	0.39	0.40
Working Capital	$284,648,000	$298,098,000
Current Ratio	2.12	2.27
Shareholders' Equity	$457,760,000	$428,300,000

American Precision Industries Inc.

2777 Walden Avenue
Buffalo, New York 14225
(716) 684-9700

Officers: Robert J. Fierle, chairman & president; Richard P. Becht, sr. v.p.-operations & treasurer; Robert E. Weld, v.p.-finance & corporate controller; William A. Donovan, secretary; Virginia C. Purnell, asst. secretary; James W. Bevevino, v.p. & president-Heat Transfer Equipment Group; Donald C. McElheny, v.p. & president-Electronic Components Group; Richard S. Warzala, v.p. & president-Motion Control Group.

Directors: Robert J. Fierle, chairman; William A. Donovan, John M. Henske, Don G. Mitchell, Clark Daugherty, C. Edgar Schabacker Jr., William P. Panny, John M. Albertine.

Areas of Work: Designs and manufactures ultraprecision mechanisms for industry and government. The Industrial Process Equipment segment of the business produces heat transfer products for manufacturers of gas compressors, steam and gas turbines, diesel engines, compressed air dryers, air conditioning equipment and hydraulic systems. The Electronic Components segment manufactures and sells high reliability micro-miniature coils, capacitors, and electromagnetic clutches, brakes and step motors to the industrial, computer, telecommunications, military, aerospace and business machine markets.

Divisions:

Hasco Division
2777 Walden Avenue
Buffalo, New York 14225
(716) 684-6700
Designs and manufactures standard and custom heat transfer products, such as heat exchangers and condensers for commercial and industrial use.

Delevan Division
270 Quaker Road
East Aurora, New York 14052
(716) 652-3600
Designer and manufacturer of microminiature coil and transformer products used mainly by computer manufacturers, producers of data communication systems, and as part of the electronics necessary for governmental space probes. Other products include miniature electromechanical brakes and clutches used in data processing equipment, aerospace control systems, voting machines and numerically-controlled machine tools.

Deltran Division
4401 Genesee Street
Buffalo, New York 14225
(716) 631-9800
Designs and manufactures electromechanical clutches and brakes for manufacturers of business machines, computer peripherals, aircraft and medical test equipment.

Air Cooled Applications Division
465 Ohio Street
Lockport, New York 14094
(716) 433-3053

Delcup Division
274 Sandusky Road
Arcade, New York 14009
(716) 496-5755

API of Florida Division
5801 Silver Springs Boulevard
Silver Springs, Florida 32688
(904) 236-1261

Rapidsyn Division
3229 Roymar Road
Oceanside, California 92054
(619) 439-7500
Designs, manufactures, and sells step motors to the machine tool, robotics, computer hardware, business machine, aircraft, aerospace and military related industries.

Subsidiaries:

American Precision Industries (U.K.) Ltd.
Aldwych House
Aldwych
London WC2B 4JP, England

API Development Corporation
2777 Walden Avenue
Buffalo, New York 14225

Nitta-Apitron Co., Ltd. (50% owned)
55-1 2chome, Honmachi, Higashi-Ku
Osaka 541, Japan

API-FS Corporation
5 Norre Gade
St. Thomas
U.S. Virgin Islands

API of Canada, Inc.
698 Wilson Avenue
Kitchener, Ontario
Canada N2C 1H9

Transfer Agent(s):
Marine Midland Bank, N.A.
New York, New York 10017

Stock Exchange(s): American

Ticker Symbol: APR

Number of Employees:
1986 ..... 670 1985 620

Plant Footage:
1986 ..... 253,800 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986*	$ 34,469,000	$ 813,000
1985	34,542,000	1,595,000
1984	38,601,000	2,866,000
1983	28,502,000	1,549,000
1982	30,610,000	2,157,000

	No. of Com. Shares +	Earn. per Share #
1986	4,628,000	$ 0.18
1985	4,634,000	0.35
1984	4,611,000	0.62
1983	4,577,000	0.34
1982	4,545,000	0.47

* 53 weeks.
+ Adjusted to reflect stock dividends and stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock splits.

Revenues By Line of Business

	1986	1985	1984
Indust. process equip.	42.0%	42.5%	32.5%
Electronic components	55.0	55.5	65.5
General corporate	3.0	2.0	2.0
Total	100.0%	100.0%	100.0%

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.175	—	3-for-2
1985	0.156	10%	—
1984	0.126	—	3-for-2
1983	0.112	20%	—
1982	0.108	—	—

† Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 18,719,000	$ 4.04
1985	18,936,000	4.09
1984	17,958,000	3.89
1983	15,563,000	3.40
1982	14,464,000	3.18

† Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended	1/2/87 (53 weeks)	12/27/85
Revenues	$ 34,469,000	$ 34,542,000
Cost of sales	22,848,000	22,064,000

American Precision Industries Inc.

Expenses	8,939,000	8,758,000
Other expense	1,501,000	973,000
Income before taxes	$ 1,181,000	$ 2,747,000
Income taxes	368,000	1,152,000
Net Income	$ 813,000	$ 1,595,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,274,000 in 1986 and $1,130,000 in 1985.

Assets

As of	1/2/87	12/27/85
Cash & cert. of deposit	$ 4,299,000	$ 3,753,000
Accts. & notes receiv., net	4,841,000	4,691,000
*Inventories	4,948,000	5,182,000
Deferred taxes and other	2,266,000	2,018,000
Current Assets	$ 16,354,000	$ 15,644,000
#Fixed assets	4,965,000	5,420,000
Other assets	2,566,000	2,770,000
Total Assets	$ 23,885,000	$ 23,834,000

Liabilities

Long-term debt, curr.	$ 189,000	$ 231,000
Accts. payable	2,229,000	1,724,000
Accruals	439,000	417,000
Accrued payroll	331,000	699,000
Dividends payable	208,000	185,000
Curr. Liabilities	$ 3,596,000	$ 3,256,000
Long-term debt	1,570,000	1,642,000
+Common stock	3,108,000	2,061,000
Add. paid-in capital	10,139,000	11,064,000
Retained earnings	5,840,000	5,839,000
Treasury stock	(368,000)	(28,000)
Total Liabilities & Shareholders' Equity	$ 23,885,000	$ 23,834,000

* At lower of cost (Industrial process equipment at LIFO, electronic components at FIFO) or market.
# Less accumulated depreciation.
+ $.66⅔ par value.

Statistical Summary

%Income before Taxes to Sales	3.43	7.95
%Net Income to Sales	2.36	4.62
%Net Income to Equity	4.34	8.42
Sales to Investories	6.97	6.67
Debt to Equity	0.08	0.10
Working Capital	$12,758,000	$12,388,000
Current Ratio	4.55	4.80
Shareholders' Equity	$18,719,000	$18,936,000

American Science and Engineering, Inc.

Fort Washington
Cambridge, Massachusetts 02139
(617) 868-1600

Officers: Martin Annis, chairman of the board & president; Clayton R. Annis, sr. v.p. & treasurer; Henry Shapiro, exec. v.p. & dir.-marketing & ASEP Division; Carolus M. Cobb, v.p.-chief chemist; Ted E. Kirchner, sr. v.p. & dir.-marketing, Space Division; Allen S. Krieger, sr. v.p. & dir.-Space Division; James E. Powers, sr. v.p.; Jacob Shekel, v.p.-engineering; Paul J. Bjorkholm, sr. v.p.-research; Craig D. MacKay, sr. v.p.-marketing; Richard Mastronardi, sr. v.p.-engineering; M. David Adler, controller; Daniel V. Bakinowski, clerk.

Directors: Martin Annis, Carolus M. Cobb, Alvin S. Hochberg, Herman Feshbach, Ismael Escobar, Clayton R. Annis, Marie T. Spaulding.

Divisions:

Instrument Systems Division
Cambridge, Massachusetts 02139
(617) 868-1600

Designs and manufactures high technology products including MICRO DOSE® X-Ray Inspection Systems for the detection of contraband and X-Ray systems for medical instrumentation.

ASEP Division
Cambridge, Massachusetts 02139
(617) 868-1600

Produces load management systems under the trade name ASEP®. This system is bidirectional, offers load status, automatic time-of-use metering, automatic load survey, and load control.

Space Division
Cambridge, Massachusetts

Designs and builds scientific equipment payloads for NASA, primarily in the field of X-ray astronomy.

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02106

Stock Exchange(s): American

Ticker Symbol: ASE

Number of Employees:

1986	285	1983	193
1985	N.A.	1982	191
1984	250		

Plant Footage:

1986 . . . . . 124,000 sq. ft.

N.A. - Not Available

Sales and Earnings

	Total Revenues +	Net Income #
1986	$ 23,691,000	$ 781,000
1985	20,529,000	(1,027,000)
1984	19,127,000	(952,000)
1983	11,504,000	(3,413,000)
1982	15,418,000	271,000

	No. of Com. Shares ‡	Earn. per Share ‡#
1986	3,641,000	$ 0.21
1985	3,576,000	—
1984	2,821,000	—
1983	2,806,000	—
1982	2,813,000	0.10

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $363,000 ($0.10 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1986	1985
Energy & space systems	$ 20,600,000	$ 14,708,000
X-ray inspection & med. systems	3,028,000	5,757,000
Corporate	63,000	64,000
Total	$ 23,691,000	$ 20,529,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 10,076,000	$ 2.78
1985	9,295,000	2.56
1984	7,787,000	2.61
1983	8,008,000	2.85
1982	11,428,000	4.07

Income Account *

Year ended March 31	1986	1985
Total revenue	$ 23,691,000	$ 20,529,000
Cost of sales & contracts	19,175,000	16,397,000
Expenses	4,449,000	4,092,000
Oper. income	$ 67,000	$ 40,000
Other expenses (income)	(804,000)	1,012,000
Income (loss) bef. taxes	$ 871,000	$ (972,000)
Income taxes	453,000	55,000
Net Income (Loss)	$ 418,000	$ (1,027,000)
Extraord. gain	363,000	—
Net Income (Loss) & Extraord. gain	$ 781,000	$ (1,027,000)

* Included in Costs and Expenses, Depreciation and Amortization: $535,000 in 1986 and $1,148,000 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 156,000	$ 254,000
Short-term invest.	3,000,000	2,150,000
Accts. receiv., net	5,010,000	4,666,000
Notes receiv.	85,000	75,000
Unbilled costs & fees	1,300,000	690,000
Prepaid expenses	76,000	81,000
Inventories	2,388,000	2,979,000
Current Assets	$ 12,015,000	$ 10,895,000
Notes receivable	840,000	925,000
#Fixed assets	977,000	1,243,000
Intangibles	593,000	705,000
Total Assets	$ 14,425,000	$ 13,768,000

Liabilities

Long-term debt, curr.	$ 89,000	$ 91,000
Accts. payable	2,040,000	1,951,000
Accrued salary	649,000	497,000
Warranty reserve	114,000	241,000
Income taxes	91,000	157,000
Cust. deposits	326,000	460,000
Other accruals	187,000	199,000
Curr. Liabilities	$ 3,496,000	$ 3,596,000
Deferred rent	142,000	—
Long-term debt	74,0000	163,000
Deferred gain	637,000	714,000
+Common stock	2,555,000	2,555,000
Add. paid-in capital	10,889,000	10,889,000
Deficit	(3,097,000)	(3,878,000)
Treasury stock	(271,000)	(271,000)
Total Liabilities & Shareholders' Equity	$ 14,425,000	$ 13,768,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	3.68	—
%Net Income to Sales	1.76	—
%Net Income to Equity	4.15	—
Debt to Equity	0.02	0.03
Working Capital	$8,519,000	$7,299,000
Current Ratio	3.44	3.03
Shareholders' Equity	$10,076,000	$9,295,000

American Standard Inc.

40 West 40th Street
New York, New York 10018
(212) 703-5100

Officers: William B. Boyd, chairman of the board, president & chief executive officer; James C. Huntington, Jr., sr. v.p.-human resources & operations services; John F. Geer, v.p., general counsel & secretary; Dale F. Maycen, v.p. & treasurer;

Fred A. Allardyce, v.p. & controller; Richard H. Francis, sr. v.p. & chief financial officer; Harry H. Steiner, v.p. & tax counsel.

Directors: E. Newton Cutler, Jr.*, James D. Hodgson, William A. Marquard*, William B. Boyd*, Dirk de Bruyne*, Donald J. Phillips, Paul Bancroft, III, Richard A. Lenon, Richard M. Cyert, Edward Donley*, William J. Young, Louis Fernandez, James F. Lardner, Eugene J. Sullivan.

*Member of the Executive Committee.

Areas of Work: The Company produces railway, mass transit, and automotive braking and control devices; plumbing and other building products; industrial fluid power products; and air conditioning equipment.

Divisions and Subsidiaries:

Transportation Products Operations
3 Gateway Center
Pittsburgh, Pennsylvania 15222

Automotive Products Group
P.O. Box 91 12 80 D 3000
Hannover 91, Germany

WABCO Fahrzeugbremsen G.m.b.H.
Hannover, Germany

WABCO Westinghouse, A.B.
Nova, Sweden

WABCO Westinghouse, S.A.
Clay Souilly, and Freinville-Sevran, France

WABCO Freni Veicoli Industriali, S.p.A.
Milan, Italy

WABCO Westinghouse G.m.b.H.
Vienna, Austria

WABCO Westinghouse A.G.
Bern, Switzerland

WABCO Westinghouse
Rotterdam, The Netherlands

Clayton Dewandre Holdings Limited
Leeds, Rugby, Portsmouth, Lincoln and Lutterworth, England

WABCO-Freios para Autoveiculos Ltda.
Sao Paulo, Brazil

Industrial Products Group
5820 Main Street
Williamsville, New York 14221

WABCO Fluid Power Division
Lexington, Kentucky

American-Standard Heat Transfer Division
Buffalo, New York

American-Standard Industrial Products Division
Dearborn, Michigan

American-Standard Industrial Products Division
Canada

WABCO Westinghouse S.A.
France

WABCO Tecniche di Automazione, S.p.A.
Italy

WABCO Westinghouse (U.K.) Ltd.
England

WABCO Steuerungstechnik G.m.b.H. & Co.
West Germany

Railway Products Group
3 Gateway Center
Pittsburgh, Pennsylvania 15222

Westinghouse Air Brake Division
Wilmerding, Pennsylvania

Union Switch & Signal Division
Swissvale, Pennsylvania

Cardwell Westinghouse Division
Chicago, Illinois

WABCO Ltd.
Hamilton, Ontario, Canada

Canadian Cardwell Division

Fresinbra Industrial, S.A.
Brazil

WABCO Westinghouse, S.A.
France

WABCO Westinghouse Compagnia Freni, S.p.A.
Italy

WABCO Westinghouse
Belgium

WABCO Westinghouse Compagnia Italiana Segnali, S.p.A.
Italy

Building Products Operations
P.O. Box 2003
New Brunswick, New Jersey 08903

United States Plumbing Products Group
P.O. Box 2003
New Brunswick, New Jersey 08903

Industrial Products

European Plumbing Products Group
Boulevard du Souverain 348
1160 Brussels, Belgium

Ideal-Standard Limited
Hull, England

Ideal-Standard
Belgium

Ideal-Standard G.m.b.H.
Bonn, West Germany

Ideal-Standard S.A.I.
Athens, Greece

Ideal-Standard S.p.A.
Milan, Italy

Automotive and Industrial Products Operations

Building Specialties Group
9017 Blue Ash Road
Cincinnati, Ohio 45242

Modernfold
New Castle, Indiana

The Majestic Company
Huntington, Indiana

Steelcraft
Cincinnati, Ohio

International and Export Group
P.O. Box 2003
New Brunswick, New Jersey 08903

American-Standard Export Division
New Brunswick, New Jersey

American-Standard
Toronto, Canada

Ideal-Standard
Sao Paulo, Brazil

Ideal-Standard S.A. de C.V.
Mexico City, Mexico

American Standard Credit, Inc.
Peoria, Illinois.

Air Conditioning Products

The Trane Company
La Crosse, Wisconsin

Develops, manufactures, and sells air conditioning equipment and related controls designed for use in central air conditioning systems for commercial, institutional, industrial and residential buildings.

Transfer Agent(s):
Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: AST

Number of Employees:

1986	38,900	1983	28,500
1985	40,000	1982	29,800
1984	41,900		

Sales and Earnings

	Revenues + (000's)	Net Income † (000's)
1986	$ 2,997,692	$ 188,467
1985	2,750,196	22,051
1984	2,516,289	97,080
1983	1,404,100	62,585
1982	1,355,200	35,600

	No. of Com. Shares #	Earn. per Share †#
1986	36,597,000	$ 5.15
1985	39,383,000	0.56
1984	37,369,000	2.60
1983	27,582,480	2.27
1982	27,362,295	1.30

+ Of continuing operations only.
† Including extraordinary loss of $4,737,000 ($0.13 per share) in 1986.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Air conditioning products	$ 1,384,000	$ 1,316,000
Transportation products	816,000	724,000
Building products	798,000	710,000
Total	$ 2,998,000	$ 2,750,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.60	—	—
1985	1.60	—	—
1984	1.60	—	—
1983	1.60	—	—
1982	2.05	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share +
1986	$ 838,558,000	$ 22.91
1985	921,446,000	23.40
1984	923,801,000	24.72
1983	600,599,000	21.77
1982	605,938,000	22.14

‡ After allowing for preferred stock at aggregate liquidating values.
+ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 2,997,692	$ 2,750,196
Cost of sales	2,227,551	2,061,730
Expenses	554,328	495,664
Other income	(12,181)	(19,565)
Interest expense	31,925	40,541
Restruc. prov.	—	185,000
Inc. (loss) bef. taxes	$ 196,069	$ (13,174)
Income taxes (credit)	86,000	(10,685)

Inc. (loss)-cont. oper.	$ 110,069	$ (2,489)
Inc.-discont. oper.	83,135	24,540
Net Income	$ 193,204	$ 22,051
Extraord. loss	(4,737)	—
Net Income & extraord. loss	$ 188,467	$ 22,051

* Included in Costs and Expenses. Depreciation. $104,312,000 in 1986 and $90,969,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & securities	$ 149,650	$ 137,979
Accts. receiv., net	536,121	524,985
Future inc. tax benefits	42,414	40,167
*Inventories	488,966	454,902
Other assets	29,534	26,834
Assets held for sale	58,489	214,366
Current Assets	$ 1,305,174	$ 1,399,233
#Fixed assets	779,617	748,062
Other assets	68,447	65,507
Intangibles	55,198	56,878
Total Assets	$ 2,208,436	$ 2,269,680

Liabilities
(000's)

Loans payable	$ 22,171	$ 12,722
Long-term debt, curr.	17,402	16,892
Accts. payable	276,048	247,668
Accruals	236,958	243,401
Accrued payroll	105,752	137,443
Income taxes	53,790	28,526
Curr. Liabilities	$ 712,121	$ 686,652
Long-term debt	314,759	328,617
Reserves	160,173	166,249
Deferred inc. taxes	49,656	36,291
Other liabilities	130,769	128,025
+Preferred stock	1,346	1,346
++Common stock	33,189	39,302
Add. paid-in capital	241,334	401,197
Retained earnings	600,963	551,100
Foreign curr. trans.	(35,874)	(69,099)
Total Liabilities & Shareholders' Equity	$ 2,208,436	$ 2,269,680

* At lower of cost (LIFO) or realizable value.
# Less accumulated depreciation.
+ $100 par value, 7% cumulative.
++ $1 par value.

Statistical Summary

%Net Income to Equity	22.41	2.39
Sales to Inventories	6.13	6.05
Debt to Equity	0.42	0.39
Working Capital	$593,053,000	$712,581,000
Current Ratio	1.83	2.04
Shareholders' Equity	$840,958,000	$923,846,000

American Telephone & Telegraph Company

350 Madison Avenue
New York, New York 10022
(212) 605-5500

Officers: James E. Olson, chairman of the board; Robert E. Allen, president & chief operating officer; Charles Marshall, Morris Tanenbaum, vice chairmen; Randall L. Tobias, vice chairman & chief exec. officer-AT&T Communications and Information Systems; John E. Berndt, pres. & chief exec. officer-AT&T International, Inc.; W. Frank Blount, pres.-Network Operations Group; Michael A. Brunner, exec. v.p.-federal systems; Vittorio Cassoni, sr. v.p.-Data Systems Division; John M. Nemecek, exec. v.p.-components and electronic systems; John T. O'Neill, exec. v.p.-network systems products; Alfred C. Partoll, sr. v.p.-external affairs; Victor A. Pelson, pres.-General Markets Group; Ian M. Ross, pres.-AT&T Bell Laboratories; John R. Smart, sr. v.p.-business sales; Alexander C. Stark, Jr., sr. v.p.-communications systems; Thomas R. Thomsen, pres.-AT&T Technology Systems Group; Paul M. Villiere, exec. v.p.-network systems marketing & customer operations; E. Wayne Weeks, Jr., pres.-AT&T Networks Systems Group; Sam R. Willcoxon, pres.-Business Markets Group; John O. Zeglis, sr. v.p. & gen. counsel; James R. Billingsley, sr. v.p.-federal regulation; Harold W. Burlingame, sr. v.p.-personnel; Marilyn Laurie, sr. v.p.-public relations & employee information; John L. Segall, sr. v.p.-corp. strategy & development; Robert M. Kavner, sr. v.p. & chief financial officer; Gerald M. Lowrie, sr. v.p.-public affairs; Lyndell L. Christensen, corp. v.p. & secretary; C. Perry Colwell, corp. v.p. & controller; S. Lawrence Prendergast, corp. v.p. & treasurer.

Directors: Philip M. Hawley, Edward G. Jefferson, Belton K. Johnson, Rawleigh Warner, Jr., James H. Evans, James E. Olson, Peter E. Haas, Juanita M. Kreps, Donald S. Perkins, Henry B. Schacht, Thomas H. Wyman, Robert Allen, Charles Marshall, Michael I. Sovern, Morris Tanenbaum, Joseph D. Williams, Donald F. McHenry, Randall L. Tobias.

Areas of Work: The company has been reorganized into two sectors: AT&T Communications provides long distance services throughout the United States and to most of the rest of the world; AT&T Technologies are business groups producing network systems, components and electronic systems, computers, business information systems, consumer products for home and business and systems for the Federal government. Worldwide business interests are managed by AT&T International. Bell Laboratories, a research and development subsidiary, serves both sectors. The company also operates 900 phone centers selling telephones and related equipment.

Divisions and Subsidiaries:

AT&T Communications
Provides inter- and intrastate communication long distance services between telephone company boundaries as well as service to some 200 countries and territories around the globe.

AT&T Technologies, Inc.
Encompasses seven lines of business, including former subsidiary Western Electric. These segments are: AT&T Bell Laboratories, Network Systems, Information Systems, Consumer Products, Technology Systems, and AT&T International.

American Transtech, Inc.
Provides shareholder services.

AT&T International, Inc.

AT&T Bell Laboratories, Inc.

AT&T Information Systems

AT&T Resource Management

AT&T Credit Corporation

Actuarial Sciences Associates, Inc.
Financial consulting services.

Transfer Offices:

American Transtech
P.O. Box 45048
Jacksonville, Florida 32232-5048

Stock Exchange(s): New York, Boston, Philadelphia, Pacific, Midwest, London, Paris, Zurich, Lausanne, Geneva.

Ticker Symbol: T

Number of Employees:

1986	316,900	1983	966,000
1985	337,600	1982	991,596
1984	365,200		

Note: On Jan. 1, 1984, AT&T was required by Court order to divest those parts of the Bell System operating telephone companies that provided local exchange and exchange access services and printed directory advertising. As a consequence of divestiture, current financial results are not comparable to those prior to 1984.

Sales and Earnings

	Operating Revenues (000's)	Net Income (000's)
1986	$ 34,087,000	$ 139,000
1985	34,417,000	1,557,000
1984	33,187,000	1,370,000
1983*	70,319,000	249,000
1982*	65,866,000	7,279,000

	No. of Com. Shares #	Earn. per Share #
1986	1,071,000,000	$ 0.05
1985	1,057,900,000	1.37
1984	1,010,000,000	1.25
1983*	937,000,000	0.13
1982*	850,000,000	8.40

* Pre-divestiture.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.20	—	—
1984	1.20	—	—
1983	5.85	—	—
1982	5.40	—	—

Common Stock Equity*

	Total Equity (000's)	Equity Per Share
12/31/86	$ 13,550,000	$ 12.64
12/31/85	14,633,300	13.68
12/31/84	13,762,900	13.26
1/1/84	12,367,400	13.20

* Post-divestiture.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Sales of serv.	$ 19,108,000	$ 17,393,000
Sales of prods.	10,178,000	11,235,000
Rental revenues	4,801,000	5,789,000
Total oper. revenues	$ 34,087,000	$ 34,417,000
Cost of service	8,954,000	9,097,000
Cost of prod.	7,196,000	7,066,000
Cost of rentals	2,099,000	1,936,000
Expenses	13,349,000	13,332,000
Prov. for bus. restruc.	2,157,000	—
Other income	(402,000)	(252,000)
Interest expense	613,000	692,000
Income before taxes	$ 121,000	$ 2,546,000
Income taxes (credit)	(193,000)	989,000
Cum. effect of change in deprec. method	175,000	—
Net Income	$ 139,000	$ 1,557,000

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. cash invest.	$ 2,602,000	$ 2,214,900
Accts. receiv., net	7,820,000	8,943,000
*Inventories	3,519,000	4,546,000
Def. income taxes	1,477,000	785,000
Other curr. assets	154,000	163,000
Current Assets	$ 15,572,000	$ 16,651,000
Investments	995,000	864,000
#Fixed assets	21,078,000	22,261,000
Other assets	1,238,000	621,000
Total Assets	$ 38,883,000	$ 40,397,000

Liabilities
(000's)

Accts. payable	$ 4,625,000	$ 4,934,000
Payroll rel. liab.	2,499,000	2,199,000
Long-term debt, curr.	740,000	1,437,000
Dividends payable	338,000	348,000
Other curr. liab.	3,015,000	2,504,000

Curr. Liabilities	$ 11,217,000	$ 11,422,000
Long-term debt	7,399,000	7,684,000
Other liabilities	1,144,000	42,000
Deferred inc. taxes	3,065,000	2,871,000
Unamort. invest. tax credit	1,423,000	1,616,000
Other deferred credits	263,000	302,000
Redeem. preferred stock	912,000	1,457,000
+Common stock	1,072,000	1,069,000
Add. paid-in capital	8,544,000	8,483,000
Retained earnings	3,934,000	5,081,000
Total Liabilities & Shareholders' Equity	$ 38,883,000	$ 40,397,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	0.35	7.40
%Net Income to Revenues	0.41	4.52
%Net Income to Equity	1.03	3.85
Debt to Equity	0.59	0.23
Working Capital	$ 4,355,000,000	$ 5,229,000,000
Current Ratio	1.39	1.46
Shareholders' Equity	$13,550,000,000	$14,633,000,000

Ametek, Inc.

21st Floor
410 Park Avenue
New York, New York 10022
(212) 935-8640

Operations Headquarters:
Station Square Two
Paoli, Pennsylvania 19301
(215) 647-2121

Officers: John H. Lux, chairman of the board and chief executive officer; Robert L. Noland, president; Gerald G. Loehr, exec. v.p.-Western operations; John P. Dandalides, exec. v.p.-Eastern operations; Neal R. Stark, v.p.-compliance; Robert A. Russell, v.p.-marketing; Murray A. Luftglass, sr. v.p.-corporate development; Allan Kornfeld, sr. v.p. & chief financial officer; Otto W. Richards, comptroller; Wallace E. Cowan, secretary; Robert W. Yannarell, treasurer & asst. secretary; William H. Spencer, v.p.-market development; John K. Whipple, v.p.-systems.

Directors: Hulbert S. Aldrich, Helmut N. Friedlaender, Wallace E. Cowan, Samuel Hoffman, Charles D. Klein, John H. Lux, Robert L. Noland, Anthony A. Sirna III.

Areas of Work: A diversified manufacturer producing capital goods and components used in consumer products through its four operating groups: Electro-mechanical, Precision Instruments, Process Equipment, and Industrial Materials.

Divisions:

Electro-Mechanical Group

Lamb Electric
627 Lake Street
Kent, Ohio 44240
(216) 673-3451
Fractional horsepower electric blower, gear and servo motors.

Eastport International
501 Prince George's Center Blvd.
Upper Marlboro, Maryland 20772
(301) 249-3300
Electrol/acoustic systems, field operation and maintenance of unmanned undersea vehicles.

Ametek Offshore (Scotland) Co.
Aberdeen, Scotland
Production and maintenance of unmanned submarines.

Los Angeles Die Casting
340 Crocker Street
Los Angeles, California 90013
(213) 624-2322
Custom aluminum and zinc die-casting.

Straza
790 Greenfield Drive
El Cajon, California 92022
(619) 442-3451
Aerospace components, electro-acoustic and cryogenic systems.

Houston Instrument
8500 Cameron Road
Austin, Texas 78753
(512) 835-0900
Computer graphic peripherals, including CAD and business graphics plotters and digitizers, plus analog recorders.

Offshore Research & Engineering
41 Aero Camino
Santa Barbara, California 93160
(805) 683-2151
Off-shore systems engineering.

Precision Instruments Group

McCrometer
3255 W. Stetson Avenue
Hemet, California 92343
(714) 652-6811
Specialty flowmeters.

Controls
860 Pennsylvania Boulevard
Feasterville, Pennsylvania 19047
(215) 355-6900
Electronic-pneumatic instruments, recorders, controllers.

Mansfield & Green
8600 Somerset Drive
Largo, Florida 33543
(813) 536-7831
Pressure testing and calibration instruments.

Panalarm
7401 N. Hamlin Avenue
Skokie, Illinois 60076
(312) 675-2500
Supplier of electrical/electronic and fiber optic process monitoring instruments.

U.S. Gauge
900 Clymer Avenue
Sellersville, Pennsylvania 18960
(215) 257-6531
Aircraft, automotive and industrial pressure and temperature instruments.

U.S. Gauge
450 Polk Street
Bartow, Florida 33930
(813) 534-1504
Pressure and temperature gauges, aircraft and automotive instrumentation.

Rodan
2905 Blue Star Street
Anaheim, California 92806
(714) 630-0081
Thermisters, electronics.

Thermox Instruments
150 Freeport Road
Pittsburgh, Pennsylvania 15238
(412) 828-9040
Oxygen measuring instruments and combustibles analyzers.

Process Equipment Group

Heat Transfer Equipment
2300 W. Marshall Drive
Grand Prairie, Texas 75050
(214) 647-2626
Heat exchangers.

Process Equipment/U.S. Bellows
9684 Mission Park Place
Santee, California 92071
(619) 449-0202
Tolhurst centrifuges, fabrics for filtration equipment, metal and fabric expansion joints.

Valley Foundry
2510 S. East Avenue
Fresno, California 93706
(209) 233-6135
Produces winery equipment.

Schutte & Koerting
2233 State Road
Bensalem, Pennsylvania 19020
(215) 639-0900
Jet apparatus, flow measuring instruments, valves and desuperheaters.

Industrial Materials Group

Aluminum Extrusion
3042 Treadwell Street
Los Angeles, California 90065
(213) 255-1511
Aluminum extrusions.

Aluminum Extrusion
1715 W. Beach Street
Watsonville, California 95076
(408) 724-2244
Extruded and custom-finished aluminum for automotive aircraft, appliance and communications industries.

Plymouth Products
502 Indiana Avenue
Sheboygan, Wisconsin 53081
(414) 457-9435
Proprietary plastic products for utility and traffic control uses; custom molding for original equipment manufacturers.

Carsonite
2900 Lockheed Way
Carson City, Nevada 89701
(702) 883-5104
Produces composite materials components for highway, utility and recreation areas.

Composite Materials
2900 Blue Star Street
Anaheim, California 92806
(714) 632-9790
Engineering guidance in the use of composite materials.

Westchester Plastics
14097 Cemetery Road
Waphkoneta, Ohio 45895
(419) 738-2141
Color compounding of plastic and elastomeric raw materials.

Westchester Plastics
Green Acres Industrial Park
Nesquehoning, Pennsylvania 18240
(717) 645-2191
Custom-formulated industrial plastic compounds.

Special Filaments
8335 Telegraph Road
Odenton, Maryland 21113
(301) 569-4500
Monofilaments and thermoplastic materials.

Microfoam
265 Route 202
Chadds Ford, Pennsylvania 19317
(215) 358-1180
Produces low-density polypropylene foam packaging material.

Haveg
900 Greenbank Road
Wilmington, Delaware 19808
(302) 95-0400
Corrosion-resistant tanks, towers, valves and piping.

Research & Development

Microelectronics
605 S. Douglas Street
El Segundo, California 90245
(213) 640-2860
Semiconductor chip design and processing, components for solid-state instruments.

Computer Research
Monrovia, California

Electrical Systems
Kent, Ohio

Electronic Systems
Harleysville, Pennsylvania

Photovoltaic/Applied Materials
Harleysville, Pennsylvania

Ametek, Inc.

Subsidiaries & Affiliates:

AMETEK (Canada) LTD.
Montreal, Quebec, Canada
Laundry equipment for commercial, hospital and hotel installations; drycleaning equipment.

AMETEK, G.m.b.H.
Wiesbaden, West Germany
Management and marketing for AMETEK's foreign operations.

Ketema, Ltd.
Hamilton, Bermuda

Metron, S.A.
Naucalpan de Juarez, Mexico
AMETEK-licensed instruments in Latin America.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10015

Stock Exchange(s): New York, Pacific

Ticker Symbol: AME

Number of Employees:

1986	6,300	1983	5,900
1985	6,600	1982	5,600
1984	6,100		

Sales and Earnings

	Net Sales	Net Income #
1986	$ 568,492,605	$ 36,584,031
1985	502,788,757	34,935,112
1984	503,925,648	42,696,640
1983	448,152,359	37,753,023
1982	423,651,210	27,263,502

	No. of Com. Shares ‡	Earn. per Share † #
1986	21,904,690	$ 1.66
1985	22,875,219	1.59
1984	21,875,219	1.96
1983	21,713,370	1.74
1982	21,920,572	1.25

‡ Adjusted to reflect stock split.
† Based on the average number of shares outstanding adjusted to reflect stock split.
# Including extraordinary gain of $5,671,423 ($0.26 per share) in 1983.

Revenues By Line of Business

	1986	1985
Electro-mechanical	$ 232,592,000	$ 176,180,000
Process equipment	47,568,000	55,931,000
Precision instruments	143,240,000	133,827,000
Industrial materials	145,093,000	136,851,000
Total	$ 568,493,000	$ 502,789,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$1.00		
1985	0.85	—	—
1984	0.80	—	—
1983	0.70	—	2-for-1
1982	0.60	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 231,066,984	$ 10.55
1985	219,692,852	9.98
1984	200,912,456	9.18
1983	175,683,331	8.09
1982	159,082,936	7.26

‡ Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1986	1985
Net sales	$ 568,492,605	$ 502,788,757
Cost of sales	436,554,100	370,063,332
Expenses	68,661,509	61,431,078
Depreciation	20,317,883	14,609,835
Other income	(11,504,918)	(5,083,600)
Income before taxes	$ 54,464,031	$ 61,768,112
Income taxes	17,880,000	26,833,000
Net Income	$ 36,584,031	$ 34,935,112

Assets

As of Dec. 31	1986	1985
Cash	$ 173,533,703	$ 59,894,814
Accts. & notes receiv., net	75,955,649	75,263,090
*Inventories	52,430,486	61,554,878
Prepaid expenses & deposits	13,564,682	6,049,970
Current Assets	$ 315,484,520	$ 202,762,752
#Fixed assets	121,622,274	119,860,155
Other assets	74,714,893	78,007,664
Total Assets	$ 511,821,687	$ 400,630,571

Liabilities

Notes payable	$ —	$ 28,000,000
Long-term debt, curr.	5,891,000	6,027,000
Accts. payable	30,867,979	25,911,073
Accruals	44,321,333	35,551,059
Income taxes	6,636,162	5,937,453
Curr. Liabilities	$ 87,716,474	$ 101,426,584
Long-term debt	152,036,229	38,530,135
Deferred inc. taxes	41,002,000	40,981,000
+Common stock	23,046,358	22,972,120
Add. paid-in capital	7,411,070	6,141,793
Retained earnings	218,597,458	203,988,213
Treasury stock	(17,120,190)	(12,119,632)
Loss on investment	(878,712)	(1,289,642)
Total Liabilities & Shareholders' Equity	$ 511,821,687	$ 400,630,571

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.58	12.29
%Net Income to Sales	6.44	6.95
%Net Income to Equity	15.83	15.90
Sales to Inventories	10.84	8.17
Debt to Equity	0.66	0.20
Working Capital	$227,768,046	$101,336,168
Current Ratio	3.60	2.00
Shareholders' Equity	$231,066,984	$219,692,852

AM International

333 West Wacker Drive
Chicago, Illinois 60606
(312) 558-1966

Officers: Merle H. Banta, chairman & chief exec. officer; Jerry O. Williams, president & chief operating officer; John H. Shuey, sr. v.p.-finance & chief financial officer; John C. Ambrister, v.p., secretary & gen. counsel; Donald A. Biesack, v.p.-human resources; Marion G. Durk, v.p.-corp. relations; Myron E. Frye, v.p.-corp. purchasing; R. Troy Huggins, v.p.-research & development; Gerald J. McConnell, v.p. & pres.-Multigraphics Division; Theodore Niggli, v.p. & pres.-Web Press, Europe Division; Brendan P. O'Donnell, v.p. & exec. v.p.-Web Press, USA Division; Wayne R. Lockenbach, v.p. & controller; Thomas D. Rooney, v.p. & pres.-Bruning Division; Hugh R. Silbaugh, Jr., v.p. & pres.-Web Press, USA Division; Anthony Spier, v.p. & pres.-International Division; Joseph A. Verderber, v.p. & pres.-Varityper Division; William A. Whitecarver, v.p. & pres.-Bindery and Forms Press Division.

Directors: Merle H. Banta, chairman; B. Charles Ames, Charles S. Arledge, Norman E. Auerbach, Stephen F. Hinchliffe, Jr., Lawrence H. Hyde, Carl Kaysen, George Kelm, Theodore Levitt, Jaes M. Reed, Jerry O. Williams, Barry Zukeran.

Areas of Work: The Company's products, supplies and service offerings are concentrated in four principal categories. Design and Display products include computer-based phototypesetting and photocomposition systems, forms composition systems, text and graphics processing systems, CAD pen plotters, and scanners; Reproduction productions include offset duplicators, web offset presses, diazo copiers, plain paper copiers, and laser printers; Finishing products include bindery equipment, folders, collators, and inserters; and Support products include engineering supplies—such as digital type, plates, ink, coated paper—and related training and technical services.

Divisions:

Bindery and Forms Press Division
4900 Webster Street
Dayton, OH 45414
(513) 278-2651

Bruning Division
1800 Bruning Drive West
Itasca, IL 60143
(312) 351-2900

International Division
Two Continental Towers
1701 Golf Road, Suite 308
Rolling Meadows, IL 60008
(312) 952-2190

Multigraphics Division
1800 West Central Road
Mt. Prospect, IL 60056
(312) 398-1900

Varityper Division
11 Mount Pleasant Avenue
East Hanover, NJ 07936
(201) 887-8000

Web Press, USA Division
121 Broadway Street
Dover, NH 03280
(603) 749-1922

Web Press, Europe Division
2 Avenue Ambroise Croizat
B.P. 22 60160
Montataire, France
(33) 44 55 3530

Subsidiaries:

AM International, Inc. (Canada)
Canada

AM International Limited
Addressograph Multigraph Ltd.
New Zealand

AM International Pty. Ltd.
Addressograph-Multigraph Pty. Ltd.
Tetota Pty. Ltd.
Australia

AM Disco, Inc.
AM Foreign Sales Corporation
AM International Export Corporation
AM Export Corporation
AM Distribution Services Corporation

AM International A.G.
Switzerland

AM International, (Pty.) Limited
South Africa

AM International, S.A. Spain
Spain

AM International (Holdings) Limited
Admel International Limited

AM Admel Limited
AM Jacquard Systems, Ltd.
AM Varityper Limited
AM International Information Systems Limited
Addressograph-Multigraph Limited
AM International Leasing Ltd.
Great Britain

AM International G.m.b.H.
AM Bruning G.m.b.H.
West Germany

AM International Corporation N.V.
Netherlands Antilles

Grafcon Corporation
Multigraphics Advertising Corporation

Addressograph-Multigraph Corporation
AM International Leasing Corporation
AM Finance Canada Ltd.
AM Puerto Rico, Inc.
AM International (Denmark) A.S.
AM International (Finland) OY
AM Japan Company, Ltd. (67%-owned)
AM International S.A. de C.V. (Mexico)
AM International B.V. (Netherlands)
AM Varityper B.V. (Netherlands)
AM International AB (Sweden)
AM International S.A. (France)
AM Varityper and Co.
AM International S.A./N.V. (Belgium)
Addressograph-Multigraph Limited (Zambia)

AM Holdings, Inc.

Acquisition(s):

Harris Graphics
Designs, manufactures and markets large offset web presses, bindery equipment and business forms presses.

Nicolet Zeta Corporation
Manufactures and distributes pen plotters.

Transfer Agent(s):

Morgan Shareholder Services Trust Co.
Stock Transfer Department
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: AM

Number of Employees:

1986	12,703	1983	10,339
1985	9,492	1982	11,500
1984	10,120		

Plant Footage:

1986 . . . . . 3,858,000 sq. ft.

Sales and Earnings

	Revenues	Net Income †
1986	$ 688,910,000	$ 5,707,000
1985	611,700,000	25,450,000
1984	598,500,000	69,522,000
1983	558,039,000	5,127,000
1982	601,996,000	(83,077,000)

	No. of Com. Shares †	Earn. per Share †‡
1986	41,653,000	$ 0.06
1985	40,809,000	0.62
1984	39,739,000	1.75
1983	39,739,000	0.13
1982	39,739,000	—

(Loss)
† Including extraordinary gains of $3,300,000 ($0.08 per share) in 1986, $14,573,000 ($0.35) per share) in 1985, $59,125,000 ($1.49 per share) in 1984 and $3,020,000 ($0.07 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 163,420,000‡	$ 3.24
1985	100,284,000	2.46
1984	1,967,000	0.05
1983	(64,058,000)	—
1982	(66,804,000)	—

(Deficiency)
‡ After allowing for preferred stock at aggregate liquidation preference.

Income Account *
(000's)

Year ended July 31	1986	1985
Revenues:		
Machines & supplies	$ 511,202	$ 454,103
Service	177,708	157,641
Total revenues	$ 688,910	$ 611,744
Cost of sales	425,420	365,876
Expenses	234,406	218,322
Interest expense	9,955	5,442
Interest income	(4,460)	(1,625)
Other expense	16,382	2,488
Income before taxes	$ 7,207	$ 21,241
Income taxes	4,800	10,364
Net Income	$ 2,407	$ 10,877
Extraord. gain	3,300	14,573
Net Income & extraord. gain	$ 5,707	$ 25,450

* Included in Costs and Expenses, Depreciation and Amortization: $13,090,000 in 1986 and $9,991,000 in 1985.

Assets
(000's)

As of July 31	1986	1985
Cash & temp. invest.	$ 94,082	$ 36,864
Accts. receiv., net	193,770	110,359
*Inventories	239,236	113,234
Prepaid expenses	20,086	5,847
Current Assets	$ 547,174	$ 266,304
#Fixed assets	173,795	46,422
Other assets	70,878	17,150
Intangibles	222,061	—
Total Assets	$ 1,013,908	$ 329,876

Liabilities
(000's)

Short-term borrowings	$ 59,764	$ 10,664
Accts. payable	101,187	45,037
Service contract deferred inc.	52,746	50,574
Installation & warranty	38,759	1,541
Payroll expenses	80,310	45,905
Other current liabilities	98,507	35,079
Curr. Liabilities	$ 431,273	$ 188,800
Long-term debt	267,010	21,309
Other liabilities	65,955	19,483
+Preferred stock	35	—
++Common stock	505	403
Add. paid-in capital	334,819	192,489
Retained earnings (deficit)	(72,718)	(75,262)
Cum. trans. adjust.	(12,971)	(17,346)
Total Liabilities & Shareholders' Equity	$ 1,013,908	$ 329,876

* At lower of cost (primarily FIFO) or market; remainder at LIFO.
# Less accumulated depreciation and amortization.
+ $0.01 par value; $2 convertible exchangeable.
++ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	1.05	3.47
%Net Income to Revenues	0.35	1.78
%Net Income to Equity	0.96	10.85
Debt to Equity	1.31	0.32
Working Capital	$115,901,000	$ 77,504,000
Current Ratio	1.27	1.41
Shareholders' Equity	$249,670,000	$100,284,000

AMP Incorporated/Pamcor, Inc.

470 Friendship Road
Harrisburg, Pennsylvania 17105
(717) 564-0100

Officers: Walter F. Raab, chairman of the board & chief executive officer; Harold A. McInnes, vice chairman; James E. Marley, president; W. Bennett Conner, v.p.-director of marketing; Mark L. Miller, treasurer; Benjamin Savidge, v.p. & chief financial officer; Hugo A. Walfred, secretary; Gerald F. Englehart, exec. v.p.; Joseph P. Sweeney, v.p.-technology; James T. Gavin, controller.

Directors: J.D. Brenner*, Alexander P. Hixon, R.E. Jordan, Walter F. Raab*, R.D. DeNunzio, J.J. Burdge, Harold A. McInnes*, William S. West, C.J. Fredricksen*, W.E.C. Dearden, James E. Marley.

* Member of the Executive Committee.

Areas of Work: The company produces electrical and electronic connections, switching and programming devices - including solderless terminals, splices, packaging and interconnection devices, multiple and coaxial connectors, switches and programming systems - and the application tools and machines to attach these devices to wires, cables, or circuit boards. It also produces electronic power units and other electrical/electronic components.

Subsidiaries:

AMP Products Corporation
Valley Forge, Pennsylvania

AMP Keyboard Technologies, Inc.
Milford, New Hampshire

Carroll Touch, Inc.
Austin, Texas

Mark Eyelet, Inc.
Wolcott, Connecticut

AMP of Canada, Ltd.
Toronto, Canada

AMP de France S.A.
Paris, France

AMP Holland B.V.
Hertogenbosch, The Netherlands

AMP of Great Britain Limited
London, England

AMP Italia S.p.A.
Turin, Italy

AMP Deutschland G.m.b.H.
Frankfurt, West Germany

AMP Espanola S.A.
Barcelona, Spain

AMP (Japan), Ltd.
Tokyo, Japan

Australian AMP Pty Limited
Sydney, Australia

AMP de Mexico, S.A.
Mexico City, D.F. Mexico

AMP S.A. Argentina
Buenos Aires, Argentina

AMP Finland Oy
Helsinki, Finland

AMP do Brasil Ltda.
Sao Paulo, Brazil

AMP (Schweiz) A.G.
Steinach, Switzerland

AMP Osterreich Handelsges. m.b.H.
Vienna, Austria

AMP Norge A/S
Oslo, Norway

AMP Svenska AB
Stockholm, Sweden

AMP Singapore Pte. Ltd.
Singapore

AMP Taiwan
Taipei, Taiwan

AMP Belgium*
Brussels, Belgium

AMP Danmark*
Viby, Denmark

AMP Products Pacific Ltd.
Hong Kong

AMP Ireland Limited
Dublin, Ireland

New Zealand AMP Ltd.
Auckland, New Zealand

AMP Korea
Seoul, South Korea

* Branch of AMP-Holland B.V.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Security-holder Relations Dept.
P.O. Box 24935
Church Street Station
New York, New York 10249

The Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: AMP

Number of Employees:

1986	21,800	1983	21,300
1985	22,800	1982	19,750
1984	24,500		

Plant Footage:

1986	8,900,000 sq. ft.	1983	7,900,000
1985	9,000,000	1982	7,300,000
1984	8,700,000		

Sales and Earnings

	Net Sales	Net Income
1986	$1,933,055,000	$ 164,345,000
1985	1,636,112,000	108,003,000
1984	1,812,824,000	201,282,000
1983	1,515,460,000	163,100,000
1982	1,243,438,000	118,900,000

	No. of Com. Shares +	Earn. per Share ‡
1986	108,100,000	$ 1.52
1985	107,900,000	1.00
1984	107,700,000	1.87
1983	107,500,000	1.52
1982	107,700,000	1.10

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.74	—	—
1985	0.72	—	—
1984	0.64	—	3-for-1
1983	0.53⅓	—	—
1982	0.46⅔	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,134,900,000	$ 10.50
1985	996,900,000	9.24
1984	923,200,000	8.57
1983	800,900,000	7.45
1982	714,500,000	6.63

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$1,933,055,000	$1,636,112,000
Cost of sales	1,267,918,000	1,118,832,000
Expenses	362,432,000	318,346,000
Interest expense	17,378,000	17,031,000
Other income	(8,678,000)	(10,630,000)
Income before taxes	$ 294,005,000	$ 192,533,000
Income taxes	129,660,000	84,530,000
Net Income	$ 164,345,000	$ 108,003,000

* Included in Costs and Expenses, Depreciation: $124,333,000 in 1986 and $96,438,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & time deposits	$ 30,793,000	$ 36,406,000
Marketable securities	176,720,000	76,074,000
Receiv., net	354,871,000	278,857,000
*Inventories	352,144,000	348,239,000
Other curr. assets	44,853,000	30,882,000
Current Assets	$ 959,381,000	$ 770,458,000
Investments & other assets	33,931,000	28,635,000
#Fixed assets	793,558,000	750,219,000
Total Assets	$1,786,870,000	$1,549,312,000

Liabilities

Short-term debt	$ 145,110,000	$ 152,743,000
Accts. payable	127,536,000	99,891,000
Accruals	26,509,000	18,554,000
Accrued payroll	83,129,000	72,587,000
Accrued inc. taxes	101,634,000	70,628,000
Curr. Liabilities	$ 483,918,000	$ 414,403,000
[illegible]-term debt	46,339,000	36,084,000
[illegible]x credit	20,021,000	20,695,000
[illegible] income	24,069,000	17,661,000
[illegible] inc. taxes	77,658,000	63,609,000
+Co[illegible]n stock	12,480,000	12,480,000
++C[illegible]mon stock	20,000	20,000
Add[illegible]d-in capital	34,804,000	31,748,000
Cum. trans. adj.	27,100,000	(20,994,000)
Retained earnings	1,100,957,000	1,016,571,000
Treasury stock	(40,496,000)	(42,965,000)
Total Liabilities & Shareholders' Equity	$1,786,870,000	$1,549,312,000

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ No par value, AMP Incorporated.
++ $1 par value, Pamcor, Inc.

Statistical Summary

%Income before Taxes to Sales	15.21	11.77
%Net Income to Sales	8.50	6.60
%Net Income to Equity	14.48	10.83
Sales to Inventories	5.49	4.70
Debt to Equity	0.04	0.19
Working Capital	475,463,000	$356,055,000
Current Ratio	1.98	1.86
Shareholders' Equity	$1,134,865,000	$996,860,000

Analog Devices, Inc.

One Technology Way
P.O. Box 9106
Norwood, Massachusetts 02062-9106
(617) 329-4700

Officers: Ray Stata, chairman of the board & president; Joseph M. Hinchey, sr. v.p.-finance; Lawrence T. Sullivan, sr. v.p.-corporate development & gen. mgr.-Analog Devices Enterprises; Heinrich F. Krabbe, v.p.; Arnold Kanarick, v.p.-human resources; A. Graham Sterling, v.p.; Jerald G. Fishman, group v.p.-components; Joseph E. McDonough, treasurer; Melvin J. Salken, group v.p.-sales & int'l operations; Paul P. Brountas, clerk.

Directors: Matthew Lorber, Ray Stata, Philip L. Lowe, Joel Moses, Gordon C. McKeague, Arthur Contas.

Areas of Work: Designs, manufactures and markets electronic components and subsystems used for the acquisition, conditioning, conversion, transmission and display of analog and digital data in precision measurement and control systems. Linear integrated circuits accounts for the majority of the Company's sales. These devices acquire, condition, amplify and otherwise process signal from real-world sensors while the information is in analog form, convert the information to a digital form that can be read by a microprocessor or computer and further process the signals after conversion to digital form. Sold predominantly to original equipment manufacturers (OEMs), these products are incorporated into instruments and systems used in a wide variety of end-use applications including laboratory automation, industrial automation, defense/avionics, telecommunications and computers and peripherals.

Divisions:

Analog Devices Semiconductor
Microelectronics Division
Computer Labs Division
Component Test Systems
Interface Products Division

Analog Devices Enterprises
Venture capital division.

Field Service Division

Digital Signal Processing - Development Labs

ADventures Limited Partnership
Small limited partnership in which ADI makes investments on behalf of another company.

Digital Signal Processing Division

Industrial Automation Division

Subsidiaries:

Analog Devices Limited
Central Avenue
East Molesey
Surrey, KT8 OSN, England

Analog Devices, GmbH
Edelsbergstrasse 8-10
D-8000 Munich 21
West Germany

Analog Devices, S.A.
204 SILIC
12, Rue Le Corbusier
Batiment "Iena"
94518 Rungis Cedex, France

Analog Devices KK
Daini Jibiki Building
7-8 Kojimachi 4-chome
Chiyoda-ku, Tokyo, Japan

Analog Devices, A/S
Huer Kaer 20
2730 Herlev
Denmark

Analog Devices Nederland, B.V.
Beneluxweg 27
4904 SJ Oosterhout
The Netherlands

Analog Devices Hdlsgesmbh
Meissgasse 51
A-1238 Vienna
Austria

Analog Devices International, Inc.
Justitiestraat 18
2018 Antwerp, Belgium

Analog Devices S.A.
9 Rue de Berne
1201 Geneva, Switzerland

Analog Devices BV
Raheen Industrial Estate
Limerick, Ireland

Analog Devices SRL
Via Medardo Rosso 18
20159 Milano, Italy

Analog Devices (Israel) Ltd.
6 Borochov Street
Ramanna, Israel 43433

Analog Devices AB
Marichallsvagen 42
Box 20093
S-16120 Bromma, Sweden

Analog Devices (Philippines), Inc.
Edison Avenue, KM-14
S. Expressway
Parangue, Metro Manila, Philippines

Analog Devices K.K. Tech Center
3210-2 Kawajiri Shiroyama-Cho
Tsukui-Gun Kanagawa, Japan

Analog Devices, B.V.
Analog Devices Holdings B.V.
Analog Devices Foreighn Sales Corporation, B.V.
The Netherlands

Memory Devices, Limited
Great Britan

Analog Devices International Sales Corporation

Transfer Agent(s):
The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York

Ticker Symbol: ADI

Number of Employees:

1986	4,959	1983	3,661
1985	4,789	1982	3,059
1984	4,759		

Plant Footage:

1986	937,500 sq. ft.	1983	735,100
1985	906,800	1982	610,100
1984	852,100		

Sales and Earnings

	Net Sales	Net Income
1986	$ 344,437,000	$ 23,406,000
1985	322,423,000	29,748,000
1984	313,418,000	37,362,000
1983	214,037,000	18,432,000
1982	173,986,000	9,878,000

	No. of Com. Shares #	Earn. per Share #
1986	46,026,000	$ 0.51
1985	45,607,000	0.65
1984	45,140,000	0.83
1983	42,183,000	0.44
1982	40,071,000	0.25

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985	1984	1983
Intergrated circuit prods.	73%	70%	70%	65%
Assembled prods.	27	30	30	35
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	4-for-3
1985	—	—	5-for-4
1984	—	—	4-for-3
1983	—	—	3-for-2
1982	—	—	5-for-4

Common Stock Equity

	Total Equity †	Equity Per Share #
1986	$ 248,041,000	$ 5.88
1985	209,717,000	5.23
1984	169,521,000	4.35
1983	134,693,000	3.51
1982	75,132,000	2.11

† After allowing for preferred stock at liquidation value.
# Adjusted to reflect stock splits.

Income Account *

Year ended	11/1/86	11/2/85
Net sales	$ 334,437,000	$ 322,423,000
Cost of sales	151,442,000	150,388,000
Expenses	142,630,000	125,426,000
Other expense	4,784,000	3,109,000
Interest expense	3,760,000	3,474,000
Currency	(242,000)	884,000
Income before taxes	$ 32,063,000	$ 39,142,000
Income taxes	8,657,000	9,394,000
Net Income	$ 23,406,000	$ 29,748,000

* Included in Costs and Expenses, Depreciation and Amortization: $28,396,000 in 1986 and $22,973,000 in 1985.

Assets

As of	11/1/86	11/2/85
Cash	$ 6,310,000	$ 11,263,000
Accts. receiv., net	65,588,000	56,499,000
*Inventories	79,052,000	77,066,000
Prepaid expenses	3,759,000	2,563,000
Prepaid taxes	7,000,000	4,550,000
Current Assets	$ 161,709,000	$ 151,941,000
#Fixed assets	173,179,000	160,827,000
Investments	29,294,000	29,174,000
Defer. charges & other assets	2,012,000	2,371,000
Intangibles	2,837,000	3,415,000
Total Assets	$ 369,031,000	$ 347,728,000

Liabilities

Notes payable	$ 5,946,000	$ 9,628,000
Oblig. under cap. leases	3,788,000	3,039,000
Accts. payable	19,071,000	19,391,000
Accruals	17,516,000	17,070,000
Income taxes	13,594,000	10,106,000
Curr. Liabilities	$ 59,915,000	$ 59,234,000
Long-term debt	20,227,000	35,021,000
Oblig. under cap. leases	8,871,000	7,922,000
Deferred inc. taxes	8,828,000	7,400,000
Other liabilities	830,000	368,000
+Preferred stock	22,000	28,000
++Common stock	7,398,000	5,393,000
Add. paid-in capital	119,128,000	114,359,000
Retained earnings	148,477,000	125,071,000
Foreign currency translation	827,000	(1,878,000)
Treasury stock	(5,492,000)	(5,190,000)
Total Liabilities & Shareholders' Equity	$ 369,031,000	$ 347,728,000

* At lower of cost or market. Primarily LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.
++ $0.16⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	9.59	12.14
%Net Income to Sales	7.00	9.23
%Net Income to Equity	8.66	12.51
Sales to Inventories	4.23	4.18
Debt to Equity	0.14	0.23
Working Capital	$101,794,000	$ 92,707,000
Current Ratio	2.70	2.57
Shareholders' Equity	$270,360,000	$237,783,000

Analogic Corporation

8 Centennial Drive
Peabody, Massachusetts 01961
(617) 246-0300

Officers: Bernard M. Gordon, chairman of the board & president; Bernard L. Friedman, vice chairman; John A. Tarello, sr. v.p.; M. Ross Brown, v.p.; Martyn E. Culverhouse, v.p.; Walter J. Bennett, v.p.; Julian Soshnick, v.p. & general counsel; Lawrence M. Levy, clerk; Division & Operating vice presidents; Daniel Abenaim, Edmund F. Becker, Jr., Robert French, Kenneth G. Harple, Sorin Marcouici, Joseph Piazza, Thomas J. Dempsey, Leopold Neumann, Richard F. Powell, Halfon N. Hamaoui, president-3H Industries; Martin S. Gordon, president-Medical Electronics Laboratories, Inc.

Directors: Bernard M. Gordon, Bernard L. Friedman, M. Ross Brown, John A. Tarello, Jules J. Schwartz, Gerald L. Wilson, Vessarios Chigas.

Areas of Work: Engaged in the design, manufacture, and marketing of advanced precision data conversion, and computer-based signal processing instruments and equipment, which are used to acquire, condition, translate, compute, interpret, store, transmit, or display critical data in modern industrial, scientific, medical, communications and other system applications.

Subsidiaries:

Analogic Limited
68 High Street
Weybridge, KT13 8BN, England

Analogic Foreign Sales Corp.
St. Thomas, U.S. Virgin Islands 00801

Analogic GmbH
Siemensstrasse 13
6200 Wiesbaden
Nordenstadt, West Germany

3H Industries, Inc.
1289 Hammerwood Drive
Sunnyvale, California 94086

Computer Design & Applications, Inc. (99% owned)
411 Waverly Oaks Road
Waltham, Massachusetts 02154

Transfer Agent(s):
Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALOG (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1986	$ 126,771,000	$ 10,074,975
1985	128,757,000	9,939,677
1984	143,706,000	16,444,310
1983	130,287,000	14,171,893
1982	107,273,000	11,786,795

	No. of Com. Shares +	Earn. per Share +†
1986	18,981,000	$ 0.53
1985	18,784,000	0.53
1984	18,862,000	0.87
1983	18,179,000	0.78
1982	17,322,000	0.68

† Including extraordinary gain of $441,000 ($0.02 per share) in 1985.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Analogic Corporation

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 157,335,000	$ 8.29
1985	142,185,302	7.57
1984	131,595,510	6.98
1983	115,330,025	6.34
1982	72,336,364	4.18

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended July 31	1986	1985
Revenues:		
Prod. & serv.	$ 126,770,725	$ 128,756,885
Eng. & lic.	9,998,917	3,262,486
Gain on sale	7,315,283	—
Int. income	4,125,715	3,945,810
Total revenues	$ 148,210,640	$ 135,965,181
Cost of sales	82,566,893	77,665,144
Expenses	44,803,392	42,877,484
Interest expense	1,224,171	774,449
Loss in eq. & earn. from affil. co.	847,409	—
Income before taxes	$ 18,768,775	$ 14,333,977
Income taxes	8,693,800	4,835,300
Net Income	$ 10,074,975	$ 9,498,677
Extraord. gain	—	441,000
Net Income & Extraord. gain	$ 10,074,975	$ 9,939,677

* Included in Costs and Expenses, Depreciation and Amortization: $6,488,541 in 1986 and $5,682,871 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 23,125,318	$ 40,849,949
Market. securities	54,435,100	10,300,000
Accts. receiv., net	33,401,187	27,918,960
*Inventories	39,726,695	43,312,956
Prepaid expenses	2,938,724	2,470,968
Current Assets	$ 153,627,024	$ 124,852,833
#Fixed assets	45,197,472	44,087,194
Invest. in affil. co.	50,000	897,409
Other assets	768,814	473,663
Total Assets	$ 199,643,310	$ 170,311,099

Liabilities

Note payable, bank	$ 1,667,921	$ 150,000
Cap. lease oblig., curr.	323,000	—
Indebtedness to rel. parties	315,971	285,437
Accts. payable	7,597,804	4,389,369
Accruals	5,259,479	5,178,345
Cust. deposits	3,254,047	2,071,457
Taxes	4,624,708	—
Curr. Liabilities	$ 23,042,930	$ 12,074,608
Mortg. note pay.	5,833,599	5,833,599
Oblig. under cap. leases	147,000	—
Indebtedness to rel. parties	6,185,894	6,501,864
Deferred inc. taxes	4,740,198	3,715,726
Minority interest	2,358,604	—
+Common stock	1,007,739	989,982
Add. paid-in capital	74,181,401	66,256,852
Retained earnings	88,329,814	78,254,839
Treasury stock	(4,955,774)	(1,815,599)
Unearned compensation	(1,228,095)	(1,500,772)
Total Liabilities & Shareholders' Equity	$ 199,643,310	$ 170,311,099

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	12.66	10.54
%Net Income to Revenues	6.80	6.99
%Net Income to Equity	6.40	6.68
Debt to Equity	0.09	0.09
Working Capital	$130,584,094	$112,778,225
Current Ratio	6.67	10.34
Shareholders' Equity	$157,335,000	$142,185,302

Anaren Microwave, Inc.

6635 Kirkville Road
East Syracuse, New York 13057
(315) 432-8909

Officers: Hugh A. Hair, president & chief exec. officer; Carl W. Gerst, Jr., exec. v.p. & chief operating officer; Michael G. Rowe, treasurer & chief financial officer; Robert A. Worden, v.p. - business & resource planning; William J. Mackay, secretary.

Directors: Hugh A. Hair, Carl W. Gerst, Jr., William J. Mackay, Abraham Manber, Solomon Manber.

Areas of Work: Designs, engineers and manufactures microwave components and completely integrated microwave assemblies used in sophisticated microwave installations. The Company's microwave componentry is utilized in navigation, fire-control radar, electronic countermeasures, electronic surveillance, telemetry, instrumentation and communications systems.

Subsidiaries:

Anaren Microwave, Ltd.
Unit 2 Blackwater Way
Aldershot Hants. GU12 4DK
England

Anaren International, Inc.
East Syracuse, N.Y.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANEN (NASDAQ)

Plant Footage:

1986	105,000 sq. ft	1983	42,000
1985	105,000	1982	42,000
1984	105,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 32,779,053	$ 3,233,648
1985	28,627,566	2,529,274
1984	22,737,339	1,813,224
1983	17,713,550	1,157,548
1982	13,129,689	866,120

	No. of Com. Shares #	Earn. per Share #
1986	4,209,115	$ 0.77
1985	4,208,262	0.60
1984	4,013,083	0.45
1983	3,308,647	0.35
1982	3,258,250	0.27

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity # Per Share
1986	$ 25,128,282	$ 5.97
1985	21,889,121	5.20
1984	19,356,303	4.82
1983	9,532,149	2.88
1982	8,274,601	2.54

Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 32,779,053	$ 28,627,566
Cost of sales	20,026,979	18,209,260
Expenses	7,058,487	6,285,280
Interest expense	584,822	399,354
Other income	(396,011)	(446,692)
Income before taxes	$ 5,504,776	$ 4,180,364
Income taxes	2,271,128	1,651,090
Net Income	$ 3,233,648	$ 2,529,274

* Included in Costs and Expenses, Depreciation and Amortization: $1,948,712 in 1986 and $1,595,381 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 2,654,555	$ 2,526,065
Short-term invest.	1,590,947	1,540,000
Receiv., net	7,315,515	8,554,984
*Inventories	11,711,080	9,147,463
Prepaid expenses	56,694	84,994
Current Assets	$ 23,328,791	$ 21,853,506
#Fixed assets	9,871,494	11,144,400
Other assets	198,637	188,203
Total Assets	$ 33,398,922	$ 33,186,109

Liabilities

Long-term debt, curr.	$ 960,846	$ 784,512
Accts. payable	1,052,032	1,901,680
Accruals	1,313,569	1,940,822
Deferred inc. taxes	63,605	102,589
Curr. Liabilities	$ 3,390,052	$ 4,729,603
Deferred inc. taxes	997,416	814,909
Long-term debt	3,883,172	5,752,476
+Common stock	44,233	44,226
Add. paid-in capital	13,817,897	13,812,391
Retained earnings	11,432,615	8,198,967
Treasury stock	(166,463)	(166,463)
Total Liabilities & Shareholders' Equity	$ 33,398,922	$ 33,186,109

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.79	14.60
%Net Income to Sales	9.86	8.84
%Net Income to Equity	12.87	12.93
Sales to Inventories	2.80	3.13
Debt to Equity	0.19	0.30
Working Capital	$19,938,739	$17,123,903
Current Ratio	6.88	4.62
Shareholders' Equity	$25,128,282	$21,889,121

Andersen Group, Inc.

1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Officers: Oliver R. Grace, chairman; Francis E. Baker, president; Kenneth T. Kelley, v.p. & general counsel; Tom D. Fielding, treasurer; Elmer J. Dahl, secretary; Martin H. Anderson, asst. secretary; John J. Nicholson, controller; Franklin R. Stoner, director-personnel; Bernard F. Travers, asst. controller.

Directors: Oliver R. Grace*, chairman; Francis E. Baker*, Joseph F. Engelberger, Richard Rachals*, Ratus L. Kelly, Louis Labrano, Oliver R. Grace, Jr.

* Member of the Executive Committee.

Areas of Work: Develops, produces and markets electronic signal processing products and medical products and services.

Subsidiaries:

Andersen Laboratories, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Engaged in the design and manufacture of high-technology electronic components and equipment based on advanced acoustic technology. Products include surface acoustic wave (SAW) filters, dispersive and non-dispersive delay lines, bulk acoustic wave (BAW) delay lines, IMCON delay lines and acousto-optic cells.

Microtime, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Develops, manufactures and sells video signal processing equipment to the professional broadcasting, cable, industrial and educational markets. Products include time base correctors, synchronizers, and digital video effects.

CDI Medical Services, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Provides ambulatory monitoring services to physicians, hospitals and patients for the diagnosis and management of cardiovascular disorders. Also operates magnetic resonance imaging centers.

Biosound, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Manufactures and sells high resolution, real-time ultrasonic imaging equipment for medical use.

Biosound Europe, N.V.
Brussels, Belgium

AGI Properties, Inc.

AGI Export, Inc.
Foreign Sales Corporation (FSC).

Transfer Agent(s):

Citytrust (common stock & debentures)
961 Main Street
Bridgeport, Connecticut 06601

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANDR (NASDAQ)

Number of Employees:

1986	571	1983	660
1985	556	1982	510
1984	N.A.		

Plant Footage:

1986	107,000 sq. ft.	1983	N.A.
1985	107,000	1982	110,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1987	$ 46,022,000	$ 52,096
1986	43,379,000	(1,224,000)
1985	48,431,000	2,210,000
1984	38,534,000	2,292,000
1983	29,656,000	1,740,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	2,406,701	$ 0.03
1986	2,412,537	—
1985	2,411,650	1.23
1984	2,426,904	1.27
1983	1,993,691	0.98

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 14,600,000	$ 8.16
1986	14,548,000	8.13
1985	15,771,000	8.82
1984	13,403,000	7.50
1983	11,065,000	6.20

† Adjusted to reflect stock split.

Income Account *

Year ended Feb. 28	1987	1986
Net sales & other income	$ 46,022,259	$ 43,378,941
Cost of sales	21,467,052	22,976,348
Expenses	22,462,760	21,298,093
Interest expense	1,361,861	1,376,504
Inc. (loss) bef. taxes	$ 730,586	$ (2,272,004)
Income taxes (credit)	241,200	(1,125,000)
Minority interest	378,790	—
Eq. in loss of joint venture	58,500	76,991
Net Income (Loss)	$ 52,096	$ (1,223,995)

* Included in Costs and Expenses, Depreciation and Amortization: $2,212,388 in 1987 and $1,878,653 in 1986.

Assets

As of Feb. 28	1987	1986
Cash	$ 1,710,688	$ 1,583,747
Short-term invest.	—	347,650
Assts. & notes receiv. net	11,599,936	10,842,568
Recov. inc. taxes	720,280	720,280
*Inventories	10,676,003	10,813,302
Prepaid expenses & other assets	454,798	363,339
Current Assets	$ 25,161,705	$ 24,670,886
#Fixed assets	9,101,301	8,893,741
Other assets	1,460,832	1,513,769
Defer. charges	1,688,304	1,349,786
Intangibles	204,907	234,619
Total Assets	$ 37,617,039	$ 36,662,801

Liabilities

Long-term debt, curr.	$ 175,261	$ 110,913
Accts. payable	2,684,172	2,851,550
Cust. deposits	217,199	343,537
Accruals	3,355,191	3,028,673
Income taxes	356,294	314,087
Employee compen.	1,159,281	1,190,735
Curr. Liabilities	$ 7,947,398	$ 7,839,495
Long-term debt	13,313,804	13,405,829
Deferred inc. taxes	912,916	869,396
Minority interest	842,754	—
+ Common stock	2,088,071	2,088,071
Add. paid-in capital	426,408	426,408
Retained earnings	12,085,698	12,033,602
Total Liabilities & Shareholders' Equity	$ 37,617,049	$ 36,662,801

* At lower of cost (FIFO & average cost methods) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.59	—
%Net Income to Sales	0.11	—
%Net Income to Equity	0.36	—
Sales to Inventories	4.31	4.01
Debt to Equity	0.91	0.93
Working Capital	$17,214,307	$16,831,391
Current Ratio	3.17	3.15
Shareholders' Equity	$14,600,177	$14,548,081

Anderson Jacobson, Inc.

521 Charcot Avenue
San Jose, California 95131
(408) 435-8520

Officers: Raymond E. Jacobson, chairman of the board & president; Thomas B. Zmach, v.p.-marketing; Wayne C. Seppeler, v.p.-operations; Kent M. Wilkins, v.p.-finance; James W.A. Jacobson, v.p.-product & quality assurance; Jacques Moisset, v.p.-international; Brian Warrington, managing director-Anderson Jacobson Ltd.

Directors: Raymond E. Jacobson, chairman; M. Stuart Millar, Thomas B. Zmach.

Areas of Work: The company is a manufacturer of proprietary computer terminals and data communications equipment which are used to transmit digital data to and from computers over telephone lines. Products include modems, acoustic data couplers, video display terminals, and keyboard printer terminals.

Subsidiaries:

Anderson Jacobson, SA
Paris, France

Anderson Jacobson, Ltd.
London, England

Anderson Jacobson, Canada, Ltd./Ltee.
Toronto, Ontario
Canada

Transfer Agent(s):

Crocker National Bank
Corporate Division
P.O. Box 38005
San Francisco, California 94138

Stock Exchange(s): American

Ticker Symbol: AJ

Number of Employees:

1986	375	1983	879
1985	464	1982	810
1984	620		

Plant Footage:

1986	N.A.	1985	90,000 sq. ft.

N.A. - Not Available

Sales and Earnings

	Revenues	Net Income
1986	$ 38,973,000	$ (3,170,000)
1985	46,628,000	(2,772,000)
1984	51,093,000	(3,214,000)
1983	54,234,000	1,900,000
1982	50,261,000	910,000

Anderson Jacobson, Inc.

	No. of Com. Shares †	Earn. per Share ×
1986	2,707,455	$ —
1985	2,682,411	—
1984	2,653,790	—
1983	2,548,918	0.71
1982	2,512,881	0.35

(Loss)
† Adjusted to reflect stock dividends.
× Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	3%	—
1983	—	3%	—
1982	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 8,334,000	$ 3.08
1985	10,885,000	4.06
1984	14,027,000	5.29
1983	17,115,000	6.71
1982	15,366,000	6.11

+ Adjusted to reflect stock dividends.

Income Account

Year ended March 31	1986	1985
Net sales	$ 23,008,000	$ 22,079,000
Lease & service	15,965,000	20,900,000
Res. & develop. contract	—	3,649,000
Revenue	$ 38,973,000	$ 46,628,000
Cost of lease revenue	10,150,000	12,272,000
Cost of sales	18,002,000	15,081,000
Expenses	1,402,000	1,989,000
Interest expense	11,899,000	20,031,000
Interest income	(107,000)	(740,000)
Loss before taxes	$ (2,373,000)	$ (2,005,000)
Income taxes	797,000	767,000
Net loss	$ (3,170,000)	$ (2,772,000)

Assets

As of March 31	1986	1985
Cash	$ 4,031,000	$ 870,000
Accts. receiv., net	5,083,000	5,095,000
*Inventories	5,713,000	8,174,000
Prepaid expenses	652,000	422,000
Current Assets	$ 15,479,000	$ 14,561,000
Investment	3,909,000	6,888,000
#Fixed assets	5,274,000	5,818,000
Other assets	162,000	174,000
Deferred inc. taxes	1,678,000	1,528,000
Total Assets	$ 26,502,000	$ 28,969,000

Liabilities

Long-term debt, curr.	$ 508,000	$ 6,622,000
Long-term oblig., curr.	1,386,000	1,386,000
Accts. payable	3,453,000	1,740,000
Accruals	1,742,500	2,277,000
Income taxes	124,000	118,000
Curr. Liabilities	$ 7,212,000	$ 12,143,000
Long-term debt	6,009,000	279,000
Accrued R. & D. oblig.	3,446,000	4,392,000
Deferred comp. plan	1,501,000	1,270,000
+Common stock	271,000	268,000
Add. paid-in capital	10,439,000	10,376,000
Retained earnings (deficit)	(512,000)	2,658,000
Cum. trans. adjust.	(1,864,000)	(2,417,000)
Total Liabilities & Shareholders' Equity	$ 26,502,000	$ 28,969,000

* At lower of standard cost (which approximates actual cost on a FIFO basis) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.72	0.76
Working Capital	$8,267,000	$ 2,418,000
Current Ratio	2.15	1.20
Shareholders' Equity	$8,334,000	$10,885,000

Andrea Radio Corporation

11-40 45th Road
Long Island City, New York 11101
(718) 729-8500

Officers: Frank A. D. Andrea, Jr., chairman of the board and president; Anthony S. Abbene, executive vice president and treasurer; Camille Andrea, secretary & pres. of Andrea Sales Division; George Feinman, v.p.-engineering & production operations.

Directors: Frank A. D. Andrea, Jr., Camille Andrea, Salvatore J. Carrubo.

Areas of Work: Engaged in designing, developing, and producing intercommunications and other electronic systems and equipment which are sold to the government and private companies under prime and subcontract.

Transfer Agent(s):

The Chase Manhattan Bank N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): American

Ticker Symbol: AND

Number of Employees:

1986	80	1983	97
1985	94	1982	96
1984	110		

Plant Footage:

1986	57,266 sq. ft.	1983	57,266
1985	57,266	1982	57,266
1984	57,266		

Sales and Earnings

	Net Sales	Net Income
1986	$ 3,905,736	$ 269,539
1985	3,247,719	187,188
1984	4,754,406	457,145
1983	4,422,114	448,209
1982	4,781,861	437,111

	No. of Com. Shares	Earn. per Share #
1986	508,272	$ 0.53
1985	508,272	0.37
1984	508,272	0.90
1983	508,272	0.88
1982	508,272	0.86

Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Government	$ 2,372,629	$ 1,987,524
Industrial	1,532,608	1,259,593
Commercial	499	602
Total	$ 3,905,736	$ 3,247,719

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.54	—	—
1985	0.54	—	—
1984	0.90	—	—
1983	0.90	—	—
1982	0.81	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 3,490,328	$ 6.87
1985	3,586,745	7.06
1984	3,582,535	7.05
1983	3,582,835	7.05
1982	3,592,071	7.07

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 3,905,736	$ 3,247,719
Other income	125,848	141,094
Total income	$ 4,031,584	$ 3,388,813
Cost of sales	3,017,341	2,585,971
Expenses	498,400	445,682
Income before taxes	$ 515,843	$ 357,160
Income taxes	246,304	169,972
Net Income	$ 269,539	$ 187,188

* Included in Costs and Expenses, Depreciation: $46,354 in 1986 and $54,112 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 97,896	$ 80,594
Money mkt. acct.	35,500	46,687
Cert. of deposit	2,055,357	1,600,356
Accts. receiv., net	446,430	408,218
*Inventories	775,368	1,062,712
Prepaid expenses	15,708	78,345
Current Assets	$ 3,426,259	$ 3,276,912
#Fixed assets	456,500	501,204
Intangibles	951	951
Total Assets	$ 3,883,710	$ 3,779,067

Liabilities

Accts. payable	$ 268,837	$ 154,991
Salaries & wages	30,347	29,984
Misc. taxes	9,302	6
Inc. taxes	75,685	—
Dividends payable	9,211	7,341
Curr. Liabilities	$ 393,382	$ 192,322
+Common stock	254,136	254,136
Add. paid-in capital	59,206	59,206
Retained earnings	3,176,986	3,273,403
Total Liabilities & Shareholders' Equity	$ 3,883,710	$ 3,779,067

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	31.21	11.00
%Net Income to Sales	6.90	5.76
%Net Income to Equity	7.72	5.22
Sales to Inventories	5.04	3.06
Working Capital	$3,032,877	$3,084,590
Current Ratio	8.71	17.04
Shareholders' Equity	$3,490,328	$3,586,745

Apex Electronics, Inc.

100 Eighth Street
Passaic, New Jersey 07055
(201) 773-1220

Officers: Michael Dorota, president; Andrew Loch, secretary and treasurer.

Directors: Michael Dorota, Andrew Loch, Hazel Orlin.

Areas of Work: Produces cathode ray tubes and other television parts.

Transfer Agent(s):
New Jersey Bank, N.A.
Paterson, New Jersey

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1986	$ 1,356,693	$ 18,321
1985	1,162,907	(14,618)
1984	1,096,125	4,278
1983	1,219,581	7,532
1982	1,201,893	4,381

	No. of Com. Shares ‡	Earn. per Share ‡
1986	252,350	$ 0.07
1985	252,450	—
1984	252,450	—
1983	252,650	—
1982	252,650	—

(Loss)
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 467,202	$ 1.85
1985	448,881	1.78
1984	463,599	1.84
1983	459,521	1.82
1982	451,989	1.79

‡ Based on the average number of shares outstanding.

Income Account

Year ended Aug. 31	1986	1985
Net sales	$ 1,356,693	$ 1,162,907
Cost of sales	1,113,477	944,695
Expenses	183,060	186,913
Taxes & payroll	21,518	28,571
Interest income	(1,268)	(3,543)
Depreciation	21,585	20,889
Net Income (Loss)	$ 18,321	$ (14,618)

Assets

As of Aug. 31	1986	1985
Cash	$ 65,359	$ 22,578
Investment	162,376	157,245
Accts. & notes receiv. net	271,074	252,171
Accrued int. receiv.	6,721	5,131
*Inventories	212,286	328,737
Prepaid expenses & advances	11,622	2,019
Current Assets	$ 729,438	$ 767,881
#Fixed assets	21,659	39,322
Other assets	1,900	1,900
Total Assets	$ 752,997	$ 809,103

Liabilities

Notes payable	$ 10,000	$ 10,000
Accts. payable	164,473	225,057
Advances	6,712	26,739
Accrued payroll	2,360	2,710
Accrued interest	77,456	70,908
Accrued payroll taxes	1,794	1,808
Curr. Liabilities	$ 262,795	$ 337,222
Note payable	23,000	23,000
+Common stock	26,100	26,100
Common stock-Apex Elec. Int'l.	2,500	2,500
Add. paid-in capital	306,503	306,503
Retained earnings	147,524	129,203
Treasury stock	(15,425)	(15,425)
Total Liabilities & Shareholders' Equity	$ 752,997	$ 809,103

* At lower of cost (FIFO) or market for raw materials; manufactured finished goods at standard costs which approximate actual costs.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Sales	1.35	—
%Net Income to Equity	3.92	—
Sales to Inventories	6.39	3.54
Debt to Equity	0.07	0.07
Working Capital	$466,643	$430,659
Current Ratio	2.78	2.28
Shareholders' Equity	$467,202	$448,881

Apple Computer, Inc.

20525 Mariani Avenue
Cupertino, California 95014
(408) 996-1010

Officers: John Sculley, chairman, president & chief executive officer; William V. Campbell, exec. v.p.-U.S. sales & marketing; Delbert W. Yocam, exec. v.p. & chief operating officer; David J. Barram, v.p.-finance & chief financial officer; Deborah A. Coleman, v.p.-operations; Albert A. Eisenstat, sr. v.p. & secretary; John P. Karalis, v.p. & gen. counsel; Jean-Louis Gassee, v.p.-prod. devel.; Michael H. Spindler, sr. v.p.-int'l sales & marketing; Roy Weaver, Jr., v.p.-distribution; Robert W. Saltmarsh, treasurer; Lawrence G. Tesler, v.p.-advanced technology.

Directors: Peter O. Crisp, A.C. Markkula, Jr., Arthur Rock, Philip S. Schlein, Henry E. Singleton, John Sculley, Albert A. Eisenstat.

Areas of Work: The company designs, develops, produces, markets and services microprocessor-based personal computers and related software and other peripheral products.

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AAPL (NASDAQ)

Number of Employees:

1986	N.A.	1983	4,646
1985	4,182	1982	3,391
1984	5,382		

N.A. - Not Available

Sales and Earnings

	Net Sales	Net Income
1986	$1,901,898,000	$ 153,963,000
1985	1,918,280,000	61,223,000
1984	1,515,876,000	64,055,000
1983	982,769,000	76,714,000
1982	583,061,000	61,306,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	64,315,000	$ 2.39
1985	61,895,000	0.99
1984	60,887,000	1.05
1983	59,867,000	1.28
1982	57,798,000	1.06

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 694,087,000	$ 10.79
1985	550,487,000	8.89
1984	464,565,000	7.63
1983	377,901,000	6.31
1982	257,092,000	4.45

† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	9/26/86	9/27/85
Net sales	$ 1,901,898	$ 1,918,280
Cost of sales	891,112	1,117,864
Research & develop.	127,758	72,526
Marketing	476,685	478,079
Gen. & adm.	132,812	110,077
Interest income	(36,187)	(17,277)
Unusual item	—	36,966
Income before taxes	$ 309,718	$ 120,045
Income taxes	155,755	58,822
Net Income	$ 153,963	$ 61,223

* Included in Costs and Expenses, Depreciation and Amortization: $51,075,000 in 1986 and $41,841,000 in 1985.

Assets
(000's)

As of	9/26/86	9/27/85
Cash & temp. cash invest.	$ 576,215	$ 337,013
Accts. receiv., net	263,126	220,157
*Inventories	108,680	166,951
Other curr. assets	92,913	97,944
Current Assets	$ 1,040,934	$ 822,065
#Fixed assets	107,315	90,446
Other assets	11,879	23,666
Total Assets	$ 1,160,128	$ 936,177

Liabilities
(000's)

Accts. payable	$ 118,053	$ 74,744
Accrued compen.	37,238	25,595
Income taxes payable	14,652	27,800
Accrued adv.	83,577	75,934
Accrued cost of consol.	3,735	20,173
Other curr. liab.	71,280	71,179
Curr. Liabilities	$ 328,535	$ 295,425
Deferred inc. taxes	137,506	90,265
+Common stock	227,075	234,625
Retained earnings	474,287	320,324
Cum. trans. adj.	(966)	414
Notes receiv. from shareholders	(6,309)	(4,876)
Total Liabilities & Shareholders' Equity	$ 1,160,128	$ 936,177

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	16.28	6.26
%Net Income to Sales	8.10	3.19
%Net Income to Equity	22.18	11.12
Sales to Inventories	17.50	11.49
Working Capital	$712,399,000	$526,640,000
Current Ratio	3.17	2.78
Shareholders' Equity	$694,087,000	$550,487,000

Applied Magnetics Corporation

75 Robin Hill Road
Goleta, California 93117
(805) 683-5353

Officers: Harold R. Frank, chairman of the board; Ben J. Newitt, president & chief executive officer; Robert C. Tetherow, exec. v.p.; Thomas W. Russell, v.p.; William R. Anderson, exec. v.p. & chief operating officer; O.M. Fundingsland, exec. v.p.-sales and marketing; v.p. Louis W. Rayer, v.p.-materials; Gordon P. Sprague, Jr., exec. v.p. & chief financial officer; Raymond P. LeBlanc, v.p., secretary & general counsel.

Applied Magnetics Corporation

Directors: Harold R. Frank, chairman; Ben J. Newitt, James M. Cunningham, John E. Anderson, Willard G. De Groot, William E. Terry, Robert C. Tetherow, R.C. Mercure, Jr.

Areas of Work: Designs and manufactures magnetic recording heads used in tape, digit-disk, and floppy-disk drives.

Subsidiaries:

Applied Magnetics Belgium, N.V.
Industriezone
Raadsherenstraat 3
B-2300 Turnhout, Belgium

Applied Magnetics Japan, Ltd.
2-19-4 Tachibanadai Midori-Ku
Yokohama-shi, Kanagawa-ken 227
Japan

Applied Magnetics Korea, Ltd.
IPO 2801
Seoul, Korea

Applied Magnetics (Singapore) Pte. Ltd.
5004 Ang Mo Kio Ave 5 #05-01/06
Singapore 2056

Applied Magnetics Ireland, Ltd. Inc.
Clonshaugh Industrial Estate
Coolock, Dublin 5, Ireland

Applied Computer Services
P.O. Box 2879
Ave. Fragoso #17
Carolina, Puerto Rico 00628

Acquisition(s):

Brumko Magnetics Corporation
150 Binfield Street
Elkhorn, Nebraska 69022
(402) 289-2400
Refurbishes and repairs magnetic recording disk heads for the computer industry.

Nortronics
8101 10th Avenue North
Minneapolis, Minnesota 55427
Manufactures magnetic tape heads used in computer tape drives, card and check readers, moneychangers, aircraft recorders and industrial analog audio devices.

Transfer Agent(s):

First Interstate Bank of California
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): New York

Ticker Symbol: APM

Number of Employees:

1986	4,070	1983	3,936
1985	3,900	1982	2,800
1984	4,500		

Plant Footage:

1986 . . . . . 599,760 sq. ft. 1985 595,260

Sales and Earnings

	Net Sales +	Net Income ‡
1986	$ 128,119,000	$ 5,487,000
1985	120,751,000	3,087,000
1984	145,938,000	1,091,000
1983	101,590,556	6,907,132
1982	92,639,306	9,304,705

	No. of Com. Shares †	Earn. per Share ‡ †
1986	6,749,055	$ 0.81
1985	6,495,340	0.48
1984	6,685,792	0.16
1983	6,254,087	1.10
1982	5,824,290	1.60

+ Of continuing operations only.
‡ Including extraordinary gains of $1,384,000 ($0.20 per share) in 1986, $2,050,000 (0.32 per share) in 1985 and $312,000 ($0.04 per share) in 1984.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 99,874,000	$ 15.79
1985	92,714,000	14.71
1984	89,021,000	14.12
1983	91,388,030	14.72
1982	57,549,976	11.18

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 128,119,000	$ 120,751,000
Cost of sales	92,523,000	88,444,000
Expenses	31,646,000	30,121,000
Interest income	(1,391,000)	(1,576,000)
Interest expense	478,000	1,637,000
Gain on sale of land	—	(1,023,000)
Prov. for clos. of facil.	—	1,100,000
Income before taxes	$ 4,863,000	$ 2,048,000
Income taxes	760,000	1,011,000
Net Income	$ 4,103,000	$ 1,037,000
Extraord. gain	1,384,000	2,050,000
Net Income & extraord. gain	$ 5,487,000	$ 3,087,000

*Included in Costs and Expenses, Depreciation and Amortization: $8,723,000 in 1986 and $6,022,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 13,946,000	$ 19,092,000
Accts. receiv., net	24,946,000	20,458,000
*Inventories	19,687,000	18,672,000
Prepaid expenses	5,846,000	6,988,000
Current Assets	$ 64,425,000	$ 65,210,000
#Fixed assets	57,974,000	54,636,000
Other assets	2,735,000	3,939,000
Total Assets	$ 125,134,000	$ 123,785,000

Liabilities

Long-term debt, curr.	$ 775,000	$ 33,000
Notes payable	—	4,500,000
Accts. payable	8,438,000	6,323,000
Accrued payroll & other liab.	11,675,000	8,459,000
Income taxes	1,164,000	1,410,000
Other liabilities	2,468,000	3,286,000
Curr. Liabilities	$ 24,520,000	$ 24,011,000
Long-term debt	740,000	7,060,000
+ Common stock	633,000	630,000
Add. paid-in capital	59,347,000	59,063,000
Retained earnings	39,573,000	34,086,000
Cum. trans. adjust.	321,000	(1,065,000)
Total Liabilities & Shareholders' Equity	$ 125,134,000	$ 123,785,000

*At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.80	1.70
%Net Income to Sales	3.20	0.86
%Net Income to Equity	4.11	1.12
Sales to Inventories	6.51	6.47
Debt to Equity	0.01	0.13
Working Capital	$39,905,000	$41,199,000
Current Ratio	2.63	2.72
Shareholders' Equity	$99,874,000	$92,714,000

Applied Materials, Inc.

3050 Bowers Avenue
Santa Clara, California 95054
(408) 727-5555

Officers: James C. Morgan, president & chief exec. officer; Jammes W. Bagley, sr. v.p.; Gerald F. Taylor, v.p.-finance; Walter C. Benzing, technical advisor to the president; Dana C. Ditmore, v.p.-corp. quality & Customer Service Division; Peter R. Hanley, v.p.-Etch Products Division; Tetsuo Iwasaki, v.p. & pres.-Applied Materials Japan; Dan Maydan, v.p.-Applied Deposition Technology Division; Howard L. Neff, v.p.-Epitaxial Products Division; John G. Stewart, v.p.-corp. engineering; Glen O. Toney, v.p.-human resources; Joseph R. Bronson, controller; Nancy H. Handel, treasurer; Donald A. Slichter, secretary.

Directors: James C. Morgan, Herbert M. Dwight, Jr., George B. Farnsworth, Philip V. Gerdine, Alfred J. Stein, Hiroo Toyoda.

Areas of Work: Develops, manufactures and markets semiconductor wafer processing equipment, including chemical vapor deposition systems, epitaxial reactors, plasma etch systems, and ion implanters.

Divisions:

Etch Products Division
Applied Deposition Technology Division
Epitaxial Products Division
Customer Service Division

Subsidiaries:

Applied Materials Europe B.V.
Amsterdam, The Netherlands

Applied Materials Limited
Woking, Surrey, United Kingdom
Libingston, Scotland

Applied Materials S.A.R.L.
Buc, France

Applied Materials GmbH
Munich & Stuttgart, West Germany

Applied Materials Japan
Tokyo, Kumamoto, Narita, Niigata, Oita, Osaka & Sendai, Japan

Applied Materials Hong Kong, Ltd.
Hong Kong

Applied Materials Korea
Seoul, Korea

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AMAT (NASDAQ)

Number of Employees:

1986	1,415	1983	1,130
1985	1,359	1982	1,038
1984	1,474		

Plant Footage:

1985 . . . . . 417,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 149,261,000	$ 1,242,000
1985	174,595,000	9,270,000
1984	168,400,000	13,504,000
1983	105,527,000	3,053,000
1982	90,830,000	(9,237,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1986	13,322,000	$ 0.09
1985	13,160,000	0.71
1984	13,076,000	1.03
1983	12,328,000	0.25
1982	9,944,000	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 92,758,000	$ 6.96
1985	86,427,000	6.57
1984	74,299,000	5.68
1983	61,553,000	4.99
1982	34,656,000	3.49

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	10/26/86	10/27/85
Net sales	$ 149,261	$ 174,595
Cost of sales	88,902	94,210
Expenses:		
Research & develop.	24,621	31,519
Marketing & selling	18,297	16,836
Gen. & administrative	13,514	15,927
Other expenses	1,786	120
Income before taxes	$ 2,141	$ 15,983
Income taxes	899	6,713
Net Income	$ 1,242	$ 9,270

* Included in Costs and Expenses, Depreciation and Amortization: $7,763,000 in 1986 and $5,202,000 in 1985.

Assets
(000's)

As of	10/26/86	10/27/85
Cash & cash equiv.	$ 21,796	$ 35,674
Accts. receiv., net	39,577	31,199
Refundable taxes	1,508	788
*Inventories	34,039	30,857
Future inc. tax benefits	3,881	6,255
Other curr. assets	3,365	2,709
Current Assets	$ 104,166	$ 107,482
#Fixed assets	43,358	35,718
Other assets	6,614	5,220
Total Assets	$ 154,138	$ 148,420

Liabilities
(000's)

Notes payable	$ 7,440	$ 7,072
Long-term debt, curr.	1,290	2,967
Accts. payable & accruals	23,654	27,061
Est. inc. taxes	—	482
Curr. Liabilities	$ 32,384	$ 37,582
Long-term debt	19,615	16,880
Deferred inc. taxes	8,241	6,515
Other obligations	1,140	1,017
+Common stock	55,428	53,673
+Junior common stock	—	151
Retained earnings	32,923	31,681
Cum. trans. adjust.	4,407	921
Total Liabilities & Shareholders' Equity	$ 154,138	$ 148,420

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.43	9.15
%Net Income to Sales	0.83	5.31
%Net Income to Equity	1.34	10.73
Sales to Inventories	4.38	5.66
Debt to Equity	0.31	0.31
Working Capital	$71,782,000	$69,900,000
Current Ratio	3.22	2.86
Shareholders' Equity	$92,758,000	$86,426,000

Applied Solar Energy Corporation

(75% owned by American Cyanamid Company)

15251 E. Don Julian Road
P.O. Box 1212
City of Industry, California 91749
(818) 968-6581

Officers: William L. Berry, chairman of the board; William L. Thompson, president & chief executive officer; Ku Sun Ling, sr. v.p.; Barry W. Hall, v.p.-finance, chief financial officer & treasurer; Raymond L. Waguespack, v.p. & gen. mgr.-corp. marketing; John Tracy, v.p.-research & development; Kathleen J. Batistelli, secretary.

Directors: William L. Berry*, chairman; Jerry Grey, Eugene B. Konecci, William L. Thompson*, Frederick W. Armstrong, Albert J. Costello, Richard L. Martino.

* Member of the Executive Committee.

Areas of Work: Designs, manufactures and markets photovoltaic products which convert sunlight into electrical power for use on earth and in space; and photodetectors which change light into electronic signals for optical scanners and readers in medical, data processing, telecommunications and machinery control applications.

Subsidiary:
Simulaser Corporation
Manufactures weapons similation systems based on laser/detector technology.

Transfer Agent(s):
First Interstate Bank
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOLR (NASDAQ)

Number of Employees:
1986 255

Plant Footage:
1986 ..... 89,600 sq. ft.

Sales and Earnings

	Net Sales +	Net Income #
1986	$ 17,146,000	$ (2,727,000)
1985	11,179,000	(3,723,000)
1984	16,981,000	2,910,000
1983	13,922,000	2,991,000
1982	9,207,000	229,000

	No. of Com. Shares ‡	Earn. per Share #‡
1986	3,369,000	$ —
1985	3,362,000	—
1984	3,389,000	0.86
1983	2,896,000	1.03
1982	2,405,000	0.10

(Loss)
+ Includes other revenues.
# Including extraordinary gains of $891,000 ($0.26 per share) in 1984, $1,126,000 ($0.39 per share) in 1983 and extraordinary loss of $133,000 in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 15,761,000	$ 4.68
1985	18,476,000	5.50
1984	22,097,000	6.52
1983	18,859,000	6.51
1982	4,403,000	1.83

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1986	1985
Net sales	$ 17,146	$ 11,179
Cost of sales	14,039	10,519
Expenses:		
Res. & prod. develop.	381	491
Sell., adm. & general	5,242	4,577
Interest expense	255	4
Interest income	(44)	(567)
Loss before taxes	$ (2,727)	$ (3,845)
Tax credit	—	(255)
Net Loss	$ (2,727)	$ (3,590)
Extraord. loss	—	(133)
Net Loss & extraord. loss	$ (2,727)	$ (3,723)

* Included in Costs and Expenses, Depreciation and Amortization: $2,319,000 in 1986 and $1,360,000 in 1985.

Assets
(000's)

As of Oct. 31	1986	1985
Cash & temp. invest.	$ 287	$ —
Accts. receiv., net	1,658	2,698
Inc. tax refund receiv.	—	145
Unreimbursed expend. on contracts	895	910
*Inventories	3,683	3,160
Prepaid expenses	445	434
Current Assets	$ 6,968	$ 7,347
#Fixed assets	17,851	15,318
Other assets	741	754
Total assets	$ 25,560	$ 23,419

Liabilities
(000's)

Demand note pay.	$ 6,010	$ 500
Cap. lease oblig., curr.	180	169
Accts. payable	1,166	1,238
Accruals	1,181	1,360
Allow for losses on contracts	50	305
Curr. Liabilities	$ 8,587	$ 3,572
Long-term debt	1,141	1,181
Cap. lease oblig.	12	131
Deferred taxes	59	59
+Common stock	20,930	20,918
Retained earnings (deficit)	(5,169)	(2,442)
Total Liabilities & Shareholders' Equity	$ 25,560	$ 23,419

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	4.66	3.54
Debt to Equity	0.07	0.11
Working Capital	—	$ 3,775,000
Current Ratio	—	2.06
Shareholders' Equity	$15,761,000	$18,476,000

Apollo Computer Inc.

330 Billerica Road
Chelmsford, Massachusetts 01824
(617) 256-6600

Officers: Thomas A. Vanderslice, chairman, president & chief exec. officer; Charles P. Spector, vice chairman; Richard P. Bond, sr. v.p. & gen. mgr.-finance & administration & chief financial officer; Robert J. Elliott, v.p.-information systems & resources; Dorothy D. Hayes, v.p. & controller; John W. Newton, v.p. & treasurer; David L. Nelson, v.p. & chief technical officer; Roland D. Pampel, sr. v.p.-technology,-marketing & manufacturing; Ralph W. Swift, v.p.-technology, marketing & manufacturing planning; J. Michael Greata, v.p. & gen. mgr.-research & development; Michael S. Gutman, v.p. & gen. mgr.-research & development; Russell G. Barbour, v.p.-advanced technology; Andrew Marcuvitz, v.p.-graphics & user environment; Bruce E. Parker, v.p.-international development; Bernard L. Stumpf, Apollo fellow; Robert W. Puffer, v.p.-CIM Business Unit; Roy J. Moffa, v.p.-federal systems & program management; Edward J. Zander, v.p. & gen. mgr.-marketing; Alisdair C. Ferguson, managing dir.-Scotland Manufacturing; Charles A. McGurin, v.p.-manufacturing operations, New Hampshire; Frank A. Faggiano, v.p.-human resources; Harold A. Judy, v.p.-quality; Angelo R. Guadagno, v.p.-North American field operations; Volker Kleinn, v.p.-international field operations; Douglas P. Langenberg, v.p.-Apollo Computer Services Inc.

Directors: Thomas A. Vanderslice, chairman; Charles P. Spector, David L. Anderson, Richard P. Bond, John F. Cunningham, Anne P. Jones, Ted H. McCourtney, Jr., James P. O'Neill.

Areas of Work: Designs, manufactures, markets and services computer systems. These systems include advanced personal workstations and sophisticated graphics systems, as well as a wide range of high-performance computer servers, server processors, and printers.

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: APCI (NASDAQ)

Number of Employees:

1986	3,577	1983	1,197
1985	3,275	1982	427
1984	3,021		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 391,685,000	$ 9,331,000
1985	295,575,000	(1,516,000)
1984	215,930,000	23,908,000
1983	80,659,000	13,127,000
1982	18,099,000	307,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	35,053,000	$ 0.27
1985	34,024,000	—
1984	31,834,000	0.75
1983	30,171,000	0.44
1982	25,649,000	0.01

(Loss)
† Including extraordinary gain of $1,950,000 ($0.07 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 189,917,000	$ 5.42
1985	173,961,000	5.11
1984	169,978,000	5.34
1983	76,900,000	2.55
1982	11,761,000	0.46

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	1/3/87	12/28/85
Net sales:		
Product	$ 334,565	$ 261,862
Service	57,120	33,713
Total income	$ 391,685	$ 295,575
Cost of sales	209,989	158,223
Expenses	160,926	130,388
Exc. capacity & severance	—	19,659
Interest expense	9,051	2,195
Interest income	(3,571)	(1,359)
Income (loss) bef. taxes	$ 15,290	$ (13,531)
Income taxes (credit)	5,959	(12,015)
Net Income (Loss)	$ 9,331	$ (1,516)

* Included in Costs and Expenses, Depreciation and Amortization: $28,317,000 in 1986 and $17,153,000 in 1985.

Assets
(000's)

As of	1/3/87	12/28/85
Cash	$ 6,803	$ 5,104
Investments	43,366	1,629
Accts. receiv., net	110,025	64,700
Refundable taxes	906	14,964
*Inventories	74,602	66,832
Other curr. assets	7,024	9,244
Current Assets	$ 242,726	$ 162,473
#Fixed assets	110,905	93,311
Other assets	12,934	1,850
Total Assets	$ 366,565	$ 257,634

Liabilities
(000's)

Accts. payable	$ 21,765	$ 19,856
Cap. lease oblig., curr.	923	594
Accrued inc. taxes	3,747	1,245
Accrued payroll	9,895	5,885
Deferred revenue	7,306	4,128
Accrued capacity costs	—	6,306
Accrued interest	3,699	495
Other accruals	7,980	8,461
Curr. Liabilities	$ 55,315	$ 47,024
Long-term borrowing	—	29,000
7¼% conv. subord. deben.	115,000	—
Deferred inc. taxes	4,171	7,254
Cap. lease oblig.	2,162	395
+Common stock	697	688
Add. paid-in capital	166,922	160,434
Retained earnings	41,088	31,757
Unearned comp.	(15,450)	(16,789)
Note from officer	—	(362)
Cum. trans. adjust.	(3,340)	(1,767)
Total Liabilities & Shareholders' Equity	$ 366,565	$ 257,634

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.57	—
%Net Income to Sales	2.79	—
%Net Income to Equity	4.91	—
Sales to Inventories	4.48	3.92
Debt to Equity	0.13	0.28
Working Capital	$187,411,000	$115,449,000
Current Ratio	4.39	3.46
Shareholders' Equity	$189,917,000	$173,961,000

ARGOSystems Inc.

310 North Mary Avenue
Sunnyvale, California 94086
(408) 737-2000

Officers: Bill B. May, chairman & chief exec. officer; Kenneth P. Miles, president & chief operating officer; Thomas P. Miles, sr. v.p.; Thomas K. Micali, sr. v.p. & dir.-Military Systems Group; Gary Kimmel, v.p. & chief financial officer; Chester F. Hayes, secretary & gen. counsel; Charles E. Roth, v.p. & dir.-Systems Analysis Group; Carlisle R. Petty, dir.-administration; Norman A. Scott, dir.-Advanced Systems Division.

Directors: Bill B. May, chairman, Kenneth P. Miles, William E. Ayer, William J. Perry, Thomas P. Miles, William R. Rambo, Peter W. Wallace, Roy A. Anderson, Francis P. Lucier, W.L. Creech.

Areas of Work: Designs advanced electronic systems that listen to and make sense of hostile radar and radio signals for the defense and intelligence forces of the U.S. and its allies.

Operating Groups:

Systems Analysis Group
Military Systems Group
Advanced Systems Division

Transfer Agent(s):
Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ARGI (NASDAQ)

Number of Employees:
1986 ..... N.A. 1985 790

Plant Footage:
1985 ..... N.A. 1875 ..... 296,000 sq. ft.

N.A. — Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 79,533,000	$ 5,243,000
1985	65,216,000	6,956,000
1984	54,122,000	5,767,000
1983	43,262,000	4,528,000
1982	28,099,000	1,882,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,739,000	$ 0.78
1985	6,712,000	1.04
1984	6,723,000	0.86
1983	5,940,000	0.76
1982	4,426,000	0.43

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Electronic warfare & rel. equip.	$ 40,900,000	$ 35,800,000
Studies and systems engineering	10,100,000	10,100,000
Communications reconnaissance & rel. equip.	28,500,000	19,300,000
Total	$ 79,500,000	$ 65,200,000

Common Stock

	Cash Dividend	Cash Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 48,573,000	$ 7.21
1985	40,947,000	6.10
1984	33,119,000	4.93
1983	26,923,000	4.53
1982	8,472,000	1.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended June 30	1986	1985
Revenues	$ 79,533	$ 65,216
Cost of revenues	58,348	47,726
Expenses	11,346	8,844
Interest & dividend income	(2,084)	(2,810)
Interest expense	8	34
Loss (gain) on sale of secur.	(95)	116
Loss in mkt. value of secur.	2,212	—
Income before taxes	$ 9,798	$ 11,306
Income taxes	4,555	4,350
Net Income	$ 5,243	$ 6,956

* Included in Costs and Expenses, Depreciation and Amortization: $2,977,000 in 1986 and $2,039,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash & cash invest.	$ 10,273	$ 19,928
Marketable securities	6,682	—
Accts. receiv., net	15,734	11,619
Unbilled receivables	13,926	5,131
Inventories	8,820	5,682
Prepaid expenses	1,463	1,793
Current Assets	$ 56,898	$ 44,153
Long-term market. secur.	—	7,143
#Fixed assets	15,998	9,783
Total Assets	$ 72,896	$ 61,079

Liabilities
(000's)

Cust. advances	$ 1,552	$ 1,427
Accts. payable	3,820	2,407
Accrued payroll	3,368	2,859
Accrued cost of sale	1,619	1,780
Other accruals	1,047	478
Income taxes	2,070	558
Deferred inc. taxes	8,487	9,295
Curr. Liabilities	$ 21,963	$ 18,804
Deferred inc. taxes	2,360	1,328
+Common stock	18,853	18,487
Common stock—Series B	688	733
Retained earnings	29,165	23,922
Valuation allow for secur.	—	(1,902)
Notes receiv.—stock sale	(133)	(293)
Total Liabilities & Shareholders' Equity	$ 72,896	$ 61,079

Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.32	17.34
%Net Income to Sales	6.59	10.67
%Net Income to Equity	10.79	16.99
Working Capital	$34,935,000	$23,349,000
Current Ratio	2.59	2.35
Shareholders' Equity	$48,573,000	$40,947,000

Armatron International, Inc.

(formerly Automatic Radio Manufacturing Co., Inc.)

2 Main Street
Melrose, Massachusetts 02176
(617) 321-2300

Officers: Anthony A. Goodchild, president & chief executive officer; Herbert E. Housman, executive vice president; Sal De Yoreo, Robert M. Snow, v.p.'s; James J. Hickey, v.p.-finance; Stephen J. McCabe, v.p.-operations; Charles J. Housman, treasurer; Elliot J. Englander, clerk.

Directors: David Housman, chairman, emeritus; Edward L. Housman, chairman; Charles J. Housman, Herbert E. Housman, Elliot J. Englander, Anthony A. Goodchild, Craig Spangenberg, William Welsh.

Areas of Work: The Industrial Products Group manufactures fuel pumps, valves and pressure regulators for the aerospace industry, cryogenic fluid pumps for the industrial marine industry, and tool and die design and stamping. The Consumer Products Group manufactures lawn and garden products, radios, electronic insect killing devices, and logsplitters.

Divisions and Subsidiaries:

Consumer Products Group:

Flowtron Division
Galaxie Division
Lawn and garden products.

Automatic Radio Division
Mobile communications products.

Heat Extractor, Inc.
Thermal systems.

Industrial Products Group:

J.C. Carter
Aircraft fuel pumps and LNG & LPG pumps.

Triangle Tool & Die Co.
Custom injection molding, tool and die manufacturing and assembly of integrated circuits.

Burgess Products, Inc.
Manufactures insect foggers, household sprayers, battery chargers and electric engravers.

Transfer Agent(s):
Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: ART

Sales and Earnings

	Net Sales ‡	Net Income +
1985	$ 59,587,000	$ (7,978,000)
1984	71,312,000	2,555,000
1983	36,306,000	2,389,000
1982	35,829,000	4,211,000
1981	30,834,000	5,389,000

	No. of Com. Shares #	Earn. per Share # +
1985	2,544,350	$ —
1984	2,531,851	1.01
1983	2,490,110	0.96
1982	2,473,363	1.70
1981	2,448,784	2.20

(Loss)
‡ Of continuing operations only.
# Based on the weighted average number of shares outstanding.
+ Including extraordinary credits of $1,410,000 ($0.57 per share) in 1982 and $2,918,000 ($1.19 per share) in 1981.

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 16,608,000	$ 6.53
1984	24,540,000	9.69
1983	21,659,000	8.70
1982	19,233,000	7.71
1981	14,766,000	6.05

Based on the weighted average number of shares outstanding.

Income Account *

Year ended Sept. 30	1985	1984
Net sales	$ 59,587,000	$ 71,312,000
Cost of sales	48,702,000	49,965,000
Expenses	15,628,000	13,838,000
Other income	(750,000)	(132,000)
Interest expense	3,485,000	3,118,000
Prov. for loss on prod. line	3,117,000	—
Inc. (loss) bef. taxes	$ (10,595,000)	$ 4 523,000
Income taxes (credit)	(2,617,000)	1,968,000
Net Income (Loss)	$ (7,978,000)	$ 2,555,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,122,000 in 1985 and $2,682,000 in 1984.

Assets

As of Sept. 30	1985	1984
Cash	$ 1,564,000	$ 369,000
Accts. receiv., net	8,440,000	10,029,000
Note receivable	2,050,000	—
Refund. inc. taxes	2,561,000	—
*Inventories	21,293,000	22,838,000
Other assets	2,109,000	1,567,000
Current Assets	$ 38,017,000	$ 34,803,000
Notes & mortg. receiv.	214,000	370,000
#Fixed assets	21,197,000	22,919,000
Total Assets	$ 59,428,000	$ 58,092,000

Liabilities

Notes payable	$ 10,685,000	$ 1,738,000
Long-term debt, curr.	4,706,000	274,000
Accts. payable	4,465,000	5,051,000
Warranty costs	1,388,000	1,082,000
Contract liab.	1,047,000	747,000
Interest	594,000	671,000
Payroll	1,321,000	604,000
Other liab.	2,156,000	1,072,000
Curr. Liabilities	$ 26,362,000	$ 11,239,000
Long-term debt	16,458,000	21,669,000
Def. inc. taxes	—	644,000
+Common stock	2,606,000	2,599,000
Add. paid-in capital	6,800,000	6,782,000
Retained earnings	7,421,000	15,399,000
Treasury stock	(187,000)	(187,000)
Deferred comp.	(32,000)	(53,000)
Total Liabilities & Shareholders' Equity	$ 59,428,000	$ 58,092,000

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.34
%Net Income to Sales	—	3.58
%Net Income to Equity	—	10.41
Sales to Inventories	2.80	3.12
Debt to Equity	1.92	0.96
Working Capital	$11,655,000	$23,564,000
Current Ratio	1.44	3.10
Shareholders' Equity	$16,608,000	$24,540,000

Arrow Electronics, Inc.

25 Hub Drive
Melville, New York 11747
(516) 391-1300

Officers: John C. Waddell, chairman of the board; Stephen P. Kaufman, president & chief exec. officer; T. Wayne Anthony, v.p. & president-Schuylkill Metals Corporation; Thomas M. Davidson, exec. v.p.; Robert E. Klatell, v.p., general counsel & secretary; Dominic A. Polimeni, v.p. & chief financial officer.

Directors: Lawrence Coolidge, John C. Waddell, Bertram J. Cohn, Lynn K. Glenn, Thomas M. Davidson, Stephen P. Kaufman, Lawrence R. Kemp.

Areas of Work: Distributors of electronic components and computer products; a secondary smelter and refiner of lead.

Divisions and Subsidiaries:

Arrow Electronics Canada Ltd.
Distribution of electronic products in Canada.

Schuylkill Metals Corporation
P.O. Box 73916
Baton Rouge, Louisiana 70807
Mound City, Missouri
Secondary smelter and refiner of lead.

Spoerle Electronic Handelsgesellschaft mbH & Co.
(40% owned)
Electronics distributor in West Germany.

Axiom Electronics Ltd.
Distribution of electronic products in England.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: ARW

Sales and Earnings

	Net Sales	Net Income †
1986	$ 529,621,000	$ (31,899,000)
1985	534,130,000	(10,883,000)
1984	740,017,000	12,817,000
1983	566,594,000	5,102,000
1982	423,954,000	(5,226,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	6,563,081	$ —
1985	6,446,126	—
1984	6,417,153	2.00
1983	6,007,971	0.85
1982	4,868,062	—

(Loss)
† Including extraordinary loss of $3,632,000 in 1986.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronics dist.	$ 501,795	$ 500,369
Electrical dist. & refining	27,826	33,761
Total	$ 529,621	$ 534,130

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.15	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.17	—	—
1982	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 102,396,000†	$ 15.60
1985	69,336,000	10.76
1984	80,091,000	12.48
1983	65,567,000	10.91
1982	33,505,000	6.88

† After allowing for preferred stock at liquidation value.
# Based on the average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 529,621,000	$ 534,130,00
Cost of sales	416,026,000	411,547,000
Expenses	124,996,000	122,091,000
Interest expense	19,913,000	21,900,000
Eq. in earn. of affil. co.	(3,047,000)	(1,405,000)
Loss bef. taxes	$ (28,267,000)	$ (20,003,000)
Tax credit	—	(9,120,000)
Net Loss	$ (28,267,000)	$ (10,883,000)
Extraord. loss	(3,632,000)	—
Net Loss & extraord. loss	$ (31,899,000)	$ (10,883,000)

* Included in Costs and Expenses, Depreciation and Amortization: $5,705,000 in 1986 and $4,897,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 31,954,000	$ 46,845,000
Accts. receiv., net	79,723,000	80,840,000
Income taxes	672,000	6,332,000
*Inventories	124,213,000	123,495,000
Prepaid expenses	9,162,000	8,616,000
Current Assets	$ 245,724,000	$ 266,128,000
#Fixed assets	38,747,000	41,566,000
Other assets	7,057,000	8,472,000
Intangibles	3,570,000	3,356,000
Investments	42,238,000	32,370,000
Total Assets	$ 337,336,000	$ 351,892,000

Liabilities

Notes payable	$ 1,790,000	$ 2,018,000
Long-term debt, curr.	1,209,000	1,945,000
Accts. payable	31,915,000	40,012,000
Accruals	28,398,000	28,607,000
Curr. Liabilities	$ 63,312,000	$ 72,582,000
Long-term debt	52,120,000	40,081,000
Deferred inc. taxes	5,077,000	4,551,000
Deferred credit	4,358,000	4,486,000
Subord. deben.	110,003,000	160,856,000
+Preferred stock	280,000	—
++Common Stock	6,576,000	6,468,000
Add. paid-in capital	110,644,000	43,011,000
Retained earnings (deficit)	(12,927,000)	22,272,000
Treasury stock	(22,000)	(53,000)
Deferred comp.	(2,085,000)	(2,362,000)
Total Liabilities & Shareholders' Equity	$ 337,336,000	$ 351,892,000

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; convertible exchangeable.
++ $1 par value.

Statistical Summary

Sales to Inventories	4.26	4.33
Debt to Equity	0.51	0.64
Working Capital	$182,412,000	$193,546,000
Current Ratio	3.88	3.67
Shareholders' Equity	$102,466,000	$ 69,336,000

Arvin Industries, Inc.

1531 13th Street
Columbus, Indiana 47201
(812) 379-3000

Officers: James K. Baker, chairman & chief exec. officer; Loren K. Evans, president & chief operating officer; Haren B. Thakor, v.p.-finance; W. Frederick Meyer, v.p.-public affairs; V. William Hunt, v.p.-administration; John P. Sohn, exec. v.p.; H. Robert Leland, v.p. & president-Calspan Corporation; Francis J. Myers, v.p. & president-Arvin Electronics; James S. Smith, v.p. & president-Roll Coater, Inc.; Charles H. Watson, v.p. & president-Arvinyl; Ronald J. Rosin, v.p. & president-ArvinAir; David N. Lewis, v.p. & president-Aftermarkets Products Div.; Joe T. Atkins, v.p. & president-North American Automotive; J. Kevin Nameth, v.p. & president-Schrader Automotive Inc.; Byron O. Pond, v.p. & president-Maremont Corporation; Clyde R. Davis, v.p. & personnel; J. William Kendall, v.p.-community relations; Stanley R. Wheeler, asst. treasurer; Page E. Gifford, David M. Main, asst. secretaries.

Directors: James K. Baker, chairman; Joseph P. Allen, Loren K. Evans, Douglas G. Fleming, Richard W. Hanselman, V. William Hunt, Don J. Kacek, Haren B. Thakor, Frederick R. Meyer, Steven C. Beering, John P. Sohn, Richard M. Ringoen.

Areas of Work: Operates in four business segments: Automotive—manufacture of mufflers, exhaust and tail pipes, catalytic converters, corrosion resistant coatings and other metal tubular parts, interior trim parts and exterior trim moldings, vinyl metal truck and bus parts, and restraint systems and tire testing services; Consumer—manufacture of AM/FM stereo systems and tape players, portable electric heaters, wind turbine home attic ventilators and various forms of painted and vinyl-laminated steel for appliance housings; Government—aerodynamic, environmental, thermal and flight research. Industrial—precoated coils of steel and aluminum for pre-engineered buildings, evaporative coolers, research and testing.

Divisions and Subsidiaries:

Calspan Corporation
Advanced Technology Center
P.O. Box 400
Buffalo, New York 14225
(716) 632-7500

Arvinyl Division
Columbus, Indiana
Corona, California
Supplies industries with vinyl-to-metal laminates; this pre-finished product is fabricated into television and phonograph cabinets, humidifiers, cameras, architectural panels, display cabinets, typewriter components, automotive parts, portable electric heaters, housewares, electronic equipment housings. Heat-sealed padded vinyls and form-padded vinyls used in office machines, appliances and the automotive industry.

North American Automotive Division
1531 13th Street
Columbus, Indiana 47201

Arvin North American Automotive
30903 Northwestern Highway
Farmington Hills, Michigan 48018

101 Center Street
Greenwood, Indiana 46142
(317) 881-2551

1001 Hurricane Avenue
Franklin, Indiana 46131
(317) 736-7111

505 Industrial Drive
North Vernon, Indiana 47265
(812) 346-5750

U.S. Highway 43 and Mill Street
Fayette, Alabama 3555
(205) 932-6735

P.O. Box 339
Dexter, Missouri 63841
(314) 624-7411

Arvin Automotive of Canada, Ltd.
(formerly General Tubes, Ltd.)
248 Bowes Road
Concord, Ontario, Canada L4K 1B4
(416) 669-1080

Manufactures specialty tubular products for automotive exhaust systems.

Roll Coater, Inc.
U.S. Route 40 East
P.O. Box 787
Greenfield, Indiana 46140
(317) 462-7761

Kingsbury Industrial Park
P.O. Box 326
Kingsbury, Indiana 46345
(219) 393-3561
Produces pre-decorated coils of aluminum and steel.

Consumer Operations:

Arvin Air
500 South 15th Street
Phoenix, Arizona 85034
(602) 257-0060
Manufactures portable electric heaters, wind turbine ventilators, evaporative coolers.

Aftermarket Products Division
Arvin/Supreme, Inc.
Columbus, Indiana

Highway 62 West
P.O. Box 800
Princeton, Kentucky 42445
(502) 365-5505
Manufacturer and distributor of replacement exhaust systems to private customers.

Arvin Finance Corporation
1531 E. 13th Street
Columbus, Indiana 47201
(812) 379-3000
Provides real estate financing, ownership and leasing capabilities to Arvin's operations divisions.

Arvin International, Inc.
1531 E. 13th Street
Columbus, Indiana 72401
(812) 379-3000

Arvin (Taiwan) Ltd.
P.O. Box 58202
Taipei, Taiwan RoC 100

Transfer Agent(s):

Harris Trust and Savings Bank
Chicago, Illinois

Stock Exchange(s): New York, Midwest

Ticker Symbol: ARV

Number of Employees:

1986	17,823	1983	10,000
1985	11,421	1982	8,000
1984	12,700		

Plant Footage:

1986	10,785,000 sq.ft.	1983	N.A.
1985	6,914,000	1982	N.A.
1984	7,205,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 995,620,000	$ 41,207,000
1985	820,995,000	35,872,000
1984	781,986,000	30,226,000
1983	600,605,000	18,338,000
1982	513,905,000	10,866,000

	No. of Com. Shares +	Earn. per Share ‡
1986	16,160,000	$ 2.46
1985	16,632,000	2.21
1984	15,136,000	1.94
1983	15,124,000	1.19
1982	14,025,000	0.70

+ Adjusted to reflect stock splits.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Automotive	$ 523,936	$ 461,811
Consumer	275,642	193,557
Government	106,662	92,940
Industrial	89,380	72,687
Total	$ 995,620	$ 820,995

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.65	—	—
1985	0.61	—	4-for-3
1984	0.57	—	3-for-2
1983	0.56	—	—
1982	0.56	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1986	$ 259,185,175	$ 16.04
1985	246,964,375	14.85
1984	202,499,950	13.38
1983	182,136,200	12.04
1982	164,252,925	11.71

+ After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 995,620	$ 820,995
Other income	1,264	1,764
Total income	$ 996,884	$ 822,759
Cost of sales	821,493	686,855
Expenses	88,001	65,867
Interest expense	11,363	6,322
Income before taxes	$ 76,027	$ 63,715
Income taxes	34,820	27,843
Net Income	$ 41,207	$ 35,872

* Included in Costs and Expenses, Depreciation: $27,301,000 in 1986 and $19,486,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash and temp. investments	$ 30,377	$ 32,551
Accts. receiv., net	170,739	96,113
*Inventories	182,683	75,835
Other current assets	34,893	5,494
Current Assets	$ 418,692	$ 209,993
#Fixed assets	342,432	150,130
Other assets	42,186	18,696
Total Assets	$ 803,310	$ 378,819

Liabilities
(000's)

Notes payable and long-term debt, curr.	$ 78,660	$ 4,169
Accts. payable	60,279	23,437
Accruals	57,911	26,678
Income taxes	1,673	3,589
Curr. Liabilities	198,523	57,873
Long-term debt	$ 317,432	$ 56,718
Minority interest	2,969	—
Deferred inc. taxes	23,444	14,290
+Preferred stock	1,651	2,795
++Common stock	43,926	42,771
Add. paid-in capital	44,594	40,763
Retained earnings	202,037	171,589
Cumulative translation adjustment	(67)	(898)
Treasury stock	(31,199)	(7,082)
Total Liabilities & Shareholders' Equity	$ 803,310	$ 378,819

* At lower of cost (principally LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
++ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.64	7.76
%Net Income to Sales	4.14	4.37
%Net Income to Equity	15.79	14.35
Sales to Inventories	5.45	10.83
Debt to Equity	1.22	0.24
Working Capital	$220,169,000	$152,120,000
Current Ratio	2.11	3.63
Shareholders' Equity	$260,942,000	$249,938,000

ARX Inc.

(Formerly Aeroflex Laboratories Incorporated)
35 South Service Road
Plainview, New York 11803
(516) 694-6700

Officers: Julius D. Winer, chairman of the board & president; Harvey R. Blau, vice chairman of the board; Michael Gorin, v.p.-finance & treasurer; Richard A. Carey, secretary.

Directors: Julius D. Winer, chairman; Harvey R. Blau, Robert Bradley, Milton Brenner, Ernest E. Courchene, Jr., Jerome Fox, Eugene Novikoff, Irving Mirman, John S. Patton.

Areas of Work: Engaged in the design, development and production of precision stabilization and tracking devices, radio frequency filters, helical shock and vibration isolaters, advanced semi-conductor sub-assemblies, magnetic products and electro-optical scanning devices.

Subsidiaries:

Aeroflex Laboratories, Inc.
35 South Service Road
Plainview, New York 11803

Aeroflex International, Inc.
Caguas, Puerto Rico
Produces the Isolator product line.

Aeroflex Systems Corp.
700 N. Fairfax Street
Alexandria, Virginia 22314

Huxley Envelope Corp.
Brooklyn, New York
Manufactures custom-printed and standard envelopes.

Filtron Co., Inc.
Old Bethpage, New York
Designs and manufactures radio frequency filters and shielded enclosures.

Vibration Mountings & Controls, Inc.
113 Main Street
Bloomingdale, New Jersey 07403
Manufactures shock and vibration control devices.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: ARX

Number of Employees:

1986	845	1983	485
1985	780	1982	470
1984	573		

ARX Inc.

Plant Footage:

1986	300,000 sq. ft.	1983	260,000
1985	287,000	1982	200,700
1984	285,000		

Sales and Earnings

	Revenues	Net Income
1986	$ 53,951,512	$ 5,136,839
1985	47,958,948	4,768,264
1984	36,234,015	4,152,150
1983	33,801,900	3,879,769
1982	28,700,581	3,177,147

	No. of Com. Shares †	Earn. per Share †
1986	4,866,824	$ 1.06
1985	4,803,478	0.99
1984	5,010,901	0.83
1983	4,981,411	0.79
1982	3,568,719	0.68

† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986	1985
Elect. & magnetic prods.	$ 15,341,508	$ 14,180,197
Mechanical syst.	17,094,433	15,463,661
Envelopes	10,870,892	9,738,710
Other	10,644,679	8,576,380
Total	$ 53,951,512	$ 47,958,948

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	10% & 5%	—
1985	—	10%	—
1984	—	—	—
1983	—	10% & 25%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 33,266,680	$ 6.97
1985	27,730,339	5.93
1984	24,701,084	5.09
1983	20,948,449	4.26
1982	14,562,846	3.47

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 53,951,512	$ 47,958,948
Cost of revenues	35,938,575	32,680,644
Expenses	11,625,500	9,343,996
Interest expense	2,788,786	1,668,319
Other income	(2,586,188)	(1,670,275)
Income before taxes	$ 6,184,839	$ 5,936,264
Income taxes	1,048,000	1,168,000
Net Income	$ 5,136,839	$ 4,768,264

* Included in Costs and Expenses, Depreciation and Amortization: $3,007,287 in 1986 and $1,957,916 in 1985.

Assets

As of June 30		1985
Cash	$ 7,267,275	$ 8,487,880
Short-term invest.	11,567,976	21,627,489
Receiv., net	17,883,943	14,654,101
Refund inc. taxes	953,313	—
*Inventories	9,799,275	7,438,225
Prepaid expenses & other assets	1,080,177	773,666
Current Assets	$ 48,551,959	$ 52,981,270
Invested cash	4,550,000	3,606,000
#Fixed assets	17,654,496	13,248,923
Deben. insur. costs	1,220,126	1,310,032
Market. eq. secur.	298,131	502,130
Intangibles	172,027	177,897
Other assets	555,255	620,301
Total Assets	$ 73,001,994	$ 72,446,553

Liabilities

Bank loan payable	$ 2,000,000	$ —
Long-term debt, curr.	216,239	1,110,750
Accts. payable	1,953,504	1,991,297
Accruals	4,508,321	4,514,488
Inc. taxes pay.	1,598,501	2,734,533
Curr. Liabilities	$ 10,276,565	$ 10,351,068
Long-term debt	27,942,749	33,466,146
Deferred income taxes	1,516,000	899,000
+Common stock	504,411	431,412
Add. paid-in capital	31,558,951	21,145,197
Retained earnings	3,725,805	8,465,575
Treasury stock	(2,489,650)	(2,290,907)
Loss on investments	(32,937)	(20,938)
Total Liabilities & Shareholders' Equity	$ 73,001,994	$ 72,446,553

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	11.46	12.38
%Net Income to Revenues	9.52	9.94
%Net Income to Equity	15.44	17.20
Debt to Equity	0.91	1.25
Working Capital	$38,275,394	$46,236,202
Current Ratio	4.72	5.47
Shareholders' Equity	$33,266,680	$27,730,339

Astrex, Inc.

150 Fifth Avenue
New York, New York 10011
(212) 989-5000

Officers: Morris Kass, president & chief executive officer; Ronald S. Kass, v.p; Frederick I. Levy, secretary.

Directors: Mark Schindler, Morris Kass, Frederick I. Levy, Ronald S. Kass, Thomas J. Sandleitner, Harvey Martin.

Areas of Work: Distributor of electronic parts and components in the Delaware Valley, New York and New England areas.

Division and Subsidiaries:

Resco Electronics Division
Pennsauken, New Jersey
(609) 662-4000

Progress Electronics Co., Inc.
Plainview, New York

Progress International Ltd.
Plainview, New York
(516) 433-1700

T.F. Cushing, Inc.
Springfield, Massachusetts
(413) 788-7341

Connector Company Division
Hamden, Connecticut
(203) 624-0127

ASI Electronics Corporation
Endwell, New York
(607) 754-3823

Transfer Agent(s):

Fidata Trust Company (common stock)
New York, New York

United States Trust Company of New York (Debentures)
New York, New York

Stock Exchange(s): American

Ticker Symbol: ASI

Sales and Earnings

	Net Sales +	Net Income
1986	$ 25,325,292	$ 1,125,867
1985	28,284,379	1,471,964
1984	23,578,712	(1,040,844)
1983	21,358,731	993,143
1982	27,153,818	326,139

	No. of Com. Shares ‡	Earn per Share ‡
1986	1,213,855	$ 0.93
1985	1,534,312	0.96
1984	1,600,014	—
1983	1,603,764	0.62
1982	1,667,360	0.20

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 5,449,832	$ 4.49
1985	6,959,077	4.54
1984	8,818,220	5.51
1983	9,859,064	6.15
1982	8,933,421	5.36

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 25,325,292	$ 28,284,379
Other income	1,671,581	291,272
Total revenues	$ 26,996,873	$ 28,575,651
Cost of sales	18,574,499	19,021,097
Expenses	4,851,951	5,679,940
Prov. for doubt. accts.	99,992	43,004
Interest expense	1,659,487	1,112,631
Income before taxes	$ 1,810,944	$ 2,718,979
Income taxes	685,077	1,247,015
Net Income	$ 1,125,867	$ 1,471,964

*Included in Costs and Expenses, Depreciation and Amortization: $256,820 in 1986 and $228,647 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 1,286,798	$ 1,428,041
Certificate of deposit	—	2,975,000
Marketable securities	8,207,262	—
Accts. & notes receiv., net	4,479,700	3,975,498
Refund inc. taxes	1,129,880	—
*Inventories	10,555,633	10,783,672
Prepaid expenses	44,918	70,874
Due from former subsid.	—	417,910
Deferred income taxes	349,525	1,088,707
Current Assets	$ 26,053,716	$ 20,739,702
#Fixed assets	647,478	865,222
Prop. held for resale	1,990,945	2,282,592
Other assets	1,189,867	213,313
Deferred income taxes	19,679	175,040
Intangibles	1,019,674	1,019,674
Total Assets	$ 30,921,359	$ 25,295,543

Liabilities

Notes payable	$ 2,000,000	$ 4,475,000
Loans payable	—	287,900
Long-term debt, curr.	393,401	1,207,170
Accts. payable	1,151,818	1,065,975
Due to brokers	4,171,496	—
Accruals	364,246	321,676

Income taxes	—	210,708
Due to former subsid.	664,101	2,538,567
Curr. Liabilities	$ 8,745,062	$ 10,106,996
Deferred compensation	—	161,292
Long-term debt	16,726,465	8,068,178
+ Common stock	306,378	302,390
Add. paid-in capital	9,925,024	9,601,383
Retained earnings	4,396,357	3,270,490
Treasury stock	(9,177,927)	(6,215,186)
Total Liabilities & Shareholders' Equity	$ 30,921,359	$ 25,295,543

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.16⅔ par value.

Statistical Summary

%Income bef. Taxes to sales	7.15	9.61
%Net Income to Sales	4.45	5.20
%Net Income to Equity	20.66	21.15
Sales to Inventories	2.40	1.98
Debt to Equity	3.51	2.62
Working Capital	$17,308,654	$10,632,706
Current Ratio	2.98	2.05
Shareholders' Equity	$5,449,832	$ 6,959,077

Astro-Med, Inc.

Astro-Med Industrial Park
600 East Greenwich Avenue
West Warwick, Rhode Island 02893
(401) 828-4000

Officers: Albert W. Ondis, chairman & chief executive officer; Everett V. Pizzuti, president & chief operating officer; Jacques V. Hopkins, secretary; Eugene S. Libby, v.p., treasurer & chief financial officer; David M. Gaskill, v.p.-research & Development; Gordon W. Bentley, v.p.-manufacturing, Instruments.

Directors: Albert W. Ondis, Jacques V. Hopkins, Edward M. Watson, Everett V. Pizzuti, Allan M. Gittleman.

Areas of Work: Designs, develops, manufactures and sells a comprehensive line of high speed graphic recording and printing systems.

Subsidiaries:

Astro-Med International, Inc.
Foreign Sales Corporation (FSC).

Transfer Agent(s):

Fleet National Bank
Providence, Rhode Island

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALOT (NASDAQ)

Number of Employees:

1986	185	1983	230
1985	180	1982	210
1984	175		

Plant Footage:

1986	67,000 sq. ft.	1983	34,000
1985	67,000	1982	34,000
1984	34,000		

Sales and Earnings

	Net Sales †	Net Income
1987	$ 12,175,000	$ 659,640
1986	10,687,000	931,884
1985	9,905,000	1,027,243
1984	7,980,000	1,762,000
1983	6,695,000	59,000

	No. of Com. Shares +	Earn. per Share #
1987	2,161,356	$ 0.31
1986	2,138,994	0.43
1985	2,036,253	0.57
1984	1,628,028	1.01
1983	1,624,158	0.01

† Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 10,115,412	$ 4.68
1986	9,299,256	4.35
1985	8,115,995	3.99
1984	3,881,316	2.38
1983	2,099,409	1.29

‡ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 12,174,844	$ 10,686,771
Cost of sales	6,810,473	5,958,489
Expenses	4,402,085	3,720,520
Int. expense (income)	9,939	(138,624)
Other income	(85,293)	(112,498)
Inc. bef. taxes	$ 1,037,640	$ 1,258,884
Income taxes	378,000	327,000
Net Income	$ 659,640	$ 931,884

* Included in Costs and Expenses, Depreciation and Amortization: $455,883 in 1987 and $156,913 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	$ 87,816	$ 92,871
Short-term invest.	2,586,162	2,457,130
Trade accts. & notes receiv.	3,067,349	2,222,827
*Inventories	2,254,354	2,060,761
Prepaid expenses & other assets	406,722	518,815
Current Assets	$ 8,402,403	$ 7,352,404
#Fixed assets	5,557,177	5,638,931
Other assets	1,772,769	1,780,035
Total Assets	$ 15,732,349	$ 14,771,370
Liabilities		
Long-term debt, curr.	$ 404,870	$ 409,703
Accts. payable	940,278	848,494
Accruals	930,944	642,896
Curr. Liabilities	$ 2,276,092	$ 1,901,093
Long-term debt	2,757,695	3,162,565
Deferred inc. taxes	583,150	408,456
+ Common stock	108,068	106,950
Add. paid-in capital	4,439,326	4,279,401
Retained earnings	5,815,347	5,155,707
Treasury stock	(247,329)	(242,802)
Total Liabilities & Shareholders' Equity	$ 15,732,349	$ 14,771,370

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.52	11.78
%Net Income to Sales	5.42	8.72
%Net Income to Equity	6.52	10.02
Sales to Inventories	5.40	5.19
Debt to Equity	0.27	0.38
Working Capital	$ 6,126,311	$5,451,311
Current Ratio	3.69	3.87
Shareholders' Equity	$10,115,412	$9,299,256

Astrosystems, Inc.

6 Nevada Drive
Lake Success, New York 11042
(516) 328-1600

Officers: Seymour Barth, chairman of the board & president; Elliot J. Bergman, vice president & secretary; Gilbert H. Steinberg, vice president & treasurer.

Directors: Seymour Barth, Elliot J. Bergman, Morton L. Certilman, Gilbert H. Steinberg.

Areas of Work: Designs and manufactures proprietary electronic and electromechanical products for precision monitoring and control of industrial, military and aerospace processes, and often used in conjunction with computers, programmable controllers and microprocessors.

Subsidiaries:

Astrosystems International, Inc. (FISC)
6 Nevada Drive
Lake Success, New York 11042

Astropower Division
30 Lovett Avenue
Newark, Delaware 19711

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ASTR (NASDAQ)

Number of Employees:

1986	217	1983	130
1985	170	1982	110
1984	130		

Plant Footage:

1986	64,675 sq. ft.	1983	25,000
1985	37,000	1982	25,000
1984	33,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 12,212,000	$ 2,828,000
1985*	7,422,000	1,853,000
1984	11,495,000	3,258,000
1983	10,371,000	3,211,000
1982	9,207,000	2,554,000

	No. of Com. Shares	Earn. per Share ‡
1986	5,861,000	$ 0.51
1985*	4,995,000	0.35
1984	4,976,000	0.61
1983	4,974,000	0.57
1982	4,882,000	0.52

* 10 months.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 33,177,000	$ 5.66
1985	25,668,000	5.14
1984	23,744,000	4.77
1983	20,482,000	4.12
1982	17,014,000	3.49

‡ Based on the weighted average number of shares outstanding.

Astrosystems, Inc.

Income Account *

Year ended	6/30/86	6/30/85
Net sales	$ 12,212,000	$ 7,422,000
Cost of sales	7,642,000	4,015,000
Expenses	2,368,000	1,840,000
Other income	(2,402,000)	(1,685,000)
Income before taxes	$ 4,604,000	$ 3,252,000
Income taxes	1,776,000	1,399,000
Net Income	$ 2,828,000	$ 1,853,000

* Included in Costs and Expenses, Depreciation and Amortization: $105,000 in 1986 and $54,000 in 1985.

Assets

	6/30/86	6/30/85
Cash	$ 2,088,000	$ 1,275,000
Marketable securities	26,945,000	19,387,000
Accts. & notes receiv.	7,160,000	5,706,000
*Inventories	5,682,000	4,453,000
Prepaid expenses & other assets	732,000	533,000
Current Assets	$ 42,607,000	$ 31,354,000
#Fixed assets	388,000	185,000
Total Assets	$ 42,995,000	$ 31,539,000

Liabilities

Accts. payable	$ 251,000	$ 143,000
Accruals	2,213,000	631,000
Accrued payroll & profit sharing	565,000	609,000
Income taxes	545,000	237,000
Curr. Liabilities	$ 3,574,000	$ 1,620,000
Deferred taxes	6,244,000	4,251,000
+Common stock	586,000	496,000
Add. paid-in capital	11,835,000	7,241,000
Retained earnings	20,756,000	17,928,000
Total Liabilities & Shareholders' Equity	$ 42,995,000	$ 31,539,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	37.70	43.82
%Net Income to Sales	23.16	24.97
%Net Income to Equity	8.52	7.22
Sales to Inventories	2.15	1.67
Working Capital	$39,033,000	$29,734,000
Current Ratio	11.92	19.35
Shareholders' Equity	$ 33,177,000	$25,668,000

Atlantic Research Corporation

5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4000

Officers: Coleman Raphael, chairman of the board; William H. Borten, president & chief exec. officer; W. Gerald Hamm, exec. v.p. & chief operating officer; Charles B. Henderson, sr. v.p.-research & technology; Keith G. Britton, v.p.-marketing, Propulsion Division; George K. Oss, sr. v.p. & gen. mgr.-Teleproducts Div.; Christopher W. Robertson, sr. v.p. & chief financial officer; James R. Sides, sr. v.p. & gen. mgr.-Propulsion Div.; J. Lightsey Wallace, Jr., v.p. & dir.-engineering, Teleproducts Division; Aaron J. Larkins, v.p. & gen. mgr.-Electronics Systems Div.; Paul F. Lumbye, v.p. & dir.-Virginia operations, Propulsion Div.; Keith B. Mullin, v.p. & gen. mgr.-Camden operations, Propulsion Div.; Barbara F. Biendl, secretary; Lambert C. Murphy, v.p.-administration; Robert S. Hinton, v.p.-human resources; Stephen J. Hostettler, v.p. & dir.-programs & engineering, Propulsion Division; James N. Hufford, v.p. & gen. mgr.-TEMPEST Division; Carlyle C. Ring, v.p. & gen. counsel; Richard L. Swanson, treasurer.

Directors: Coleman Raphael, chairman; William H. Borten, Lawrence A. Goldmuntz, W. Gerald Hamm, Charles B. Henderson, Joseph S. Steinberg.

Areas of Work: The Company's electronic activities consist of the development and manufacture of data communications test equipment, including data monitors, analyzers, and network control systems, used in the testing, operating and maintenance of data communications networks. Other segments include electromagnetic engineering, propulsion systems for defense applications, printing services, and the manufacture of air purification devices for submarines.

Divisions:

Propulsion Division
Teleproducts Division
Electronics Systems Division
Research & Technology Division
TEMPEST Division

Subsidiaries:

Atlantic Research International, Inc.
Foreign sales corporation (FSC).

Atlantic Research Services Corporation

Systematics General Corporation
Sterling, Virginia
Electronic security systems, defense-related data handling and encryption systems, specialized engineering services.

Acquisition(s):

Systems and Applied Sciences Corporation
Virginia
Provides data and logistics management, systems engineering, and technical support services.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATRC (NASDAQ)

Number of Employees:

1986	3,787	1983	2,359
1985	2,855	1982	1,848
1984	2,618		

Sales and Earnings

	Net Sales	Net Income
1986	$ 263,286,000	$ 14,788,000
1985	234,333,000	15,229,000
1984	205,601,000	11,657,000
1983	166,202,000	9,333,000
1982	133,118,000	6,084,000

	No. of Com. Shares #	Earn. per Share #
1986	7,583,335	$ 1.95
1985	7,428,760	2.05
1984	7,434,628	1.57
1983	7,432,228	1.26
1982	6,632,008	0.92

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Solid propellant rocket motors	$ 150,129	$ 130,080
Data communications test equipment	35,913	36,759
Electromagnetic engineering	68,445	56,614
Other	8,799	10,880
Total	$ 263,286	$ 234,333

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 89,796,000	$ 11.84
1985	73,941,000	9.95
1984	57,522,000	7.74
1983	45,384,000	6.11
1982	35,768,000	5.39

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 263,286	$ 234,333
Cost of sales	198,047	175,227
Expenses	38,318	36,370
Interest expense	4,424	4,529
Interest income	(3,283)	(5,641)
Other expense	1,337	—
Inc. bef. taxes	$ 24,443	$ 23,848
Income taxes	9,655	8,619
Net Income	$ 14,788	$ 15,229

* Included in Costs and Expenses, Depreciation and Amortization: $10,064,000 in 1986 and $7,831,000 in 1985.

Assets
(000's)

As at Dec. 31	1986	1985
Cash	$ 18,016	$ 27,780
Trade receiv., net	49,411	55,957
Unbilled receiv.	30,756	11,010
*Inventories	18,514	16,268
Other assets	3,923	2,703
Current Assets	$ 120,620	$ 113,718
#Fixed assets	59,505	51,932
Other assets	14,216	3,645
Total Assets	$ 194,341	$ 169,295

Liabilities
(000's)

Note payable	$ 8,080	$ 1,892
Long-term debt, curr.	152	849
Oblig. under cap. lease	1,826	1,623
Accts. payable	9,932	10,495
Accruals	10,369	8,882
Other payables	7,214	5,274
Income taxes	17,429	13,835
Curr. Liabilities	$ 55,002	$ 42,850
Long-term debt	37,810	41,620
Oblig. under cap. leases	2,926	4,611
Deferred comp.	2,962	1,880
Deferred inc. taxes	5,845	4,393
+Common stock	765	752
Add. paid-in capital	23,011	21,957
Retained earnings	66,020	51,232
Total Liabilities & Shareholders' Equity	$ 194,341	$ 169,295

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.28	10.18
%Net Income to Sales	5.62	6.50
%Net Income to Equity	16.47	20.60
Sales to Inventories	14.22	14.40
Debt to Equity	0.42	0.68
Working Capital	$65,618,000	$70,868,000
Current Ratio	2.19	2.65
Shareholders' Equity	$89,796,000	$73,941,000

Audiotronics Corporation

7428 Bellaire Avenue
North Hollywood, California 91605
(818) 765-2645

Mailing Address:

Box 3997
North Hollywood, California 91609

Officers: Don E. Warner, chairman of the board; Charles A. Musson, president & chief exec. officer; Allen E. Sawyers, v.p.-product management; James R. Hopkins, sr. v.p.-finance & secretary; William Y. Kim, v.p., treasurer & controller; v.p.-administration; Richard D. Sims, v.p.-industrial relations.

Directors: Don E. Warner*, James R. Hopkins*, Charles A. Musson*, Walter Liberato, Robert H. Klugman.

* Member of the Executive Committee.

Areas of Work: Designs, engineers and markets audiovisual products and instructional programs for education and training applications.

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
72 Reade Street
New York, N.Y. 10007

Stock Exchange(s): American

Ticker Symbol: ADO

Number of Employees:

1986	54	1983	313
1985	219	1982	342
1984	286		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 5,668,000	$ (1,764,000)
1985	5,881,000	(2,889,000)
1984	7,106,000	556,000
1983	7,110,000	(328,000)
1982	7,956,000	321,000

	No. of Com. Shares #	Earn. per Share #
1986	1,189,161	$ —
1985	1,189,161	—
1984	1,216,104	0.46
1983	1,212,492	—
1982	1,312,693	0.24

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.05	—	—
1983	0.12	5%	—
1982	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 2,227,000	$ 1.87
1985	3,989,000	3.35
1984	7,347,000	6.04
1983	8,593,000	7.09
1982	9,051,000	6.89

Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 5,667,604	$ 5,881,062
Cost of sales	4,780,506	4,271,757
Selling expenses	539,780	670,766
Interest expense	29,911	100,271
Gen. & adm. expense	976,203	997,391
Loss before taxes	$ (658,796)	$ (141,123)
Tax credit	—	(18,000)
Loss-cont. oper.	$ (658,796)	$ (141,123)
Loss-discont. oper.	(1,105,458)	(2,747,393)
Net Loss	$ (1,764,254)	$ (2,888,516)

* Included in Costs and Expenses, Depreciation: $161,880 in 1986 and $186,985 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 398,123	$ 366,783
Notes receivable	650,000	—
Accts. receiv., net	814,185	545,180
Refund inc. taxes	—	459,923
*Inventories	1,462,434	932,036
Prepaid expenses	93,798474	107,954
Assets of discont. oper.	—	2,863,504
Current Assets	$ 3,418,540	$ 5,274,980
#Fixed assets	463,237	591,856
Notes receivable	313,250	—
Other assets	601,374	116,028
Assets of discont. oper.	—	400,000
Total Assets	$ 4,796,401	$ 6,382,864

Liabilities

Notes payable	$ 375,000	$ —
Accts. payable	346,318	248,544
Accrued payroll	153,669	110,395
Other accruals	90,305	30,502
Long-term debt, curr.	150,000	400,000
Curr. Liabilities	$ 1,115,292	$ 789,501
Long-term debt	1,454,496	1,604,496
+Common stock	1,336,597	1,336,597
Add. paid-in capital	4,267,396	4,265,396
Retained earnings (deficit)	(325,596)	1,438,658
Treasury stock	(1,047,288)	(1,047,288)
Employee stock ownership	(2,004,496)	(2,004,496)
Total Liabilities & Shareholders' Equity	$ 4,796,401	$ 6,382,864

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.88	6.31
Debt to Equity	0.89	0.50
Working Capital	$2,303,248	$4,485,479
Current Ratio	3.07	6.68
Shareholders' Equity	$2,226,613	$3,988,867

Ault Incorporated

1600 Freeway Boulevard
Minneapolis, Minnesota 55430
(612) 560-9300

Officers: Frederick M. Green, president & chief exec. officer; Carlos S. Montague, v.p., treasurer, chief financial officer & asst. secretary; Gerald E. Magnuson, secretary.

Directors: Frederick M. Green, Herbert D. Bissell, Cyrus E. Johnson, Delbert W. Johnson, John G. Kassakian, Edward C. Lund, Luther T. Prince, John I. Tansil.

Areas of Work: Designs, manufactures, and markets electronic power conversion products, including power supplies, transformers and battery chargers, which are marketed primarily to the data communications, telecommunications, and small computer and peripherals markets.

Transfer Agent(s):

First National Bank of Minneapolis
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AULT (NASDAQ)

Number of Employees:

1986 196

Plant Footage:

1986 . . . . . 48,500 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 10,021,000	$ (2,297,000)
1985	13,204,000	(1,124,000)
1984	17,745,000	644,000
1983	13,343,000	667,000
1982	7,081,000	294,000

	No. of Com. Shares †	Earn. per Share ‡
1986	1,959,376	$ —
1985	1,934,376	—
1984	1,919,716	0.35
1983	1,259,716	0.51
1982	947,926	0.23

(Loss)
† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	6-for-1* & 2-for-1

* Reflects conversion of preferred stock to common stock.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 4,925,000	$ 2.51
1985	7,206,000	3.73
1984	8,433,000	4.39
1983	1,727,000	1.37
1982	1,007,000	1.06

† Adjusted to reflect stock splits.

Income Account *

Year ended	6/1/86	6/2/85
Net sales	$ 10,021,471	$ 13,203,879
Cost of sales	8,471,833	11,109,877
Expenses	3,820,906	3,642,062
Interest expense	19,013	84,239
Interest income	(79,648)	(123,075)
Loss (gain) on dispos. of equip.	66,215	(2,401)
Other expenses	19,783	7,039
Income (loss) before taxes	$ (2,296,631)	$ (1,513,862)
Income taxes (credit)	—	(390,000)
Net Income (Loss)	$ (2,296,631)	$ (1,123,862)

* Included in Costs and Expenses, Depreciation: $625,828 in 1986 and $582,717 in 1985.

Assets

As of	6/1/86	6/2/85
Cash & temp. cash invest.	$ 1,059,582	$ 1,317,905
Accts. receiv., net	1,540,373	1,752,414
Refundable taxes	—	316,000
*Inventories	2,039,143	3,144,515
Prepaid expenses	23,736	35,843
Current Assets	$ 4,662,834	$ 6,566,677
#Fixed assets	1,483,889	1,894,741
Total Assets	$ 6,146,723	$ 8,461,418

Ault Incorporated

Liabilities

Outstanding checks	$ 111,532	$ —
Long-term debt, curr.	34,970	31,288
Accts. payable	495,098	594,467
Accrued compensation	311,148	379,319
Other accruals	168,579	114,972
Curr. Liabilities	$ 1,121,327	$ 1,120,046
Long-term debt	100,118	135,088
+Common stock	6,663,333	6,647,708
Retained earnings (deficit)	(1,738,055)	558,576
Total Liabilities & Shareholders' Equity	$ 6,146,723	$ 8,461,418

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

Sales to Inventories	4.91	4.20
Debt to Equity	0.03	0.02
Working Capital	$3,541,507	$5,443,780
Current Ratio	4.16	5.86
Shareholders' Equity	$4,925,278	$7,206,284

Augat Inc.

89 Forbes Boulevard
P.O. Box 448
Mansfield, Massachusetts 02048
(617) 543-4300

Officers: Roger D. Wellington, chairman of the board, president & chief executive officer; Gerald F. Barrett, executive v.p., chief financial officer & clerk; Richard M. Grubb, senior v.p.; Richard Eaton, v.p.-human resources; Frank Angelis, group v.p.-components; John A. Braun, group v.p.-systems; Richard Prybyl, group v.p.-communications; Charles Henritzy, group v.p.-automotive; John E. Lynch, Jr., treasurer; Daniel J. Maher, Jr., corporate controller.

Directors: Robert S. Laurence, Ernest H. Augat, Samuel S. Dennis, III, James A. Harmon, Roger D. Wellington, Vernon R. Alden, Gerald F. Barrett, David V. Ragone, Richard B. Young.

Areas of Work: Designs and manufactures electromechanical components, and precision materials for the electronic industry. The Company's principle products include integrated circuit sockets and accessories, connectors, coaxial cable network and fiberoptic interconnection products, subminiature switches, high reliability packages for microcircuits, packaging panels, computer aided design and wiring services, interconnection test probes and systems, and custom connector assemblies for the automotive and telecommunications industry.

Divisions and Subsidiaries:

Interconnection Components Division
Attleboro & Mashpee, Massachusetts; Carol Stream, Illinois; Sanford, Maine

Interconnection Systems Division
Attleboro, Massachusetts
El Campo & Houston, Texas
Newbury Park, California

Isotronics, Inc.
New Bedford, Massachusetts

Alcoswitch
North Andover, Massachusetts

Reed Devices, Inc.
Carol Stream, Illinois

Broadband Communications Products Group
Horseheads & Elmira, New York
Jupiter, Florida
El Paso, Texas

Automatic Test Equipment
North Attleboro, Massachusetts
Camarillo, California
Smithfield, Rhode Island
Upland, California

Customized Connectors
Bellevue & Seattle, Washington
Boyne City, East Jordan & Mt. Clemens, Michigan
Microcircuit Packaging
New Bedford, Massachusetts
Saddle Brook, New Jersey
San Antonio, Texas

Precision Components
Bioggio, Switzerland

Altair International, Inc.
Telzon, Inc.

International Marketing

Augat Ltd.
Milton Keynes, England

Augat S.A.
Fresnes, France

Augat A.G.
Zug, Switzerland

Augat GmbH
Munich, Germany

Augat A.B.
Stockholm, Sweden

Augat Pty.
Sidney, Australia

Augat KK
Gotemba, Japan

Augat Electronics, Inc.
Mississauga, Canada

Acquisition:

Elfab Inc.
Manufactures non-military market press-fit high density back planes and very high density connectors using both press-fit and surface mounting technology.

Transfer Agent(s):
Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AUG

Number of Employees:

1986	3,700	1983	3,800
1985	3,800	1982	3,400
1984	4,000		

Plant Footage:

1986	1,530,000 sq. ft.	1983	1,064,000
1985	1,378,000	1982	833,000
1984	1,311,000		

Sales and Earnings

	Net Revenues	Net Income †
1986	$ 260,356,000	$ (8,726,000)
1985	255,038,000	12,064,000
1984	257,110,000	24,119,000
1983	229,732,000	22,237,000
1982	205,466,000	20,834,000

	No. of Com. Shares #	Earn. per Share #†
1986	17,770,000	$ —
1985	17,717,000	0.68
1984	17,666,000	1.37
1983	17,181,000	1.29
1982	16,533,000	1.26

(Loss)
† Including extraordinary loss of $3,510,000 ($0.21 per share) in 1983.
# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.38	—	—
1984	0.32	—	—
1983	0.32	—	—
1982	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 196,938,000	$ 11.08
1985	203,597,000	11.49
1984	190,229,000	10.77
1983	174,870,000	10.18
1982	128,270,000	7.76

+ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net revenues	$ 260,356,104	$ 255,037,640
Cost of sales	195,937,215	183,213,356
Expenses	60,974,215	57,041,875
Restructuring costs	17,172,000	—
Interest income	(2,481,960)	(3,789,779)
Interest expense	1,253,461	1,400,099
Income (loss) bef. taxes	$ (12,498,827)	$ 17,172,089
Income taxes (credit)	(3,787,000)	5,084,000
Minority interest	14,000	24,000
Net Income (Loss)	$ (8,725,827)	$ 12,064,089

* Included in Costs and Expenses, Depreciation and Amortization: $13,582,967 in 1986 and $10,981,943 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & time deposits	$ 27,963,547	$ 19,612,006
Short-term investments	10,027,547	33,329,275
Accts. receiv., net	52,940,686	49,773,598
*Inventories	70,766,995	67,141,170
Prepaid expenses	2,223,035	1,364,209
Current Assets	$ 163,921,804	$ 171,220,258
#Fixed assets	115,997,618	91,719,673
Other assets	19,115,867	4,128,979
Total Assets	$ 299,035,289	$ 267,068,910

Liabilities

Notes payable	$ 16,728,644	$ 5,781
Long-term debt, curr.	1,655,164	888,866
Accts. payable	15,376,535	13,879,764
Accrued payroll and other compensation	10,928,424	9,721,387
Taxes payable	5,057,339	8,104,177
Other accruals	6,981,910	6,548,505
Accrued restructuring costs	6,848,442	—
Curr. Liabilities	$ 63,576,458	$ 39,148,480
Long-term debt	29,398,000	14,991,375
Minority interest	767,048	753,048
Deferred inc. taxes	8,356,055	8,579,055
+Common stock	1,780,050	1,774,256
Add. paid-in capital	54,998,578	54,136,297
Retained earnings	133,964,734	149,799,213
Curr. trans. adj.	6,303,823	(2,112,814)
Treasury stock	(109,457)	—
Total Liabilities & Shareholders' Equity	$ 299,035,289	$ 267,068,910

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.73
%Net Income to Sales	—	4.73
%Net Income to Equity	—	5.93
Sales to Inventories	3.68	3.80
Debt to Equity	0.15	0.08
Working Capital	$100,345,346	$132,071,778
Current Ratio	2.58	4.37
Shareholders' Equity	$196,937,728	$203,596,952

Auric Co[illegible]

470 Fre[illegible]venue
Newark, [illegible]ey 07114
(201) 242-[illegible]110

Officers: Maurice Bick, president; Leo Kosowsky, vice president.

Directors: Maurice Bick, Leo Kosowsky, Theodore Cohn, Theodore Doll, Jr.

Areas of Work: Providing chemical products, gold processes and solutions equipment and materials, all of which are used in the electronics, aerospace, computer metal working and jewelry industries.

Division:

Fidelity Chemical Products Corporation

Transfer Agent(s):

Midlantic National Bank
Newark, New Jersey

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986 . . . . . N.A. 1985 35

N.A.-Not Available.

Plant Footage:

1986 . . . . . N.A. 1985 . . . . . 30,000 sq. ft.

N.A.-Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 7,444,756	$ 125,065
1985	8,902,860	255,137
1984	10,975,344	253,482
1983	8,386,893	136,675
1982	9,198,034	126,436

	No. of Com. Shares	Earn. per Share ‡
1986	401,500	$ 0.31
1985	401,500	0.64
1984	401,700	0.63
1983	401,700	0.34
1982	401,700	0.32

+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,454,330	$ 6.11
1985	2,329,265	5.80
1984	2,074,828	5.17
1983	1,821,346	4.53
1982	1,684,671	4.19

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 7,444,756	$ 8,902,860
Cost of sales	5,561,861	6,920,223
Expenses	1,770,157	1,607,437
Interest expense	58,287	72,993
Other income	(64,114)	(69,730)
Income before taxes	$ 118,565	$ 371,937
Income taxes (credit)	(6,500)	116,800
Net Income	$ 125,065	$ 255,137

* Included in Costs and Expenses, Depreciation and Amortization: $156,503 in 1986 and $144,723 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 1,096,993	$ 1,161,466
Accts. receiv., net	1,314,015	848,707
*Inventories	428,501	497,747
Tax refund receiv.	33,581	—
Prepaid exp. & other assets	191,662	111,823
Current Assets	$ 3,064,752	$ 2,619,743
#Fixed assets	812,631	863,915
Value of life insur.	123,546	84,212
Deferred inc. taxes	33,800	20,800
Other assets	8,410	10,785
Total Assets	$ 4,043,139	$ 3,599,455
Liabilities		
Note payable	$ 112,858	$ 55,067
Long-term debt, curr.	51,507	76,428
Accts. payable	1,019,279	711,193
Accruals	43,589	58,431
Inc. taxes	—	34,308
Curr. Liabilities	$ 1,227,233	$ 935,427
Long-term debt	98,665	150,195
Deferred comp.	262,911	184,568
+Common stock	40,150	40,150
Add. paid-in capital	456,655	456,655
Retained earnings	1,957,525	1,832,460
Total Liabilities & Shareholders' Equity	$ 4,043,139	$ 3,599,455

* Gold at LIFO. Chemicals, solvents and supplies are valued using the FIFO method.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.59	4.18
%Net Income to Sales	1.68	2.87
%Net Income to Equity	5.10	10.95
Sales to Inventories	17.37	17.89
Debt to Equity	0.11	0.12
Working Capital	$1,837,519	$1,684,316
Current Ratio	2.50	2.80
Shareholders' Equity	$2,454,330	$2,329,265

Austron, Inc.

North Interstate 35, Exit 248
P.O. Box 14766
Austin, Texas 78761
(512) 251-2341

Officers: James D. Echols, chairman & president; Robert F. Ellis, sr. v.p.-marketing; Lora J. Neans, v.p.-corp. administration & secretary; Edward J. Corbett, v.p.-operations; Stephen R. Slade, v.p.-finance & controller; Linda Hackleman, treasurer.

Directors: James D. Echols, chairman of the board; Robert F. Ellis, Donald L. Bradford, Thomas K. Reed, Jr., Benton E. Ryon, James W. Kenney.

Areas of Work: Manufactures precise time and frequency instruments required by industrial, scientific and military customers for use in communications, space and missile tracking navigation and metrology applications. Also manufactures coding instruments and systems, crystal oscillators, computer channel adapter interface equipment, and other electronic devices.

Subsidiaries:

Austron, Ltd.
Warwickshire, England
Sales, service and technical support center for sales efforts in Europe and the Eastern hemisphere.

Austron International, Inc.

Transfer Agent(s):

MBank at Dallas
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATRN (NASDAQ)

Number of Employees:

1986 138

Plant Footage:

1986 . . . . . 50,000 sq. ft. 1984 42,000
1985 50,000

Sales and Earnings

	Net Sales +	Net Income +
1986	$ 7,935,000	$ (228,000)
1985	7,846,000	489,000
1984	7,466,000	679,000
1983	5,098,000	330,000
1982	3,925,000	241,000

	No. of Com. Shares ‡	Earn. per Share +‡
1986	3,600,000	$ —
1985	3,600,000	0.14
1984	3,594,000	0.19
1983	3,589,000	0.09
1982	2,229,000	0.10

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 6,187,241	$ 1.72
1985	6,415,089	1.78
1984	5,925,678	1.65
1983	5,238,778	1.46
1982	4,992,511†	2.24

† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 7,934,566	$ 7,846,141
Cost of sales	4,958,533	4,336,689
Expenses	3,328,925	2,881,601
Interest income	(128,024)	(177,016)
Interest expense	184,433	219,993
Other expense (income)	34,547	(39,537)
Income (loss) before taxes	$ (443,848)	$ 624,411
Income taxes (credit)	(216,000)	135,000
Net Income (Loss)	$ (227,848)	$ 489,411

* Included in Costs and Expenses, Depreciation and Amortization: $424,150 in 1986 and $345,779 in 1985.

Assets

As of June 30	1986	1985
Cash & int. bearing deposits	$ 1,533,358	$ 1,876,313
Marketable securities	—	121,250
Accts. receiv., net	966,928	1,262,975
Refundable taxes	320,968	107,562
*Inventories	2,926,027	3,078,283
Prepaid expenses	19,190	38,018
Current Assets	$ 5,766,471	$ 6,484,401
#Fixed assets	2,699,770	2,756,799
Other assets	379,108	351,090
Total Assets	$ 8,845,349	$ 9,592,290
Liabilities		
Long-term debt, curr.	$ 320,989	$ 276,096
Accts. payable	95,705	398,069
Accrued payroll	344,331	374,414
Other accruals	175,925	146,660
Curr. Liabilities	$ 936,950	$ 1,195,239
Long-term debt	1,414,158	1,738,962
Deferred inc. taxes	307,000	243,000
+Common stock	44,999	44,999

Add. paid-in capital	3,410,756	3,410,756
Retained earnings	2,731,486	2,959,334
Total Liabilities & Shareholders' Equity	$ 8,845,349	$ 9,592,290

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.0125 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.96
%Net Income to Sales	2.87	6.24
%Net Income to Equity	3.68	7.63
Sales to Inventories	2.71	2.55
Debt to Equity	0.28	0.31
Working Capital	$4,829,521	$5,289,162
Current Ratio	6.15	5.43
Shareholders' Equity	$6,187,241	$6,415,089

Automatix Incorporated

1000 Tech Park Drive
Billerica, Massachusetts 01821
(617) 667-7900

Officers: Michael J. Cronin, president & chief exec. officer; John J. Dias, v.p.-finance & treasurer; Donald L. Pieper, v.p.-research & development; Victor Scheinman, v.p.-advanced systems; Phillip J. Villiari, v.p.-manufacturing & customer service; David L. Engel, secretary.

Directors: Michael J. Cronin, Denise T. Davidoff, Samuel F. McKay, Jerome B. Wiesner, R. Schorr Berman, Theodore H. Elliott, Jr.

Areas of Work: Development and installation of Adaptive Automation modules and systems for use primarily in factories.

Transfer Agent(s):
Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AITX (NASDAQ)

Number of Employees:

1986	168	1983	268
1985	291	1982	145
1984	368		

Sales and Earnings

	Revenues	Net Income
1986	$ 17,545,000	$ (7,851,000)
1985	27,571,000	(5,594,000)
1984	20,058,000	(14,193,000)
1983	13,011,000	(2,056,000)
1982	8,054,000	(429,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,999,000	$ —
1985	10,930,000	—
1984	10,858,000	—
1983	10,457,000	—
1982	9,110,000	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 5,867,000	$ 0.53
1985	13,223,000	1.21
1984	18,130,000	1.67
1983	31,979,000	3.06
1982	11,720,000	1.29

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 17,545	$ 27,571
Cost of sales	11,613	15,581
Expenses:		
Research & develop.	8,469	10,083
Marketing	3,841	5,982
Gen. & administrative	1,563	1,964
Interest income	(90)	(445)
Net Loss	$ (7,851)	$ (5,594)

* Included in Costs and Expenses, Depreciation and Amortization: $388,000 in 1986 and $362,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 3,309	$ 4,289
Restricted funds	—	1,161
Accts. receiv., net	3,797	5,321
Unbilled contracts	—	1,299
Other receivables	66	199
*Inventories	4,152	5,556
Other curr. assets	165	288
Current Assets	$ 11,489	$ 18,113
#Fixed assets	412	657
Acquired technology	107	—
Investment	300	—
Other assets	551	667
Total Assets	$ 12,859	$ 19,437

Liabilities
(000's)

Accounts payable	$ 1,350	$ 1,646
Adv. from customers	152	498
Accruals	2,490	2,793
Deferred res. & develop. contract rev.	—	1,277
Curr. Liabilities	$ 3,992	$ 6,214
Subord. conv. notes	3,000	—
+Common stock	552	548
Add. paid-in capital	39,307	38,962
Accum. deficit	(34,158)	(26,307)
Eq. adjust from for. curr. trans.	166	20
Total Liabilities & Shareholders' Equity	$ 12,859	$ 19,437

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	4.23	4.96
Working Capital	$7,497,000	$11,899,000
Current Ratio	2.88	2.91
Shareholders' Equity	$5,867,000	$13,223,000

Auto-trol Technology Corporation

12500 North Washington Street
P.O. Box 33815
Denver, Colorado 80233
(303) 452-4919

Officers: Howard B. Hillman, chairman of the board & president; Paul J. Jerde, v.p.-internal operations, treasurer & secretary; Jerry T. Sisson, v.p.-field operations; Carole L. Goodall, asst. treasurer; J. Bruce Hanley, v.p.-research & development; Clarisse L. Jackson, asst. secretary.

Directors: Howard B. Hillman, chairman; James B. Farinholt, Jr., William R. Hambrecht, J. Roderick Heller, III.

Areas of Work: Develops, manufactures, markets and services computer aided design/computer aided manufacturing (CAD/CAM) systems.

Subsidiaries:
Auto-trol International Corporation
Auto-trol Technology Europe, Ltd.
Auto-trol Ventures, Inc.
Auto-trol Acquisitions, Inc.
Auto-Technology (Canada) Ltd.
Spats & Associations, Inc.
ATTC International Sales Corporation

Selenia-Autotrol S.A.
31, Rue Delizy
93500 Pantin, France

Selenia-Autotrol GmbH
Wanheimerstr. 39
4000 Dusseldorf 30
West Germany

Auto-trol SRI
Corso Svizzera 185
10147 Torino
Italy

Auto-trol Technology Australia
Suite 1603, Northpoint
100 Miller Street
North Sydney, NSW 2060
Australia

Selenia-Autotrol Ltd.
Neville House
42/46 Hagley Road
Edgbaston
Birmingham B16 BPZ England

Selenia-Autotrol S.p.A.
Torre Nuova Carignano
Via Ravasco, 10
16128 Genova, Italy

Auto-trol Scandinavia AB
Stortorget 25
21134 Malmo, Sweden
Selenia-Autotrol S.r.l.
Foro Bonaparte, 63
20121 Milan
Italy

Auto-trol S.r.l.
Viale del Policlinico, 145
00161 Rome
Italy

Selenia-Autotrol S.A.
Stephanieplein, 10 Bte 5
1050 Brussels
Belgium

Selenia-Autotrol GmbH
Paul-Gerhardt-Allee 50
8000 Munich 60
West Germany

Transfer Agent(s):
The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATTC (NASDAQ)

Number of Employees:

1985	672	1982	564
1984	666	1981	539
1983	579		

Plant Footage:

1985	125,000 sq. ft.	1982	125,000
1984	139,000	1981	102,000
1983	125,000		

Sales and Earnings

	Revenues	Net Income †
1985	$ 65,360,000	$ (11,679,000)
1984	68,927,000	2,752,000
1983	54,129,000	(3,276,000)
1982	43,990,000	(7,568,000)
1981	46,287,000	(3,272,000)

	No. of Com. Shares #	Earn. per Share #†
1985	4,809,000	$ —
1984	4,731,000	0.58
1983	3,910,000	—
1982	3,600,000	—
1981	3,157,000	—

(Loss)
† Including extraordinary gain of $1,300,000 ($0.27 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 30,220,000	$ 6.28
1984	34,602,000	7.31
1983	30,127,000	7.71
1982	21,667,000	6.02
1981	23,427,000	7.42

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1985	1984
Revenues	$ 65,360,000	$ 68,927,000
Cost of sales & services	38,954,000	35,992,000
Expenses	34,392,000	29,089,000
Interest expense	2,386,000	1,228,000
Interest income	(278,000)	(134,000)
Inc. (loss) bef. taxes	$ (10,394,000)	$ 2,752,000
Income taxes	1,585,000	1,300,000
Net Income (Loss)	$ (11,679,000)	$ 1,452,000
Extraord. gain	—	1,300,000
Net Income (Loss) & Extraord. Gain	$ (11,679,000)	$ 2,752,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,077,000 in 1985 and $2,980,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash & cash equiv.	$ 1,496,000	$ 781,000
Receiv., net	11,107,000	17,416,000
*Inventories	9,072,000	15,879,000
Prepaid expenses & serv. parts	1,678,000	1,541,000
Current Assets	$ 23,353,000	$ 35,617,000
#Fixed assets	25,547,000	13,807,000
Investment	2,979,000	5,816,000
Service parts	5,733,000	4,764,000
Other assets	4,500,000	1,086,000
Total Assets	$ 52,112,000	$ 61,090,000

Liabilities

Notes payable	$ —	$ 6,100,000
Long-term debt, curr.	943,000	852,000
Accts. payable	3,081,000	3,534,000
Accrued compen. & rel. taxes	937,000	1,227,000
Oblig. for res. & develop.	—	3,753,000
Other liab.	6,537,000	4,984,000
Income taxes	1,400,000	—
Curr. Liabilities	$ 12,898,000	$ 20,450,000
Long-term liabilities	8,302,000	—
Redeem. Pref. & Class B Common stock	692,000	781,000
+Common stock	44,490,000	37,070,000
Add. paid-in capital	269,000	269,000
Cum. curr. trans. adjust.	(264,000)	(148,000)
Retained earnings (deficit)	(14,275,000)	(2,589,000)
Total Liabilities & Shareholders' Equity	$ 52,112,000	$ 61,090,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.99
%Net Income to Sales	—	2.11
%Net Income to Equity	—	4.20
Debt to Equity	0.31	0.35
Working Capital	$10,455,000	$15,167,000
Current Ratio	1.81	1.74
Shareholders' Equity	$30,220,000	$34,602,000

Avantek, Inc.

4401 Great America Parkway
Santa Clara, California 95054
(408) 727-0700

Officers: E. Oran Brigham, chairman, chief exec. officer & president; Gary G. Harmon, sr. v.p., chief financial officer & secretary; Robert E. Goff, sr. v.p. & group exec.-Microwave Products Group; Lionel A. Kirton, sr. v.p. & group exec.-Microwave Semiconductor Group; Robert W. Busch, v.p.-administration & services.

Directors: E. Oran Brigham, chairman; Roy A. Anderson, William C. Edwards, James F. Gibbons, Gary G. Harmon, William J. Perry, James E. Sterrett.

Areas of Work: Engaged in the design, development, manufacture and marketing of a line of vertically integrated microwave and telecommunications products.

Transfer Agent(s):
First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AVAK (NASDAQ)

Number of Employees:

1986	3,107	1983	2,230
1985	3,246	1982	1,828
1984	2,762		

Sales and Earnings

	Net Sales	Net Income
1986*	$ 208,184,000	$ 9,965,000
1985	168,277,000	17,690,000
1984	131,721,000	17,172,000
1983	91,283,000	11,938,000
1982	83,863,000	11,184,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986*	19,311,000	$ 0.52
1985	19,208,000	0.92
1984	19,046,000	0.90
1983	18,758,000	0.63
1982	18,490,000	0.60

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 147,560,000	$ 7.64
1985	135,962,000	7.08
1984	115,614,000	6.07
1983	94,615,000	5.04
1982	78,874,000	4.27

Income Account * (000's)

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	$ 208,184	$168,277
Cost of sales	117,008	88,756
Expenses	62,289	48,721
Interest expense	237	200
Interest income	(760)	(773)
Income before taxes	$ 29,410	$ 31,373
Income taxes	13,294	13,035
Income from cont. oper.	$ 16,116	$ 18,338
Loss from discont. oper.	(6,151)	(648)
Net Income	$ 9,965	$ 17,690

* Included in Costs and Expenses, Depreciation and Amortization: $11,938,000 in 1986 and $8,897,000 in 1985.

Assets (000's)

As of	1/3/87	12/28/85
Cash	$ 15,854	$ 1,755
Accts. receiv., net	47,669	43,177
*Inventories	47,703	36,695
Prepaid expenses	4,939	1,793
Net assets of discont. oper.	1,793	1,070
	—	10,105
Current Assets	$ 116,165	$ 93,525
#Fixed assets	68,055	79,711
Net prop. of discont. oper.	220	1,919
Total Assets	$ 184,440	$ 175,155

Liabilities (000's)

Long-term debt, curr.	$ 89	$ 843
Accts. payable	6,899	7,789
Accrued payroll	10,297	9,461
Other accruals	2,584	2,616
Deferred income taxes	438	1,831
Net liab. of discont. oper.	1,846	—
Current Liabilities	$ 22,153	$ 22,540
Long-term debt	55	9,595
Deferred income	4,572	—
Deferred inc. taxes	10,100	7,058
+Common stock	51,517	49,907
+Junior common stock	288	265
Retained earnings	95,755	85,790
Total Liabilities & Shareholders' Equity	$ 184,440	$ 175,155

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	6.75	13.01
Sales to Inventories	4.36	4.59
Debt to Equity	-	0.08
Working Capital	$ 94,012,000	$ 70,985,000
Current Ratio	5.24	4.15
Shareholders' Equity	$147,560,000	$135,962,000

Avnet, Inc.

767 Fifth Avenue
New York, New York 10153
(212) 644-1050

Officers: Anthony R. Hamilton, chairman of the board & chief executive officer; Leon Machiz, vice chairman, president & chief operating officer; Sylvester Herlihy, Edward Kaniger, David Shaw, sr. v.p.'s; Harris E. Fischer, sr. v.p. & secretary; Alvin A. Odintz, Irwin Lubalin, Richard Deutsch, Stanley Benerofe, Edward Stimer, Joseph Brown, Richard Ward, Jordan Berman, Daniel M. Robbin, Donald Sweet, George Kokkinakis, John Lane, Morton Vogel, Anthony DeLuca, Milton Graham, Burton Katz, Robert LeBlanc, Steven W. Menefee, v.p.'s; Walter Hyjek, v.p. &

Avnet, Inc.

controller; William Rose, v.p. & general counsel; John H. Regazzi, v.p. & treasurer; Louis Berger, Carol Vanderfecht, asst. secretaries.

Directors: Anthony R. Hamilton*, chairman of the board; Harris E. Fischer, Albert A. List*, Louis Berger*, Sylvester D. Herlihy, George Weissman*, Alvin E. Friedman*, Jordan S. Berman, John W. Kenney, J. Sidney Webb*, Salvatore J. Nuzzo*, Leon Machiz*.

* Member of the Executive Committee.

Operating Groups:

Electronic Marketing Group
Culver City, California
Hauppauge, New York
Minneapolis, Minnesota
Peabody, Massachusetts

Industrial distributor and assembler of components for the electronic industry and communications, automotive, military and research and development markets. Products lines include semiconductors, transistors, diodes, integrated and hybrid circuits, microprocessors, PROM's, capacitors, resistors, relays, digital displays, potentiometers and other devices. Also custom processing and testing of semiconductor chips, manufacturing of hybrid microelectronic circuits and thin film resistor networks, as well as distributing, servicing and leasing computer terminals to end users.

Hamilton/Avnet Electronics
Time Electronics/Electro Air
Avnet Computer Technologies
Avnet Microtechnologies
Harper S.I.D.

Electrical and Engineering Group

Brownell Electro/Ward
New York, New York
Denver, Colorado
Electric motors and replacement parts.

Freeman Products
Trophy parts.

Lincoln Controls
Hydraulic and pneumatic controls.

Automotive Group

Mechanics Choice
Philadelphia, Pennsylvania
Distributor of electro-automotive parts and shop supplies to car dealers, service stations and industrial accounts, and fleet owners.

Valley Forge Products
Toronto, Ontario, Canada
Produces and distributes electro-automotive parts in the Canadian and U.S. aftermarket.

Video Communications Group

Channel Master
Smithfield, North Carolina
TV antenna manufacturer, supplier of replacement color television tubes and antennas.

Irving W. Rice & Co., Inc.
New York, New York
Markets a line of imported toiletry containers, night lights and illuminated mirrors.

Avnet International (Taiwan)
Kaihsiung, Taiwan
Stereo music and TV centers, cassette decks, turntables, and compact disc players.

Channel Master Satellite Systems, Inc.
Smithfield, North Carolina
Microwave components for CATV, MATV and satellite television.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: AVT

Number of Employees:

1986	79,200

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 1,415,600	$ 23,857
1985	1,534,200	49,384
1984	1,635,500	86,808
1983	1,164,700	50,364
1982	1,112,000	70,470

	No. of Com. Shares ‡‡	Earn. per Share ‡‡
1986	35,719,000	$ 0.67
1985	35,584,000	1.39
1984	36,810,000	2.44
1983	35,204,000	1.43
1982	34,955,000	2.20

+ Of continuing operations only.
‡‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Electronic marketing group	$ 1,098,200	$ 1,159,400
Electrical & engineering	155,000	182,600
Automotive group	54,700	56,000
Video communications	107,700	136,200
Total	$ 1,415,600	$ 1,534,200

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.50	—	2-for-1
1982	0.50	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1986	$ 646,921,000	$ 18.18
1985	638,491,000	17.97
1984	603,396,000	17.13
1983	529,085,000	15.08
1982	483,289,000	13.93

‡ After allowing for preferred stock at stated value.
# Adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$1,415,612,000	$1,534,172,000
Other income	11,156,000	8,269,000
Total income	$1,426,768,000	$1,542,441,000
Cost of sales	1,064,384,000	1,122,993,000
Expenses	309,901,000	315,267,000
Interest expense	10,204,000	11,113,000
Income before taxes	$ 42,279,000	$ 93,068,000
Income taxes	18,422,000	43,684,000
Net Income	$ 23,857,000	$ 49,384,000

* Included in Costs and Expenses, Depreciation and Amortization: $23,838,000 in 1986 and $18,345,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 8,799,000	$ 10,250,000
Market. securities	101,820,000	118,047,000
Receiv., net	232,415,000	224,619,000
*Inventories	413,962,000	415,191,000
Other curr. assets	15,264,000	13,566,000
Current Assets	$ 772,260,000	$ 781,673,000
#Fixed assets	98,941,000	97,778,000
Intangibles & other assets	36,850,000	37,315,000
Total Assets	$ 908,051,000	$ 916,766,000

Liabilities

Long-term debt, curr.	$ 3,320,000	$ 3,337,000
Accts. payable	85,793,000	100,244,000
Accruals	47,369,000	51,205,000
Income taxes	8,241,000	6,085,000
Commercial paper	89,000	701,000
Dividend payable	4,443,000	4,428,000
Curr. Liabilities	$ 149,255,000	$ 166,000,000
Long-term debt	111,869,000	112,269,000
Preferred stock	6,000	6,000
+Common stock	35,595,000	35,518,000
Add. paid-in capital	124,366,000	121,915,000
Retained earnings	491,632,000	485,546,000
Treasury stock	(1,901,000)	(1,807,000)
Cum. trans. adjust.	(2,771,000)	(2,681,000)
Total Liabilities & Shareholders' Equity	$ 908,051,000	$ 916,766,000

* At cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sale	2.99	6.07
%Net Income to Sale	1.69	3.22
%Net Income to Equity	3.69	7.73
Sales to Inventories	3.42	3.70
Debt to Equity	0.18	0.18
Working Capital	$623,005,000	$615,673,000
Current Ratio	5.17	4.71
Shareholders' Equity	$646,927,000	$638,497,000

AVX Corporation

60 Cutter Mill Road
Great Neck, New York 11021
(516) 829-8500

Officers: Marshall D. Butler, chairman of the board; Donald K. Thostenson, president; Benedict P. Rosen, exec. v.p.; John Gilbertson, John Winn, Kim Ritchie, John Mann, vice presidents; John S. Johnson, controller; Jean Prager, secretary; Joseph R. Sicree, treasurer.

Directors: Marshall D. Butler, chairman; Herbert E. Grier, Ted H. McCourtney, D.K. Patton, Clare Rawson, W. Myron Owen, A. Robert Towbin, Seymour Leslie, Donald K. Thostenson.

Areas of Work: Manufactures multilayer ceramic capacitors (MLCs)— electronic components used extensively in conjunction with integrated circuits in a wide variety of applications.

Divisions and Subsidiaries:

Radial Products Division
Myrtle Beach, SC

Axial & Special Products Division
Conway, SC; Olean, NY

Integrated Capacitor Division
Colorado Springs, Colorado

Monolithic Components Corp.

AVX Limited
Aldershot, England; Coleraine, Northern Ireland

AVX S.A.
Roven, France

AVX Israel
Jerusalem

Transfer Agent(s):
Harris Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AVX

Number of Employees:

1986	N.A.	1983	5,400
1985	5,100	1982	3,800
1984	5,785		

Plant Footage:

1986	N.A.	1983	750,000
1985	1,053,000 sq. ft.	1982	548,000
1984	779,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 195,359,000	$ (3,098,000)
1985	178,684,000	(12,273,000)
1984	230,907,000	15,528,000
1983	160,854,000	8,670,000
1982	120,309,000	3,668,000

	No. of Com. Shares ×	Earn. per Share ×
1986	12,273,984	$ —
1985	10,226,296	—
1984	9,395,190	1.65
1983	8,847,897	0.98
1982	7,206,405	0.51

(Loss)
+ Of continuing operations only.
× Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.24	—	—
1984	0.32	—	—
1983	0.27	—	3-for-2
1982	0.16	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 153,565,000	$ 11.81
1985	128,313,000	11.72
1984	115,207,000	12.24
1983	98,184,000	11.05
1982	66,758,000	9.38

† Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1986	1985
Net sales	$ 195,359,000	$ 178,684,000
Cost of sales	157,650,000	160,690,000
Expenses	30,992,000	31,395,000
Gain on sale of subsid.	(1,957,000)	—
Prov. for dispos. of prod. line	4,500,000	—
Interest income	(3,389,000)	(2,035,000)
Interest expense	9,248,000	10,705,000
Other expense	2,692,000	1,043,000
Loss bef. taxes	$ (4,377,000)	$ (23,114,000)
Tax credit	(1,279,000)	(10,841,000)
Net Loss	$ (3,098,000)	$ (12,273,000)

Assets

As of Dec. 31	1986	1985
Cash	$ 33,082,000	$ 43,508,000
Marketable securities	2,138,000	—
Accts. & notes receiv., net	32,474,000	40,030,000
*Inventories	44,741,000	45,490,000
Prepaid inc. taxes	8,459,000	5,548,000
Other assets	7,782,000	1,518,000
Current Assets	$ 128,676,000	$ 136,094,000
#Fixed assets	109,168,000	129,448,000
Assets of discont. oper.	4,100,000	5,978,000
Assets held for disposal	4,108,000	—
Other assets	5,381,000	2,207,000
Total Assets	$ 251,433,000	$ 273,727,000

Liabilities

Long-term debt, curr.	$ 6,560,000	$ 1,274,000
Accts. payable	6,921,000	6,601,000
Accruals	18,708,000	12,237,000
Income taxes payable	300,000	—
Curr. Liabilities	$ 32,489,000	$ 20,112,000
Long-term debt	50,881,000	111,689,000
Deferred inc. taxes	14,309,000	13,370,000
Other liabilities	189,000	243,000
+Common stock	13,000,000	10,945,000
Add. paid-in capital	116,548,000	90,437,000
Retained earnings	24,109,000	27,207,000
Cum. curr. adjust.	(92,000)	(276,000)
Total Liabilities & Shareholders' Equity	$ 251,433,000	$ 273,727,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	4.37	3.93
Debt to Equity	0.33	0.88
Working Capital	$ 96,187,000	$115,982,000
Current Ratio	3.96	6.77
Shareholders' Equity	$153,565,000	$128,313,000

Aydin Corporation

700 Dresher Road
P.O. Box 349
Horsham, Pennsylvania 19044
(215) 657-7510

Officers: Ayhan Hakimoglu, president; Palle Christensen, exec. v.p. & president-Aydin West Coast; Louis Goetz, sr. v.p. & president-Aydin Controls; James A. Lohr, v.p. & president-Aydin Computer Systems; B. Jack Miller, v.p.-corp. marketing; John Vanderslice, v.p. & president-Aydin Vector; John I. Clements, gen. mgr.-Aydin Systems; Gary T. Boswell, v.p. & president-Aydin Monitor Systems; Gerry D. Wright, v.p. & president-Aydin Radar & EW; James Whiteside, asst. v.p. & dir.-product assurance & support; Jay L. Landis, treasurer; Herbert Welber, controller & asst. treasurer; Robert A. Clancy, secretary; Zeynep B. Hakimoglu, asst. secretary; Geraldine A. Hakimoglu, asst. secretary.

Directors: Ayhan Hakimoglu, chairman; Frederick G. Allen, Nev A. Gokcen, Wilbur L. Creech, Harry D. Train, II.

Areas of Work: Designs, manufactures and sells sophisticated microwave and data communications products. Products include microwave line-of-sight radios, troposcatter communication terminals, satellite earth station equipment, digital color and graphic display terminals; ground-based and vehicle-mounted data communication equipment, modems and multiplexers, communications systems and fusion electronics.

Divisions and Subsidiaries:

AYDIN Microwave Division
75 East Trimble Road
San Jose, California 95131
(408) 432-6300
Microwave and digital telecom equipment.

AYDIN Controls (U.K.) Ltd.
64 Wilbury Way
Hitchin, Hertfordshire SG4 OTP
England
Display terminals, workstations, color monitors and computer systems.

AYDIN Monitor Systems Division
502 Office Center Drive
Fort Washington, Pennsylvania 19034
(215) 646-8100
Ground data receiver equipment, bit compression multiplexers, packet switching and military electronics.

AYDIN Systems Division
30 Great Oaks Boulevard
San Jose, California 95119
(408) 629-0100
Telecommunications and air defense systems.

AYDIN Radar & EW Division
32 Great Oaks Boulevard
San Jose, California 95119
(408) 629-1100
Radars and electronic warfare.

AYDIN Vector Division
P.O. Box 328
Friends Lane
Newtown, Pennsylvania 18940
(215) 968-4271
Military avionics and airborne data acquisition.

AYDIN Raytor Division
Commerce Drive
Montgomeryville Industrial Center
Montgomeryville, Pennsylvania 18936
(215) 855-1121
Electronics cabinets and sheet metal.

AYDIN Molded Devices Division
2170 Colorado Avenue
P.O. Box 4001
Santa Monica, California 90404
(213) 829-5327
Vinyl components.

AYDIN Electro Fab Division
960 River Road
Croydon, Pennsylvania 19020
(215) 788-0401
Printed circuit boards.

AYDIN International U.K.
64 Wilbury Way
Hutchin, Hertfordshire SG4 OTP
England
Data acquisition, transmission and receive.

AYDIN Computer Systems Division
Corporate Marketing Office
700 Dresher Road
Horsham, Pennsylvania 19044
(215) 657-8600
Ground and airborne computer systems.

AYDIN Controls Division
414 Commerce Drive
Fort Washington, Pennsylvania 19034
(215) 542-7800
Color display terminals, workstations and color monitors.

AYDIN Corporation
Corporate Marketing Office
4660 Kenmore Avenue
Suite 1018
Alexandria, Virginia 22304
(703) 823-9735
Corporate marketing office.

Transfer Agent(s):
Mellon Bank (East) N.A.
One Mellon Plaza
Philadelphia, Pennsylvania 19101

Stock Exchange(s): New York

Ticker Symbol: AYD

Number of Employees:

1986	2,000	1983	2,000
1985	2,000	1982	2,000
1984	2,000		

Plant Footage:

1986	650,000 sq. ft.	1983	650,000
1985	650,000	1982	605,000
1984	650,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 136,791,000	$ 6,952,000
1985	133,019,000	3,799,000

Aydin Corporation

1984	137,500,000	8,965,000
1983	152,911,000	15,778,000
1982	124,308,000	10,284,000

	No. of Com. Shares	Earn. per Share +
1986	3,723,021	$ 1.81
1985	4,119,481	0.86
1984	4,477,583	1.95
1983	4,693,525	3.31
1982	4,663,171	2.19

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Telecommunications	$ 84,700	62%	$ 79,000	60%
Display terminals	38,800	28	41,600	31
Misc. elec.	14,000	10	12,400	9
Total	$137,500	100%	$133,000	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	4-for-3

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 60,065,000	$ 16.13
1985	61,348,000	14.89
1984	65,011,000	14.52
1983	62,224,000	13.26
1982	45,675,000	9.79

+ Adjusted to reflect stock split.

Income Account *

Year Ended Dec. 31	1986	1985
Net sales	$ 136,791,000	$ 133,019,000
Cost of sales	90,539,000	92,094,000
Expenses	33,963,000	36,358,000
Interest expense (income)	125,000	(310,000)
Income before taxes	$ 12,164,000	$ 4,877,000
Income taxes	5,212,000	1,078,000
Net Income	$ 6,952,000	$ 3,799,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,588,000 in 1986 and $4,288,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 10,352,000	$ 2,963,000
Receiv., net	26,105,000	27,979,000
Unbilled rev.	31,732,000	36,480,000
*Inventories	23,004,000	22,404,000
Prepaid expenses	484,000	815,000
Current Assets	$ 91,677,000	$ 90,641,000
#Fixed assets	31,053,000	32,970,000
Other assets	2,309,000	2,453,000
Total Assets	$ 125,039,000	$ 126,064,000
Liabilities		
Long-term debt, curr.	$ 376,000	$ 807,000
Accts. payable	6,540,000	5,711,000
Accruals	7,160,000	9,354,000
Contract billings in recog. rev.	5,228,000	5,827,000
Income taxes	23,637,000	19,361,000
Curr. Liabilities	$ 43,041,000	$ 41,060,000
Long-term debt	4,612,000	6,775,000
Deferred credits	17,321,000	16,881,000
+ Common stock	3,723,000	4,120,000
Retained earnings	56,342,000	57,228,000
Total Liabilities & Shareholders' Equity	$ 125,039,000	$ 126,064,000

* At lower of cost (FIFO, average or specific job cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.89	3.67
%Net Income to Sales	5.08	2.86
%Net Income to Equity	11.57	6.19
Sales to Inventories	5.95	5.94
Debt to Equity	0.08	0.12
Working Capital	$48,636,000	$49,581,000
Current Ratio	2.13	2.21
Shareholders' Equity	$60,065,000	$61,348,000

Badger Meter, Inc.

4545 W. Brown Deer Road
P.O. Box 23099
Milwaukee, Wisconsin 53223
(414) 355-0400

Officers: James O. Wright, chairman of the board; James L. Forbes, president & chief exec. officer; R. Robert Howard, v.p.-finance & treasurer; John J. Janik, v.p.-operations; William C. Howland, v.p.-int'l.; William E. Bidgood, v.p.-utility products; William J. Shinners, controller; W.H. Vander Heyden, v.p.-industrial products; Rebecca L. Rush, secretary; Lynne R. Rippey, Christopher N. Wright, Rod G. Cumber, asst. secretaries.

Directors: James O. Wright, chairman; Robert M. Hoffer, James L. Forbes, Edwin P. Wiley, Donald J. Schuenke, James O. Wright, Jr., Robert K. Thomas, Charles F. James, Jr., Warren R. Stumpe.

Areas of Work: Engaged in the production and sale of water meters for homes, industry and business establishments; large flow meters used in wastewater disposal systems, irrigation projects and water purification plants as well as meters and valves for the chemical food processing and power industries.

Divisions and Subsidiaries:

Utility Products Division
Milwaukee, Wisconsin

Industrial Products Division
Milwaukee, Wisconsin

Precision Measurement Incorporated (80% owned)
Duncanville, Texas
Develops and manufactures natural gas instrumentation.

Badger Meter de Mexico, S.A. de C.V.
Nogales, Sonora, Mexico

Badger Meter Europe, GmbH
Stuttgart, Germany

Medidores Azteca, S.A.
Mexico City, Mexico

Transfer Agent(s):
First Wisconsin Trust Company
Milwaukee, Wisconsin

Stock Exchange(s): American

Ticker Symbol: BMI

Number of Employees:

1986	994	1983	960
1985	919	1982	1,086
1984	1,051		

Plant Footage:

1986 ..... 418,500 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 60,947,000	$ 1,172,000
1985	55,886,000	1,339,000
1984	57,613,000	1,534,000
1983	47,647,000	(1,047,000)
1982	49,063,000	(1,473,000)

	No. of Com. Shares	Earn. per Share ‡
1986	848,559	$ 0.80
1985	1,460,444	0.92
1984	1,455,444	1.06
1983	1,423,444	—
1982	1,423,444	—

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.475	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.30	—	—
1982	0.30	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 20,687,660	$ 24.38
1985	20,056,330	13.73
1984	19,163,678	13.17
1983	18,682,180	13.12
1982	20,155,544	14.16

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 60,947,275	$ 55,886,324
Cost of sales	37,925,537	35,148,129
Expenses	20,470,197	18,117,752
Interest expense	998,434	686,490
Foreign currency	79,572	88,572
Other charges	184,959	150,187
Inc. bef. taxes	$ 1,288,576	$ 1,695,194
Income taxes	117,000	536,000
Net Income	$ 1,171,576	$ 1,339,194

* Included in Costs and Expenses, Depreciation: $2,776,916 in 1986 and $2,279,397 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 696,922	$ 1,291,083
Receiv., net	7,664,338	6,876,648
*Inventories	13,464,488	11,843,657
Prepaid expenses	717,977	485,485
Current Assets	$ 22,543,725	$ 20,496,873
#Fixed assets	14,502,953	13,088,376
Defer. charges & other assets	1,519,741	1,052,871
Intangibles	1,542,314	1,331,804
Total Assets	$ 40,108,733	$ 35,969,924
Liabilities		
Notes payable	$ 3,849,734	$ 884,073
Long-term debt, curr.	425,000	472,000
Accts. payable	2,569,747	3,503,317
Accrued pension	476,762	492,002
Accrued payroll	2,341,456	2,290,474
Income taxes	138,121	322,151
Other taxes	301,699	341,594
Curr. Liabilities	$ 10,102,519	$ 8,305,611
Long-term debt	7,455,141	5,663,252
Deferred inc. taxes	1,413,000	1,137,000
Accrued pension	448,609	744,467

Minority interest	1,804	65,264
+ Common stock	1,471,444	1,460,444
+ + Class B Common stock	62,288	—
Add. paid-in capital	2,650,065	1,917,334
Retained earnings	18,094,917	17,621,780
Employee benefit stock	(714,546)	(691,614)
Foreign currency translation adjust.	(253,614)	(253,614)
Treasury stock	(622,885)	—
Total Liabilities & Shareholders' Equity	$ 40,108,733	$ 35,969,924

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
+ + $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.11	3.03
%Net Income to Sales	1.92	2.40
%Net Income to Equity	5.66	6.68
Sales to Inventories	4.53	4.72
Debt to Equity	0.38	0.31
Working Capital	$12,441,206	$12,191,262
Current Ratio	2.23	2.47
Shareholders' Equity	$20,687,660	$20,054,330

Baird Corporation

125 Middlesex Turnpike
Bedford, Massachusetts 01730
(617) 276-6000

Officers: John M. Dempsey, Jr., chairman, president & chief executive officer; Jack M. Medzorian, v.p. & treasurer; Paul G. Maaskant, v.p.-spectrochemical products; George J. Lilley, v.p.-operations; Arthur S. Turner, v.p.-nuclear products; Donald R. Walker, v.p.-govt. systems; John E. Toomey, controller & asst. clerk; Robert A. Trevisani, clerk; Frank L. Dellazoppa, director-quality assurance; John A. FitzMaurice, v.p.-corp. development.

Directors: Timothy X. Cronin, John M. Dempsey, Jr., William M. Mullahy, Jack M. Medzorian, Thomas J. Troup, Richard S. Vokey, Edward J. King.

Areas of Work: Manufactures instruments for spectrochemical analysis, nuclear equipment for medical diagnostics and laboratory use, periscopes, and night vision devices, and conducts research and development projects for the U.S. Government.

Subsidiaries:

Baird Europe B.V.
Zoeterwoude, The Netherlands

Baird-Atomic, Ltd.
Braintree, Essex, England

Baird France Sarl
Besancon, France

Baird Deutschland GmbH
Ratingen, West Germany

Labtest Equipment Company, Inc.
Los Angeles, California

Labtest Equipment (Europa) GmbH
Ratingen, West Germany

Miller-Holzwarth, Inc.
110 W. State Street
Salem, Ohio 44460
(216) 337-8736

Baird Do Brasil Representacoes Ltda.
Sao Paulo, Brazil

R.A. Stephen and Company, Ltd.
Mitcham, England

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BATM (NASDAQ)

Number of Employees:

1986	745	1983	734
1985	700	1982	747
1984	697		

Plant Footage:

1986	228,500 sq. ft.	1984	N.A.
1985	228,500	1983	150,000

N.A.-Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 54,267,000	$ 881,000
1985	49,225,000	444,000
1984	46,331,000	971,000
1983	44,261,000	734,000
1982	42,083,000	(332,000)

	No. of Com. Shares #	Earn. per Share #
1986	2,226,000	$ 0.40
1985	2,237,000	0.20
1984	2,238,000	0.43
1983	2,233,000	0.33
1982	2,233,000	—

(Loss)
Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	3%	—
1983	—	3%	—
1982	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 22,047,000	$ 9.90
1985	20,775,000	9.29
1984	20,159,000	9.01
1983	19,517,000	8.74
1982	19,109,000	8.56

‡ Adjusted to reflect stock dividends.

Income Account

Year ended Sept. 30	1986	1985
Net Sales	$ 54,267,290	$ 49,224,541
Cost of sales	35,157,783	32,642,298
Expenses	14,287,639	13,160,298
Depreciation	2,458,472	2,942,099
Interest expense	1,107,977	961,080
Income bef. taxes	$ 1,255,169	518,766
Income taxes	374,075	74,660
Net Income	$ 881,094	$ 444,106

Assets

As of Sept. 30	1986	1985
Cash	$ 960,708	$ 758,379
Receiv., net	18,624,664	14,632,771
Unbilled costs	2,025,091	2,071,154
*Inventories	14,663,083	15,909,927
Prepaid expenses	796,937	525,730
Current Assets	$ 37,070,483	$ 33,897,961
#Fixed assets	7,580,014	7,625,073
Other assets	474,187	274,964
Intangibles	878,552	894,194
Total Assets	$ 46,003,236	$ 42,692,192

Liabilities

Loans payable	$ 3,483,075	$ 3,311,804
Long-term debt, curr.	635,916	5,239,780
Accts. payable	3,279,418	2,958,935
Accruals	3,740,601	3,536,951
Income taxes	1,121,043	439,535
Adv. pay. from cust.	884,029	1,451,166
Curr. Liabilities	$ 13,144,082	$ 16,938,171
Long-term debt	8,659,628	2,793,992
Deferred inc. taxes	1,095,988	907,304
Subord. long-term debt	750,000	937,500
Long term liabilities	305,992	340,315
+ Common stock	2,227,846	2,225,223
Add. paid-in capital	14,610,937	14,603,740
Receiv. from officers	(133,650)	(138,650)
For. curr. trans.	(45,303)	(422,025)
Retained earnings	5,387,716	4,506,622
Total Liabilities & Shareholders' Equity	$ 46,003,236	$ 42,692,192

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.31	1.05
%Net Income to Sales	1.62	0.90
%Net Income to Equity	4.00	2.14
Sales to Inventories	3.70	3.09
Debt to Equity	0.39	0.59
Working Capital	$23,926,401	$16,959,790
Current Ratio	2.82	2.00
Shareholders' Equity	$22,047,546	$20,774,910

Bairnco Corporation

200 Park Avenue
New York, New York 10166
(212) 490-8722

Officers: Glenn W. Bailey, chairman & president; David C. Bevan, Jr., sr. v.p.-finance, treasurer & secretary; Frank Metzger, sr. v.p.-administration; J. Robert Wilkinson, v.p. & controller.

Directors: Glenn W. Bailey, chairman; Russell Banks, Luke E. Fichthorn, III, William L. Read.

Areas of Work: The Company conducts its operations through three subsidiaries. The Genlyte Group, Inc. designs and manufactures lighting fixtures and electronic lighting controls for commercial, industrial, institutional and residential lighting applications; Keene Corporation manufactures electronic products and composites, including electromagnetic shielding, fiber optic devices and advanced composites for aerospace, telecommunications, defense and medical applications; Kasco Corporation supplies cutting products and services to retail butchers, meat packers and other food processors, as well as cutting equipment for users in the food and non-food fields.

Subsidiaries:

The Genlyte Group, Inc.
Keene Corporation
Kasco Corporation

Transfer Agent(s):

Harris Trust Company of New York
110 William Street — 9th floor
New York, New York 10038

Stock Exchange(s): New York

Ticker Symbol: BZ

Number of Employees:

1986	5,342	1983	3,907
1985	5,398	1982	3,372
1984	5,067		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 585,055,000	$ 22,530,000
1985	537,241,000	21,899,000
1984	498,087,000	26,139,000

Bairnco Corporation

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,219,000	$ 2.20
1985	10,187,000	2.15
1984	9,970,000	2.62

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Lighting products	$ 415,844,000	$ 385,493,000
Electronic prods. & composites	143,828,000	141,348,000
Cutting products	25,383,000	10,400,000
Total	$ 585,055,000	$ 537,241,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.65	—	—
1985	0.55	—	—
1984	0.475	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 185,656,000	$ 18.25
1985	167,528,000	16.70
1984	150,728,000	15.13

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 585,055	$ 537,241
Cost of sales	380,787	358,504
Selling & adm. expenses	151,819	127,991
Corp., gen. & other expenses	3,405	3,045
Interest expense	8,614	9,168
Interest income	(197)	(575)
Income before taxes	$ 40,627	$ 39,108
Income taxes	18,097	17,209
Net Income	$ 22,530	$ 21,899

* Included in Costs and Expenses, Depreciation and Amortization: $24,483,000 in 1986 and $19,483,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 7,028	$ 8,479
Accts. receiv., net	76,068	71,837
*Inventories	115,369	115,694
Deferred inc. taxes	3,572	5,285
Other curr. assets	6,883	5,051
Current Assets	$ 208,920	$ 206,346
#Fixed assets	152,495	131,713
Other assets	18,467	23,383
Intangibles	37,088	31,935
Total Assets	$ 416,970	$ 393,377

Liabilities
(000's)

Short-term debt	$ 4,017	$ 6,858
Long-term debt, curr.	2,194	4,549
Accts. payable	38,713	40,752
Accrued payroll	14,466	12,139
Accrued inc. taxes	13,369	3,486
Accrued emp. benefits	6,913	6,647
Other accruals	27,568	25,266
Curr. Liabilities	$ 107,240	$ 99,697
Long-term debt	88,058	94,328
Deferred inc. taxes	17,233	11,528
Other liabilities	18,783	20,296
+Common stock	509	502
Add. paid-in capital	29,910	27,753
Retained earnings	155,237	139,273
Total Liabilities & Shareholders' Equity	$ 416,970	$ 393,377

* At cost (FIFO and LIFO), which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.94	7.28
%Net Income to Sales	3.85	4.08
%Net Income to Equity	12.14	13.07
Sales to Inventories	5.07	4.64
Debt to Equity	0.51	0.63
Working Capital	$101,680,000	$106,649,000
Current Ratio	1.95	2.07
Shareholders' Equity	$185,656,000	$167,528,000

Ball Corporation

345 South High Street
Muncie, Indiana 47305
(317) 747-6100

Officers: Richard M. Ringoen, chairman, president & chief executive officer; William L. Peterson, sr. v.p. & chief financial officer; Duane E. Emerson, sr. v.p.-administration; Donovan B. Hicks, group v.p.-technical products; John H. Snyder, group v.p.-industrial products; Frank A. Bracken, group v.p.-glass containers; Delmont A. Davis, group v.p.-metal containers; Albert R. Schlesinger, v.p. & controller; John J. Pruis, v.p.-corp. relations; Leon M. Grandcolas, v.p. & treasurer; George A. Sissel, v.p., corp. secretary & general counsel; Charles E. Wild, v.p.-human resources; Thomas B. Clark, v.p.-planning & development; Richard E. Durbin, v.p.-information services; Lars Hinsell, v.p.-European business development; Roland P. Campbell, Elizabeth A. Overmyer, asst. secretaries.

Directors: Robert H. Mohlman*, Alvin M. Owsley, Jr., Richard M. Ringoen*, Delbert C. Staley, Richard M. Gillett*, Henry C. Goodrich*, A. Malcolm McVie, William L. Peterson*, William P. Stiritz, Howard M. Dean, Thomas D. Bell, Jr.

* Member of the Executive Committee.

Areas of Work: The Corporation is a manufacturer in the glass, metal, plastics, electronics, and aerospace industries, and supplies products, systems and services to the electronics, energy, food, beverage, automotive, appliance, communications, and data processing industries, and to governmental agencies and universities. It also supplies food preservation products to the consumer market.

Divisions and Subsidiaries:

Technical Products Group
Westminster, Colorado
Engaged in the development and production of monitors for computer-linked data displays; computer products; infrared technology instrumentation; aerospace sub-systems and components; television camera systems and CRT data display monitors; military antennas, controllers, and industrial inspection instruments.

Electronic Systems Division
Westminster, Colorado

Aerospace Systems Division
Boulder, Colorado

Analytic Decisions, Inc.
Alexandria, Virginia

Ball Aerospace Division/Microelectronic Products
Huntington Beach, California

Efratom Division
Irvine, California

Glass Container Group
Muncie, Indiana

Operations are divided between commercial glass sales, concentration on food containers, and consumer products, where the principal products are home canning jars and fittings, and home canning and freezing publications. Ball Packaging Products, Inc. develops and sells glass production equipment and licenses processes to other companies.

Consumer Products Division
Commercial Division
Manufacturing Division

Metal Container Group
Westminster, Colorado
Produces drawn-and-iron, two-piece, aluminum and steel beverage cans.

Industrial Products Group
Muncie, Indiana

Ball Zinc Division
Greenville, Tennessee
Makes rolled zinc products, including battery cans, and copper-plated zinc coin blanks.

Ball Metal Decorating & Service Division
Chicago, Illinois
Provides metal lithography, metal coatings and specialized light-gauge metal servicing and warehousing functions, including sheeting, slitting and blanking.

Ball Unimark Plastics Division
Greenville, South Carolina
Precision injection molding products for the medical and electronics industries.

Acquisition(s):

Penn Video, Inc.
Manufactures automated inspection systems.

Transfer Agent(s):

The First National Bank of Chicago
Trust Department
Suite 0123
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: BLL

Number of Employees:

1986	9,000	1983	9,000
1985	9,000	1982	9,600
1984	9,100		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 1,070,300	$ 58,900
1985	1,106,200	51,200
1984	1,050,700	46,300
1983	909,500	39,000
1982	889,100	34,500

	No. of Com. Shares #	Earn. per Share #
1986	23,022,000	$ 2.56
1985	22,849,000	2.24
1984	22,680,000	2.04
1983	22,464,000	1.73
1982	21,830,000	1.58

Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1986 (000's)	%	1985 (000's)	%
Packaging prods.	$ 790,100	74%	$ 822,400	74%
Industrial prods.	92,700	9	95,300	9
Technical prods.	187,500	17	188,500	17
Total	$1,070,300	100%	$1,106,200	100%

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.77	—	—
1985	0.68	—	2-for-1

1984	0.61	—	—
1983	0.55	—	—
1982	0.485	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 365,[illegible]	$ 15.87
1985	330,800,000	14.48
1984	295,400,000	13.02
1983	262,100,000	11.67
1982	232,600,000	10.66

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,070,300	$ 1,106,200
Cost of sales	872,500	921,500
Expenses	81,200	83,200
Interest expense	6,300	8,900
Income before taxes	$ 110,300	$ 92,600
Income taxes	51,400	41,400
Net Income	$ 58,900	$ 51,200

* Included in Costs and Expenses, Depreciation: $44,200,000 in 1986 and $39,200,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 10,200	$ 15,000
Accts. receiv., net	109,000	98,800
*Inventories	185,500	147,200
Prepaid expenses	26,500	3,900
Current Assets	$ 331,200	$ 264,900
#Fixed assets	366,000	337,300
Other assets	35,500	39,500
Total Assets	$ 732,700	$ 641,700

Liabilities
(000's)

Short-term borrowings	$ 9,100	$ —
Long-term debt, curr.	13,300	8,000
Accts. payable	77,800	63,500
Accrued payroll	36,100	37,900
Income taxes	9,800	9,900
Other liabilities	19,200	16,200
Curr. Liabilities	$ 165,300	$ 135,500
Long-term debt & lease obligations	101,600	89,900
Deferred comp.	15,300	13,600
Deferred inc. taxes	85,200	71,900
+Common stock	37,200	41,600
Retained earnings	332,300	291,500
Treasury stock	(4,200)	(2,300)
Total Liabilities & Shareholders' Equity	$ 732,700	$ 641,700

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.31	8.37
%Net Income to Sales	5.50	4.63
%Net Income to Equity	16.12	15.48
Sales to Inventories	5.77	7.51
Debt to Equity	0.28	0.30
Working Capital	$165,900,000	$129,400,000
Current Ratio	2.00	1.95
Shareholders' Equity	$365,300,000	$330,800,000

Bally Manufacturing Corporation

8700 West Bryn Mawr Avenue
Chicago, Illinois 60631
(312) 399-1300

Officers: Robert E. Mullane, chairman of the board, president & chief exec. officer; Roger N. Keesee, exec. v.p. & chief operating officer; James M. Rochford, v.p.-corporate affairs & governmental relations; Jerry A. Blumenshine, v.p. & treasurer; Neil F. Jenkins, corporate secretary & general counsel; William H. Peltier, v.p.-corp. communications; Charles T. Powell, v.p.-corp. adm.; Bruce A. Struckman, v.p. & corp. controller; Paul J. Johnson, v.p. & chief financial officer.

Directors: Robert E. Mullane, chairman; James M. Rochford, George N. Aronoff, James R. Cowan, Patrick L. O'Malley, Walter Wechsler, Kenneth C. Nichols, Sigmund A. Rogich, James A. Lovell, Pierre A. Rinfret.

Areas of Work: Designs, manufactures, distributes and sells amusement games and leisure equipment including video games & pinball games, instant lottery games and coin-operated gaming equipment. The company also operates hotels and casinos in Atlantic City, New Jersey, through its 84% owned subsidiary, Bally's Park Place, Inc., and Golden Nugget Casino Hotel, and in Las Vegas and Reno, Nevada, through Bally's Grand, Inc. Also owns and operates over 305 family amusement centers and 7 theme parks, and over 250 health and fitness centers.

Divisions and Subsidiaries:

Bally Aladdin's Castle, Inc.
Franklin Park, Illinois
Owns and operates 305 family amusement centers.

Bally Distributing of Nevada, Inc.
Las Vegas and Reno, Nevada

Bally Fitness Products Corporation
Irvine, California

Bally's Park Place, Inc.
Atlantic City, New Jersey

Golden Nugget Casino Hotel
Atlantic City, New Jersey

Bally's Grand, Inc.
Las Vegas and Reno, Nevada

Bally Midway Mfg. Co.
Franklin Park, Illinois

Scientific Games, Inc.
Norcross, Georgia
Designs, produces and supplies instant ticket lottery games and on-line lottery systems.

Bally Sente, Inc.
Sunnyvale, California

Bally Wulff-Automaten GmbH
Berlin, Germany

Bally Wulff-Vertriebs GmbH
Hannover, West Germany

Six Flags Corporation
Chicago, Illinois
Operates seven theme parks.

Bally's Health and Tennis Corporation
Los Angeles, California
Operates over 250 health and fitness centers.

Transfer Agent(s):
Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BLY

Number of Employees:*

1986**	21,345	1983	19,00
1985	15,170	1982	10,70
1984	16,700		

* Full-time only.
** Does not include Golden Nugget Casino Hotel employees.

Sales and Earnings

	Revenues	Net Income
1986	$1,638,969,000	$ 23,701,000
1985	1,344,823,000	25,637,000
1984	1,349,415,000	(100,411,000)
1983	1,175,857,000	5,158,000
1982	1,285,057,000	90,978,000

	No. of Com. Shares †	Earn. per Share †
1986	29,179,928	$ 0.81
1985	26,935,595	0.95
1984	26,015,300	—
1983	26,381,530	0.20
1982	30,318,735	3.20

(Loss)
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Sales	$ 221,654	$ 252,164
Services	1,371,164	1,042,668
Other	46,151	49,991
Total	$ 1,638,969	$ 1,344,823

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 492,943,000‡	$ 16.89
1985	407,646,000‡	15.13
1984	368,721,000	14.17
1983	490,595,000	18.60
1982	485,866,000	16.03

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 221,654	$ 252,164
Services	1,371,164	1,042,668
Other income	46,151	49,991
Total income	$ 1,638,969	$ 1,344,823
Cost of sales	175,615	191,182
Cost of services	1,038,812	816,228
Expenses	184,054	146,113
Prov. for doubt. accts.	53,215	56,279
Income expense	141,107	83,118
Inc. before taxes	$ 46,166	$ 51,903
Income taxes	22,157	23,356
Minority interest	308	2,910
Net Income	$ 23,701	$ 25,637

* Included in Costs and Expenses, Depreciation and Amortization: $142,219,000 in 1986 and $111,326,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cert. of deposit	$ 57,283	$ 29,511
Refundable bid deposit	—	20,000

Bally Manufacturing Corporation

Receiv., net	288,302	244,034
*Inventories	38,029	39,357
Other curr. assets	39,258	25,852
Refund. income taxes	—	32,500
Current Assets	$ 422,872	$ 391,254
Long-term receivables	28,005	21,623
#Fixed assets	1,527,683	895,456
Other assets	130,393	112,132
Intangibles	105,015	108,279
Total Assets	$ 2,313,968	$ 1,528,744

Liabilities
(000's)

Notes payable	$ 4,337	$ 5,453
Long-term debt, curr.	30,184	18,012
Accts. payable	78,833	41,644
Accruals	195,712	123,913
Income taxes	44,186	62,583
Deferred revenues	60,340	60,607
Curr. Liabilities	$ 413,592	$ 312,212
Long-term debt	1,276,729	695,492
Long-term liabilities	20,065	16,235
Deferred income taxes	108,620	64,425
Minority interest	2,006	32,721
+ Preferred stock	13	13
+ + Common stock	21,006	18,284
Add. paid-in capital	185,477	125,521
Retained earnings	294,131	276,318
Currency trans. adj.	4,933	68
Treasury stock	(12,604)	(12,545)
Total Liabilities & Shareholders' Equity	$ 2,313,968	$ 1,528,744

* At lower of cost (LIFO for the Company; FIFO for subsidiaries) or market.
# Less accumulated depreciation.
+ $1 par value; 9% mkt. value, cumulative, convertible.
+ + $0.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales & Revenues	20.83	20.58
%Net Income to Sales & Revenues	10.69	10.17
%Net Income to Equity	4.81	6.29
Debt to Equity	2.59	1.76
Working Capital	$ 9,280,000	$ 79,042,000
Current Ratio	1.02	1.16
Shareholders' Equity	$492,956,000	$407,659,000

Banner Industries, Inc.

Executive offices:
900 Third Avenue
New York, New York 10022
(212) 308-4966

Corporate and operating offices:
25700 Science Park Drive
Cleveland, Ohio 44122
(216) 464-3650

Officers: Jeffrey J. Steiner, chairman & chief exec. officer; Samuel J. Krasney, vice chairman & chief operating officer; Rene Charvillat, president; William C. Hunt, sr. v.p.; Sam Spector, v.p.; Michael T. Alcox, v.p.-finance; Nedim Sadaka, treasurer; Warren Persavich, controller, asst. treasurer & asst. secretary.

Directors: Jeffrey J. Steiner, chairman; Rene Charvillat, Philip David, Thomas R. Green, Harold J. Harris, William C. Hunt, Samuel J. Krasney, Nathan Meyohas, Herbert S. Richey, Nedim Sadaka, Milton A. Wolf.

Areas of Work: Aviation aftermarket operations include the distribution and supply of aircraft replacement parts, the retreading of aircraft tires and the sale of new tires; Products for Industry operations include the manufacture and sale of diversified products for industrial uses, including pumps, locomotives, lift trucks, intensive mixers, and chemical mixing equipment. Through its Rexnord Inc. subsidiary, the Company manufactures mechanical components, process controls, engineered materials, crushing and processing machinery, water pollution control equipment, material handling systems, and other specialized products.

Subsidiaries:

Adams Industries, Inc.
Suffield, Connecticut
(203) 668-1201
Distributes and supplies aircraft fasteners, fittings and electrical and hydraulic systems components.

Banner Aircraft International, Inc.
South San Francisco, California
(415) 872-1700
Distributes and supplies aircraft parts including air frame and structural components and engine parts.

Burbank Aircraft Supply, Inc.
Sun Valley, California
(818) 767-8560
Distributes and supplies aircraft hardware, fasteners, electrical and related items.

NASAM, Incorporated
South San Francisco, California
(415) 872-1155
Distributes and supplies private aircraft and aircraft parts, hi-tech aerospace, electrical and industrial components.

Solair, Inc.
Ft. Lauderdale, Florida
(305) 523-9999
Sale of instruments and airframe components.

Thompson Aircraft Tire Corporation
Miami, Florida
(305) 592-3530
Provides retreaded and new aircraft tires and aircraft wheel overhaul services.

Banner International, Inc.
Willard, Ohio
(419) 935-6781
Distribution of a wide variety of locomotives and life trucks and material handling equipment.

Commercial Castings, Inc.
Midvale, Ohio
(216) 339-3611
Castings and clay machine equipment.

Patterson Pump Company
Toccoa, Georgia
(404) 886-2101
Produces water and sewage pumps, metal fabrication, chemical processing equipment and valves.

Plymouth Locomotive Works, Inc.
Plymouth, Ohio
(419) 687-4641
Manufactures industrial, mining and tunneling locomotives, heavy duty industrial lift trucks, narrow aisle, stacking and material handling equipment and extrusion equipment.

Pompes Deplechin, S.A.
Tournai, Belgium
Manufactures chemical, water and sewage and other process pumps.

Acquisition:

Rexnord Inc. (97.6%-owned)
350 North Sunny Slope
Brookfield, Wisconsin 53005
(414) 797-6900

Transfer Agent(s):
Huntington National Bank
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: BNR

Sales and Earnings

	Net Sales †	Net Income
1986	$ 149,447,361	$ 6,540,033
1985	127,926,231	4,038,927
1984	113,260,418	1,833,443
1983	142,276,913	(2,491,926)
1982	200,991,300	429,477

	No. of Com. Shares	Earn. per Share ‡
1986	4,669,657	$ 1.55
1985	4,022,508	1.00
1984	4,022,508	0.46
1983	4,022,508	—
1982	N.A.	0.11

(Loss)
N.A. - Not Available.
† Includes revenues; of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Aviation aftermarket	$ 98,698,000	$ 81,142,000
Products for industry	50,644,000	46,578,000
Corporate	105,000	206,000
Total	$ 149,447,000	$ 127,926,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.03	—	—
1985	0.03	—	—
1984	0.03	—	—
1983	—	—	—
1982	0.18	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 57,911,742	$ 12.40
1985	40,025,878	9.95
1984	36,255,078	9.01
1983	34,827,102	8.66
1982	37,320,237	9.28

Income Account *

Year ended June 30	1986	1985
Net sales	$ 149,447,361	$ 127,926,231
Cost of sales	102,751,671	90,207,316
Expenses	30,133,081	25,654,721
Interest expense	7,759,444	4,045,267
Interest income	(3,194,980)	—
Other income	(41,888)	—
Income before taxes	$ 12,040,033	$ 8,018,927
Income taxes	5,500,000	3,680,000
Income from cont. oper.	$ 6,540,033	$ 4,338,927
Loss - discont. oper.	—	(300,000)
Net Income	$ 6,540,033	$ 4,038,927

* Included in Costs and Expenses, Depreciation and Amortization: $2,042,765 in 1986 and $1,708,352 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 3,784,588	$ 1,670,356
Investments	115,574,003	—
Accts. receiv., net	23,770,961	21,068,256
*Inventories	58,893,573	54,533,856
Prepaid expenses	2,714,863	2,903,734
Current Assets	$ 204,737,988	$ 80,176,202
#Fixed assets	13,032,078	14,578,479
Other assets	2,253,042	958,154
Defer. charges	6,806,877	—
Intangibles	2,372,435	2,402,355
Total Assets	$ 229,202,420	$ 98,115,190

Liabilities

Notes payable	$ 2,325,000	$ 3,000,000
Long-term debt, curr.	483,426	2,215,808
Accts. payable	116,088,188	13,289,683
Accrued payroll	2,651,332	1,999,180
Accrued interest	5,170,334	627,002
Other accruals	6,856,004	4,638,136
Income taxes	414,598	380,000

Curr. Liabilities	$ 33,988,882	$ 26,149,809
Long-term debt	131,404,982	26,243,813
Deferred inc. taxes	3,381,281	4,886,957
Other deferred credits	2,515,533	808,733
+Common stock	468,917	402,251
Add. paid-in capital	14,644,736	3,821,402
Retained earnings	42,974,425	36,555,067
Cum. trans. adjust.	206,685	(752,842)
Treasury stock	(383,021)	—
Total Liabilities & Shareholders' Equity	$ 229,202,420	$ 98,115,190

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.06	—
%Net Income to Sales	4.38	—
%Net Income to Equity	11.29	10.09
Debt to Equity	2.32	0.79
Working Capital	$170,749,106	$54,026,393
Current Ratio	6.02	3.07
Shareholders' Equity	$ 57,911,742	$40,025,878

Barry Wright Corporation

One Newton Executive Park
Newton Lower Falls, Massachusetts 02162
(617) 965-5800

Officers: Ralph Z. Sorenson, chairman of the board, president & chief executive officer; P. Norman Roy, exec. v.p.; John F. Quinn, v.p. & president-Industrial and Aero Products Group; Milton E. Gilbert, v.p., general counsel & secretary; Jack L. Manes, Jr., v.p.-human resources; Charles H. Sellman, v.p., controller & treasurer; Philip M. Croel, v.p. & president-Wright Line, Inc.; Eustis Walcott, Jr., v.p.-corp. relations; William H. Gorham, clerk; Patricia A. Irwin, asst. treasurer & asst. secretary.

Directors: Ralph Z. Sorenson*, chairman; George P. Gardner, Jr., G. Richard Westin, Jerome Ottmar, W. Paul Tippett, P. Norman Roy*, Robert P. Henderson*, Roger D. Wellington, J. Atwood Ives, Craig A. Nolen.

* Member of the Executive Committee.

Divisions and Subsidiaries:

Industrial & Aero Products Group

Barry Controls Division
Watertown & Woburn, Massachusetts
Burbank, California
Design, manufacture and marketing of engineered products to control the effects of dynamic forces and motions, including vibration, impact shock and noise.

Mafflelite Ltd.
United Kingdom
Manufactures shock and vibration controls.

Barry Controls GmbH (49% owned)
Raunheim, Germany
Sales and marketing distribution in Western Europe.

Gamma S.A.
France
French licensee.

Vlier Engineering Division
Burbank, California
Woburn, Massachusetts
Design, manufacture and marketing of products for holding, positioning and locating parts during manufacture and for reducing "in plant" noise and vibration.

Zero-Max Division
Minneapolis, Minnesota

Miki Zero-Max Ltd.
Kawasaki-City, Japan
Sales and marketing distribution in Japan.

Delan-Tenner
Manufactures fiber optics products, controls, and other devices for use in robotics, factory automation, and flexible manufacturing systems.

Products For Automation
Produces attachments to robot's wrists to enable it to perform useful tasks.

Wright Line Inc.

Wright Line Division
Worcester, Massachusetts
High Point, North Carolina
South Norwalk, Connecticut
Design, manufacture and marketing of accessory products that serve end users of information processing systems, especially electronic data processing systems, and users of computer printout, systems documentation and microforms: related supplies for visual control and quick reference or retrieval of non-automated business records serving medical, manufacturing, service and distribution businesses and public and private institutions.

VISIrecord Systems Division
Worcester, Massachusetts
South Norwalk, Connecticut
Design, manufacture and marketing of systems and equipment.

Wright Line of Canada Ltd.
Toronto, Canada

Wright Line GmbH
Frankfurt, Germany

VisuFlex Corporation
Manufactures microfilm and microfiche filing products.

Schmidt Couplings, Inc.
Manufactures power transmission couplings.

DataFile Limited
Canada
Manufacture and marketing of color-coded filing systems.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York

Ticker Symbol: BAR

Number of Employees:

1986	2,220	1983	1,895
1985	2,351	1982	1,662
1984	2,387		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 195,142,000	$ 7,036,000
1985	196,872,000	10,519,000
1984	180,716,000	15,026,000
1983	145,033,000	13,658,000
1982	128,445,000	10,907,000

	No. of Com. Shares #	Earn. per Share #
1986	8,649,000	$ 0.81
1985	9,089,000	1.16
1984	8,964,000	1.68
1983	8,713,000	1.57
1982	8,542,000	1.28

\+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.60	—	—
1985	0.60	—	—
1984	0.57	—	—
1983	0.46	—	—
1982	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 90,238,000	$ 11.06
1985	107,907,000	11.80
1984	100,019,000	11.08
1983	89,093,000	9.97
1982	77,510,000	9.01

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 195,142,000	$ 196,872,000
Other income	3,157,000	1,761,000
Total Income	198,299,000	198,633,000
Cost of sales	$ 112,461,000	$ 109,095,000
Expenses	70,924,000	69,260,000
Interest expense	1,083,000	732,000
Income before taxes	$ 13,831,000	$ 19,546,000
Income taxes	6,795,000	8,639,000
Inc. - cont. oper.	$ 7,036,000	$ 10,907,000
Loss - discont. oper.	—	(388,000)
Net Income	$ 7,036,000	$ 10,519,000

* Included in Costs and Expenses; Depreciation and Amortization: $6,840,000 in 1986 and $6,090,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 15,222,000	$ 29,399,000
Accts. receiv., net	28,729,000	31,445,000
*Inventories	25,485,000	25,744,000
Other curr. assets	4,781,000	3,614,000
Current Assets	$ 74,217,000	$ 90,202,000
#Fixed assets	45,411,000	46,151,000
Other assets	13,487,000	13,396,000
Total Assets	$ 133,115,000	$ 149,749,000

Liabilities

Notes payable	$ 4,215,000	$ 4,291,000
Long-term debt, curr.	235,000	235,000
Accts. payable	8,383,000	9,294,000
Accruals	16,831,000	15,010,000
Income taxes	1,089,000	1,184,000
Curr. Liabilities	$ 30,753,000	$ 30,014,000
Long-term debt	1,391,000	1,626,000
Deferred compensation	564,000	295,000
Deferred inc. taxes	7,839,000	6,995,000
Minority interest	2,330,000	2,912,000
+Common stock	9,188,000	9,185,000
Add. paid-in capital	21,223,000	21,430,000
Retained earnings	79,227,000	77,278,000
For. curr. trans. adjust.	1,377,000	703,000
Treasury stock	(20,777,000)	(689,000)
Total Liabilities & Shareholders' Equity	$ 133,115,000	$ 149,749,000

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO or average. Certain inventories of the Industrial and Aero Prods. Group stated at FIFO or average.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.09	—
%Net Income to Sales	3.61	—
%Net Income to Equity	7.80	9.75
Sales to Inventories	7.66	7.65
Debt to Equity	0.02	0.06
Working Capital	$43,464,000	$ 60,188,000
Current Ratio	2.41	3.01
Shareholders' Equity	$90,238,000	$107,907,000

Base Ten Systems, Inc.

One Electronics Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Officers: Myles M. Kranzler, chairman of the board & president; William M. Errickson, sr. v.p. & secretary; James A. Eby, sr. v.p.-engineering; Edward J. Klinsport, group v.p.; Richard G. Kandrac, v.p.-operations; Andrew S. MacAninch, v.p.; Alan J. Eisenberg, v.p.; John A. Ruddiman, v.p.; Elio Ravera, v.p.; John F. Pohlke, v.p.; Ferdinand Biunno, treasurer.

Directors: Myles M. Kranzler, chairman; William M. Erricksen, James A. Eby, Robert G. Kales, Jr., Edward J. Klinsport.

Areas of Work: Designs and manufactures electronic data systems used in the testing, research and development of new aircraft, missiles and satellites. Other applications include avionic controls and microprocessor systems, and alarm reporting systems.

Division:

REM Machine Division
One Electronics Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Subsidiaries:

Base Ten Systems Electronics, GmbH
Erfurter Strasse 29
8057 Eching
Federal Republic of Germany

Base Ten Systems, Ltd.
12 Eelmoor Road
Farnborough
Hampshire GU14 7QN
United Kingdom

Base Ten Systems, Inc.
Defense Products Marketing West
1580 Claremont Boulevard
Suite 201
Claremont, CA 91711

Base Ten of Canada, Ltd.
301 Weston Street
Winnipeg, Manitoba R3E 3H4
Canada

Base Ten International Sales, Ltd.
58 Duke Street
Kingston, Jamaica

Base Ten Defense, Inc.
Base Ten Telecom, Inc.
Base Ten Software, Inc.

all at:

One Electronics Drive
P.O. Box 3151
Trenton, N.J. 08619

Transfer Agent(s):

Morgan Shareholder Services Co.
30 West Broadway
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BASEA and BASEB (NASDAQ)

Number of Employees:

1986	413	1984	440
1985	553		

Plant Footage:

1986	119,000 sq. ft.	1984	100,000
1985	100,000		

Sales and Earnings

	Revenues	Net Income
1986	$ 37,724,000	$ 799,000
1985	32,033,000	1,307,000
1984	23,701,000	(457,000)
1983	17,860,000	1,142,000
1982	18,454,000	2,106,000

	No. of Com. Shares #	Earn. per Share #
1986	3,516,642	$ 0.23
1985	3,490,727	0.37
1984	3,502,070	—
1983	3,603,590	0.32
1982	3,401,132	0.62

(Loss)

Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	10%	—
1983	0.15	—	—
1982	0.10	—	2-for-1

+ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 13,641,000	$ 3.88
1985	12,784,000	3.66
1984	10,684,000	3.05
1983	11,227,000	3.12
1982	10,170,000	2.99

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Income Account *

Year ended Oct. 31	1986	1985
Sales	$ 37,255,000	$ 31,534,000
Interest income	469,000	499,000
Revenues	$ 37,724,000	$ 32,033,000
Cost of sales	23,591,000	19,880,000
Expenses	12,397,000	9,912,000
Interest	802,000	726,000
For. curr. trans. adj.	(511,000)	(498,000)
Inc. before taxes	$ 1,445,000	$ 2,013,000
Income taxes	646,000	706,000
Net Income	$ 799,000	$ 1,307,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,341,000 in 1986 and $1,202,000 in 1985.

Assets

As of Oct. 31	1986	1985
Cash & cash equiv.	$ 3,645,000	$ 3,254,000
Accts. receiv., net	10,546,000	9,674,000
*Inventories	6,861,000	5,419,000
Other curr. assets	295,000	184,000
Current Assets	$ 21,347,000	$ 18,531,000
# Fixed assets	7,838,000	6,897,000
Restricted cash	3,100,000	2,856,000
Market. secur.	—	488,000
Other assets	260,000	192,000
Total Assets	$ 32,545,000	$ 28,964,000

Liabilities

Long-term debt, curr.	$ 1,159,000	$ 1,471,000
Accts. payable & accruals	4,848,000	4,038,000
Cust. advances	590,000	1,351,000
Income taxes	2,482,000	2,012,000
Curr. Liabilities	$ 9,079,000	$ 8,872,000
Deferred inc. taxes	645,000	474,000
Deferred comp.	465,000	388,000
Long-term debt	8,715,000	6,446,000
+Common stock	3,526,000	3,508,000
Add. paid-in capital	9,692,000	9,610,000
Retained earnings	1,332,000	533,000
Restr. stock award comp.	(209,000)	(450,000)
For. curr. trans. adjust.	(700,000)	(393,000)
Valuation allowance	—	(24,000)
Total Liabilities & Shareholders' Equity	$ 32,545,000	$ 28,964,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.88	6.38
%Net Income to Sales	2.14	4.14
%Net Income to Equity	5.86	10.22
Sales to Inventories	5.43	5.82
Debt to Equity	0.05	0.62
Working Capital	$12,268,000	$ 9,659,000
Current Ratio	2.35	2.09
Shareholders' Equity	$13,641,000	$12,784,000

Bausch & Lomb Incorporated

One Lincoln First Square
P.O. Box 54
Rochester, New York 14601
(716) 338-6000

Officers: Daniel E. Gill, chairman of the board & chief exec. officer; Thomas C. McDermott, president & chief operating officer; Stephen P. Kelbley, sr. v.p.-finance; Stanley W. Merrell, sr. v.p.-administration; James E. Kanaley, sr. v.p.-Professional Eye Care Products Group; Harold O. Johnson, sr. v.p.-international operations; Jay T. Holmes, sr. v.p.-corp affairs & secretary; Jon M. Larson, v.p.-technical services, International Division; Diane C. Harris, v.p-corporate development; W. Richard Clark, v.p.-Sunglass Division; George L. Foutre, v.p.-Optical Systems Division; Franklin T. Jepson, v.p.-communications & investor relations; Frank E. Rumpeltin, v.p.-Personal Products Division; Robert J. Palmisano, v.p.-Sport Optics and Scientific Products Group; Stephen A. Hellrung, v.p. & gen. counsel; James J. Ward, v.p. & controller; Allan H. Resnick, v.p. & treasurer; Henry L. Foster, v.p.-Charles River Laboratories, Inc.; Randy D. Hoffman, v.p.-Bushnell Division; Carl E. Sassano; v.p.-Polymer Technology Corporation; Ronald L. Zarrella, v.p.-subsidiary operations, Int'l Division; Jean F. Geisel, asst. secretary.

Directors: Franklin E. Agnew*, E. Kent Damon*, Alexander D. Hargrave*, Daniel E. Gill*, John R. Purcell, Robert L. Sproull*, William F. Bolger, Thomas C. McDermott*, Robert L. Tarnow, Perry Rosenthal, William M. Waltrip, Brandford R. Boss, Jay T. Holmes.

* Member of the Executive Committee.

Areas of Work: In the ophthalmic area, produces lenses, eye glass frames and Soflens contact lenses, diagnostic and refracting instruments and furniture for professionals, and safety products such as eye glasses and respirators. Consumer products include sun glasses, fashion eyewear, contact lenses, contact lens solutions and accessories, telescopes, binoculars, camera lenses, rifle sights, readers and magnifiers. Scientific instruments and components and optical products for industry and the educational, medical and research fields include microscopes and accessories, metallographs, spectrochemical analytical systems, spectrophotometers, diffraction gradings, electronic recoders, digital plotting systems, high precision measuring systems, photogrammeric equipment, microprojectors and optical glass.

Divisions and Subsidiaries:

Opthalmic Instrument Division
Rochester, New York

Charles River Biotechnical Services, Inc.
Wilmington, Massachusetts
Sausalito, California
Scarborough, Maine
Windham, Maine
Norwood, Massachusetts
Williamsport, Pennsylvania

Charles River Laboratories, Inc.
Wilmington, Massachusetts
Summerland Key, Florida
Raleigh, North Carolina
Portage, Michigan
Newfield, New Jersey
Port Washington, Stone Ridge, New York
O'Fallon, Missouri
Omaha, Nebraska
Oregon, Wisconsin

International Division
Rochester, New York

Optical Systems Division
Rochester, New York
Sparks, Maryland
Ocean Springs, Mississippi

Personal Products Division
Rochester, New York
Greenville, South Carolina

Astronomical Telescope Division
East Hartford, Connecticut

Polymer Technology Corporation
Wilmington, Massachusetts

Professional Products Division
Rochester, New York
Sarasota, Florida

Vacuum Coating Division
Rochester, New York

Medical Technology Development Corp.
Clearwater, Florida

Sunglass Division
Rochester, New York
Oakland, Maryland

Pharmaceutical Division
Rochester, New York

Bushnell Division
San Dimas, California

Bausch & Lomb Insurance Company
1400 N. Goodman Street
Rochester, New York 14602
(716) 338-6000

Bausch & Lomb Opticare, Inc.
Rochester, New York

Bausch & Lomb Puerto Rico, Inc.
San Juan, Puerto Rico

Bausch & Lomb Canada Inc.
Toronto, Ontario
Calgary, Alberta
Montreal, Quebec

Charles River Canada, Inc.
St. Constant, Quebec, Canada

Charles River U.K., Ltd.
Margate, England

Charles River Biotechnical
Services Europe, Ltd.
Margate, England

Bausch & Lomb U.K. Ltd.
London, England

Bausch & Lomb France, S.A.
Le Mesnil St. Denis, France

Charles River France, S.A.
St. Aubin-les-Elbeuf, France

Bausch & Lomb (Hong Kong) Ltd.
Hong Kong

Bausch & Lomb Instituto Oftalmico Mediolanum
Milan, Italy

Charles River Italia S.p.A.
Calco, Italy

Bausch & Lomb Italiana, S.p.A.
Rome, Italy

B.L.J. Limited
Tokyo, Japan

Charles River Japan, Inc.
Atsugi & Hino, Japan

Bausch & Lomb China, Inc.
Beijing, People's Republic of China

Bausch & Lomb Panama, S.A.
Panama City, Panama

Bausch & Lomb Espana S.A.
Madrid, Spain
Barcelona, Spain

Bausch & Lomb A.G.
Bern, Switzerland

Bausch & Lomb Lausanne S.A.
Lausanne, Switzerland

Bausch & Lomb B.V.
Heemstede, Netherlands

Bausch & Lomb Norway A/S
Oslo, Norway

Bausch & Lomb G.m.b.H.
Hamburg & Pforzheim, Germany

Charles River WIGA G.m.b.H.
Sandhofer, Extertal-Bosingfeld & Kisslegg, West Germany

Dr. Gerhard Mann, Chem.-pharm. Fabrik G.m.b.H.
Berlin, West Germany

Bausch & Lomb International, Inc.
Manila, Philippines

Bausch & Lomb Svenska A.B.
Stockholm, Sweden

Bausch & Lomb G.m.b.H.
Vienna, Austria

Bausch & Lomb Ireland Limited
Waterford, Ireland

Bausch & Lomb Argentina S.A.
Buenos Aires, Argentina

Bausch & Lomb Danmark A/S
Copenhagen, Denmark

BL Industria Otica, Ltd.
Rio de Janeiro, Brazil

Bausch & Lomb Netherlands Antilles N.V.
Curacao

Bausch & Lomb Bermuda, Limited
Hamilton, Bermuda

Bausch & Lomb (Australia) Pty. Limited
Sydney, Australia

Bausch & Lomb Taiwan Limited
Taipei, Taiwan

Bausch & Lomb (Singapore) Pte. Ltd.
Singapore

M.H. Scientific Sales (Pty.) Ltd.
Johannesburg, Republic of South Africa

CPD Care South Africa (Pty.) Ltd.
Johannesburg, Republic of South Africa

OY Bausch & Lomb Finland A.B.
Helsinki, Finland

Transfer Agent(s):
Chase Lincoln First Bank, N.A.
One Lincoln First Square
Rochester, New York 14643

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: BOL

Number of Employees:

1986	8,000	1983	9,200
1985	7,600	1982	8,800
1984	8,300		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 698,900,000	$ 74,700,000
1985	596,200,000	66,800,000
1984	533,600,000	50,200,000
1983	477,300,000	48,400,000
1982	432,600,000	35,700,000

	No. of Com. Shares #	Earn. per Share #
1986	30,289,000	$ 2.47
1985	29,961,000	2.23
1984	29,716,000	1.69
1983	29,621,000	1.63
1982	29,460,000	1.21

+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Professional eye care prods.	$ 173,364,000	$ 161,319,000
Health care & consumer prods.	389,388,000	325,903,000
Biomedical & scientific prods.	136,115,000	108,929,000
Total	$ 698,867,000	$ 596,151,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.78	—	—
1985	0.78	—	—
1984	0.78	—	—
1983	0.78	—	2-for-1
1982	0.78	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 490,761,000	$ 16.31
1985	408,108,000	13.67
1984	327,187,000	11.04
1983	312,524,000‡	10.58
1982	293,343,000‡	9.98

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock split.

Income Account
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 698,867	$ 596,151
Cost of sales	324,887	276,234
Expenses		
Res. & develop.	209,988	170,027
Invest. income	25,712	21,480
Interest expense	(11,814)	(8,375)
Loss(gain)from for. curr.	17,597	13,602
Other expense	(3,226)	2,336
	22,578	19,932
Inc. before taxes	$ 113,145	$ 100,915
Income taxes	38,450	34,150
Net Income	$ 74,695	$ 66,765

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 13,478	$ 10,419
Marketable securities	92,413	20,560
Receiv., net	235,160	208,940
*Inventories	143,486	112,699
Future income tax benefits	13,760	16,800
Other current assets	28,854	27,712

Bausch & Lomb Incorporated

Current Assets	$ 527,151	$ 397,130
#Fixed Assets	205,629	150,948
Other assets	152,928	79,217
Total Assets	$ 885,708	$ 627,295
Liabilities (000's)		
Notes payable	$ 16,878	$ 16,995
Long-term debt, curr.	5,238	4,412
Accts. payable	38,409	21,316
Accrued comp.	29,585	22,187
Accrued liab.	55,021	39,023
Income taxes	23,916	10,190
Reserve for discont. operations	—	6,200
Curr. Liabilities	$ 169,047	$ 120,323
Long-term debt	206,900	81,284
Deferred inc. taxes	19,000	17,580
+Common stock	14,333	14,333
+ +Class B stock	59	59
Add. paid-in capital	70,181	66,138
Retained earnings	376,939	325,627
Cum. trans. adjust.	29,249	1,951
Total Liabilities & Shareholders' Equity	$ 885,708	$ 627,295

* At lower of cost (domestic inventories at LIFO; all others at FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.
+ + $0.08 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.19	16.93
%Net Income to Sales	10.69	11.20
%Net Income to Equity	15.22	16.36
Sales to Inventories	4.87	5.29
Debt to Equity	0.42	0.25
Working Capital	$358,104,000	$176,807,000
Current Ratio	3.12	2.47
Shareholders' Equity	$490,761,000	$408,108,000

Becton Dickinson and Company

One Becton Drive
Franklin Lakes, New Jersey 07417-1880
(201) 848-6800

Officers: Wesley J. Howe, chairman of the board, president & chief exec. officer; Henry P. Becton, vice chairman; Raymond V. Gilmartin, exec. v.p.; Robert G. Butler, secretary; Robert W. Alpers, v.p.-manufacturing services; Robert P. Denise, v.p. & treasurer; John W. Galiardo, v.p. & general counsel; Donald S. Hetzel, v.p.-research & development; Mark H. Borofsky, v.p.-taxes; Edward D. Lundy, v.p.-organization planning & development; Edward R. Duffie, Jr., v.p.-medical affairs; E. Ralph Biggadike, v.p.-strategic management; Wilson Nolen, Nagesh S. Mhatre, Willard O. Andrews, v.p.'s; Robert A. Reynolds, v.p. & controller; James W. Hulse, v.p.-quality and regulatory affairs; C. Edward Snyder, v.p.-human resources; Paul Crenger, group president; Clateo Castellini, Herbert B. Morote, Walter M. Miller, sector presidents.

Directors: Wesley J. Howe*, chairman; Henry P. Becton*, vice chairman; Harry N. Beaty, Raymond V. Gilmartin, Robert W. Haack, Richard W. Hanselman, William B. Macomber, Frank A. Olsen, Gerald M. Edelman, Fred R. Sullivan*, Raymond S. Troubh*, Thomas A. Holmes, Gloria M. Shatto.

* Member of the Executive Committee.

Areas of Work: The Company manufactures a broad range of medical, diagnostic and industrial safety products for use by the medical profession, industry and the general public.

Divisions and Subsidiaries:

BBL Microbiology Systems
250 Schilling Circle
Cockeysville, Maryland 21030
Develops tests for infectious diseases.

Hard-Parker
2 Bridgewater Lane
Lincoln Park, New Jersey 07035

Becton Dickinson FACS
490 B Lakeside Drive
Sunnyvale, California 94086
(408) 738-8558
Manufactures fluorescence-activated cell sorter systems which include an analysis console with microprocessor and keyboard.

Becton Dickinson Immunodiagnostics
Mountain View Avenue
Orangeburg, New York 10962
(914) 359-2700
Manufactures automated radioimmunossay equipment which is used to detect the presence of extremely small quantities of minute substances.

Becton-Dickinson
One Becton Drive
Franklin Lakes, New Jersey 07417

Becton-Dickinson Consumer Products
365 West Passaic Street
Rochelle Park, New Jersey 07662

Becton-Dickinson Laboratory Systems
333 Littleton Road, Suite 101
Parsippany, New Jersey 07054

Becton-Dickinson Labware
1950 Williams Drive
Oxnard, California 93030

Becton-Dickinson Monoclonal Center, Inc.
2375 Garcia Avenue
Mountain View, California 94043

Becton-Dickinson Pharmaceutical Systems
One Becton Drive
Franklin Lakes, New Jersey 07417

Digitran
3100 New York Drive
Pasadena, California 91107
Produces digital switches used in instrument panels.

Becton-Dickinson Research Center
Davis Drive
Research Triangle Park, North Carolina 27709

Becton-Dickinson VACUTAINER Systems
Mahoney Troast Building
Route 17 North
Rutherford, New Jersey 07070

Becton-Dickinson International Sales
One Becton Drive
Franklin Lakes, New Jersey 07417

Clay Adams Laboratory Systems
299 Webro Road
Parsippany, New Jersey 07054
Develops equipment for hematology analysis.

Edmont
1300 Walnut Street
Coshocton, Ohio 43812
Produces personal safety wearing apparel primarily for automobile and construction industries.

Ivers-Lee
147 Clinton Road
West Caldwell, New Jersey 07006
Provides packaging services to pharmaceutical, cosmetics and toiletry companies.

Deseret Medical
Manufactures and markets intravenous and operating room products and cardiovascular devices.

Becton-Dickinson Overseas, Inc.
Becton-Dickinson Asia Pacific
Shimato Building
5-34, Akaska 8-Chome
Minato-Ku
Tokyo 107, Japan

Becton-Dickinson Europe
Pre Pichat
5, Chemin des Sources
38240 Meylan, France

Becton-Dickinson VACUTAINER Systems-Europe
Becton-Dickinson Laboratory Products-Europe
Becton-Dickinson Medical Products-Europe
All at:
Pre Pichat
5, Chemin des Sources
38240 Meylan, France

Becton-Dickinson Latin America
One Becton Drive
Franklin Lakes, New Jersey 07417

Transfer Agent(s):
Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: BDX

Number of Employees:

1986	19,300	1983	19,100
1985	16,900	1982	21,200
1984	17,700		

Plant Footage:
1986 . . . . . 8,717,000 sq. ft. 1985 8,055,000

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	$ 1,311,569	$ 121,930
1985	1,143,789	88,002
1984	1,126,845	63,403
1983	1,119,520	35,930
1982	1,113,921	76,692

	No. of Com. Shares ‡	Earn. per Share †‡
1986	42,903,000	$ 2.85
1985	42,338,000	2.10
1984	42,454,000	1.52
1983	43,146,000	0.86
1982	42,874,000	1.82

† Including extraordinary gain of $10,017,000 ($0.23 per share) in 1986.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Medical	$ 708,587	$ 586,702
Diagnostic	454,846	393,929
Other	148,136	163,158
Total	$ 1,311,569	$ 1,143,789

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.66	—	2-for-1
1985	0.60	—	—
1984	0.58⅓	—	—
1983	0.57½	—	—
1982	0.55	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1986	$ 803,925	$ 19.62
1985	681,052	16.82
1984	606,775	15.03
1983	597,710	14.40
1982	584,360	14.21

+ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 1,311,569	$ 1,143,789
Cost of sales	692,068	625,566

Expenses	436,449	380,576
Interest expense	33,353	19,260
Interest income	(17,988)	(19,536)
Other expense (income)	(5,074)	6,954
Income before taxes	$ 172,761	$ 130,969
Income taxes	60,848	42,967
Net Income	$ 111,913	$ 88,002
Extraord. gain	10,017	—
Net Income & Extraord. Gain	$ 121,930	$ 88,002

* Included in Costs and Expenses, Depreciation and Amortization: $72,128,000 in 1986 and $59,390,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 8,112	$ 8,398
Investments	164,728	109,956
Receivables, net	252,199	208,242
*Inventories	268,330	182,742
Other curr. assets	89,426	67,146
Current Assets	$ 782,795	$ 576,484
#Fixed assets	631,306	478,978
Other assets	128,578	161,449
Intangibles	148,237	23,997
Total Assets	$ 1,690,916	$ 1,240,908

Liabilities
(000's)

Notes payable	$ 148,157	$ 57,260
Long-term debt, curr.	6,517	3,949
Accts. payable & accruals	180,748	133,027
Accrued payroll	77,913	78,745
Income taxes	32,084	9,799
Curr. Liabilities	$ 445,419	$ 282,780
Long-term debt	384,338	183,175
Convert. deben.	7,326	37,533
Deferred inc. taxes	49,908	56,348
+Common stock	42,392	42,0128
Add. paid-in capital	127,220	109,268
Foreign curr. trans. adj.	(29,462)	(54,668)
Retained earnings	704,815	610,026
Treasury stock	(41,040)	(25,586)
Total Liabilities & Shareholders' Equity	$ 1,690,916	$ 1,240,908

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.17	11.45
%Net Income to Sales	9.30	7.69
%Net Income to Equity	13.92	12.92
Sales to Inventories	4.89	6.26
Debt to Equity	0.67	0.36
Working Capital	$337,376,000	$293,704,000
Current Ratio	1.76	2.04
Shareholders' Equity	$803,925,000	$681,052,000

Beehive International

4910 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 355-6000

Mailing Address:

P.O. Box 30668
Salt Lake City, Utah 84130

Officers: Thomas A. Howard, chairman of the board; Joseph F. Carbone, Jr., president; C. Bruce Collet, v.p., chief financial officer & treasurer; Richard K. Hodge, exec. v.p.-sales & marketing; Timothy W. May, v.p.-sales; Robert E. Sherlin, v.p.-manufacturing; Randall L. Romrell, v.p.-administration, secretary & general counsel.

Directors: Thomas A. Howard, chairman; Joseph F. Carbone, Richard K. Hodge, Herbert T. Hensley, John H. Clark.

Areas of Work: Assembly and sale of high perfocmance display terminals in the telecommunications and system integration marketplace.

Transfer Agent(s):

Manufacturers Hanover Trust of California
San Francisco, California 94144

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986 187

Plant Footage:

1986 . . . . . 105,000 sq. ft.

Sales and Earnings

	Net Revenues +	Net Income
1986	$ 12,120,000	$ (3,948,000)
1985	9,040,000	(8,051,000)
1984	24,827,000	(14,406,000)
1983	22,951,000	(1,626,000)
1982	26,808,000	1,006,000

	No. of Com. Shares #	Earn. per Share #
1986	32,469,000	$ —
1985	6,779,204	—
1984	3,116,231	—
1983	3,070,950	—
1982	3,036,853	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ (8,307,000)	$ —
1985	(4,464,000)	—
1984	3,565,0002	1.14
1983	17,945,000	5.84
1982	19,257,000	6.34

(Deficiency)
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 11,811	$ 9,132
Other income (expense)	309	(92)
Total Income	$ 12,120	$ 9,040
Cost of sales	9,149	9,055
Expenses	7,554	9,533
Interest expense	1,149	433
Loss - cont. oper.	$ (5,732)	$ (9,981)
Inc. - discont. oper.	1,784	1,930
Net Loss	$ (3,948)	$ (8,051)

* Included in Costs and Expenses, Depreciation and Amortization: $815,000 in 1986 and $2,017,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 166	$ 270
Accts. receiv., net	2,084	2,816
*Inventories	2,478	3,130
Prepaid expenses	198	337
Income tax receivable	—	144
Receiv. from Beehive, Ltd.	—	299
Receiv. result. from sale of discont. oper.	712	—
Current Assets	$ 5,638	$ 6,996
#Fixed assets	3,111	3,857
Assets of discont. oper.	—	1,450
Other assets	34	38
Total Assets	$ 8,783	$ 12,374

Liabilities
(000's)

Long-term debt, curr.	$ 6,878	$ 2,260
Accts. payable	1,231	1,075
Accruals	984	764
Curr. Liabilities	$ 9,093	$ 4,099
Long-term debt	1,838	6,547
+Redeem. pref. stock	6,159	6,159
++Common stock	41	31
Add. paid-in capital	11,411	11,282
Retained earnings (deficit)	(19,725)	(15,777)
Treasury stock	(1)	—
Deferred comp.	(33)	—
Total Liabilities & Shareholders' Equity	$ 8,783	$ 12,374

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ $10 par value.
++ No par value.

Statistical Summary

Sales to Inventories	4.77	2.92
Working Capital	—	$ 2,897,000
Current Ratio	—	1.71
Shareholders' Equity (Deficiency)	$(8,307,000)	$(4,464,000)

Bel Fuse Inc.

198 Van Vorst Street
Jersey City, New Jersey 07302
(201) 432-0463

Officers: Elliot Bernstein, president; Daniel Bernstein, vice president & treasurer; Peter Christoffer, v.p.-engineering; Don Morehouse, v.p.-production; Arnold Sutta, v.p.-marketing; Robert Simandl, secretary.

Directors: Elliot Bernstein, Howard Bernstein, Robert Simandl, Peter Loh, Joel Wiener, Daniel Bernstein, Lloyd E. Dustmann, Peter Gilbert, David P. Olsan.

Areas of Work: Manufactures electronic components for the home entertainment and data processing equipment markets. Products include miniature and micro fuses, delay lines, and thick film hybrid circuits.

Subsidiaries:

Bel Fuse Ltd.
Star House
3 Salisbury Road
Kowloon, Hong Kong

Bel Fuse Macau Lda.
Fabrica G-1, Do Andar
Do Predio Comos
Nos. 169-169A
Av. Almirante Lacerda
Macau

Bel Components Ltd.
Star House
3 Salisbury Road
Kowloon, Hong Kong

Bel Fuse Inc.

Acquisition(s):

Computer Avionics Corporation
2 Southgate Drive
Mount Carmel, Illinois 62863
(618) 263-4343
Manufactures custom thick film hybrid circuits.

Transfer Agent(s):

First Jersey National Bank
Jersey City, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BELF (NASDAQ)

Number of Employees:

1986	1,203	1984	1,362
1985	957		

Plant Footage:

1986	141,100 sq. ft.	1984	129,000
1985	129,000		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 23,320,546	$ 2,633,085
1985	17,873,074	1,343,493
1984	26,274,592	4,765,009
1983	18,437,377	3,436,149
1982	12,399,195	1,213,454

	No. of Com. Shares #	Earn. per Share #‡
1986	4,790,364	$ 0.55
1985	4,760,600	0.28
1984	4,729,811	1.01
1983	3,982,306	0.86
1982	3,925,320	0.31

‡ Including extraordinary gains of $18,000 in 1983 and $45,000 ($0.01 per share) in 1982.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	5-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 20,933,450	$ 4.35
1985	18,226,677	3.83
1984	16,842,934	3.56
1983	12,027,831	3.02
1982	4,217,156	1.07

Based on weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 23,320,546	$ 17,873,074
Cost of sales	14,665,853	12,062,548
Expenses	5,885,611	4,791,285
Other income	(467,728)	(516,750)
Interest expense	66,153	80,528
Eq. in loss (earn.) of assoc. co.	(39,428)	14,970
Income before taxes	$ 3,210,085	$ 1,440,493
Income taxes	577,000	97,000
Net Income	$ 2,633,085	$ 1,343,493

* Included in Costs and Expenses, Depreciation and Amortization: $1,070,147 in 1986 and $1,006,250 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 7,759,125	$ 8,496,025
Accts. receiv., net	3,302,123	2,075,242
*Inventories	3,153,970	2,209,332
Prepaid expenses	210,202	136,939
Due from officers	—	250,834
Deferred income taxes	13,000	80,000
Current Assets	$ 14,438,420	$ 13,248,372
#Fixed assets	8,812,983	6,939,226
Other assets	324,300	108,779
Exc. of cost over value of assets acq.	609,552	—
Invest. in assoc. co.	193,431	182,035
Total Assets	$ 24,389,686	$ 20,478,412
Liabilities		
Long-term debt. curr.	$ 199,673	$ 183,151
Accts. payable	988,158	333,898
Accruals	1,129,493	584,812
Due to officer	142,000	—
Income taxes	318,098	496,785
Curr. Liabilities	$ 2,777,422	$ 1,598,646
Long-term debt	412,814	412,089
Deferred inc. taxes	266,000	241,000
+Common stock	486,335	482,610
Add. paid-in capital	4,466,812	4,397,029
Retained earnings	15,988,955	13,355,870
Treasury stock	(8,652)	(8,832)
Total Liabilities & Shareholders' Equity	$ 24,389,686	$ 20,478,412

* At lower of cost (weighted average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.77	8.06
%Net Income to Sales	11.29	7.52
%Net Income to Equity	12.58	7.37
Sales to Inventories	7.39	8.09
Debt to Equity	0.02	0.03
Working Capital	$11,660,998	$11,649,726
Current Ratio	5.20	8.29
Shareholders' Equity	$20,933,450	$18,226,677

Bell & Howell Company

5215 Old Orchard Road
Skokie, Illinois 60077-1076
(312) 470-7100

Officers: Donald N. Frey, chairman of the board & chief executive officer; Gerald E. Schultz, president & chief operating officer; Gary D. Eisenberger, W. James Donaldson, William C. Jackson, Jr., Gary W. Ampulski, John B. Kambanis, vice presidents; Eugene F. Sikorovsky, v.p., gen. counsel & secretary; Jerome B. Herb, v.p.-finance; Joseph S. Secker, controller; Philip P. Haag, asst. controller; Nils A. Johansson, treasurer; Patrick J. Graver, asst. treasurer; Lynn E. Straley, Richard O. Becker, asst. secretaries.

Directors: Donald N. Frey, chairman; James J. O'Connor, Joseph B. Platt, Peter G. Scotese, Henry G. Van der Eb, John F. Mitchell, Gerald E. Schultz, James J. Gavin, Jr., Robin B. Smith, Duane L. Burnham, Edwin A. Gee.

Areas of Work: Operating divisions are grouped in two lines of business: Specialized Business Equipment, and Learning Systems & Materials. Specialized Business Equipment, the largest division, includes microfilm products and service, microfiche, computer output microfilm (COM), mail handling systems, remittance processing, professional film printers and duplicators. Learning Systems offers teaching material, text books, eight institutes of technology, video-cassettes and projectors.

Divisions and Subsidiaries:

MICROIMAGERY GROUP

Administrative Offices
6800 McCormick Road
Chicago, IL 60645-2797
(312) 675-7600

COM Products Division
16691 Hale Avenue
Irvine, CA 92714-5047
(714) 660-1050

COM equipment, processors, duplicators and consumable supplies.

Micro Design Division
857 West State Street
Hartford, WI 53027-1063
(414) 673-3920
Micrographic readers and reader/printers; also distributes related supplies and accessories.

Microfilm Products Division
6800 McCormick Road
Chicago, IL 60645-2797
(312) 675-7600
Instant imaging microfilm systems, microfilm recorders with microprocessor logic, Microx systems, data search microfilm and retrieval systems, jacket filing systems, micromanagement, microfilm and microfiche readers and reader/printers, microfilm cameras, customer service.

Publication Systems Division
Old Mansfield Road
Wooster, OH 44691-9050
(216) 264-6666
Microfilm and microfiche systems for industry and education. Micro publisher of information products including newspapers, periodicals, indexes, directories, career guidance. Production facilities also in New Jersey and Puerto Rico.

Enbee Transparent Specialty Co.
31-35 31st Street
Astoria, New York 11106
(212) 672-9000
Photo album inserts.

NB Jackets de Puerto Rico
Road #1 K.M. 33.5
P.O. Box 1151
Caguas, Puerto Rico 00625
(809) 744-9397
Microfilm jackets.

BUSINESS EQUIPMENT GROUP

Administrative Offices
6800 McCormick Road
Chicago, IL 60645-2797
(312) 675-7600

Business Data Products Division
Administrative & Sales Office
2720 Des Plaines Ave., Suite 106
Des Plaines, IL 60018-4135
(312) 297-1225

Operations & Service
5000 Rivergrade Road
P.O. Box 9100
Baldwin Park, Calif. 91706-0991
(818) 814-2355
Remittance processing systems.

DocuMail Systems Division
Administration & Operations
6800 McCormick Road
Chicago, IL 60645-2793
(312) 539-7300

U.S.P.S. Engineering & Service
9801 Industrial Blvd.
Lenexa, Kansas 66215-1293
(913) 888-8775
Sorters for the U.S. Postal Service; sorters & letter openers (commercial).

Phillipsburg Division
Administration, Sales & Service
2300 Brummel Place
Evanston, IL 60202-3612
(312) 475-6100

Operations:

P.O. Box 7950
795 Roble Road
Lehigh Valley, PA 18001-7958

2300 Brummel Place
Evanston, IL 60202-3612
(312) 475-6100

Mailmobile Sales & Service
411 E. Roosevelt Street
Zeeland, MI 49464-9719
(616) 772-1000

Mail addressing, inserting, labeling, weighing equipment; sorters & letter openers (commercial) and Mailmobile unmanned delivery vehicles.

VISUAL COMMUNICATIONS GROUP

Administration & Operations
6800 McCormick Road
Chicago, IL 60645-2793
(312) 673-3300
Audiovisual Products--audio tape recorders, RingMaster slide/sound projectors, overhead projectors. Language Master systems and software, 16mm projectors, Micro-Visual Products--microcomputer systems and software for computer-aided instruction, training and education.

MERRILL PUBLISHING DIVISION

Administrative Offices & Publishing Center
936 Eastwind Drive
Westerville, Ohio 43081-3329
(614) 890-1111

Fulfillment Center
1300 Alum Creek Drive
Columbus, Ohio 43216-0508
(614) 258-8441

West Coast Fulfillment Office
833 N. Market Boulevard
Sacramento, California 95834-1205
(916) 924-3227/3228
Publisher of elementary, high school and college textbooks and educational test materials.

DeVRY INC. (85% owned)

Administrative Offices
2201 W. Howard Street
Evanston, IL 60202-3698
(312) 328-8100
Resident training in electronics engineering technology and computer science for business.

BELL & HOWELL/COLUMBIA PARAMOUNT PICTURES VIDEO SERVICES (40% owned)

Administrative Offices
625 Landwehr Road
Northbrook, IL 60062-2373
(312) 480-6900

Editel
301 E. Erie St.
Chicago, IL 60611
(312) 440-2360

222 E. 44th Street
New York, NY 10017
(212) 867-4600

729 N. Highland Ave.
Hollywood, CA 90038
(213) 931-1821
Video post production.

Tandy/Bell & Howell Home Video (T/B&H)
3055 MacArthur Boulevard
Northbrook, IL 60062-2373
(312) 272-3944
Video cassettes.

Video Systems Division
720 Landwehr Road
Northbrook, IL 60062-2373
(312) 291-1150
Video duplication.

Video Systems Division
West Duplicating
354 Coral Circle
El Segundo, CA 90245-4678
(213) 640-3430
Video duplication.

EUROPEAN REGION

Bell & Howell Ltd.
European Region Headquarters
AV/Video Division Administration
Alperton House
Bridgewater Road
Wembley, Middlesex HAO 1EG, England
(London) 902-8812
AV/Video.

Bell & Howell Ltd.
Business Equipment Division
33-35 Woodthorpe Road
Ashford, Middlesex TW15 2RJ England
(Ashford) 51234
Microimagery and business equipment (BED).

Bell & Howell AB
Grensveien 73
Oslo 6, Norway
(Stockholm) 98 1250
AV/Video.

Bell & Howell AB
Vintergatan 1
S-17230 Sundyberg, Sweden
(Stockholm) 98 1250
AV/Video.

Bell & Howell Benelux S.A.
321, Leuvensesteenweg
B-1940 St. Stevens
Woluwe/Zaventem, Belgium
(Brussels) 720 92 75 (BED, AV/Video)
(Brussels) 720 92 78 (NB Jackets)

Bell & Howell France, SA
32-34 Rue Fernand-Pelloutier
92112 Clichy Cedex, France
(Paris) 270 9480
AV/Video, BED.

Bell & Howell GmbH
Gruener Weg 8
D-6360 Friedberg/Hessen
West Germany
(Friedberg) 496-031-871
Phillipsburg systems and electronic devices.

Bell & Howell Italia SpA
Via Barnaba Oriani, 22/4
20156 Milan, Italy
011-39-2-30-10-141 or 2-30-6-841
AV/Video.

Bell & Howell Ltd. England, Dansk Filial
Oliefabriksveg 29.43
DK-2770 Kastrup, Denmark
(Copenhagen) 523355
AV/Video.

Bell & Howell Mfg. S.A.

Clonshaugh, Dublin 17, Eire, Ireland
(Dublin) 472-675
Microfilm readers, overhead projectors.

Bell & Howell Micromedia Division
Telford Road, Launton Industrial Estate
Bicester, Oxon OX6 OUP
(Bicester) 45711, England
Micropublishing products.

Inter Electronics BV
Nijverheidstraat 22,
6987 ZG GIESBEEK, Holland
011-31-8336-1841
AV/Video.

Pretec Precisie Techniek BV
Kuyperlaan 28
Postbus 53
1160 AB Zwanenburg,
Netherlands
(Zwanenburg) 3652
Mail handling products, microimagery.

Video Zoom Italia SpA
Via Columella 22
20128 Milan, Italy
(Milan) 257 9419
Video tape duplication, post production.

WESTERN INTERNATIONAL GROUP

Administrative Offices
6800 McCormick Road
Chicago, Illinois 60645-2793
(312) 673-3300

AUSTRALIA
Bell & Howell Australia, Pty., Ltd.
9 Short Street
Chatswood, NSW
Australia 2067
011-612-660-5366

Audiovisual (AV), Business Equipment (BEG), and Microimagery (MIG).

CANADA
Bell & Howell Ltd.
230 Barmac Drive
Weston, Ontario, Canada M9L 2X5
(416) 746-2200
AV, Merrill Publishing, MIG, BEG.

LATIN AMERICA AND ASIA PACIFIC
Administration
6800 McCormick Road
Chicago, IL 60645-2973
AV, MIG, BEG.

Bell & Howell Company - Japan
11-28 Akasaka
8F Andoh Fukuyoshi Bldg.
1-Chome, Minato-ku
Tokyo 107, Japan
011-813-582-4691
AV, MIG, BEG.

Bell & Howell Systemas, Ltda.
Rua Augusta 1141 Centro
Sao Paulo, S.P., Brazil
011-5511-231-0200
MIG.

University Microfilms International
Ann Arbor, Michigan
Engaged in the republishing of reading materials in microfilm, xenographic and on-line formats.

Bekins Records Management Companies
Los Angeles, California
Engaged in the off-site storage, retrieval and management of documents for professional, corporate, financial, and health care organizations.

Image Processing Systems Division
of S.T.C. Canada, Inc.
Electronic imaging software and systems.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, N.Y. 10007

Stock Exchange(s)*: New York, Midwest, Pacific.

* Listed and/or traded.

Ticker Symbol: BHW

Number of Employees:

1986	11,717	1983	9,508
1985	11,000	1982	11,235
1984	10,349		

Sales and Earnings

	Net Sales +	Net Income †
1986*	$ 853,409,000	$ 32,895,000
1985	759,832,000	32,186,000
1984	713,548,000	33,047,000
1983	679,248,000	41,191,000
1982	611,805,000	(2,930,000)

	No. of Com. Shares ‡	Earn. per Share ‡†
1986*	10,602,000	$ 3.10
1985	10,520,000	3.06
1984	10,871,000	3.04
1983	11,455,000	3.59
1982	11,296,000	—

* 53 Weeks
(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $7,215,000 ($0.63 per share) in 1983.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Career education	$ 143,600	$ 135,500
Publishing	177,000	118,000

Bell & Howell Company

Visual comm. systems	90,500	108,300
Information storage retrieval	263,200	236,800
Document/mail processing	179,100	161,200
Total	$ 853,400	$ 759,800

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.62	—	—
1985	0.575	—	—
1984	0.515	—	—
1983	0.49	—	2-for-1
1982	0.48	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$248,441,000#	$ 25.88
1985	207,461,000#	22.69
1984	163,113,000#	19.81
1983	135,055,575#	18.55
1982	171,739,000‡	15.22

After allowing for preferred stock at redemption value of $15 per share.
‡ After allowing for preferred stock at liquidation value of $60 per share.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	$ 853,409	$ 759,832
Other income	31,390	48,261
Total income	$ 884,799	$ 808,093
Cost of sales	536,581	490,092
Expenses	264,162	231,981
Interest expense	23,898	14,567
Restruc. expense	9,323	23,642
Income before taxes	$ 50,835	$ 47,811
Income taxes	16,576	14,194
Minority interest	1,364	1,431
Net Income	$ 32,895	$ 32,186

* Included in Costs and Expenses, Depreciation: $28,836,000 in 1986 and $16,839,000 in 1985.

Assets
(000's)

As of	1/3/87	12/28/85
Cash	$ 50,484	$ 77,567
Accts. receiv., net	168,410	120,945
*Inventories	137,061	138,540
Prepaid expenses	8,065	5,609
Prepaid taxes	23,452	27,690
Current Assets	$ 387,472	$ 370,351
#Fixed assets	212,547	184,185
Investments & other assets	166,632	114,396
Total Assets	$ 766,651	$ 668,932

Liabilities
(000's)

Notes payable	$ 24,428	$ 14,676
Long-term debt, curr.	3,345	1,199
Accts. payable	52,593	50,532
Accruals	95,378	94,878
Deferred income	83,574	76,109
qncome taxes	9,297	11,624
Curr. Liabilities	$ 268,615	$ 249,018
Long-term debt	171,531	145,873
Deferred compens.	19,871	13,542
Deferred inc. taxes	21,890	13,326
Minority interests	11,793	10,252
+Preferred stock	1,565	1,881
++Common stock	53,511	50,218
Add. paid-in capital	16,992	16,965
Retained earnings	244,071	217,912
Cum. trans. adjust.	(9,344)	(16,813)
Treasury stock	(33,844)	(33,242)
Total Liabilities & Shareholders' Equity	$ 766,651	$ 668,932

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.60 cumulative convertible.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.95	6.29
%Net Income to Sales	3.85	4.24
%Net Income to Equity	12.05	13.59
Sales to Inventories	6.23	5.48
Debt to Equity	0.73	0.68
Working Capital	$118,857,000	$121,333,000
Current Ratio	1.44	1.49
Shareholders' Equity	$272,951,000	$236,921,000

Bell Industries, Inc.

11812 San Vicente Boulevard, Suite 300
Los Angeles, California 90049
(213) 826-6778

Officers: Theodore Williams, chairman of the board & president; Howard B. Franklin, Samuel Essick, sr. v.p.'s; Nathan Landgarten, sr. v.p. & treasurer; Bruce M. Jaffe, sr. v.p.-finance & secretary; Vernon D. Severy, Paul F. Doucette, D.J. Hough, Gordon Graham, Dennis J. Hoertt, Marcus S. Labe, v.p.'s; Dennis M. Benson, controller & asst. treasurer.

Directors: T.E. Williams*, chairman; Howard B. Franklin*, Bruce M. Jaffe*, Nathan Landgarten*, John J. Cost, Ellis Ring, Milton Rosenberg.

*Member of the Executive Committee.

Areas of Work: Company activities may be classified into the following groups: The Electronics Group is a major distributor of electronic components representing 50 leading electronics manufacturers. The Electronics Group also manufactures computer memory discs and other high precision, close tolerance products for the computer and aerospace industries including basic illumination for aircraft instrumentation, aircraft hydraulic valve sub-assemblies, multi-layered printed circuitry used in space flight and avionic guidance systems, computer hardware components, and electronic components used in communications and other computer applications. The other three operating groups include: The Building Products Group, which is engaged in the distribution of heating, air conditioning, plumbing and solar energy products through nine California facilities; The Motor Vehicle Parts & Accessories Group which stocks spare parts and accessories for motorcycles, recreational vehicles, and mobile homes; and The Graphic Arts Group which distributes film, chemicals and printing equipment in California.

Divisions:

Electronic Distribution Group
1161 N. Fairoaks
Sunnyvale, California 94089
(408) 734-8570

Electronic Distributor Divisions
515 Busse Road
Unit D-1
Elk Grove Village, Illinois 60007
(312) 640-1910

1900 132nd N.E.
Bellevue, Washington 98005
(206) 747-1515

1705 West 4th Street
Tempe, Arizona 85281
(602) 966-7800

8155 West 48th Avenue
Wheatridge, Colorado 80033
(303) 424-1985

3639 West 2150 South
Salt Lake City, Utah 84120
(801) 972-6969

306 East Alondra Boulevard
Gardena, California 90247
(213) 515-1800

11728 Linn N.E.
Albuquerque, New Mexico 87123
(505) 292-2700

12322 Monarch Street
Garden Grove, California 92641
(714) 895-7801

500 Giuseppe Court #7
Roseville, California 95678
(916) 969-3100

1829A De Havilland Drive
Thousand Oaks, California 91320
(805) 499-6821

2599 Garcia Avenue
Mountain View, California 94043
(415) 960-1440

W. 227 N. 913 West Mound Drive
Waukesha, Wisconsin 53186
(414) 547-8879

6024 Southwest Jean Road
Lake Oswego, Oregon 97034
(503) 241-4115

118 Westpark Road
Dayton, Ohio 45459
(513) 434-8231

444 Windsor Park Drive
Dayton, Ohio 45459
(513) 435-8660

133 South Pennsylvania Avenue
Indianapolis, Indiana 46204
(317) 634-8202

3433 East Washington Avenue
Fort Wayne, Indiana 46801
(219) 423-3422

Electronic Manufacturing Group

Illuminated Displays Division
18225 N.E. 76th Avenue
Redmond, Washington 98052
(206) 885-4353

Technical Products Division
3590 W. Third Avenue
Eugene, Oregon 97402
(503) 683-2355

Computer Memory Division
2360 Zanker Road
San Jose, California 95131
(408) 262-5747

Precision Components Division
12605 South Van Ness Avenue
Hawthorne, California 90250
(213) 757-8381

Precision Metalcrafts Divison
2637 Marine Way
Mountain View, California 94040
(415) 961-5532

J.W. Miller Division
19070 Reyes Avenue
Rancho Dominguez, California 90221
(213) 537-5200

Electronics Systems Division
1831 South Ritchey Street
Santa Ana, California 92705

Graphics Arts Group

Graphic Arts Supply Division
4425 Sheila Street
Commerce, California 90023
(213) 268-9500

Graphic Arts Supply Division
615 Dado Street
San Jose, California 95131
(408) 946-5100

RV/MH Group

RV/MH Supplies Division
500 Hardman Ave.
South St. Paul, Minnesota 55075
(612) 450-9020

RV/MH Supplies Division
12775 W. Silver Spring Road
Butler, Wisconsin 53007
(414) 781-1860

Building Products Group

Plumbing Supply Division
7 College Avenue
Santa Rosa, California 95401
(707) 545-7101

Reliable Steel Supply Division
740 E. 111th Place
Los Angeles, California 90059
(213) 777-3111

Reliable Heating & Air-Conditioning Division
9707 Aero Drive
San Diego, California 92123
(619) 279-9750

Desert Service Division
1375 East Base Line
San Bernardino, California 92410
(714) 884-3103

Transfer Agent(s):

Union Bank
Corporate Trust Department, 11th Floor
3810 Wilshire Boulevard
Los Angeles, California 90010

Union Bank
140 Cedar Street
New York, New York 10006

Stock Exchange(s): New York, Pacific

Ticker Symbol: BI

Number of Employees:

1986	1,900	1983	2,000
1985	1,800	1982	1,700
1984	2,300		

Plant Footage:

1986	N.A.	1984	1,174,000 sq. ft.
1985	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 300,176,000	$ 3,031,000
1985	304,134,000	6,747,000
1984	312,036,000	11,250,000
1983	224,134,000	6,810,000
1982	204,856,000	7,645,000

	No. of Com. Shares #	Earn. per Share #
1986	5,445,000	$ 0.56
1985	5,364,000	1.26
1984	5,099,000	2.21
1983	4,548,000	1.50
1982	4,495,000	1.70

Based on the average number of shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronics	$ 180,878	$ 190,201
Transportation products	20,291	20,594
Residential products	59,533	58,523
Graphic arts	39,474	34,816
Total	$ 300,176	$ 304,134

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.32	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.24	—	—
1982	0.24	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 104,967,000	$ 19.57
1985	102,599,000	19.30
1984	96,939,000	18.33
1983	63,515,000	14.13
1982	56,916,000	12.84

† Based on the average number of shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 300,176	$ 304,134
Cost of sales	228,128	227,465
Expenses	65,542	62,656
Interest expense	1,334	1,290
Income before taxes	$ 5,172	$ 12,723
Income taxes	2,141	5,976
Net Income	$ 3,031	$ 6,747

* Included in Costs and Expenses, Depreciation and Amortization: $4,834,000 in 1986 and $4,146,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 3,371	$ 6,516
Accts. receiv., net	39,761	39,012
*Inventories	72,270	70,458
Prepaid expenses	1,089	735
Current Assets	$ 116,491	$ 116,721
#Fixed assets	26,389	22,454
Other assets	8,294	6,809
Total Assets	$ 151,174	$ 145,984

Liabilities
(000's)

Accts. payable	$ 19,655	$ 17,692
Accruals	7,512	7,444
Dividends payable	429	425
Long-term liab., curr.	1,218	1,032
Income taxes	—	1,045
Curr. Liabilities	$ 28,814	$ 27,638
Notes, mortg., deben.	12,757	11,225
Deferred comp.	3,957	4,149
Deferred inc. taxes	679	373
+Common stock	1,341	1,329
Add. paid-in capital	30,497	29,456
Retained earnings	73,129	71,814
Total Liabilities & Shareholders' Equity	$ 151,174	$ 145,984

* At lower of cost (FIFO) or market (net realizable value).
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.72	4.12
%Net Income to Sales	1.01	2.24
%Net Income to Equity	2.89	6.64
Sales to Inventories	4.15	4.32
Debt to Equity	0.01	0.01
Working Capital	$ 87,677,000	$ 89,083,000
Current Ratio	4.04	4.22
Shareholders' Equity	$104,967,000	$102,599,000

Bio-Rad Laboratories, Inc.

1000 Alfred Nobel Drive
Hercules, California 94547
(415) 234-4130

Officers: David Schwartz, president; James Bennett, v.p.-Diagnostics Group; Burton A. Zabin, v.p.-Research Products Group; Peter V. Leigh, controller; Gregory K. Hinckley v.p.-finance; Warren R. Howell, v.p.-Analytical Instruments Group; Guy Gerard, v.p.-European Operations; Norman Schwartz, treasurer.

Directors: James J. Bennett, Albert J. Hillman, Philip L. Padou, Alice N. Schwartz, David Schwartz, Burton A. Zabin.

Areas of Work: Engaged in the development, manufacture and marketing of products used for the analysis of complex chemical mixtures into their individual components and to provide qualitative and quantitative information on each component. Products are used in a broad range of applications including research, manufacturing process and quality control and in the clinical and medical diagnosis of organic and metabolic disturbances in humans. The company also publishes spectral reference data used in research and industry.

Divisions and Subsidiaries:

Research Products Division
Richmond, California

Clinical Division
Hercules, California

Digilab Division
Cambridge, Massachusetts

Environmental Chemical Specialties Division
Anaheim, California

Sadtler Research Laboratories Division
Philadelphia, Pennsylvania

Ophthalmic Division
Cambridge, Massachusetts

Polaron Division
Watford, England

Bio-Rad Laboratories, Ges.m.b.H.
Vienna, Austria

Bio-Rad Laboratories
Brussels, Belgium

Bio-Rad Laboratories (Canada) Ltd.
Mississauga, Canada

Bio-Rad Laboratories Ltd.
Polaron Equipment Limited
Watford, England

Bio-Rad Laboratories B.V.
Utrecht, The Netherlands

Bio-Rad Laboratories S.R.L.
Milan, Italy

Bio-Rad Laboratories AG
Zurich, Switzerland

Bio-Rad Laboratories GmbH
Munich, West Germany

Bio-Rad Laboratories, Inc.

Bio-Rad Laboratories Pty., Limited
Sydney, Australia

Bio-Rad Lasersharp Ltd.
Abingdon, England

Elfiplast S.R.L.
Milan, Italy

Nippon Bio-Rad Laboratories (Japan) K.K.
Tokyo, Japan

Bio-Rad Pacific
Hong Kong

Orimbio S.A.
Paris, France

Transfer Agent(s):
Wells Fargo Bank
595 Market Street, Suite 2180
San Francisco, California 94105

Stock Exchange(s): American

Ticker Symbol: Class A common stock: BIO.A; Class B common stock: BIO.B

Number of Employees:
1986 1,300

Plant Footage:
1986 . . . . . 576,000 sq. ft.

Sales and Earnings

	Net Sales (000's)	Net Income + (000's)
1986	$ 126,579	$ 5,774
1985	102,329	4,252
1984	84,638	1,800
1983	65,869	58
1982	53,190	1,162

	No. of Com. Shares ‡	Earn. per Share +‡
1986	7,262,000	$ 0.80
1985	6,514,000	0.65
1984	6,433,000	0.28
1983	6,399,000	0.01
1982	6,368,000	0.18

+ Including extraordinary loss of $322,000 ($0.04 per share) in 1986.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986	1985
Research products	$ 52,295,000	$ 43,785,000
Diagnostic products	39,766,000	27,668,000
Analytical instrumentation	34,518,000	30,876,000
Total	$ 126,579,000	$ 102,329,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	50%	—
1985	—	50%	—
1984	—	—	—
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 43,305,000	$ 5.96
1985	29,856,000	4.58
1984	18,922,000	2.94
1983	17,068,000	2.67
1982	16,881,000	2.65

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 126,579,000	$ 102,329,000
Cost of sales	56,030,000	47,542,000
Expenses	58,714,000	45,976,000
Interest expense	2,081,000	3,228,000
Invest. inc.	(487,000)	(224,000)
Reserve for invest.	351,000	—
Settlement of ins. claim	—	(504,000)
Other expense	365,000	338,000
Income before taxes	$ 9,525,000	$ 5,973,000
Income taxes	3,429,000	1,721,000
Net Income	$ 6,096,000	$ 4,252,000
Extraord. loss	(322,000)	—
Net Income & extraord. loss	$ 5,774,000	$ 4,252,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,340,000 in 1986 and $1,972,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 2,075,000	$ 6,007,000
Accts. receiv., net	28,592,000	23,075,000
*Inventories	25,976,000	21,286,000
Other assets	6,495,000	3,500,000
Current Assets	$ 63,138,000	$ 53,868,000
#Fixed assets	33,904,000	13,785,000
Market securities	2,702,000	2,295,000
Other assets	1,833,000	1,579,000
Total Assets	$ 101,577,000	$ 71,527,000

Liabilities

Notes payable & long-term debt. curr.	$ 10,563,000	$ 8,612,000
Accts. payable	8,739,000	5,409,000
Accrued inc. taxes	759,000	971,000
Other liabilities	12,582,000	8,887,000
Curr. Liabilities	$ 32,643,000	$ 23,879,000
Long-term debt	21,245,000	16,297,000
Deferred inc. taxes	4,484,000	1,495,000
+Common stock	7,540,000	7,131,000
Add. paid-in capital	13,322,000	6,741,000
Retained earnings	21,773,000	15,999,000
For. curr. trans.	670,000	(15,000)
Total Liabilities & Shareholders' Equity	$ 101,577,000	$ 71,527,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.52	5.84
%Net Income to Sales	4.56	4.16
%Net Income to Equity	14.08	14.24
Sales to Inventories	4.87	4.81
Debt to Equity	0.49	0.55
Working Capital	$30,495,000	$29,989,000
Current Ratio	1.93	2.26
Shareholders' Equity	$43,305,000	$29,856,000

The Birtcher Corporation

4501 North Arden Drive
El Monte, California 91731
(818) 575-8144

Officers: Ernest V. Jarvis, chairman of the board; William J. Fisher, president & managing director; Philip R.A. Hardaker, v.p.-international sales; George W. Koenig, v.p.-finance, secretary & treasurer; Herbert Cover, v.p.-marketing & sales; Ali Abdelghani, tech. director-enginering; Ernest V. Jarvis, Jr., director-manufacturing operations.

Directors: Ernest V. Jarvis, chairman; William J. Fisher, Arthur C. Beall, Jr., Hymen P. Chalmers, Alfred C. Ingersoll, Hyrum T. Jarvis, John P. Preston, Francis J. Kelly, Jr., Arthur Wirth.

Areas of Work: Develops and manufactures medical electronic instruments and electronic hardware.

Subsidiaries:
General X-Ray Corporation
Manufactures portable X-ray equipment.

Birtcher Overseas Corporation

Transfer Agent(s):
Bank of America
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BIRT (NASDAQ)

Number of Employees:
1985 . . . . . 133 1984 157

Plant Footage:
1985 . . . . . 63,000 sq. ft.

Sales and Earnings

	Revenues +	Net Income ‡
1985*	$ 3,493,000	$ (3,718,941)
1984	7,137,000	3,413,980
1983	5,906,000	(761,523)
1982	5,078,000	(273,821)
1981	5,715,000	572,636

	No. of Com. Shares	Earn. per Share ‡#
1985*	2,019,514	$ —
1984	2,049,853	1.65
1983	2,049,253	—
1982	2,056,187	—
1981	2,053,921	0.28

(Loss)
* 6 months.
+ Of continuing operations only.
‡ Including extraordinary gain of $380,000 ($0.19 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 2,745,076	$ 1.36
1984	6,590,539	3.22
1983	3,173,747	1.55
1982	3,969,125	1.93
1981	4,203,990	2.05

Income Account *

Year ended Dec. 31	1985 (6 months)	1984
Revenues	$ 3,492,597	$ 7,137,289
Cost of sales	4,012,306	4,597,752
Expenses	2,385,134	3,998,414
Interest expense	90,098	183,868
Loss on subsid.	924,000	—
Loss before taxes	$ (3,918,941)	$ (1,642,745)
Tax credit	(200,000)	(780,000)
Loss - cont. oper.	$ (3,718,941)	$ (862,745)
Inc. - discont. oper.	—	3,896,725
Net Income (Loss)	$ (3,718,941)	$ 3,033,980
Extraord. gain	—	380,000
Net Income (Loss) & extraord. gain	$ (3,718,941)	$ 3,413,980

* Included in Costs and Expenses, Depreciation and Amortization: $72,523 in 1985 and $137,917 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 312,817	$ 392,081
Marketable securities	2,411,197	3,745,917
Accts. receiv., net	1,222,329	1,228,687
Refundable inc. taxes	337,306	732,469
*Inventories	3,235,183	3,354,269
Prepaid expenses	66,930	131,108
Prepaid taxes	—	276,194
Current Assets	$ 7,585,762	$ 9,860,725
#Fixed assets	317,799	369,484
Other assets	—	39,433
Total Assets	$ 7,903,561	$ 10,269,642
Liabilities		
Notes payable	$ 2,151,000	$ 300,000
Long-term debt, curr.	10,066	9,388
Loss on subsidiary	924,000	—
Accts. payable	1,375,936	1,101,136
Accrued payroll	289,454	319,720
Other liabilities	329,620	260,177
Inc. taxes payable	—	1,605,000
Curr. Liabilities	$ 5,080,076	$ 3,595,421
Long-term debt	78,409	83,682
+Capital stock	2,019,514	2,049,853
Add. paid-in capital	1,441,583	1,441,583
Retained earnings (deficit)	(716,021)	3,099,103
Total Liabilities & Shareholders' Equity	$ 7,903,561	$ 10,269,642

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Debt to Equity	0.82	0.06
%Net Income to Equity	—	46.04
Working Capital	$2,505,686	$6,265,304
Current Ratio	1.49	2.74
Shareholders' Equity	$2,745,076	$6,590,539

Bishop Graphics, Inc.

5388 Sterling Center Drive
P.O. Box 5007
Westlake Village, California 91359
(818) 991-2600

Officers: Richard M. Drysdale, chairman of the board, president & chief exec. officer; Robert Meisterling, v.p.-marketing communications; Neil C. Shaw, v.p.-sales; Gordon L. Almquist, v.p.-finance & treasurer; Rubin M. Turner, secretary.

Directors: Richard M. Drysdale, chairman; Morton Kay, David J. Cohen, Lewis B. Merrifield, III, Martin J. Salvin.

Areas of Work: Manufactures and markets pressure-sensitive electronic component drafting aids and other precision-printed and/or specially-processed products and allied services for the various engineering and graphics disciplines.

Divisions and Subsidiaries:

Commercial Products Division

Accupress
San Fernando, California
(213) 873-2655

Bishop DISC, Inc.
Westlake Village, California

BGI Leasing Company
Westlake Village, California
(818) 707-2502

Printed Circuit Design Products Division
Westlake Village, California
(818) 991-2600

Bishop Graphics CAD Systems Corp.
Westlake Village, California
(818) 991-2600

Transfer Agent(s):
City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BGPH (NASDAQ)

Number of Employees:

1986	150	1983	175
1985	145	1982	163
1984	170		

Plant Footage:

1986	105,200 sq. ft.	1983	96,700
1985	111,200	1982	96,700
1984	96,700		

Sales and Earnings

	Net Sales †	Net Income
1986	$ 11,776,000	$ (538,000)
1985	13,400,000	492,000
1984	14,668,000	1,072,000
1983	12,273,000	914,000
1982	11,020,000	189,000

	No. of Com. Shares +	Earn. per Share +
1986	2,339,000	$ —
1985	2,312,000	0.21
1984	2,314,000	0.46
1983	2,224,000	0.41
1982	1,989,000	0.24

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	10%	—
1984	—	—	—
1983	—	10%	3-for-2
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 5,833,000	$ 2.49
1985	6,255,000	2.71
1984	5,575,000	2.41
1983	4,119,000	1.85

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 11,776,000	$ 13,400,000
Cost of sales	6,263,000	6,666,000
Expenses	6,653,000	6,023,000
Interest income	(90,000)	(33,000)
Income (loss) bef. taxes	$ (1,050,000)	$ 744,000
Income taxes (credit)	(512,000)	252,000
Net Income (Loss)	$ (538,000)	$ 492,000

* Included in Costs and Expenses, Depreciation and Amortization: $442,000 in 1986 and $394,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 893,000	$ 1,343,000
Acct. receiv., net	1,336,000	1,473,000
Lease receiv., curr.	192,000	107,000
*Inventories	2,518,000	2,761,000
Prepaid inc. taxes	328,000	82,000
Prepaid expenses	152,000	405,000
Current Assets	$ 5,419,000	$ 6,171,000
#Fixed assets	2,062,000	1,965,000
Other assets	495,000	318,000
Total Assets	$ 7,976,000	$ 8,454,000
Liabilities		
Long-term debt, curr.	$ 557,000	$ 10,000
Accts. payable	373,000	659,000
Accruals	161,000	67,000
Accrued payroll	245,000	263,000
Emp. benefit plan	45,000	55,000
Def. inc. taxes	159,000	404,000
Non-competition agree.	46,000	46,000
Compensation agree.	159,000	—
Curr. Liabilities	$ 1,745,000	$ 1,504,000
Long-term debt	—	557,000
Non-competition agree.	41,000	90,000
Compensation agree.	352,000	
Deferred inc. taxes	5,000	48,000
+Common stock	16,000	15,000
Add. paid-in capital	4,111,000	4,054,000
Retained earnings	1,730,000	2,268,000
Notes receiv. from stock sale	(24,000)	(82,000)
Total Liabilities & Shareholders' Equity	$ 7,976,000	$ 8,454,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $.00666 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.55
%Net Income to Sales	—	3.67
%Net Income to Equity	—	7.87
Sales to Inventories	4.68	4.85
Debt to Equity	0.10	0.09
Working Capital	$3,674,000	$4,667,000
Current Ratio	3.11	4.10
Shareholders' Equity	$5,833,000	$6,255,000

BMC Industries, Inc.

(formerly Buckbee-Mears Company)

1100 American National Bank Building
St. Paul, Minnesota 55101
(612) 228-6310

Officers: Robert J. Carlson, chairman, president & chief exec. officer; Carl A. Bergmann, v.p. & president-Optical Products; Gerald M. Bestler, v.p. & president-Precision Etched Products; Merle D. Kerr, v.p.-finance, treasurer & chief financial officer; Kenneth W. Lewis, v.p.-human resources & administration; Michael P. Hawks, controller; Paul B. Burke, v.p., secretary & gen. counsel.

Directors: Robert J. Carlson, chairman; Carl B. Drake, Jr., Robert W. Fischer, Lyle D. Altman, Joe E. Davis, Donald J. Doughman, H.D. Elverum, Norman C. Mears, Burton N. Noah, S. Walter Richey, Charles S. Strauch, Richard A. Swalin.

Areas of Work: Manufactures and markets precision etched metal components, specialty circuits, electroformed parts, etched and filled glass products, and aperture masks—etched fine screen grids that are a component part of every color cathode ray tube; also manufactures and markets optical lenses.

Divisions and Subsidiaries:

PRECISION ETCHED PRODUCTS

Buckbee-Mears St. Paul
245 East Sixth Street
St. Paul, Minnesota 55101
(612) 228-6400

Buckbee-Mears Cortland
P.O. Box 189
Kellogg Road
Cortland, New York 13045
(607) 753-9615

BMC Industries, Inc.

Buckbee-Mears Europe GmbH
7840 Muellheim-Baden
Postfach 1162, Renkenrunsstrasse
West Germany

OPTICAL PRODUCTS

Buckbee-Mears Europe Optics
7840 Muellheim-Baden
Postfach 1162, Renkenrunsstrasse
West Germany

Vision-Ease Lens
3301 Southwest Ninth Avenue
Fort Lauderdale, Florida 33315
(305) 525-1351

Vision-Ease Lens
700 North 54th Avenue
St. Cloud, Minnesota 56301
(612) 251-8782

Transfer Agent(s):

First Trust Company of St. Paul.
First National Bank Building
St. Paul, Minnesota 55501

Bradford Trust Commpany
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BMC

Number of Employees:

1986	2,061	1983	3,158
1985	N.A.	1982	2,520
1984	4,789		

Plant Footage:

1986	498,000 sq. ft.	1983	1,192,000
1985	N.A.	1982	1,057,000
1984	1,184,000		

N.A. - Not Available.

Sales and Earnings

	Revenues +	Net Income †
1986	$ 123,391,000	$ (6,508,000)
1985	98,781,000	(69,613,000)
1984	87,726,000	2,449,000
1983	80,344,000	7,987,000
1982	70,573,000	4,477,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	5,206,000	$ —
1985	5,179,000	—
1984	5,171,000	0.47
1983	4,697,000	1.70
1982	3,410,000	1.31

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $2,620,000 ($0.51 per share) in 1985.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Precision etched prods.	$ 61,290	$ 47,938
Optical prods.	62,101	50,843
Total	$ 123,391	$ 98,781

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.12	—	—
1984	0.46	—	—
1983	0.40	—	—
1982	0.39	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 5,568,000	$ 1.07
1985	9,438,000	1.82
1984	78,455,000	15.17
1983	78,757,000	15.31
1982	54,538,000	12.60

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 123,391	$ 98,781
Cost of sales	97,411	75,432
Expenses	12,742	11,955
Interest expense	11,118	11,505
Prov. for (reversal of) plant move	—	(1,524)
Gain on sale of license agree.	—	(1,100)
Other expenses (income)	(522)	649
Income before taxes	$ 2,642	$ 1,864
Income taxes	4,150	1,928
Loss-cont. oper.	$ (1,508)	$ (64)
Loss-discont. oper.	(5,000)	(72,169)
Net Loss	$ (6,508)	$ (72,233)
Extraordinary gain	—	2,620
Net Loss & extraord. gain	$ (6,508)	$ (69,613)

* Included in Costs and Expenses, Depreciation: $4,308,000 in 1986 and $3,017,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 37,299	$ 18,856
Accts. receiv., net	15,457	14,364
*Inventories	25,056	26,446
Notes receiv. & other curr. assets	3,947	7,417
Assets of discont. oper.	11,926	7,127
Current Assets	$ 93,685	$ 74,210
#Fixed assets	24,968	20,272
Other assets	9,128	9,215
Assets of discont. oper.	6,000	29,539
Total Assets	$ 133,781	$ 133,236

Liabilities
(000's)

Short-term borr.	$ 353	$ 240
Long-term debt, curr.	100,512	100,253
Accts. payable	6,661	7,660
Accrued payroll	1,727	1,285
Accrued pension	1,397	1,084
Accrued interest	4,142	4,094
Income taxes pay.	1,798	1,959
Other accruals	4,800	4,121
Curr. Liabilities	$ 121,390	$ 120,696
Long-term debt	3,275	264
Other liabilities	3,475	2,097
Deferred credit	73	741
+Common stock	38,962	38,862
Retained earnings (deficit)	(35,239)	(28,731)
Translation adjust.	1,845	(693)
Total Liabilities & Shareholders' Equity	$ 133,781	$ 133,236

* At lower of average cost or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.14	—
Sales to Inventories	4.92	3.74
Debt to Equity	18.70	10.68
Shareholders' Equity	$5,568,000	$9,438,000

The Boeing Company

P.O. Box 3707
7755 East Marginal Way South
Seattle, Washington 98108
(206) 655-2121

Officers: T.A. Wilson, chairman of the board; Frank Shrontz, president & chief exec. officer; M.T. Stamper, vice chairman; H.W. Haynes, exec. v.p. & chief financial officer; D.P. Beighle, sr. v.p. & secretary; L.D. Alford, K.F. Holtby, sr. v.p.'s; R.B. Brown, D.J. Crispin, H.C. Munson, J.M. Swihart, R.E. Bateman, D.D. Cruze, B. Mishel, v.p.'s; A.H. Lowell, v.p. & controller; B.E. Givan, treasurer; R.L. Dryden, president-Boeing Computer Services Co.; A.M.S. Goo, president-Boeing Military Airplane Co.; H.K. Hebeler, president-Boeing Electronics Co.; J. Mallen, president-Boeing Vertol Co.; D.D. Thornton, sr. v.p., president-Boeing Commercial Airplane Co.; M.K. Miller, president-Boeing Aerospace Co.; F.G. Coffey, H.E. Carr, J.F. Pecitore, J.H. Morrison, staff v.p.'s.

Directors: T.A. Wilson, chairman; H.W. Haynes, Charles M. Pigott, D.E. Skinner, M.T. Stamper, George H. Weyerhaeuser, Robert A. Beck, Lee L. Morgan, David Packard, Stanley Hiller, Jr., Irving S. Shapiro, George M. Keller, H.J. Haynes, Frank A. Shrontz.

Areas of Work: The company is involved in missile and space-oriented activities as well as the manufacture of military and commercial helicopters and aircraft, and computer products and services, associated products.

Divisions and Subsidiaries:

Boeing Aerospace Company
Kent, Washington

Boeing Commercial Airplane Company
Renton, Washington

Boeing Vertol Company
Philadelphia, Pennsylvania

Boeing Military Airplane Company
Wichita, Kansas
Seattle, Washington

Boeing Computer Services Company
Bellevue, Washington

Boeing Electronics Company
Renton, Washington

de Havilland Aircraft of Canada, Ltd.
Toronto, Ontario, Canada
Manufactures commuter aircraft.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s)*:

New York, London, Switzerland, Amsterdam, Boston, Cincinnati, Midwest, Pacific, Philadelphia, Brussels.

* Listed and/or traded.

Ticker Symbol: BA

Number of Employees:

1986	115,000	1983	84,600
1985	98,700	1982	95,700
1984	86,600		

Plant Footage: (Inc. leased and govt. owned floor area; in million square feet)

1986	51.7	1983	44.9
1985	47.2	1982	44.7
1984	44.3		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 16,341,000	$ 665,000
1985	13,636,000	566,000
1984	10,354,000	787,000
1983	11,129,000	355,000
1982	9,035,000	292,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	155,095,000	$ 4.28
1985	155,189,000	3.75
1984	145,837,000	5.39
1983	145,442,000	2.44
1982	144,884,000	2.02

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Transportation equipment & related services	$ 14,702,000	$ 11,997,000
Missiles/space & miscellaneous	1,126,000	1,219,000
Other industries	616,000	529,000
Corp. income	304,000	184,000
Total	$ 16,748,000	$ 13,929,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.04	—	3-for-2
1984	0.93	—	—
1983	0.93	—	—
1982	0.93	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1986	$ 4,826,000	$ 31.12
1985	4,364,000	28.12
1984	3,695,000	25.37
1983	3,038,000	20.92
1982	2,813,000	19.43

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 16,341,000	$ 13,636,000
Cost of sales & exp.	15,711,000	13,053,000
Other income	(407,000)	(293,000)
Interest & debt exp.	9,000	13,000
Income before taxes	$ 1,028,000	$ 863,000
Income taxes	363,000	297,000
Net Income	$ 665,000	$ 566,000

* Included in Costs and Expenses, Depreciation: $463,000,000 in 1986 and $386,000,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cert. of deposit	$ 2,825,000	$ 3,160,000
Short-term investments	1,347,000	49,000
Accts. receiv., net	1,114,000	822,000
Long-term customer financing, curr.	87,000	63,000
Inventories	3,105,000	2,672,000
Current Assets	$ 8,478,000	$ 6,766,000
Long-term customer financing	195,000	514,000
#Fixed assets	2,281,000	1,866,000
Investments & other assets	114,000	100,000
Total Assets	$ 11,068,000	$ 9,246,000

Liabilities
(000's)

Long-term debt, curr.	$ 14,000	$ 18,000
Accts. payable & accruals	3,791,000	2,699,000
Advs. & prog. billings in exc. of costs	791,000	571,000
Income taxes	1,563,000	1,129,000
Curr. Liabilities	$ 5,659,000	$ 4,417,000
Long-term debt	263,000	16,000
Deferred invest. credit	101,000	123,000
Deferred inc. taxes	219,000	326,000
+Common stock	1,338,000	1,347,000
Retained earnings	3,497,000	3,018,000
Treasury stock	(9,000)	(1,000)
Total Liabilities & Shareholders' Equity	$ 11,068,000	$ 9,246,000

Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.29	6.33
%Net Income to Sales	4.07	4.15
%Net Income to Equity	13.78	12.97
Sales to Inventories	5.26	5.10
Debt to Equity	0.06	0.01
Working Capital	$2,819,000,000	$2,349,000,000
Current Ratio	1.50	1.53
Shareholders' Equity	$4,826,000,000	$4,364,000,000

Bolt Beranek and Newman Inc.

10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 491-1850

Officers: Stephen R. Levy, chairman & chief executive officer; Michael P. LaVigna, president & chief operating officer; Michael Nacey, v.p.-administration; Bruce D. Glabe, sr. v.p. & chief financial officer; Ralph Goldwasser, controller; W.B. Barker, sr. v.p.; John Montroy, gen. counsel & clerk; Daniel Sullivan, asst. v.p.

Directors: Samuel Labate, Stephen R. Levy, Roger D. Wellington, Andrew L. Nichols, Michael P. LaVigna, Howard Swearer, John M. Albertine.

Areas of Work: Hardware, software, and consulting services for wide area data communications networks; research, development, and consulting in computer and physical sciences; packaged software for laboratory research and quality control.

Subsidiaries:

BBN Laboratories, Inc.
10 Moulton Street
Cambridge, Massachusetts 02238

BBN Communications Corporation
70 Fawcett Street
Cambridge, Massachusetts 02238
(617) 497-2800

BBN Software Products Corporation
10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 864-1780

BBN Advanced Computers Inc.
10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 497-3700

Transfer Agent(s):
First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: BBN

Number of Employees:

1986	2,113	1983	1,322
1985	1,796	1982	1,251
1984	1,530		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 178,049,000	$ 11,332,000
1985	138,220,000	8,451,000
1984	106,350,000	5,929,000
1983	85,424,000	3,292,000
1982	69,217,500	1,579,800

	No. of Com. Shares +	Earn. per Share +
1986	8,696,122	$ 1.30
1985	8,335,714	1.01
1984	7,767,788	0.76
1983	6,993,406	0.47
1982	6,479,766	0.24

‡ Of continuing operations only.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Research, develop. & consulting	$ 69,081,000	$ 55,267,000
Computer & communications prods.	108,968,000	82,953,000
Total	$ 178,049,000	$ 138,220,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.10	—	—
1984	0.10	—	2-for-1
1983	0.097	—	3-for-2
1982	0.093	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 78,849,000	$ 9.07
1985	62,446,000	7.49
1984	50,971,000	6.56
1983	26,701,000	3.82
1982	23,176,600	3.58

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 178,049,000	$ 138,220,000
Operating costs & expenses	159,193,000	124,379,000
Interest expense	856,000	673,000
Interest income	(1,706,000)	(1,622,000)
Other income	(71,000)	(8,000)
Income before taxes	$ 19,777,000	$ 14,798,000
Income taxes	8,445,000	6,347,000
Net Income	$ 11,332,000	$ 8,451,000

* Included in Costs and Expenses, Depreciation and Amortization: $9,158,000 in 1986 and $6,916,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 3,437,000	$ 1,097,000
Short-term investments	30,759,000	19,079,000
Accts. receiv., net	36,421,000	33,722,000
Other curr. assets	3,124,000	2,277,000

Bolt Beranek and Newman Inc.

*Inventories	9,166,000	8,662,000
Refundable inc. taxes	—	529,000
Current Assets	$ 82,907,000	$ 65,366,000
#Fixed assets	38,155,000	30,193,000
Total Assets	$ 121,062,000	$ 95,559,000
Liabilities		
Accts. payable	$ 4,063,000	$ 4,789,000
Oblig. under cap. leases	1,415,000	1,514,000
Inc. taxes payable	1,986,000	—
Accrued salaries	4,288,000	2,128,000
Other accruals	6,596,000	4,870,000
Deferred revenues	3,182,000	2,246,000
Deferred taxes	12,767,000	10,952,000
Curr. Liabilities	$ 34,297,000	$ 26,499,000
Long-term debt	528,000	688,000
Deferred inc. taxes	3,310,000	2,513,000
Oblig. under cap. leases	4,078,000	3,413,000
+Common stock	8,352,000	7,809,000
Add. paid-in capital	27,409,000	22,063,000
Retained earnings	43,088,000	32,574,000
Total Liabilities & Shareholders' Equity	$ 121,062,000	$ 95,559,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.11	10.71
%Net Income to Sales	6.36	6.11
%Net Income to Equity	14.37	13.53
Sales to Inventories	19.42	15.96
Debt to Equity	0.01	0.09
Working Capital	$48,610,000	$38,867,000
Current Ratio	2.42	2.47
Shareholders' Equity	$78,849,000	$62,446,000

Boonton Electronics Corporation

791 Route 10
Randolph, New Jersey 07869
(201) 584-1077

Officers: Joseph G. Gillespie, president; Scott Elkins, v.p.-marketing; G. Raymond Polen, v.p.-engineering; John E. Titterton, secretary, treasurer & v.p.-finance.

Directors: Jack Frucht, Ronald T. De Blis, Joseph G. Gillespie, John M. Young, Otto H. York.

Areas of Work: Designs and manufactures electronic measuring instruments for use in the laboratory and on production lines of manufacturers of electronic components and equipment. These instruments include RF voltmeters, microwave power meters, signal generators, modulation meters, admittance bridges, and capacitance and inductance meters and bridges.

Subsidiary:
Boonton Domestic International Sales Corporation (DISC)
Randolph, New Jersey

Transfer Agent(s):
Harris Trust Company of New York
110 William Street
New York, NY 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOON (NASDAQ)

Number of Employees:

1986	139	1983	161
1985	148	1983	160
1984	164		

Plant Footage:

1986	44,400 sq. ft.	1983	44,400
1985	44,400	1982	39,500
1984	44,400		

Sales and Earnings

	Net Sales ‡	Net Income #
1986	$ 9,910,254	$ 281,750
1985	10,182,620	296,740
1984	10,766,638	707,757
1983	11,300,933	962,588
1982	10,040,220	661,515

	No. of Com. Shares +	Earn. per Share #
1986	1,479,485	$ 0.19
1985	1,388,831	0.21
1984	1,261,420	0.51
1983	1,224,214	0.69
1982	1,171,715	0.56

‡ Includes other income.
# Including extraordinary gain of $85,236 ($0.06 per share) in 1985.
+ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	10%	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 7,279,509	$ 4.92
1985	6,997,75	5.04
1984	6,691,45	5.30
1983	5,970,679	4.88
1982	4,938,265	4.21

Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 9,910,254	$ 10,182,620
Cost of sales	4,651,233	5,089,229
Expenses	4,778,100	4,551,467
Oper. profit	$ 480,921	$ 541,924
Other charges	171,422	254,251
Other income	(45,108)	(10,963)
Income before taxes	$ 354,607	$ 298,636
Income taxes	72,857	87,132
Net Income	$ 281,750	$ 211,504
Extraord. gain	—	85,236
Net Income & extraord. gain	$ 281,750	$ 296,740

* Included in Costs and Expenses, Depreciation: $392,918 in 1986 and $359,598 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 107,172	$ 156,181
Short-term invest.	409,874	—
Accts. receiv., net	1,554,484	1,770,601
*Inventories	3,866,593	3,668,536
Prepaid expenses	218,346	324,362
Current Assets	$ 6,156,469	$ 5,919,680
#Fixed assets	3,323,227	3,450,477
Other assets	213,505	207,770
Total Assets	$ 9,693,201	$ 9,577,927
Liabilities		
Notes payable	$ 200,000	$ 200,000
Accts. payable	311,420	356,565
Accruals	457,637	414,659
Curr. Liabilities	$ 969,057	$ 971,224
Long-term debt	1,444,635	1,608,944
+Common stock	147,948	147,948
Add. paid-in capital	4,308,054	4,308,054
Retained earnings	2,823,507	2,541,757
Total Liabilities & Shareholders' Equity	$ 9,693,201	$ 9,577,927

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.58	2.93
%Net Income to Sales	2.84	2.08
%Net Income to Equity	3.87	3.02
Sales to Inventories	2.56	2.78
Debt to Equity	0.23	0.26
Working Capital	$5,187,412	$4,948,456
Current Ratio	6.35	6.10
Shareholders' Equity	$7,279,509	$6,997,759

Boston Digital Corporation

Granite Park
Milford, Massachusetts 01757
(617) 473-4561

Officers: Thomas D. Linn, president; Ara Aykanian, executive v.p. & treasurer; William D. Brennen, v.p.-research & development; Simon Queen, clerk; Stanley Leven, asst. clerk; Richard H. Dietz, v.p.-marketing; Robert M. Engler, v.p.-manufacturing; Ernest H. Johnston, v.p.-engineering; William F. Staples, asst. treasurer & controller.

Directors: Ara Aykanian, H. Joseph Gerber, Thomas D. Linn, Stanley Leven, David J. Logan, Simon Queen.

Areas of Work: Develops, manufactures and markets computer numerically controlled precision machining systems.

Subsidiaries:
BostoMatic International Corporation (DISC)
Hopkinton, Massachusetts

BostoMatic U.K., Ltd
England

BostoMatic Foreign Sales Corporation (FSC)
U.S. Virgin Islands

Boston Digital Investment Corporation
Securities investment.

Transfer Agent(s):
Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOST (NASDAQ)

Number of Employees:

1986	136	1983	160
1985	N.A.	1982	N.A.
1984	N.A.		

Plant Footage:

1986	80,000 sq. ft.	1983	80,000
1985	80,000	1982	N.A.
1984	80,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 13,557,746	$ (614,400)
1985	15,772,783	343,000
1984	18,289,000	1,111,000
1983	15,703,000	711,000
1982	21,399,000	1,598,000

	No. of Com. Shares #	Earn. per Share #
1986	2,686,571	$ —
1985	2,736,937	0.13
1984	2,752,350	0.40
1983	2,733,457	0.26
1982	2,744,474	0.58

(Loss)
Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 12,868,000	$ 4.79
1985	13,482,475	4.93
1984	13,139,075	4.77
1983	12,017,797	4.40
1982	11,306,576	4.12

Based on the weighted average number of shares outstanding.

Income Account *

Year ended April 30	1986	1985
Net sales	$ 13,557,746	$ 15,772,783
Cost of sales	11,166,596	12,119,721
Expenses	3,585,398	3,613,742
Oper. profit (loss)	$ (1,194,248)	$ 39,320
Interest expense	352,019	367,933
Interest income	(352,870)	(480,013)
Income (loss) bef. taxes	$ (1,193,397)	$ 151,400
Tax credit	(579,000)	(192,000)
Net Income (Loss)	$ (614,397)	$ 343,400

* Included in Costs and Expenses, Depreciation and Amortization: $512,466 in 1986 and $538,610 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 183,130	$ 196,502
Short-term invest.	4,985,970	4,872,349
Income taxes refundable	578,000	352,000
Accts. receiv., net	2,198,365	2,151,249
*Inventories	5,433,352	6,534,987
Prepaid expenses	118,690	119,556
Deferred inc. taxes	236,900	155,100
Current Assets	$ 13,734,407	$ 14,381,743
#Fixed assets	3,850,375	3,900,428
Other assets	158,663	174,463
Total Assets	$ 17,743,445	$ 18,456,634

Liabilities

Accts. payable	$ 603,487	$ 652,577
Accrued payroll	213,977	274,430
Long-term debt, curr.	132,500	122,500
Accruals	299,503	315,188
Cust. deposits	160,000	53,864
Curr. Liabilities	$ 1,409,467	$ 1,418,559
Oblig. under cap. leases	3,115,000	3,247,500
Deferred inc. taxes	350,900	308,100
+Common stock	263,127	263,127
Add. paid-in capital	4,368,079	4,368,079
Retained earnings	8,236,872	8,851,269
Total Liabilities & Shareholders' Equity	$ 17,743,445	$ 18,456,634

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.96
%Net Income to Sales	—	2.18
%Net Income to Equity	—	2.55
Sales to Inventories	2.50	2.41
Debt to Equity	0.30	0.25
Working Capital	$12,324,940	$12,963,184
Current Ratio	9.74	10.14
Shareholders' Equity	$12,868,078	$13,482,475

Bowmar Instrument Corporation

531 Main Street
Acton, Massachusetts 01720
(617) 263-8365

Officers: Edward A. White, chairman & chief executive officer; Charles S. Krakauer, president & chief operating officer; John C. Maag, treasurer, secretary & controller; Julian Belfer, pres.-Harowe Servo Controls, Inc.; Thomas W. Elsby, chairman-White Technology, Inc.; Paul H. Farrow, pres.-Bowmar/ALI, Inc.; Leslie W. Fenn, managing dir.-Bowmar Instrument Limited; Bill E. Goble, pres.-Bowmar Aerospace Division; Charles S. Lemak, pres.-Bowman Data Entry Division.

Directors: Edward A. White*, chairman, James C. Marlas*, J. Davidge Warfield, Harry Rex Land, Jr., Fred N. Gerard*, Dan L. McGurk, Charles S. Krakauer, Gardiner S. Dutton.

* Member of the Executive Committee.

Areas of Work: Manufactures data communications products, including multifunction generators and data acquisition equipment. Also manufactures electronic communications test equipment, electromechanical digital displays, keyboards and thermal printers for use in industrial instrumentation applications, and electromechanical components and packages, including rotating devices (gearheads, motors and motor generators), synchros, mechanical counters, resolvers, dial drives, mechanical packages, ordnance devices and build-to-print military subcontracts.

Divisions:

Bowmar Aerospace Division
8000 Bluffton Road
Fort Wayne, Indiana 46809
(219) 747-3121

Bowmar Data Entry Division
4640 126th Avenue, North
Clearwater, Florida 33520
(813) 576-2525

Subsidiaries:

Bowmar/ALI, Inc.
531 Main Street
Acton, Massachusetts 01720
(617) 263-8365

Harowe Servo Controls, Inc.
Westtown Road at West Chester Pike
West Chester, Pennsylvania 19380
(215) 692-2700

Bowmar Instrument Limited
43/45 High Street
Weybridge, Surrey, KT 138 BB England
(932) 51341

St. Kitts Enterprises Co. Ltd.
P.O. Box 392
Sandy Point, St. Kitts, West Indies
(809) 465-6227

Acquisition(s):

White Technology, Inc.
4246 East Wood Street
Phoenix, Arizona 85040
(602) 437-1520
Manufactures custom and proprietary hybrid-integrated circuits.

Transfer Agent(s):
American Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: BOM

Number of Employees:

1986	1,170	1983	908
1985	888	1982	1,069
1984	926		

Plant Footage:

1986	279,000 sq. ft.	1983	228,000
1985	220,000	1982	N.A.
1984	220,000		

N.A. - Not Available.

Sales and Earnings ‡

	Net Sales +	Net Income †
1986	$ 54,401,000	$ 982,000
1985	54,388,000	2,153,000
1984	43,709,000	795,000
1983	42,924,000	(2,003,000)
1982	48,833,000	(217,000)

	No. of Com. Shares #	Earn. per Share #†
1986	6,052,339	$ 0.16
1985	6,049,793	0.36
1984	5,997,650	0.15
1983	5,958,665	—
1982	5,845,873	—

(Loss)
‡ Restated to include operations of White Technology, Inc., acquired on a pooling of interest basis.
† Including extraordinary gains of $37,000 ($0.01 per share) in 1985 and $86,000 ($0.02 per share) in 1984.
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986 ('000's)	%	1985 ('000's)	%
Electronics	$24,125	44%	$25,305	46%
Electromechanical	30,276	56	29,083	54
Total	$54,401	100%	$54,388	100%

Common Stock Equity ‡

	Total Equity	Equity Per Share +
1986	$ 10,130,000	$ 1.67
1985	8,470,000	1.40
1984	5,065,000	0.84
1983	3,718,000	0.84

‡ Restated.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
('000's)

Year ended Sept. 30	1986	1985 ‡
Net sales	$ 54,401	$ 54,388
Cost of sales	40,229	38,353
Expenses	11,068	10,655
Interest income	(68)	(126)
Interest expense	1,811	1,854
Other income	(105)	(159)
Prov. for (proceeds from) litigation	(300)	168
Income before taxes	$ 1,766	$ 3,633
Income taxes	784	1,480
Net Income	$ 982	$ 2,153
Extraord. gain	—	37
Net Income & extraord. gain	$ 982	$ 2,190

* Included in Costs and Expenses, Depreciation and Amortization: $1,587,000 in 1986 and $1,137,000 in 1985.
‡ Restated.

Bowmar Instrument Corporation

Assets
(000's)

As of Sept. 30	1986	1985 ‡
Cash	$ 1,605	$ 1,702
Receiv., net	9,910	9,615
*Inventories	12,518	11,62
Prepaid expenses	346	305
Current Assets	$ 24,379	$ 23,274
#Fixed Assets	7,161	5,783
Other assets	52	651
Total Assets	$ 32,092	$ 29,714

Liabilities
(000's)

Notes payable	$ 2,800	$ 2,026
Long-term debt, curr.	1,227	213
Accts. payable	3,125	3,864
Accruals	3,404	3,116
Curr. Liabilities	$ 10,556	$ 9,2195
Long-term debt	11,406	12,025
+Common stock	607	607
Add. paid-in capital	4,326	3,654
Retained earnings	5,279	4,297
Treasury stock	(8)	(8)
Foreign currency adjustments	(74)	(80)
Total Liabilities & Shareholders' Equity	$ 32,092	$ 29,714

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 stated value.

Statistical Summary

%Income bef. Taxes to Sales	3.25	6.68
%Net Income to Sales	1.81	3.96
%Net Income to Equity	9.69	25.42
Sales to Inventories	4.35	4.67
Debt to Equity	1.52	1.68
Working Capital	$13,823,000	$14,055,000
Current Ratio	2.31	2.52
Shareholders' Equity	$10,130,000	$ 8,470.000

BR Communications

1249 Innsbruck Drive
Sunnyvale, California 94089
(408) 734-1600

Officers: Robert B. Fenwick, chairman of the board; Gordon W. Breland, president & chief exec. & financial officer; J. Roger Flanagan, John F. McLaughlin, Roy A. Sasselli, Richard R. Smolenski, v.p.'s; Mark A. Bertelsen, secretary.

Directors: Robert B. Fenwick, chairman; William E. Ayer, John W. Ballard, John M. Bolger, Gordon W. Breland, Kenneth P. Miles, Barry J. Shillito.

Areas of Work: Develops, manufactures and markets high-frequency (HF) communications frequency management systems, time diversity modems, and other specialized HF equipment for high reliability military and diplomatic applications.

Divisions and Subsidiaries:
BR Communications Foreign Sales Corporation

Transfer Agent(s):
Bank of America, NT&SA
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BRHF (NASDAQ)

Number of Employees:
1986 ..... 117 1985 155

Plant Footage:
1986 ..... 42,000 sq. ft. 1985 ..... 42.000

Sales and Earnings

	Revenues	Net Income
1986	$ 10,462,377	$ 78,879
1985	13,300,639	1,041,195
1984	19,010,123	3,944,136
1983	19,870,290	4,097,737
1982	14,331,145	2,562,461

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,151,717	$ 0.02
1985	4,208,956	0.25
1984	4,257,274	0.93
1983	4,067,283	1.01
1982	3,336,515	0.77

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 26,531,531	$ 6.39
1985	27,959,677	6.64
1984	26,538,048	6.23
1983	22,830,665	5.61
1982	5,881,528	1.76

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Revenues	$ 10,462,377	$ 13,300.639
Cost of revenues	5,378,201	6,748,891
Expenses	6,296,676	6,377,327
Interest income	(891,379)	(1,042,574)
Income (loss) bef. taxes	$ (321,121)	$ 1,216,995
Income taxes (credit)	(400,000)	175,800
Net Income	$ 78,879	$ 1,041,195

* Included in Costs and Expenses, Depreciation and Amortization: $968,672 in 1986 and $871,443 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 3,148,557	$ 3,507,985
Short-term invest.	10,510,992	8,898,327
Accts. receiv., net	4,357,462	5,188,215
Inc. taxes receiv.	886,000	—
*Inventories	4,764,952	6,378,197
Prepaid expenses	315,042	287,315
Prepaid income taxes	—	140,181
Current Assets	$ 23,983,000	$ 24,400,220
Marketable eq. secur.	2,952,937	3,511,500
#Fixed assets	2,073,670	1,869,956
Other assets	169,000	344,635
Total Assets	$ 29,178,612	$ 30,126,311

Liabilities

Accts. payable	$ 415,631	$ 422,861
Accrued payroll	283,046	489,530
Other accruals	373,382	174,637
Income taxes	—	35,444
Deferred inc. taxes	494,000	—
Curr. Liabilities	$ 1,566,059	$ 1,122,472
Deferred inc. taxes	1,081,022	1,044,162
+Common stock	12,256,065	13,674,527
Retained earnings	14,537,529	14,458,650
Valuation allow. for secur.	(262,063)	(173,500)
Total Liabilities & Shareholders' Equity	$ 29,178,612	$ 30,126,311

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	9.15
%Net Income to Sales	0.75	7.83
%Net Income to Equity	0.30	3.72
Sales to Inventories	2.20	2.09
Working Capital	$22,416,946	$23,277,748
Current Ratio	15.31	21.74
Shareholders' Equity	$26,531,531	$27,959,677

BRIntec Corporation

1600 West Main Street
Willimantic, Connecticut 06226-1128
(203) 456-8000

Officers: Peter Petruchik, president & chief exec. officer; R. Guy Boyle, exec. v.p. & chief financial officer; Leslie K. Breiland, v.p. & treasurer; L. Richard Krewson, v.p., controller & secretary; Reginald W. Barrett, v.p.-BRIntec Systems Corp. & pres.-Connector Products Group; John J. Finnerty, v.p.-BRIntec Systems Corp. & pres.-Interconnection Products Group; Bruce W. Gardner, v.p.-BRIntec Systems Corp. & pres.-Brand-Rex Telecommunications Systems Division; George C. Graeber, v.p.-BRIntec Systems Corp. & pres.-Brand-Rex Cable Systems Division; Philip R. Nack, v.p.-BRIntec Systems Corp. & pres.-Abbott Division.

Directors: Peter Petruchik, R. Guy Boyle, Karl E. Lutz, Donald M. Roberts, David F. Thomas, Thomas J. Troup, Walter B. Wriston.

Areas of Work: Designs and manufactures electronic and electrical interconnection components, devices and systems, including standard and specialty cabling systems, electrical connectors used in hostile environments, multilayer and two-sided circuit boards and flexible circuits.

Divisions:
Cabling Products Group

Abbott Division
1611 Cascade Drive
Marion, Ohio 43302
(614) 382-8212
Electric cable assemblies, cord sets, power cords, molded plugs and inserts.

Brand-Rex Cable Systems Division
1600 West Main Street
Willimantic, Connecticut 06226
(203) 456-8000

90 Progress Drive
Manchester, Connecticut 06040
(203) 643-2435
Standard and specialty flat, signal transmission, coaxial fiberoptic and power wire, cable and cable assemblies for electrical and electronic applications, extruded insulation materials.

Brand-Rex Ltd. Division
Viewfield Industrial Estate
Glenrothes, Fife
Scotland KY6 2RS
Standard and specialty flat, signal transmission, coaxial fiberoptic and power wire, cable and cable assemblies for electrical and electronic applications.

Brand-Rex Telecommunications Systems Division
1600 West Main Street
Willimantic, Connecticut 06226-1128
(203) 456-1706

P.O. Box 160
Siloam Springs, Arkansas 72761
(501) 524-6161

100 South Clay Street
Marion, North Carolina 28752
(704) 652-5800

Brand-Rex International Communications Services
2222 Schuetz Road
St. Louis, Missouri 63146
(314) 567-7117

14100-A Parke-Long Court
Chantilly, Virginia 22021
(703) 378-2105

Brand-Rex Fiberoptic Equipment & Services
P.O. Box 8010
Worcester, Massachusetts 01614
(617) 795-1780
Inside and outside plant telephone wire and cable products; adapters, plugs and accessories; undercarpet telephone and data cable; fiberoptic cable, equipment and services; interconnection cable assemblies.

Teletronics Division
5105 New Tampa Highway
Lakeland, Florida 33801
(813) 688-6831
Specialized electronic subsystems and equipment for telephony; customer premise and central office equipment and call accounting systems.

Connector Products Group

Pyle-National Division
1334 North Kostner Avenue
Chicago, Illinois 60651
(312) 342-6300

Pyle-National of Canada, Ltd.
2560 South Sheridan Way
Mississauga, Ontario, Canada L5J 2M9
(416) 822-3710

Pyle-National Ltd.
Sherbrook Road
Daybrook, Nottingham
England NG5 6AT

Compagnie Pyle-National
18 Avenue de la Joachere, Elysee 2
78170 La Celle St. Cloud, France
Military and industrial power, control and electronic connectors; interconnect systems for hostile environments; miniature and subminiature, hermetically sealed, heavy-duty connectors; high density circular and modular linear connectors.

Garry Screw Machine Division
1010 Jersey Avenue
New Brunswick, New Jersey 08902
(201) 545-2424

Electronics S.A. Iserables
1914 Iserables
Switzerland

Decolletage S.A. Saint-Maurice
1890 St. Maurice
Switzerland
Precision Swiss screw-machine contacts and parts; electronic packaging assemblies.

Interconnection Products Group

Garry Electronics Division
9 Queen Anne Court
Langhorne, Pennsylvania 19047
(215) 949-2300
Precision contacts; electronic packaging systems; molded circuits; sockets; headers; adapters; pluggable boards; computer-aided design; vertical integration packaging; backplane wiring services.

General Circuits Division
95 Mt. Read Boulevard
Rochester, New York 14611
(716) 235-2880
High-density multi-layer, flexible, double-sided and metal core printed circuit boards; electronic packaging systems.

Karl Lotter Präzisionsteile GmbH
Sesselbahnstrasse 7
8959 Halblech 1/Orsteil Buching
West Germany

Micro-parts Electronic GmbH
Sesselbahnstrasse 7
8959 Halblech 1/Orsteil Buching
West Germany
Precision contacts, sockets and I.C. plug-in connection devices; tooling and automated assembly equipment.

Subsidiaries:

BRIntec Systems Corporation

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Stock Transfer Department
One Constitution Plaza
Hartford, Connecticut 06115-1600

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BRIX (NASDAQ)

Number of Employees:

1986 4,400

Plant Footage:

1986 . . . . . 1,750,200 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 310,668,000	$ 12,710,000
1985	299,608,000	11,772,000
1984	293,652,000	8,050,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	12,000,000	$ 1.05
1985	10,384,000	1.10
1984	10,000,000	0.76

† Including extraordinary gain of $955,000 ($0.08 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Cabling products	$ 201,100,000	$ 196,000,000
Connector products	77,200,000	67,800,000
Interconnection products	32,400,000	35,800,000
Total	$ 310,700,000	$ 299,600,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 54,674,000	$ 4.56
1985	40,651,000	3.91
1984	4,973,000	0.50

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 310,668	$ 299,608
Cost of sales	234,483	221,232
Expenses	44,334	41,786
Depreciation	6,468	5,979
Interest expense	6,376	11,438
Other expense (income)	(407)	(621)
Income before taxes	$ 18,600	$ 19,794
Income taxes	6,845	8,022
Net Income	$ 11,755	$ 11,772
Extraord. gain	955	—
Net Income & extraord. gain	$ 12,710	$ 11,772

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 12,969	$ 9,262
Accts. receiv., net	40,777	31,816
*Inventories	73,580	61,928
Prepaid expenses	1,759	1,035
Current Assets	$ 129,085	$ 104,041
#Fixed assets	55,512	54,169
Other assets	5,633	3,882
Total Assets	$ 190,230	$ 162,092

Liabilities
(000's)

Long-term debt, curr.	$ 10	$ 4,954
Accts. payable	14,355	14,119
Accruals	19,811	21,691
Income taxes	4,330	3,885
Curr. Liabilities	$ 38,506	$ 44,649
Long-term debt	81,370	62,779
Deferred inc. taxes	15,295	11,163
Redeem. preferred stock	385	2,850
+Common stock	120	120
Add. paid-in capital	22,997	22,997
For. curr. trans. adjust.	2,791	58
Retained earnings	28,766	17,476
Total Liabilities & Shareholders' Equity	$ 190,230	$ 162,092

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.99	6.61
%Net Income to Sales	3.78	3.93
%Net Income to Equity	21.50	28.96
Sales to Inventories	4.22	4.84
Debt to Equity	1.49	1.67
Working Capital	$90,579,000	$59,392,000
Current Ratio	3.35	2.33
Shareholders' Equity	$54,674,000	$40,651,000

Brunswick Corporation

One Brunswick Plaza
Skokie, Illinois 60077
(312) 470-4700

Officers: Jack F. Reichert, chairman, president & chief exec. officer; Richard J. Jordan, exec. v.p.; John M. Charvat, Herbert E. Ennis, Jack S. Singleton, v.p.'s; Frederick J. Florjancic, Jr., v.p.-finance & treasurer; Henry H. Marvin, v.p.-technology; William R. McManaman, controller; Robert T. McNaney, general counsel; Dianne M. Yaconetti, corp. secretary; Richard S. O'Brien, asst. treasurer; Michael D. Schmitz, Edgar Vanneman, Jr., asst. secretaries; Judith P. Zelisko, asst. v.p.

Directors: Jack F. Reichert, chairman; K. Brooks Abernathy, Sidney Davidson, Leo Herzel, Richard J. Jordan, George D. Kennedy, Jay W. Lorsch, Charles P. Neidig, Robert N. Rasmus, J. Donald Rauth, Pierre A. Rinfret, Eugene F. Tighe, Jr.

Areas of Work: The Company's operations involve five industry segments: Marine products, Recreation products, Leisure services, Defense products, and industrial products.

Divisions:

Defense/Aerospace and Industrial Products

Defense Division
Skokie, Illinois
Products and services include radomes, motor cases and pressure vessels, portable shelter systems, camouflage, fire detection systems, chemical warfare agent detectors/alarms, honeycomb metal bonded structures, launch and weapon systems, tactical aircraft decoy systems, protective gloves, components for helicopters and fixed-wing aircraft.

Technetics Division
DeLand, Florida
Products and services include industrial, high purification membrane and precision filters and filter systems, consumer filters, jet engine seals and other high technology metal fiber products, metal injection molding systems, specialty materials and parts manufacture, shutoff, gate, check and relief valves, golf club shafts, and other tubular products.

Industrial Products Division
Houston, Texas
Door-opening systems, fare collection devices, climate control systems, air conditioning and heating systems, electro-

Brunswick Corporation

mechanical relays, electronic speed indicating, control and recording systems, steam generators, electric boilers, ball, gate, globe, plug, check, safety and relief valves, chemical injector pumps, liquid inventory management systems, process control products, tank gauging and fittings, and linear and rotary actuators.

Recreation and Leisure

Mercury Marine Division
Fond du Lac, Wisconsin
Mercury and Mariner outboard motors and MerCruizer stern drives and inboard engines for pleasure boating and commercial applications; Quicksilver marine parts and accessories.

Bayliner-U.S. Marine Division
Arlington, Washington
Bayliner fiberglass pleasure boats from 14 to 45 feet in length, Blue Fin aluminum boats from 13 to 19 feet; Force outboard motors; stern drives; and Escort boat trailers.

Sea Ray Division
Knoxville, Tennessee
Sea Ray stern drive and diesel inboard powered fiberglass pleasure boats from 17 to 46 feet in length.

Zebco Division
Tulsa, Oklahoma
Fishing reels, rods, reel-rod combinations, electric trolling motors and sportfishing accessories.

Brunswick Division
Muskegon, Michigan
Bowling lanes, automatic pinsetters, computerized scoring equipment and business systems, ball returns, seating and locker units, bowling pins, balls, bags and shoes, billiard tables.

Brunswick Recreation Centers Division
Skokie, Illinois
Operates company-owned bowling centers and provides management services for independent bowling center proprietors.

Transfer Agent(s):
Brunswick Corporation
Skokie, Illinois

The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): New York, Midwest, Pacific, London, and Tokyo

Ticker Symbol: BC

Number of Employees:

1986	26,800	1985	18,700

Sales and Earnings

	Net Sales	Net Income
1986	$1,717,400,000	$ 110,300,000
1985	1,538,500,000	100,300,000
1984	1,468,100,000	94,200,000
1983	1,216,200,000	66,100,000
1982	1,068,200,000	192,300,000

	No. of Com. Shares †	Earn. per Share †
1986	44,266,000	$ 2.63
1985	41,990,000	2.34
1984	42,866,000	2.21
1983	42,244,000	1.47
1982	N.A.	3.42

N.A. - Not Available.
† Adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Marine	$ 948,700	$ 790,800
Recreation prods.	186,600	176,200
Leisure services	114,600	111,600
Defense	251,000	238,600
Industrial prods.	216,500	221,300
Total	$ 1,717,400	$ 1,538,500

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.57	—	—
1985	0.5150	—	2-for-1
1984	0.40	—	—
1983	0.2750	—	2-for-1
1982	0.25	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 690,800,000	$ 15.61
1985	523,200,000	12.46
1984	460,800,000	10.75
1983	376,400,000	8.91

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,717,361	$ 1,538,538
Cost of sales	1,238,101	1,120,101
Expenses	291,670	254,721
Interest expense	2,174	602
Income before taxes	$ 185,416	$ 163,114
Income taxes	75,100	62,800
Net Income	$ 110,316	$ 100,314

* Included in Costs and Expenses, Depreciation and Amortization: $61,500,000 in1986 and $49,569,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 12,222	$ 24,724
Marketable securities	—	79,864
Accts. receiv., net	181,777	143,470
*Inventories	374,762	252,194
Prepaid inc. taxes	30,400	30,200
Prepaid expenses	34,568	42,858
Current Assets	$ 633,729	$ 573,310
#Fixed assets	463,129	322,739
Other assets	778,054	106,123
Total Assets	$ 1,874,912	$ 1,002,172

Liabilities
(000's)

Short-term debt	$ 5,726	$ 13,535
Accts. payable	154,403	93,619
Accruals	219,553	188,576
Income taxes	39,193	318
Curr. Liabilities	$ 418,875	$ 296,048
Long-term debt	659,637	97,597
Deferred pensions	17,860	17,651
Deferred income	20,661	20,190
Deferred inc. taxes	67,100	47,500
+Common stock	35,320	35,320
Add. paid-in capital	152,073	72,573
Unearned portion of restricted stock	(5,396)	(4,034)
Retained earnings	568,604	482,460
Cum. trans. adjust.	3,548	(673)
Treasury stock	(63,370)	(62,460)
Total Liabilities & Shareholders' Equity	$ 1,874,912	$ 1,002,172

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.75 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.80	10.60
%Net Income to Sales	6.42	6.52
%Net Income to Equity	15.97	19.17
Sales to Inventories	4.58	6.10
Debt to Equity	0.96	0.21
Working Capital	$214,854,000	$277,262,000
Current Ratio	1.51	1.94
Shareholders' Equity	$690,779,000	$523,186,000

Buck Engineering Co., Inc.

P.O. Box 686
Farmingdale, New Jersey 07727
(201) 938-2000

Officers: Peter M. Schluter, president & chief executive officer; Charles H. Bond, v.p. & secretary; Christian T. Koerner, treasurer; Shirley L. Barrett, asst. secretary.

Directors: Raymond A. Bowers, David T. Buck, Peter M. Schluter, H. Daniel Harris, Garrett B. Hunter, E.A. Savinelli, Charles H. Bond, Kenneth D. Roberts, James R. Greene.

Areas of Work: Primarily manufactures and markets educational equipment and knowledge transfer systems used in teaching electronics, mechanical and electric power technology in industrial training facilities and vocational, technical and multi-level schools and colleges. Also designs, manufactures and markets engine analysis equipment for the transportation and related energy industries.

Divisions and Subsidiaries:

Lab-Volt Systems
P.O. Box 686
Farmingdale, New Jersey 07727
(201) 938-2000

Lab-Volt Limited
5368 Thirteenth Avenue
P.O. Box 279-Rosemont Station
Montreal, Quebec, Canada H1X 2XB
(514) 725-9552

Lab-Volt (Quebec) Limited
2120 Lavoisier Street
Ste. Foy, Quebec, Canada G1N 4B1
(418) 681-6346

Graymark International, Inc.
Santa Ana, California

Electronics Institute
5605 Troost Avenue
Kansas City, Missouri 64110
(816) 361-5656

Technical Systems, Inc.
Minneapolis, Minnesota

Quintech Division
Belleville, Ontario, Canada

Transfer Agent(s):
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BUCK (NASDAQ)

Number of Employees:

1986	334	1983	326
1985	378	1982	324
1984	340		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 24,829,000	$ 232,066
1985	24,499,000	883,636
1984	20,047,000	844,425
1983	19,205,000	748,256
1982	18,215,000	643,749

	No. of Com. Shares #	Earn. per Share #
1986	499,151	$ 0.46
1985	496,023	1.78

1984	519,411	1.63
1983	593,590	1.26
1982	615,481	1.05

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 6,531,574	$ 13.09
1985	6,275,855	12.65
1984	5,485,798	10.56
1983	5,725,332	9.65
1982	5,028,619	8.62

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 24,828,745	$ 24,498,631
Cost of sales	14,653,164	13,351,974
Expenses	9,213,104	8,773,369
Interest expense	437,392	511,121
Amortization of costs in exc. of assets of acq. cos.	88,965	113,657
For. curr. trans.	68,839	78,335
Interest income	(21,749)	(12,353)
Other expense (income)	(16,363)	7,391
Income before taxes	$ 407,393	$ 1,675,137
Income taxes	140,000	664,000
Inc.-cont. oper.	$ 267,393	$ 1,011,137
Loss-discont. oper.	(35,327)	(127,501)
Net Income	$ 232,066	$ 883,636

* Included in Costs and Expenses, Depreciation and Amortization: $302,683 in 1986 and $336,543 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & invest.	$ 172,620	$ 1,308,109
Accts. receiv., net	7,435,780	8,566,621
*Inventories	6,054,901	6,765,468
Prepaid expenses	214,609	567,112
Current Assets	$ 13,877,910	$ 17,207,310
#Fixed assets	1,895,807	2,025,935
Other assets	1,083,245	1,102,700
Total Assets	$ 16,856,962	$ 20,335,945

Liabilities

Short-term borrowing	$ 1,450,000	$ 2,200,000
Long-term debt, curr.	260,166	711,633
Accts. payable & accruals	5,487,572	7,434,923
Accrued inc. taxes	448,442	336,247
Curr. Liabilities	$ 7,646,180	$ 10,682,803
Long-term debt	2,375,558	2,607,987
Advance payment	—	424,825
Deferred inc. taxes	303,650	344,475
+Common stock	584,040	584,040
Add. paid-in capital	450,555	450,555
Retained earnings	6,708,707	6,476,641
Foreign curr. trans.	(280,670)	(254,323)
Treasury stock	(981,058)	(981,058)
Total Liabilities & Shareholders' Equity	$ 16,856,962	$ 20,335,945

* At lower of cost (principally LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	3.55	14.08
Sales to Inventories	4.10	3.62
Debt to Equity	0.40	0.53
Working Capital	$6,231,730	$8,962,093
Current Ratio	1.82	1.61
Shareholders' Equity	$6,531,574	$6,275,855

Bulova Watch Company, Inc.

(95% owned by Loews Corporation)

Bulova Park
75-20 Astoria Boulevard
Jackson Heights, New York 11370
(718) 565-4200

Officers: Harry B. Henshel, chairman of the board; Andrew H. Tisch, president; Herbert C. Hoffman, chief operating officer; Lawrence F. Codraro, v.p., secretary & general counsel; James S. Waterwash, v.p. & pres.-Bulova Systems and Instruments Corporation; Paul S. Sayegh, executive v.p.; Thomas P. Hickerson, v.p. & controller.

Directors: Harry B. Henshel, chairman; Herbert C. Hofmann, Andrew H. Tisch, Laurence A. Tisch.

Areas of Work: Manufactures and sells, throughout the world, watches and clocks for consumer use, and sells power cells and watch parts to the trade. Also sells nonconsumer products for defense and industrial use, including timing and similar devices.

Divisions:

Consumer Products-Domestic
Technical Sales & Services
Consumer Products-International

Industrial/Defense Divisions:
Systems and Instruments
Providence Division

Subsidiaries:

American Watch Case Corporation
Atlantic Time Products Corporation
Bulova Watch Company Limited
Bulova Watch, S.p.A.
Bulova France, S.A.
Bulova Systems & Instruments Corporation

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BVA

Number of Employees:

1986 ..... N.A. 1985 1,650

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 173,914,000	$ 15,572,000
1985	147,819,000	16,649,000
1984	147,870,000	7,238,000
1983	151,786,000	(13,345,000)
1982	149,211,000	(10,550,000)

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	4,599,000	$ 3.39
1985	4,599,000	4.27
1984	4,599,000	1.57
1983	4,586,000	—
1982	4,402,000	—

(Loss)
‡ Based on the weighted average number of shares outstanding.
† Including extraordinary gains of $4,017,000 ($0.88 per share) in 1986, $1,756,000 ($0.38 per share) in 1985 and $3,095,000 ($0.67 per share) in 1984.

Revenues By Line of Business

	1986	1985
Consumer	$ 111,912,000	$ 92,662,000
Industrial & defense	60,981,000	54,229,000
Corporate	1,021,000	928,000
Total	$ 173,914,000	$ 147,819,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 70,293,000	$ 15.28
1985	52,550,000	11.43
1984	33,133,000	7.20
1983	26,692,000	5.82
1982	35,478,000	8.06

‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 173,914	$ 147,819
Cost of sales	106,893	103,774
Expenses	36,992	33,791
Interest expense	1,811	1,868
Interest to affiliates	180	1,258
Loss (gain) from asset disposition	709	(23,556)
Inc. bef. taxes	$ 27,329	$ 30,684
Income tax	15,774	12,791
Net Income	$ 11,555	$ 17,893
Extraord. gain	4,017	1,756
Net Income & extraord. gain	$ 15,572	$ 19,649

* Included in Costs and Expenses, Depreciation: $913,000 in 1986 and $926,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 21,028	$ 3,874
Receivables, net	49,285	73,031
*Inventories	34,161	36,781
Prepaid expenses	1,077	676
Current Assets	$ 105,551	$ 114,362
#Fixed assets	15,867	3,990
Other assets	4,989	185
Total Assets	$ 126,407	$ 118,537

Liabilities
(000's)

Notes payable	$ 3,414	$ 2,666
Long-term debt, curr.	3,230	2,300
Accts. payable	6,343	7,112
Accruals	6,555	10,299
Accrued payroll	2,956	3,014
Accrued pension	2,100	—
Income taxes	5,219	8,388
Curr. Liabilities	$ 29,817	$ 33,779
Long-term debt:		
9¼% Serial notes	4,740	7,026
6% Conv. subord. deb.	5,364	8,534
Oblig. under cap. lease	3,400	—
Mortg. payable	—	1,018
Other liabilities	11,793	1,630
Debt to affiliate	—	14,000
+Common stock	22,998	22,998
Add. paid-in capital	23,046	23,046
Retained earnings	24,684	9,112
Cum. trans. adjust.	(430)	(2,601)
Treasury stock	(5)	(5)
Total Liabilities & Shareholders' Equity	$ 126,407	$ 118,537

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.71	20.76
%Net Income to Sales	6.64	13.29

%Net Income to Equity	16.44	37.39
Sales to Inventories	5.09	4.02
Debt to Equity	0.25	0.36
Working Capital	$75,734,000	$80,583,000
Current Ratio	3.54	3.39
Shareholders' Equity	$70,293,000	$52,550,000

Bunting, Inc.

46 Beatrice Street
P.O. Box 4114
Bridgeport, Connecticut 06607
(203) 384-0081

Officers: Lee Bunting, chairman of the board & chief exec. officer; James T. Ragan, president; Richard E. Bunting, v.p. & gen. mgr.; John D. Larounis, v.p.-marketing & sales; Gladys Brownigg, asst. treasurer; Dorothy DeFerrari, secretary.

Directors: Lee Bunting, chairman; Richard E. Bunting, Brose Bunting, James T. Ragan, Joseph V. Quarles.

Areas of Work: Engaged in the assembling and marketing, through distributors and direct sales personnel, of various audio, visual and electronic communications systems and television viewing systems for use in hospitals, hotels and motels. A subsidiary, Midwest International, Inc., assembles and places coin-operated television chairs in mass transportation terminals.

Subsidiary:

Midwest International, Inc.
650 Wilmington Avenue
Salt Lake City, Utah 84106

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986 . . . . . 145 1985 131

Plant Footage:

1986 . . . . . N.A. 1985 . . . . . 17,093 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 6,917,921	$ (958,156)
1985	8,794,197	432,010
1984	7,541,642	420,265
1983	6,799,877	277,196
1982	6,856,340	174,346

	No. of Com. Shares †	Earn. per Share †
1986	2,137,178	$ —
1985	2,133,651	0.20
1984	2,187,261	0.19
1983	2,282,451	0.12
1982	2,291,475	0.08

(Loss)
† Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	10%	3-for-2
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 3,455,166	$ 1.62
1985	4,411,321	2.07
1984	3,970,646	1.82
1983	3,724,558	1.63
1982	3,454,612	1.51

† Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 6,917,921	$ 8,794,197
Other income	2,166,013	2,205,090
Total Income	$ 9,083,934	$ 10,999,287
Cost of sales	7,190,898	6,893,973
Expenses	3,338,662	3,352,473
Prov. for doubtful accts	196,001	1,774
Interest expense	25,626	16,674
Income (loss) before taxes	$ (1,667,253)	$ 734,393
Income taxes (credit)	(709,097)	302,383
Net Income (Loss)	$ (958,156)	$ 432,010

* Included in Cost and Expenses, Depreciation and Amortization: $368,277 in 1986 and $411,044 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & invest.	$ 250,500	$ 788,002
Accts. receiv., net	1,258,559	1,582,826
*Inventories	2,506,718	3,238,253
Prepaid expenses	126,884	114,700
Deferred inc. taxes	155,000	—
Current Assets	$ 4,298,001	$ 5,723,781
Installment accts. receiv.	183,214	241,877
#Fixed assets	696,384	763,034
Other assets	18,532	28,896
Equip. leased to others	242,401	325,523
Total Assets	$ 5,438,532	$ 7,083,111

Liabilities

Note payable	$ 350,000	$ —
Long-term debt, curr.	11,691	19,578
Accts. payable	405,470	941,562
Accrued commissions	262,908	272,215
Cust. adv. pay.	502,385	—
Income taxes	73,154	12,035
Deferred inc. taxes	—	746,840
Billings in excess of costs	104,749	544,158
Curr. Liabilities	$ 1,710,357	$ 2,536,388
Long-term debt	24,387	15,467
Deferred inc. taxes	248,622	119,935
+Common stock	22,989	22,956
Add. paid-in capital	2,361,491	2,359,523
Retained earnings	1,252,577	2,210,733
Treasury stock	(181,891)	(181,891)
Total Liabilities & Shareholders' Equity	$ 5,438,532	$ 7,083,111

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Total Income	—	6.68
%Net Income to Total Income	—	3.93
%Net Income to Equity	—	9.79
Debt to Equity	0.01	0.01
Working Capital	$2,587,644	$3,187,393
Current Ratio	2.51	2.26
Shareholders' Equity	$3,455,166	$4,411,321

Burndy Corporation

Richards Avenue
Norwalk, Connecticut 06856
(203) 838-4444

Officers: David Dibner, chairman of the board; Theodore York, president; Stanley J. Aris, v.p. & chief financial officer; Ernest Fanwick, v.p., secretary & general counsel; Donald F. Keating, v.p.-human resources; Ramon V. Nicholl, v.p.-management systems and services; Alan H. Peltz, treasurer; Frederick H. McLenaghan, Thomas H. Pfeff, William M. Nuckols, Robert J. Verhoeven, v.p.'s & gen. mgr.'s; John R. Ramer, controller.

Directors: David Dibner, chairman; George M. Szabad, Carlyle F. Barnes, John P. Horgan, Paul Kolton, J.E. Goldman, Richard C. Farley, Billy C. Christensen, Theodore C. York, Gorden F. McClure, Bern Dibner.

Areas of Work: The Company designs, manufactures and sells electrical and electronic connectors and related products. Products range from microminiature components for use in sophisticated electronic equipment to very large electrical connectors used by utilities in the generation, transmission and distribution of electric power. Most sales are made to original equipment manufacturers.

Subsidiaries:

Burndy Electra N.V.
Antvon Spinoystraat, 8
Mechelen, Belgium

Burndy Services Limited
St. Albans, England

Burndy do Brasil Conetores Ltda.
Estrada do Guarapirange, 2,400
Caixa Postal 30806
Sao Paulo 1, Brazil

Burndy Mexico, S.A. de C.V.
Calle del Rio No. 12
Naucalpan de Juarez
Estado de Mexico

Burndy-Japan Ltd. (affiliate)
9th Floor, T.O.C. Bldg.
22-17, 7-chome Nishigotanda
Sinagawa-Ku, Tokyo-141
Japan

Burndy Electra SpA
Stada dei Francese 137
C.P. 130 Ferrovia
10100, Torino, Italy

Burndy Espanola, S.A.
Calle Vilamari 81
Barcelona 15, Spain

Burndy S.A.
39-41 rue Amilcar Cipriani
93-St. Ouen, France

Burndy Scandinavia A.B.
Stockholm, Sweden

Burndy Nederland B.V.
Delftsevaart 26
Rotterdam, Netherlands

Burndy Inc.
Canada

Burndy (FSC) Inc.
U.S. Virgin Islands

Burndy International Inc.
Burndy Export Sales Corp.

Husky Products, Inc.
Kentucky

Caribbean Electronics Limited
Bermuda

Transfer Agent(s):

Manufacturers Hanover Trust Co.
Shareholder Services Dept.
P.O. Box 24935
Church Street Station
New York, NY 10249

Stock Exchange(s): New York

Ticker Symbol: BDC

Number of Employees:

1986 . . . . . 3,334 1983 4,000
1985 . . . . . 3,828 1982 3,865
1984 4,350

Sales and Earnings

	Net Sales	Net Income
1986	$ 242,089,000	$ 9,490,000
1985	218,970,000	(9,061,000)
1984	232,380,000	12,763,000
1983	211,509,000	12,040,000
1982	226,409,000	15,325,000

	No. of Com. Shares +	Earn. per Share +
1986	12,028,000	$ 0.79
1985	12,001,000	—
1984	11,978,000	1.07
1983	11,967,000	1.01
1982	12,088,000	1.27

(Loss)
+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.64	—	—
1984	0.84	—	—
1983	0.80	—	—
1982	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 136,757,000	$ 11.37
1985	119,408,000	9.95
1984	131,354,000	10.97
1983	131,554,000	10.99
1982	130,678,000	10.81

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 242,089,000	$ 218,970,000
Cost of sales	161,596,000	155,434,000
Expenses	60,030,000	67,281,000
Interest expense	6,840,000	9,722,000
Other income	(5,364,000)	(4,794,000)
Income (loss) bef. taxes	$ 18,987,000	$ (8,673,000)
Income taxes	9,497,000	388,000
Net Income (Loss)	$ 9,490,000	$ (9,061,000)

* Included in Costs and Expenses, Depreciation and Amortization: $14,249,000 in 1986 and $11,715,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 19,487,000	$ 12,584,000
Accts. receiv., net	57,706,000	43,886,000
*Inventories	69,619,000	69,910,000
Prepaid expenses	10,470,000	8,142,000
Current Assets	$ 157,282,000	$ 134,522,000
Investments	10,277,000	7,593,000
#Fixed assets	67,941,000	70,771,000
Other assets	3,316,000	1,329,000
Intangibles	964,000	1,006,000
Total Assets	$ 239,780,000	$ 215,221,000
Liabilities		
Notes payable	$ 22,248,000	$ 14,534,00
Long-term debt, curr.	1,575,000	3,778,000
Accts. payable & accruals	25,674,000	26,203,000
Accrued payroll	8,542,000	5,986,000
Income taxes	453,000	—
Curr. Liabilities	$ 58,492,000	$ 50,501,000
Long-term debt	34,210,000	35,685,000
Deferred inc. taxes	9,467,000	8,904,000
Deferred retirement	854,000	723,000
+Common stock	13,136,000	13,136,000
Add. paid-in capital	6,451,000	6,113,000
Retained earnings	135,164,000	125,674,000
Cumulative translation adjustments	(639,000)	(8,081,000)
Treasury stock	(17,355,000)	(17,434,000)
Total Liabilities & Shareholders' Equity	$ 239,780,000	$ 215,221,000

* Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.84	—
%Net Income to Sales	3.92	—
%Net Income to Equity	6.94	—
Sales to Inventories	3.48	3.13
Debt to Equity	0.25	0.45
Working Capital	$ 98,790,000	$ 84,021,000
Current Ratio	2.69	2.66
Shareholders' Equity	$136,757,000	$119,408,000

Butler National Corporation

8246 Nieman Road
Lenexa, Kansas 66214
(913) 888-8585

Officers: Leonard E. Lindquist, chairman of the board; Gerald R. Smith, president & chief. exec. officer; R.J. Fitzgerald, secretary; Janice E. Katterhenry v.p., treasurer & asst. secretary; Jack Graham, v.p.-aircraft modifications; Robert D. Fulton, v.p. & dir.-operations; Rodney Houck, v.p. & dir.-marketing & sales.

Directors: Leonard E. Lindquist, chairman; Carl H. Almond, Gerald R. Smith, Albert Sidun, Richard J. Fitzgerald.

Areas of Work: Manufactures and sells avionics equipment, navigation and communication devices. Primary products are an Automatic Dialing Alarm System (ADAS) and an airborne switching unit. Also modifies aircraft and services and monitors water treatment facilities.

Subsidiary:

Cansas International Corporation
Engaged in aircraft modification.

Acquisition:

Lauderdale Services, Inc.
2221 Northwest 18th Street
Pompano Beach, Florida 33060
(305) 975-7511
Services and monitors water treatment facilities in Fort Lauderdale, Florida.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
7th & Marquette
Minneapolis, Minnesota 55401

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BUTL (NASDAQ)

Number of Employees:

1986	N.A.	1983	64
1985	95	1982	60
1984	99		

Plant Footage:

1986	N.A.	1983	23,935
1985	23,935 sq.ft.	1982	22,000
1984	23,935		

N.A. - Not Available.

Sales and Earnings

	Net Sales †	Net Income +
1986	$ 5,415,000	$ (293,590)
1985×	5,218,000	164,312
1984	6,035,000	401,041
1983	4,995,000	458,170
1982	5,199,000	195,983

	No. of Com. Shares #	Earn. Per Share # +
1986	3,033,404	$ —
1985×	3,019,111	0.05
1984	2,904,134	0.14
1983	2,737,476	0.17
1982	2,737,667	0.07

(Loss)
× Restated to reflect adjustments to inventory summaries.
† Of continuing operations only.
# Based on the weighted average number of shares outstanding.
+ Including extraordinary credits of $143,000 ($0.05 per share) in 1984, $228,500 ($0.08 per share) in 1983 and $100,500 ($0.04 per share) in 1982.

Revenues By Line of Business

	1986	1985
Avionics	$ 1,452,630	$ 898,684
Monitoring & communication systems	1,954,828	2,852,666
Aircraft modification	1,861,547	1,294,390
Other	145,856	171,878
Total	$ 5,414,861	$ 5,217,618

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 2,135,323	$ 0.70
1985×	2,407,994	0.8
1984	2,224,019	0.77
1983	1,373,624	0.50
1982	915,454	0.33

× Restated.
Based on the weighted average number of shares outstanding.

Income Account *

Year ended April 30	1986	1985 ‡
Net sales	$ 5,414,861	$ 5,217,618
Cost of sales	3,185,467	2,757,880
Expenses	1,555,974	1,459,250
Prod. develop. expend.	608,182	553,677
Interest expense	284,015	297,477
Interest income	(24,842)	(27,978)
Loss on sale of assets	112,655	—
Income (loss) before taxes	$ (306,590)	$ 177,312
Income taxes (credit)	(13,000)	13,000
Net Income (Loss)	$ (293,590)	$ 164,312

* Included in Costs and Expenses, Depreciation and Amortization: $104,650 in 1986 and $116,252 in 1985.
‡ Restated.

Assets

As of April 30	1986	1985 ‡
Cash	$ 16,476	$ 46,667
Accts. receiv., net	1,100,028	1,069,261
Contract receivable	95,574	87,856
*Inventories	2,470,585	3,043,489
Prepaid expenses	34,971	59,797
Current Assets	$ 3,717,634	$ 4,307,070
Note receivable	293,908	160,432
Receiv. from officer	77,602	86,402
Contract receiv.	—	64,566
Inventories	206,000	—
#Fixed assets	804,643	1,062,984
Other assets	65,551	123,879
Total Assets	$ 5,165,338	$ 5,805,333
Liabilities		
Long-term debt, curr.	$ 14,660	$ 31,065
Accts. payable	429,931	627,366
Accrued inc. taxes	—	13,000
Accruals	294,877	236,137

Butler National Corporation

Curr. Liabilities	$ 739,468	$ 907,568
Long-term debt	2,240,000	2,430,000
Equip. notes	2,451	15,852
Deferred comp.	48,096	43,919
+Common stock	304,439	308,999
Add. paid-in capital	9,501,387	9,537,987
Deficit	(7,670,503)	(7,376,913)
Treasury stock	—	(62,079)
Total Liabilities & Shareholders' Equity	$ 5,165,338	$ 5,805,333

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.40
%Net Income to Sales	—	3.15
%Net Income to Equity	—	6.82
Sales to Inventories	2.19	1.71
Debt to Equity	1.06	0.94
Working Capital	$2,978,166	$3,399,502
Current Ratio	5.03	4.75
Shareholders' Equity	$2,135,323	$2,407,994

CAE Industries Ltd.

Suite 3060, P.O. Box 30
Royal Bank Plaza
Toronto, Ontario, M5J 2J1, Canada
(416) 865-0700

Officers: R. Fraser Elliott, chairman of the board; C. Douglas Reekie, vice chairman; David H. Race, president & chief executive officer; Frank van de Water, v.p.-finance and secretary; John G. Mackay, v.p.-operations; Frederick C. Fraser, v.p.-corp. relations; Donald M. Derouin, comptroller & asst. secretary.

Directors: R. Fraser Elliott, chairman; C. Douglas Reekie, P.L.P. Macdonnell, G. Drummond Birks, Pierre Cote, Ward C. Pitfield, E. Jacques Courtois, J.D. Creighton, J.W. McCutcheon, Michael M. Koerner, D.H. Race, F.C. Wilkinson.

Areas of Work: CAE Industries Ltd. is a Canadian-owned holding and management company with operating divisions across Canada. These divisions are engaged in electronics, aviation, automotive and industrial products manufacturing and service for a wide variety of industries, and in the distribution of machine tools, industrial equipment and supplies from coast to coast. The company also has an electronics division in West Germany. Approximately 62% of the company's manufactured products sales are to export markets. CAE divisions specialize in high technology products and services.

Subsidiaries:

CAE Machinery Ltd.
3550 East Broadway
Vancouver, B.C., Canada
(604) 299-3431

USP Industries Inc.
72 Queen Street
Lennoxville, Quebec, Canada
(814) 562-4754

Northwest Industries Limited
Industrial Airport
P.O. Box 517
Edmonton, Alberta, Canada
(403) 455-3161

Canadian Bronze Company Limited
15 Bury Street
Winnipeg, Manitoba, Canada
(204) 786-6821

CAE Electronics Ltd.
8585 Cote de Liesse Road
St. Laurent 377
Montreal, Quebec, Canada
(514) 341-6780

CAE Webster Ltd.
1161 King Street
London, Ontario, Canada
(519) 455-1220

CAE Magnesium Products Div.
155 High Street
Strathroy, Ontario, Canada
(519) 245-4040

CAE Accurcast Ltd.
333 Arnold Street
Wallaceburg, Ontario, Canada
(519) 627-1441

CAE Fiberglass Ltd.
219 Jamieson Bowe Road
Belleville, Ontario, Canada

CAE Electronics GmbH
Steinfurt II
Stolberg, Aachen, West Germany

CAE Metal Abrasive Division
650 Rushmore Road
Welland, Ontario, L3B 5R4 Canada
(416) 735-4691

CAE-DieCast Division.
15 Yale Cr.
St. Catharines, Ontario, Canada
(416) 688-6611

Transfer Agent(s):

Montreal Trust Company
Montreal, Quebec, Canada
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: CAE

Number of Employees:

1986	5,125	1983	3,558
1985	4,892	1982	4,238
1984	4,065		

Sales and Earnings

	Revenues +	Net Income #
1987	$ 486,302,000	$ 34,805,000
1986	332,929,000	24,370,000
1985	327,012,000	30,410,000
1984	283,119,000	22,743,000
1983	243,983,000	11,097,000

	No. of Com. Shares ×	Earn. per Share ‡#
1987	76,685,556	$ 0.45
1986	76,105,262	0.34
1985	71,725,700	0.43
1984	71,175,144	0.32
1983	70,006,344	0.16

+ Of continuing operations only.
# Including extraordinary gains of $795,000 ($0.01 per share) in 1987, $1,313,000 ($0.02 per share) in 1986 and $477,000 ($0.01 per share) in 1983, and extraordinary loss of $412,000 ($0.01 per share) in 1985.
× Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.16	—	2-for-1
1986	0.14	—	—
1985	0.10	—	2-for-1
1984	0.05	—	—
1983	0.05	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 175,094,000	$ 2.28
1986	150,129,000	1.97
1985	97,613,000	1.36
1984	73,326,000	1.03
1983	53,182,000	0.76

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended March 31	1987	1986
Revenue	$ 486,302	$ 332,929
Cost of sales & expenses	425,431	288,192
Depreciation & amortization	10,666	9,831
Interest expense	641	1,064
Interest income	(7,078)	(4,698)
Income before taxes	$ 56,642	$ 38,540
Income taxes	22,632	15,483
Net Income	$ 34,010	$ 23,057
Extraord. gain	795	1,313
Net Income & extraord. gain	$ 34,805	$ 24,370

Assets
(000's)

As of March 31	1987	1986
Cash	$ 91,302	$ 68,291
Accts. receiv...	89,885	63,166
*Inventories	175,884	181,044
Prepaid expenses	2,387	1,372
Income taxes	832	—
Current Assets	$ 360,290	$ 313,873
#Fixed assets	85,649	69,430
Other assets	2,678	3,159
Total Assets	$ 448,617	$ 386,462

Liabilities
(000's)

Bank indebtedness	$ 5,429	$ 8,362
Long-term debt, curr.	415	2,163
Accts. payable & accruals	75,125	57,087
Gov't of Canada loan	3,900	3,900
Income & other taxes	—	712
Deposits on contracts	181,033	148,481
Curr. Liabilities	$ 265,902	$ 220,705
Long-term debt	3,106	14,117
Deferred income taxes	3,069	244
Minority interest	1,446	1,267
+Capital stock	49,651	47,256
Retained earnings	125,443	102,873
Total Liabilities & Shareholders' Equity	$ 448,617	$ 386,462

* At lower of average cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	11.65	1.16
%Net Income to Sales	6.99	6.93
%Net Income to Equity	19.42	15.36
Debt to Equity	0.02	0.11
Working Capital	$ 94,388,000	$ 93,168,000
Current Ratio	1.35	1.42
Shareholders' Equity	$175,094,000	$150,129,000

California Microwave, Inc.

990 Almanor Avenue
Sunnyvale, California 94086
(408) 732-4000

Officers: David B. Leeson, chief executive officer; Gilbert F. Johnson, president & chief operating officer; David E. Hershberg, v.p. & president-Satellite Transmission Systems, Inc., George L. Spillane, v.p.-finance, chief financial officer & secretary; Joseph Russell, v.p. & president-Government Electronics Division; E. Russell Hardy, v.p. & president-Defense Products Division; Ivan A. Cermat, exec. v.p.

Directors: David B. Leeson, chairman; Robert A. Helliwell, Franklin P. Johnson, Jr., Gilbert F. Johnson, Oswald G. Villard, Jr., Thomas D. Sege, Daniel J. McGanney, Jr.

Areas of Work: Active in five related product areas— telecommunications transmission equipment, satellite earth stations and equipment, radar test equipment, defense communication converters, and government intelligence.

Divisions and Subsidiaries:

California Microwave Foreign Sales Corp.
Sunnyvale, California
(408) 732-4000

TXR, Inc. (83% owned)
Sunnyvale, California
Microwave digital radio.

Government Communications Systems
Columbia, Maryland

Microwave Data Systems (80% owned)
Rochester, New York
Data radio equipment.

Satellite Transmission Systems, Inc.
80 Oser Avenue
Hauppauge, New York 11787
(516) 231-1919

Defense Products Division
Defense satellite equipment, and radar equipment.

Telecommunications Products Division
Digital transmission, microwave radio equipment, and satellite telephonic equipment and stations.

Government Electronics Division
Woodland Hills, California
Electronic intelligence systems.

Acquisition(s):

Advent Communications Technology, Inc. (82% owned)
San Jose, California
Manufactures telecommunications test equipment.

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CMIC (NASDAQ)

Number of Employees:

1986	950	1983	1,193
1985	1,016	1982	1,034
1984	1,241		

Plant Footage:

1986	N.A.	1983	365,000
1985	338,000 sq. ft.	1982	284,000
1984	365,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 104,421,000	$ 4,418,000
1985	105,359,000	4,607,000
1984	112,493,000	5,866,000
1983	101,209,000	5,375,000
1982	88,615,000	4,154,000

	No. of Com. Shares #	Earn. per Share #
1986	8,086,000	$ 0.55
1985	8,433,000	0.55
1984	8,409,000	0.70
1983	8,318,000	0.65
1982	8,014,000	0.52

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Satellite commun. equipment	$ 61,091	59%	$ 52,419	50%
Terrestrial equipment	43,330	41	52,940	50
Total	$104,421	100%	$105,359	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—
1982	—	100%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 46,438,000	$ 5.85
1985	46,087,000	5.53
1984	41,856,000	5.01
1983	34,954,000	4.31
1982	28,300,000	3.57

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 104,421,000	$ 105,359,000
Cost of sales	75,734,000	79,275,000
Expenses	21,577,000	18,048,000
Interest income	(771,000)	(492,000)
Income before taxes	$ 7,881,000	$ 8,528,000
Income taxes	3,463,000	3,921,000
Net Income	$ 4,418,000	$ 4,607,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,339,000 in 1986 and $3,238,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,396,000	$ 1,019,000
Short-term investments	2,546,000	7,843,000
Accts. receiv., net	21,701,000	20,311,000
°Inventories	20,688,000	18,630,000
Prepaid expenses	538,000	423,000
Current Assets	$ 46,869,000	$ 48,226,000
#Fixed assets	12,761,000	11,260,000
Other assets	7,508,000	6,707,000
Total Assets	$ 67,138,000	$ 66,193,000
Liabilities		
Notes payable & long-term debt, curr.	$ 870,000	$ —
Accts. payable	8,069,000	8,248,000
Accruals	5,825,000	5,578,000
Income taxes	3,706,000	3,680,000
Curr. Liabilities	$ 18,470,000	$ 17,506,000
Long-term debt	2,230,000	2,600,000
+Common stock	1,962,000	2,054,000
+Jr. Common stock	23,000	27,000
Add. paid-in capital	15,684,000	15,367,000
Retained earnings	29,614,000	29,432,000
Unamortized stock plan	(605,000)	(510,000)
Notes receivable	(240,000)	(283,000)
Total Liabilities & Shareholders' Equity	$ 67,138,000	$ 66,193,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.55	8.09
%Net Income to Sales	4.23	4.37
%Net Income to Equity	9.51	10.00
Sales to Inventories	5.05	5.66
Debt to Equity	0.07	0.04
Working Capital	$28,399,000	$30,720,000
Current Ratio	2.54	2.75
Shareholders' Equity	$46,438,000	$46,087,000

Canadian General Electric Company Limited

(91.9% owned by General Electric Company)

P.O. Box 417
Commerce Court North
25 King Street West
Toronto, Ontario, Canada M5L 1J2
(416) 365-6500

Officers: William R.C. Blundell, chairman & chief executive officer; Robert T.E. Gillespie, exec v.p.; Stephen G. Snyder, v.p.-lighting products; Merritt E. Gordon, sr. v.p.; Ivan R. Feltham, general counsel & secretary; Carl B. Haller, treasurer; V. Gerold Stafl, v.p. & comptroller; Ian A. Bourne, v.p.-financial operations & analysis; Walter R. Fell, v.p.-hydro & mining; Terrance W. Sutherland, v.p.-materials and technical systems; Harold G. Giles, v.p.-corporate human resources; Paul D. Scholfield, v.p.-power systems & services; W. David Wreach, v.p.-materials & technical systems; Colin M. Harper, pres. & chief exec. officer-Camco Inc.

Directors: William F. McLean, D. Steele Curry, Frank P. Doyle, H. Ian Macdonald, Antoine Turmel, Denis W. Timmis, John A. Urquhart, William R.C. Blundell, Guy St.Germain, Ralph D. Ketchum, Bernd K. Kolken, Bernard Lamarre.

Divisions:

Consumer and Construction Products Division
Manufactures, markets and services television, radios, stereos, kitchen and laundry appliances, room air conditioners, and portable electric housewares. Manufactures lamps. Manufactures and markets electric distribution equipment and devices, wire and cable, heating equipment, lighting equipment, cemented carbide tools, plastics, synthetic resins and silicones. Markets mobile radios, aerospace products and computer time-sharing services. Distributes electrical products to wholesale trade.

Apparatus and Heavy Machinery Division
Designs, manufactures, markets and services heavy apparatus for electric utilities and primary industries—turbines, generators, switchgear, circuit-breakers, transformers, electrical distribution equipment, process control equipment, motors, paper machines, grinding and rolling mills, mining machinery, drive systems, and other heavy machinery and components. Other products include transportation equipment, nuclear reactor fuel handling systems, meters, instruments and installation and service engineering.

Subsidiary Companies:

Auprocon Limited
Camco Inc. (51%-owned)
Genelcom Limited
Dominion Engineering Company Limited
Canadian General Electric International Limited
Widney Well Servicing Inc.
I.C.S. Construction Ltd.
I.C.S. Ltee.
Installations Benjamin, Inc.
Sheafer-Townsend Ltd.

Transfer Agent(s):

National Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: CGET

Number of Employees:

1986	11,480	1983	14,657
1985	11,605	1982	17,638
1984	12,300		

Canadian General Electric Company Limited

Sales and Earnings ×

	Net Sales ‡‡	Net Income
1986	$1,642,350,000	$ 56,300,000
1985	1,493,700,000	52,800,000
1984	1,417,700,000	35,600,000
1983	1,392,800,000	35,000,000
1982	1,633,800,000	40,800,000

	No. of Com. Shares	Earn. per Share #
1986	8,178,800	$ 6.88
1985	8,178,800	6.45
1984	8,178,000	4.35
1983	8,178,800	4.28
1982	8,178,800	4.99

× Restated to reflect change in accounting method with respect to oil and gas operations.
‡‡ Includes sales of products and services.
# Based on the number of common shares outstanding assuming conversion of all cumulative convertible preferred shares.

Revenues By Line of Business

	1986	1985
Technology	$ 372,870,000	$ 325,756,00
Consumer	736,055,000	667,854,000
Resources & power generation	538,885,000	509,522,000
Eliminations	11,774,000	6,658,000
Total	$1,659,584,000	$1,509,790,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.40	—	—
1985	2.40	—	—
1984	2.40	—	—
1983	2.40	—	—
1982	2.30	—	—

Common Stock Equity ×

	Total Equity	Equity Per Share
1986	$ 465,581,000	$ 56.93
1985	516,840,000	63.19
1984	N.A.	59.14
1983	N.A.	57.19
1982	N.A.	54.72

N.A. - Not Available.
× Restated.

Income Account *
(000's)

Year ended Dec. 31	1986	1985 ‡
Net sales & services	$ 1,642,350	$ 1,493,718
Cost of sales & exp.	1,490,892	1,372,148
Depreciation	39,169	20,450
Interest expense	5,760	7,481
Misc. taxes	10,602	11,578
Other income	(17,234)	(16,072)
Income before taxes	$ 113,161	$ 98,133
Income taxes	46,796	36,303
Minority interest	10,073	9,077
Net Income	$ 56,292	$ 52,753

‡ Restated.

Assets
(000's)

As of Dec. 31	1986	1985 ‡
Cash	$ 90,016	$ 80,485
Receiv., net	349,631	313,425
*Inventories	310,956	328,132
Deferred taxes	25,180	16,871
Current Assets	$ 775,783	$ 738,913
Investments	8,935	7,363
Long-term, receiv.	12,470	11,999
#Fixed assets	237,773	240,547
Oil & gas resource props.	35,853	35,516
Deferred charges & other assets	18,197	19,638
Total Assets	$ 1,089,011	$ 1,053,976

Liabilities
(000's)

Short-term borrowings	$ 10,270	$ 4,665
Accts. payable	122,613	101,814
Progress collections	61,733	112,322
Dividends payable	87,922	—
Taxes payable	39,888	33,152
Other liabilities	167,936	153,192
Curr. Liabilities	$ 490,362	$ 405,145
Long-term borrowings	10,087	19,648
Accruals	26,084	24,139
Minority interest	41,254	34,819
Deferred inc. taxes	55,643	53,385
+Common stock	26,942	26,942
Retained earnings	438,639	489,898
Total Liabilities & Shareholders' Equity	$ 1,089,011	$ 1,053,976

‡ Restated.
* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.89	6.57
%Net Income to Sales	3.43	3.53
%Net Income to Equity	12.09	10.21
Sales to Inventories	5.28	4.80
Debt to Equity	0.04	0.05
Working Capital	$285,421,000	$333,768,000
Current Ratio	1.58	1.82
Shareholders' Equity	$465,581,000	$516,840,000

Canadian Marconi Company

2442 Trenton Avenue
Montreal, Quebec, Canada, H3P 1Y9
(514) 341-7630

Officers: James F. Grandy, chairman; P.E. Wheatley, president; J.G. McInnes, comptroller; J. Simons, exec. v.p.-electronic group; A.H. Grant, v.p.-Special Services Div.; C. Filiatrault, v.p., secretary & general counsel; C. St. Arnaud, exec. v.p.-communications group; G. Smurop, treasurer, Jean-Guy St. Germain v.p.-human resources/administration; J.J. Kelly, v.p.-finance; L. Leveille, v.p.-Avionics Division; L. Noel, v.p.-Defence Communications Division; D. Rosenthal, v.p.-Components Division; J. Bedford, v.p.-Data Communications Products Division.

Directors: S. Dobb, I.D. Sinclair, T.S. Dobson, J.E. Pateman, R.O. Beauchemin, J.F. Grandy, P.E. Wheatley, P.P. Ralph, W.I.M. Turner, Jr., R.J. Williams.

Areas of Work: Engaged in the manufacture of highly engineered electronic products for defense and civil use.

Divisions and Subsidiaries:

Avionics Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9
(514) 341-7630

Engineering, manufacturing, marketing and servicing of Airborne Doppler Navigation systems, automatic Omega receivers, Area Navigation systems, Satellite position location equipment, aircraft instrumentation displays. Manufacturing and marketing printed wiring boards.

DataComm Products Division
415 Legget Drive
Kanata, Ontario
K2K 2B2 Canada
(613) 592-6500

Multiprocessor-based telex switching systems, time division multiplexers, loop adaptors, voice frequency telegraph products.

Special Services Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9
(514) 341-7630

Installs radar, communications and air navigation equipment and systems, and operates defense communications and detection systems. Operates repair and overhaul shops for radar, sonar, communications equipment and diesel electric generators, and an approved test equipment repair and calibration laboratory.

Defence Communications Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9
(514) 341-7630

Engineering, manufacturing and marketing for commercial and military land-based microwave communications equipment, ancillaries, and associated supporting test equipment.

Components Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9
(514) 341-7630

Designs, manufactures and markets electronic components including multi-layer printed circuit boards, thin film, thick film and hybrid microcircuits, magnetic devices, illuminated panels, alpha-numeric displays and power supplies.

Radar Division
415 Legget Drive
Kanata, Ontario
K2K 2B2 Canada
(613) 592-6500

Develops, manufactures and markets surveillance radar transmitter/receivers, antennas, signal processing equipment and systems for commercial and military use on land and sea.

CMC Electronics, Inc.
20 Meridian Road
Eatontown, New Jersey 07724
(201) 389-2522

Design, development, and manufacture of communications products. Expertise in RF design work. Repair and overhaul of company's avionics and communications equipment.

Transfer Agent(s):
Montreal Trust Company
1 PlaceVille Marie
777 Dorchester Boulevard West
Montreal, Canada H3B 4A5

Stock Exchange(s): American, Montreal, Toronto

Ticker Symbol: CMW

Number of Employees:

1987	2,729	1984	2,731
1986	2,668	1983	2,935
1985	2,731		

Plant Footage:
1987 ..... 650,000 sq. ft.

Sales and Earnings ‡

	Revenues	Net Income †
1986	$ 226,634,900	$ 25,841,000
1985	313,925,000	52,088,000
1984	256,131,000	37,568,000
1983	198,627,000	18,790,000
1982	155,268,000	19,463,000

	No. of Com. Shares +	Earn. per Share †
1986	23,772,768	$ 1.09
1985	23,772,768	2.19
1984	23,772,768	1.58
1983	23,772,768	0.79
1982	23,772,768	0.82

‡ In Canadian dollars.
+ Adjusted to reflect stock split.
† Including extraordinary loss of $789,000 ($1.12 per share) in 1986.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.29	—	—
1985	0.27	—	—
1984	0.2325	—	4-for-1
1983	0.2125	—	—
1982	0.1750	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 195,919,000	$ 8.24
1985	176,972,000	7.44
1984	131,303,000	5.52
1983	99,262,000	4.18
1982	85,524,000	3.60

‡ Adjusted to reflect stock split.

Income Account (000's)

Year ended March 31	1986	1985
Revenues	$ 226,634	$ 313,925
Cost & expenses	180,296	232,864
Depreciation	9,217	8,713
Interest expense	351	410
Income before taxes	$ 36,770	$ 71,938
Income taxes	10,140	19,850
Net Income	$ 26,630	$ 52,088
Extraord. loss	(789)	—
Net Income & extraord. loss	$ 25,841	$ 52,088

Assets (000's)

As of March 31	1986	1985
Cash & temp. invest.	$ 157,961	$ 126,425
Accts. receiv., net	40,070	40,605
Inc. taxes refundable	3,660	18,451
*Inventories	33,252	47,124
Prepaid expenses	632	492
Current Assets	$ 235,575	$ 233,097
#Fixed assets	26,170	28,598
Total Assets	$ 261,745	$ 261,695

Liabilities (000's)

Accts. payable & accruals	$ 56,059	$ 72,142
Income taxes	4,138	5,189
Curr. Liabilities	$ 60,197	$ 77,331
Long-term debt	2,853	4,758
Deferred inc. taxes	2,776	2,634
+Capital stock	10,216	10,216
Retained earnings	185,703	166,756
Total Liabilities & Shareholders' Equity	$ 261,745	$ 261,695

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	11.75	22.92
%Net Income to Revenues	11.40	16.59
%Net Income to Equity	13.19	29.43
Working Capital	$175,378,000	$155,766,000
Current Ratio	3.91	3.01
Shareholders' Equity	$195,919,000	$176,972,000

Canrad Inc.

100 Chestnut Street
Newark, New Jersey 07105
(201) 589-4300

Officers: Carl Krieger, chairman; Harry J. Shutt, president; Richard W. Noble, treasurer, controller & asst. secretary; Leonard Perre, v.p.-marketing; Daniel P. Lund, secretary.

Directors: Carl Krieger, chairman; John F. Reed, Carl N. Singer, Sheldon Feinberg, Philip LeBoutillier, Jr., Jonathan P. Schwartz, Harry J. Shutt.

Divisions and Subsidiaries:

Hanovia
Newark, New Jersey
Designs, develops and produces plasma arc lamps and related equipment including commercial and industrial ultraviolet products.

Strong International
Omaha, Nebraska
Designs, develops and manufactures projection systems and high intensity lighting equipment.

Ballantyne of Omaha, Inc.
Omaha, Nebraska
Manufactures 35mm and 70mm movie projectors, sound equipment, and theater automation equipment and a line of restaurant equipment.

Colight
Minneapolis, Minnesota
Manufactures and markets photo exposure equipment for printed circuit board manufacturing industry.

Special Products Manufacturing Inc.
Binghampton, New York
Manufactures, assembles and sells wave guides and other components for microwave transmissions, and offers machining, plating and assembly services on a contract basis.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CNRD (NASDAQ)

Number of Employees:

1986 ..... N.A. 1985 457

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 36,606,000	$ 1,530,000
1985	29,652,000	741,009
1984	27,167,000	889,334
1983	19,735,000	(300,226)
1982	18,429,000	392,000

	No. of Com. Shares †	Earn. per Share #
1986	1,102,871	$ 1.29
1985	950,234	0.64
1984	940,942	0.77
1983	882,142	—
1982	856,800	0.29

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock dividend.
# Based on the weighted average number of common shares and dilutive common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1986	1985
Ultraviolet products	$ 13,115,836	$ 13,630,840
Theatre & restaurant prods.	11,125,710	10,380,776
Telecommunications prods.	10,628,811	4,076,464
Other	1,735,477	1,563,854
Total	$ 36,605,834	$ 29,651,934

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	5%	—

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	$ 9,750,441	$ 8.84
1985	6,388,686‡	6.72
1984	5,684,249‡	6.04
1983	4,763,836‡	5.40
1982	5,140,907‡	6.00

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock dividend.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 36,605,834	$ 29,651,934
Cost of sales	26,327,315	21,980,115
Expenses	6,632,268	5,798,222
Interest expense	585,866	518,988
Income before taxes	$ 3,060,385	$ 1,354,609
Income taxes	1,530,000	613,600
Net Income	$ 1,530,385	$ 740,9

* Included in Costs and Expenses, Depreciation and Amortization: $673,820 in 1986 and $444,659 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 145,000	$ 129,014
Accts. receiv., net	5,089,620	4,825,349
Refundable inc. taxes	—	118,781
*Inventories	9,831,072	8,949,861
Other curr. assets	476,711	453,298
Current Assets	$ 15,542,403	$ 14,476,303
#Fixed assets	5,051,107	4,881,440
Other assets	25,595	51,650
Intangibles	462,639	445,007
Total Assets	$ 21,081,744	$ 19,854,400

Liabilities

Long-term debt, curr.	$ 22,610	$ 376,172
Accts. payable	2,756,536	2,461,736
Accruals	1,376,119	1,464,008
Income taxes	32,845	114,709
Accrued plant clos.	—	71,895
Curr. Liabilities	$ 4,188,110	$ 4,488,520
Long-term debt	6,565,355	6,506,656
Deferred inc. taxes	577,838	624,038
+Preferred stock	—	1,846,500
++Common stock	827,153	678,739
Add. paid-in capital	6,655,985	4,870,789
Ret. earnings	2,309,803	839,158
Unearned comp.	(42,500)	—
Total Liabilities & Shareholders' Equity	$ 21,081,744	$ 19,854,400

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value.
++ $0.75 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.36	4.57
%Net Income to Sales	4.18	2.50
%Net Income to Equity	15.70	9.00
Sales to Inventories	3.72	3.31
Debt to Equity	0.68	0.79
Working Capital	$11,354,293	$9,987,783
Current Ratio	3.71	3.23
Shareholders' Equity	$ 9,750,441	$8,235,186

Carco Electronics

195 Constitution Drive
Menlo Park, California 94025
(415) 321-8174

Officers: John M. Carter, president & treasurer; William M. Schultz, v.p.-administration; Rudy Schneider, v.p.-engineering; John A. Watson, v.p.-new products; Samuel R. Curless, vice president-manufacturing; William M. Spont, vice president & technical asst.; Hugh D. Carter, v.p.-materiel; Helen D. Carter, secretary; Rochelle R. Schneider, assistant secretary.

Directors: John M. Carter, A. William Bloom, Emmet G. Cameron, Robert P. Nelson, Jr., Richard T. Orth.

Areas of Work: Two major product lines are flight motion simulators and microwave test systems.

Transfer Agent(s):
Carco Electronics
195 Constitution Drive
Menlo Park, California

Stock Exchange(s): Over-the-Counter

Plant Footage:

1986	20,000 sq. ft.	1983	20,000
1985	20,000	1982	20,000
1984	20,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 6,189,520	$ 132,264
1985	6,440,665	286,577
1984	4,869,945	80,791
1983	5,452,717	405,709
1982	5,228,228	409,143

	No. of Com. Shares +	Earn. per Share ‡
1986	401,510	$ 0.33
1985	401,510	0.71
1984	401,010	0.20
1983	401,010	0.99
1982	398,100	1.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.
+ Class A and Class B shares combined adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.06	—	—
1984	0.12	—	—
1983	0.12	—	—
1982	0.12	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 2,453,159	$ 6.11
1985	2,361,046	5.88
1984	2,097,592	5.23
1983	2,064,763	5.15
1982	1,697,746	4.26

+ Based on Class A and Class B stock combined adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 6,189,520	$ 6,440,665
Cost of sales	4,733,630	4,515,088
Expenses	1,183,584	1,321,642
Interest expense	52,128	86,427
Income before taxes	$ 220,178	$ 317,508
Income taxes	87,914	230,931
Net Income	$ 132,264	$ 286,577

* Included in Costs and Expenses, Depreciation: $37,031 in 1986 and $31,732 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 134,400	$ 16,417
Accts. receiv.	739,613	783,378
Income tax receivable	99,6360	—
Costs & earn. in exc. of billings	1,138,537	2,732,666
*Inventories	610,409	796,474
Prepaid expenses	46,019	31,699
Deferred inc. taxes	7,192	16,226
Current Assets	$ 2,775,806	$ 4,376,860
#Fixed assets	154,341	166,010
Other assets	9,450	11,450
Total Assets	$ 2,939,597	$ 4,554,320

Liabilities

Notes payable	$ —	$ 911,000
Accrued income taxes	—	228,988
Accts. payable	230,420	310,504
Accruals	185,028	407,554
Billings in exc. of costs	57,814	328,463
Curr. Liabilities	$ 473,262	$ 2,186,509
Deferred inc. taxes	13,176	6,765
+Capital stock:		
Class A	35,189	35,189
Class B	15,000	15,000
Add. paid-in capital	288,843	288,843
Retained earnings	2,114,127	2,022,014
Total Liabilities & Shareholders' Equity	$ 2,939,597	$ 4,554,320

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.125 stated value.

Statistical Summary

%Income bef. Taxes to Sales	3.56	8.04
%Net Income to Sales	2.14	4.45
%Net Income to Equity	5.39	12.14
Sales to Inventories	10.14	8.09
Debt to Equity	—	0.39
Working Capital	$2,302,544	$2,190,351
Current Ratio	5.87	2.00
Shareholders' Equity	$2,453,159	$2,361,046

Cetec Corporation

9900 Baldwin Place
El Monte, California 91731
(818) 442-8840

Mailing Address:

P.O. Box 5348
El Monte, California 91734

Officers: Hugh P. Moore, chairman; Robert A. Nelson, president & chief exec. officer; Rodney K. Madsen, Rodney C. Minium, Richard P. Drake, v.p.'s; George M. McCollister, secretary & treasurer; Theodore J. Budzan, Paul E. Sexton, asst. secretaries.

Directors: Hugh P. Moore, chairman; Richard A. Campbell, Robert C. Sherburne, John E. Fields, Richard C. Fuller, Robert A. Nelson, Edwin B. Kanner.

Areas of Work: Major business segments include communications and related products, and industrial products. Operations in the communications segment consist primarily of the design, manufacture and marketing of commercial sound products, wireless microphones, communication signaling products, professional audio duplicating equipment, loudspeakers, automatic pilots for the boating industry, and computer software systems for distributors and manufacturers. The industrial segment produces rigid, semi-rigid, and flexible extruded vinyl products having numerous applications, and a variety of injection molded products.

Divisions and Subsidiaries:

Cetec Anco Division
1720 North Santa Anita Avenue
South El Monte, California 91733
(818) 579-1900
Manufactures extruded vinyl products for construction, model homes, electronic and furniture industries.

Cetec Benmar Division
3320 West Warner Avenue
Santa Ana, California 92704
(714) 540-5120
Produces automatic pilots for the pleasure yachting and commercial markets.

Cetec Gauss Division
9130 Glenoaks Boulevard
Sun Valley, California 91352
(213) 875-1900
Professional audio and duplicating equipment, and loudspeakers.

Cetec Vega Division
P.O. Box 5348
9900 Baldwin Place
El Monte, California 91734
(818) 442-0782
Products include wireless microphone systems, microphones, tone and analog telemetry systems and components.

Cetec International Ltd.
Unit 15, North Field
Industrial Estate
Beresford Avenue
Wembley, Middlesex, England HAO 1YB
Markets and services U.S. built Cetec products lines in Europe.

Cetec Guardian Division
1428 North Manzanita Street
Orange, California 92667
(714) 633-3092
Supplies injection-molded plastic containers and components to the health care and electronics industries.

Cetec Ivie
1366 West Center Street
Orem, Utah 84057
(801) 224-1800
Provides high-quality sound reinforcement systems and acoustic instrumentation for use in outdoor stadiums, concert halls and public meeting places.

Cetec Raymer
7315 Fulton Avenue
North Hollywood, California 91605
(818) 764-3434
Manufactures equipment for commercial sound applications involving paging, security and distributed music systems.

Cetec Software Services
13047 Artesia Boulevard, Suite 204
Cerritos, California 90701
(213) 926-6537
Provides software solutions for the electronics distribution industry.

Acquisition(s):

Original Cylinder Corporation
652 West 18th Street
Los Angeles, California 90015
(213) 747-9487
Remanufactures replacement parts for the automobile aftermarket.

Transfer Agent(s):
First Interstate Bank
707 Wilshire Boulevard
Los Angeles, California 90017

Stock Exchange(s): American, Pacific

Ticker Symbol: CEC

Number of Employees:

1986	446	1983	677
1985	583	1982	569
1984	644		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 31,002,000	$ 50,000
1985	33,598,000	(1,258,000)
1984	35,859,000	1,961,000
1983	34,291,000	1,415,000
1982	27,789,000	889,000

	No. of Com. Shares #	Earn. per Share #
1986	1,988,000	$ 0.02
1985	2,212,000	—
1984	2,269,000	0.86
1983	2,296,000	0.61
1982	2,214,000	0.40

(Loss)

‡ Of continuing operations only.

Based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Cetec broadcast group	$ 20,767,000	$ 23,233,000
Cetec industrial group	10,244,000	10,385,000
Miscellaneous & eliminations	(9,000)	(20,000)
Total	$ 31,002,000	$ 33,598,000

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 11,731,000	$ 5.90
1985	13,413,000‡	6.06
1984	16,250,000‡	7.16
1983	15,001,000‡	6.53
1982	13,845,000‡	6.25

‡ After allowing for preferred shares at a redemption value of $10 per share.

Based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 31,002,000	$ 33,598,000
Cost of sales	21,797,000	23,110,000
Expenses	8,220,000	8,076,000
Interest expense	538,000	823,000
Income before taxes	$ 447,000	$ 1,589,000
Income taxes	13,000	486,000
Inc. - cont. oper.	$ 434,000	$ 1,103,000
Loss - discont. oper.	(384,000)	(2,361,000)
Net Income (Loss)	$ 50,000	$ (1,258,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,283,000 in 1986 and $1,120,000 in 1985.

Assets

	1986	1985
Cash	$ 5,168,000	$ 2,801,000
Accts. receiv., net	3,161,000	3,587,000
Refund. inc. taxes	742,000	1,839,000
*Inventories	4,067,000	3,313,000
Prepaid expenses	809,000	995,000
Assets of discont. oper	—	6,384,000
Current Assets	$ 13,947,000	$ 18,919,000
#Fixed assets	5,040,000	5,856,000
Other assets	86,000	148,000
Intangibles	1,333,000	310,000
Total Assets	$ 20,406,000	$ 25,233,000

Liabilities

Long-term debt, curr.	$ 877,000	$ 439,000
Accts. payable	1,304,000	1,812,000
Accruals	1,753,000	1,669,000
Accrued payroll	763,000	1,041,000
Income taxes	295,000	226,000
Curr. Liabilities	$ 4,992,000	$ 5,187,000
Long-term debt	3,178,000	5,944,000
Deferred inc. taxes	505,000	539,000
Deferred credit	—	40,000
+ Preferred stock	—	110,000
+ + Common stock	22,000	636,000
Add. paid-in capital	6,386,000	5,612,000
Retained earnings	6,408,000	7,165,000
Treasury stock	(1,085,000)	—
Total Liabilities & Shareholders' Equity	$ 20,406,000	$ 25,233,000

* At lower of cost (FIFO and LIFO) or market.

Less accumulated depreciation and amortization.

+ $10 par value.

+ + No par value.

Statistical Summary

%Net Income to Equity	0.43	—
Sales to Inventories	7.62	10.14
Debt to Equity	0.27	0.47
Working Capital	$ 8,955,000	$13,732,000
Current Ratio	2.79	3.65
Shareholders' Equity	$11,731,000	$13,523,000

Chelsea Industries, Inc.

1360 Soldiers Field Road
Boston, Massachusetts 02135
(617) 787-9010

Officers: Ronald G. Casty, chairman of the board & president; Norman S. Dunn, exec. v.p. & treas.; David L. Phillips, v.p.-plastic products; Edward Kahn, corp. controller; Emil S. Bernstein, v.p.-finance & corp. development; Milton A. Graff, v.p.-control & administration; Robert M. Rosen, clerk; Gerald A. Denhardt, v.p.-distribution.

Directors: Ronald G. Casty, Robert D. Buzzell, Emil S. Bernstein, Gilbert Freeman, David L. Phillips, James S. Shulman, Norman S. Dunn, Harold R. Logan, A.M. MacKinnon.

Divisions and Subsidiaries:

Distribution Group

RS Electronics, Inc.
Livonia, Michigan

Olive/RS Electronics
St. Louis, Missouri

Fairmont Electronic Sales Corp.
Hauppauge, New York

R^2 Electronics
Andover, Massachusetts

Broad-line distributors of industrial electronic components sold primarily to industrial organizations, OEM's and dealers. Products include semiconductors, integrated circuits, electromechanical devices (such as relays, switches, connectors, wire and cable), passive components (including resistors and capacitors) and other such related products as micro-systems, computers and test instruments.

Plastic Products Group

Progressive Service Company
St. Louis, Missouri 63103
(314) 531-4300
Harrisburg, Pennsylvania 17105
Jacksonville, North Carolina 28540

Produces cutting dies used by footwear, apparel, paper, light wood and metal manufacturers.

Maynard Plastics, Inc.
Salem, Massachusetts 01970
(617) 744-8000
Pittsburgh, Pennsylvania, and Peabody, Massachusetts

Manufactures flexible and rigid plastic profile extrusions used in applications including simulated wood trim, weather stripping, trim for luggage and automobile interiors, carriers for integrated circuits, plastic net for product bags, garment bags and high density retail merchandise bags. Also extrudes rigid vinyl replacement window systems components.

Webster Industries, Inc.
Macomb, Illinois
Montgomery, Alabama
Peabody, Massachusetts 01960
(617) 532-2000

Polyethylene film for food, textile, dry cleaning and other packaging requirements.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: CHD

Number of Employees:

1986 1,400

Sales and Earnings

	Net Sales #	Net Income
1986	$ 179,510,000	$ 7,206,000
1985	184,527,000	6,423,000
1984	199,605,000	5,784,000
1983	145,505,000	5,678,000
1982	143,409,000	5,174,000

	No. of Com. Shares +	Earn. per Share +
1986	2,589,000	$ 2.78
1985	2,562,000	2.51
1984	2,634,000	2.20
1983	2,654,000	2.14
1982	2,209,000	2.34

Of continuing operations only.

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Plastic prods.	$ 122,925	$ 110,162
Narrow fabrics	20,168	38,209
Distribution	36,417	36,156
Total	$ 179,510	$ 184,527

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.72	—	—
1985	0.705	—	—
1984	0.66	—	—
1983	0.645	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 56,918,000	$ 21.98
1985	50,708,000	19.79
1984	45,724,000	17.36
1983	44,235,000	16.67
1982	35,291,000	15.98

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	9/27/86	9/28/85
Net sales	$ 179,510	$ 184,527
Cost of sales	121,271	125,085
Expenses	47,932	46,118

Chelsea Industries, Inc.

Gain on sale of bldgs.	(1,394)	—
Interest & debt exp. exp. (income)	(1)	438
Income before taxes	$ 11,702	$ 12,886
Income taxes	4,496	6,463
Net Income	$ 4,496	$ 6,423

* Included in Costs and Expenses. Depreciation: $3,547,000 in 1986 and $3,270,000 in 1985.

Assets
(000's)

As of	9/27/86	9/28/85
Cash	$ 22,111	$ 20,217
Accts. receiv., net	24,813	24,351
*Inventories	23,533	24,295
Prepaid expenses	4,032	2,792
Current Assets	$ 74,489	$ 71,655
#Fixed assets	24,507	19,488
Other assets	1,673	3,106
Intangibles	1,020	2,632
Total Assets	$ 101,689	$ 96,881

Liabilities
(000's)

Long-term debt, curr.	$ 1,870	$ 1,860
Accts. payable	13,037	16,189
Accruals	4,098	3,899
Income taxes	3,368	3,852
Curr. Liabilities	$ 22,373	$ 25,800
Long-term debt	19,642	17,631
Deferred pension oblig.	1,171	1,075
Deferred inc. taxes	1,585	1,667
+Common stock	3,419	3,377
Add. paid-in capital	14,212	13,049
Retained earnings	47,280	41,941
Treasury stock	(7,993)	(7,659)
Total Liabilities & Shareholders' Equity	$ 101,689	$ 96,881

* At lower of cost (FIFO) or market; plastics group at LIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.52	6.98
%Net Income to Sales	2.50	3.48
%Net Income to Equity	7.90	12.67
Sales to Inventories	7.63	7.60
Debt to Equity	0.38	0.38
Working Capital	$52,116,000	$45,855,000
Current Ratio	3.33	2.78
Shareholders' Equity	$56,918,000	$50,708,000

Chrysler Corporation

12000 Chrysler Drive
Highland Park, Michigan 48288
(313) 956-5252

Mailing Address:

P.O. Box 1919
Detroit, Michigan 48288-1919

Officers: Lee A. Iacocca, chairman of the board & chief exec. officer; Gerald Greenwald, chairman-Chrysler Motors; Harold K. Sperlich, president-Chrysler Motors; Richard E. Dauch, exec. v.p.-manufacturing-Chrysler Motors; Bennett E. Bidwell, vice chairman; R.S. Miller, Jr., vice chairman; Joseph A. Campana, v.p.-marketing-Chrysler Motors; Robert A. Perkins, v.p.-Washington affairs; Robert M. Sinclair, v.p.-engineering-chrysler motors; Christopher J. Steffen, exec. v.p.-finance-Chrysler Motors; Ronald L. Stewart, car and truck assembly operations-Chrysler Motors; Bryon K. Bates, v.p.-public relations-Chrysler Motors; George F. Butts, v.p.-quality & productivity-Chrysler Motors; M.J. Closs, v.p.-Chrysler Motors, pres.-Chrysler Canada; Thomas G. Denomme, v.p.-corp. planning & marketing strategies; Richard Goodyear, v.p., gen. counsel & sec.; Erick A. Reickert, v.p.-program management-Chrysler Motors; Jerry L. Mathis, v.p.-Chrysler Motors & managing dir.-Chrysler de Mexico S.A., David R. Platt, v.p.-procurement & supply-Chrysler Motors; Lee H. Runk, v.p.-component business operations; Glenn E. White, v.p.-personnel & organization; John D. Withrow, Jr., exec. v.p.-product development-Chrysler Motors; Frederick W. Zuckerman, v.p. & treasurer; T.C. Gale, v.p.-product design, Chrysler Motors; G.J. Giocondi, v.p.-service & parts operations, Chrysler Motors; A.P. St. John, v.p.-human resources, Chrysler Motors; J.L. Tolley, v.p.-public affairs; J.B. York, v.p. truck operations, Chrysler Motors; E.T. Pappert, group v.p.-sales, Chrysler Motors; Michael N. Mannes, v.p.-int'l operations, Chrysler Motors; Leroy C. Richie, v.p. & gen. counsel, Chrysler Motors; Leroy H. Runk, v.p.-components business operation, Chrysler Motors; Gulfstream Aerospace Corporation: Allen E. Paulson, chairman & chief exec. officer; Albert H. Glenn, president-U.S. operations; James L. Bradbury, sr. v.p.-administration; Charles N. Coppi, sr. v.p.-engineering & technology; John C. Stellman, v.p.-corp. planning; Charles A. Struve, v.p.-finance.

Directors: Lee A. Iacocca, chairman of the board; A. Jean de Grandpré, Anthony J.A. Bryan, Harold K. Sperlich, Joseph A. Califano, Jr., J. Paul Sticht, Gerald Greenwald, Lilyan H. Affinito, Bennett E. Bidwell, Ronald H. Grierson, Juanita M. Kreps, William G. Milliken, Malcolm T. Stamper, Owen F. Bieber, John H. Johnson, Robert J. Lanigan, Robert S. Miller, Jr., Allen E. Paulson, Robert A. Lutz, Peter A. Magowan.

Areas of Work: Products include cars, trucks, automotive parts and accessories, defense and space products, outboard motors, inboard marine engines and industrial engines, power metal products and chemical products.

Subsidiaries:

Chrysler Motors Corporation
Chrysler Financial Corporation
Gulfstream Aerospace Corporation
Chrysler Technologies Corporation
Automotive Financial Services, Inc.
Chrysler Overseas Capital Corporation
Chrysler Pentastar Aviation, Inc.
Chrysler Canada Ltd.
Chrysler de Mexico S.A.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York

Montreal Trust Company
Montreal and Toronto, Canada

Stock Exchange(s): New York, Midwest, Philadelphia, Pacific, Montreal, Toronto, Paris, London, Frankfurt, Geneva, Basel, Zurich, Vienna, Tokyo.

Ticker Symbol: C

Number of Employees:

1986	115,074	1983	81,478
1985	107,850	1982	73,714
1984	100,435		

Plant Footage:*

1986	58,283,100 sq.ft.	1983	56,521,900
1985	57,092,500	1982	N.A.
1984	55,788,400		

* In United States only.
N.A. - Not Available.

Sales and Earnings

	Net Sales + (000's)	Net Income † (000's)
1986	$ 22,586,300	$ 1,403,600
1985	21,255,500	1,635,200
1984	19,572,700	2,380,000
1983	13,263,800	700,900
1982	10,056,500	170,100

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	222,324,000	$ 6.31
1985	261,426,000	6.25
1984	278,643,000	8.39
1983	261,089,000	2.57
1982	172,575,000	0.82

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.
† Including extraordinary gains of $883,900,000 ($3.15 per share) in 1984, $399,000,000 ($1.53 per share) in 1983 and $66,900,000 ($0.39 per share) in 1982.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.80	—	3-for-2
1985	0.44	—	3-for-2
1984	0.38	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 5,344,800	$ 24.04
1985	4,215,300	16.12
1984	3,305,900	11.86
1983	1,143,100	4.38
1982	(329,800)	—

(Deficiency)
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 22,586,300	$ 21,255,500
Eq. in net earn. of unconsol. subsid.	298,600	255,900
Other income	120,700	41,700
Total Income	$ 23,005,600	$ 21,553,100
Cost of sales	18,635,200	17,467,700
Expenses	1,376,800	1,144,400
Depreciation & amortization	543,600	476,300
Pension benefit	236,300	219,800
Interest expense (income)	32,700	(124,900)
Gain on sales	(144,300)	—
Inc. bef. taxes	$ 2,325,300	$ 2,369,800
Income taxes	921,700	734,600
Net Income	$ 1,403,600	$ 1,635,200

Assets
(000's)

As of Dec. 31	1986	1985
Cash & time deposits	$ 285,100	$ 147,600
Marketable securities	2,394,300	2,649,900
Accts. receiv. net	372,500	207,500
*Inventories	1,699,600	1,862,700
Prepaid pension expense	348,900	260,000
Prepaid expenses	263,600	185,800
Current Assets	$ 5,364,000	$ 5,313,500
Investments & other assets	2,981,400	2,652,200
#Fixed assets	6,117,800	4,639,600
Total Assets	$ 14,463,200	$ 12,605,300

Liabilities
(000's)

Long-term debt, curr.	$ 119,800	$ 101,600
Accts. payable	2,958,300	2,504,500
Short-term debt	82,200	195,300
Accrued liabilities & expenses	1,960,700	393,200 1,927,800

Curr. Liabilities	$ 5,121,000	$ 4,729,200
Long-term debt	2,334,100	2,366,100
Def. empl. benefit plan	289,600	298,400
Other liab.	661,300	604,500
Deferred income taxes	712,400	391,800
+ Common stock	229,800	153,200
Add paid-in capital	1,866,600	1,943,200
Retained earnings	3,567,500	2,153,300
Treasury Stock	(319,100)	(34,400)
Total Liabilities & Shareholders' Equity	$ 14,463,200	$ 12,605,300

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.30	11.15
%Net Income to Sales	6.21	7.69
%Net Income to Equity	26.26	38.79
Sales to Inventories	13.29	11.41
Debt to Equity	0.44	0.56
Working Capital	$ 243,000,000	$ 584,300,000
Current Ratio	1.05	1.12
Shareholder's Equity	$5,344,800,000	$4,215,300,000

Cincinnati Milacron Inc.

4701 Marburg Ave.
Cincinnati, Ohio 45209
(513) 841-8100

Officers: James A.D. Geier, chairman & chief exec. officer; Daniel J. Mayer, exec. v.p.-finance & administration; Donald G. Shively, exec. v.p.-operations; George S. Carper, David E. Noffsinger, George T. Rehfeldt, Alan L. Shaffer, group v.p.'s; D. Michael Clabaugh, v.p.-machine tools, Europe; Theodore Mauser, v.p.-human resources; Richard C. Messinger, v.p. & chief technical officer; William E. Buchholz, treasurer; Thomas L. Jennings, controller; Jack J. Earl, secretary & gen. counsel; Ronald D. Brown, asst. treasurer; Wayne F. Taylor, asst. secretary.

Directors: James A.D. Geier, chairman; Neil A. Armstrong, Edward W. Asplin, Clark Daugherty, Lyle J. Everingham, Donald N. Frey, Gilbert Geier McCurdy, Daniel J. Meyer, C. Lawson Reed, Joseph A. Steger.

Areas of Work: Engaged in the design, manufacture and sale of process equipment and systems for industry and of supplies and accessories generally sold for use in such systems. The Company has three principal segments of business: machine tools, plastics processing machinery and industrial specialty products.

Machine tool products include standard and special purpose metalcutting machine tools such as computer numerically controlled machining and turning centers and profiling machines, various types of grinding machines, general purpose and production milling machines, composite material and tape laying machines, contouring machines, and computer-controlled flexible manufacturing cells and systems, used in the aircraft, automotive, and off-the-road vehicle industries.

Plastic processing machinery products include plastics injection molding machines, multiple screw plastics extrusion machines, blow molded plastics bottle machines, plastics thermoforming machines, reaction injection molding machines and support equipment used in the bottling, automotive, medical and construction industries.

Industrial specialty products include robots, grinding wheels, metalworking fluids, silicon epitaxial wafers, electronic control systems, coordinate measurement and inspection systems, and industrial lasers.

Subsidiaries:

Cincinnati Milacron Marketing Co.
- Amertool Services, Inc.
  - Amertool Services Corp.
  - Cincinnati Milacron Japan Ltd.
- Cincinnati Milacron International Marketing Company
  - Coge AG (Switzerland)
  - Cincinnati Milacron Holding Gesellschaft mbH (Austria)
    - Cincinnati Milacron Austria Aktiengesellschaft
    - Cincinnati Milacron Handelsgesellschaft mbH (Austria)
- Cincinnati Milacron U.K. Co.
  - Cincinnati Milacron Ltd.

Cincinnati MMilacron Assurance Ltd. (Bermuda)
LK Tool USA Inc.
LK Tool Co., Limited (England)
- LK Tool Pletrology Systems Limited (England)
- LK Measurement & Control Systems Limited

Cincinnati Milacron B.V. (Netherlands)
- N.V. Vlaardingse Hattschappijtot Verhuur van Fabrieksgehouwen (Netherlands) Cincinnati Milacron-Canada Ltd.

Cincinnati Milacron Commercial Corp.
Cincinnati Milacron Foreign Sales Corp. (Virgin Islands)
Cincinnati Milacron-Heald Corp.
Cincinnati Milacron Semiconductor Materials Inc.
Cincinnati Milacron S.r.l. (Italy)
The Factory Power Company

Acquisition(s):

Sano Design and Machine Co., Inc.
Passaic, New Jersey
Manufactures equipment to produce thin plastic films, which are used as packaging materials.

International Laser Machines Corporation
Indianapolis, Indiana
Manufactures laser machines and systems for industrial applications.

Transfer Agent(s):

The First National Bank of Cincinnati
P.O. Box 2058
Cincinnati, Ohio 45201

Stock Exchange(s): New York, Cincinnati, Boston, Midwest

Ticker Symbol: CMZ

Number of Employees:

1986	9,592	1983	9,283
1985	9,568	1982	11,974
1984	9,707		

Plant Footage:

1986 . . . . . 5,302,438 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 849,994,000	$ 23,328,000
1985	732,152,000	(44,767,000)
1984	660,517,000	18,731,000
1983	559,017,000	(10,279,000)
1982	759,688,000	12,238,000

	No. of Com. Shares	Earn. per Share ‡
1986	23,598,643	$ 0.98
1985	23,449,293	—
1984	23,430,000	0.80
1983	22,713,000	—
1982	N.A.	0.53

(Loss)
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Machine tools	$ 391,600,000	$ 325,800,000
Plastics machinery	203,500,000	189,900,000
Industrial specialty prods.	254,900,000	216,500,000
Total	$ 850,000,000	$ 732,200,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.72	—	—
1985	0.72	—	—
1984	0.72	—	—
1983	0.72	—	—
1982	0.72	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1986	$ 283,143,000	$ 12.00
1985	262,427,000	11.19
1984	306,920,000	13.10
1983	296,268,000	13.04

† After allowing for preferred stock at par value.

Income Account °
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 849,994	$ 732,152
Other income	10,077	15,216
Total income	$ 860,071	$ 747,368
Cost of sales	658,434	602,042
Expenses	141,289	121,960
Loss (gain) on for. curr.	(794)	198
Interest expense	19,780	17,703
Interest charges	8,261	12,738
Restruc. charges	—	74,404
Incoe (loss) before taxes	$ 33,121	$ (81,677)
Income taxes (credit)	9,793	(36,910)
Net Income (Loss)	$ 23,328	$ (44,767)

° Included in Costs and Expenses, Depreciation: $28,288,000 in 1986 and $29,589,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 12,705	$ 9,761
Marketable securities	741	5,702
Accts. receiv., net	197,507	175,700
°Inventories	257,428	221,318
Other curr. assets	11,299	24,262
Current Assets	$ 479,680	$ 436,743
Investments	19,774	21,150
#Fixed assets	195,077	195,074
Other assets	31,014	16,603
Total Assets	$ 725,545	$ 669,570

Liabilities
(000's)

Amts. payable to banks	$ 37,928	$ 28,921
Long-term debt, curr.	9,920	5,959
Accts. payable	62,357	62,454
Accruals	120,971	112,958
Income taxes	4,754	1,338
Curr. Liabilities	$ 235,930	$ 211,630
Long-term debt	168,202	169,301
Long-term accrued liab.	17,830	15,567
Deferred inc. taxes	14,440	4,645
+ Preferred stock	6,000	6,000
+ + Common stock	23,599	23,449
Add. paid-in capital	76,939	75,079
Retained earnings	190,429	184,315
For. curr. trans. adjust.	(7,824)	(20,416)
Total Liabilities & Shareholders' Equity	$ 725,545	$ 669,570

° At lower of cost or market; U.S. inventories at LIFO; average or standard cost for foreign.
Less accumulated depreciation and amortization.
+ $100 par value; 4% cumulative.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.90	—
%Net Income to Sales	2.74	—
%Net Income to Equity	8.07	—
Sales to Inventories	3.30	3.31
Debt to Equity	0.62	0.65
Working Capital	$243,750,000	$225,113,000
Current Ratio	2.03	2.06
Shareholders' Equity	$289,143,000	$286,427,000

Ciprico Inc.

2955 Xenium Lane
Plymouth, Minnesota 55441
(612) 559-2034

Officers: Ronald B. Thomas, chairman, president & chief exec. officer; Michael L. Quealy, v.p.-research & development & secretary; James P. Henninger, v.p.-finance & administration & chief financial officer; Robert H. Kill, v.p. & gen. mgr.-controller products.

Directors: Ronald B. Thomas, chairman of the board; Michael L. Quealy, Sherman J. Kemmer, Douglas M. Pihl, Donald H. Soukup.

Areas of Work: Develops and manufactures microcomputer tape and high-performance controller boards for the microcomputer original equipment manufacturer market.

Subsidiaries:

Tech-Source Laboratories, Inc.
1175 Spring Centre South Blvd.
Suite D
Altamonte Springs, Florida 32714
Develops and designs high-performance microcomputer products.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPCI (NASDAQ)

Number of Employees:

1986 80

Plant Footage:

1986 . . . . . 37,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 10,059,584	$ 858,840
1985	8,171,392	821,208
1984	7,618,998	1,361,341
1983	3,586,475	596,462
1982	1,571,116	180,553

	No. of Com. Shares ‡	Earn. per Share †‡
1986	2,255,165	$ 0.38
1985	2,263,944	0.36
1984	2,263,551	0.60
1983	2,247,230	0.27
1982	2,163,440	0.11

(Loss)
† Including extraordinary gain of $67,000 ($0.03 per share) in 1982.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	11-for-10

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 10,635,445	$ 4.72
1985	9,753,265	4.31
19[illegible]	8,901,058	3.93
[illegible]	7,280,892	3.24
1982	18,630	0.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 10,059,584	$ 8,171,392
Cost of sales	3,675,047	3,536,635
Expenses	5,549,600	3,864,981
Interest expense	1,066	—
Interest income	(390,868)	(550,753)
Loss (gain) on market secur.	(32,629)	99,321
Other expense	33,528	—
Income before taxes	$ 1,223,840	$ 1,221,208
Income taxes	365,000	400,000
Net Income	$ 858,840	$ 821,208

* Included in Costs and Expenses, Depreciation: $486,910 in 1986 and $327,677 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 51,798	$ 398,888
Temp. cash invest.	4,776,059	3,195,599
Marketable securities	1,795,616	2,649,224
Accts. receiv., net	1,662,155	1,276,447
Refundable taxes	3,945	32,069
Other receivables	3,693	53,347
*Inventories	1,304,624	1,231,019
Other curr. assets	69,751	54,338
Current Assets	$ 9,667,641	$ 8,891,026
#Fixed assets	1,469,256	1,168,922
Other assets	174,499	73,000
Total Assets	$ 11,311,396	$ 10,132,954

Liabilities

Accts. payable	$ 373,750	$ 194,885
Accrued compensation	167,229	103,877
Other accruals	45,972	23,934
Curr. Liabilities	$ 586,951	$ 322,689
Deferred inc. taxes	89,000	57,000
+Common stock	6,979,964	6,956,624
Retained earnings	3,655,481	2,796,641
Total Liabilities & Shareholders' Equity	$ 11,311,396	$ 10,132,954

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	12.17	14.944
%Net Income to Sales	8.54	10.055
%Net Income to Equity	8.08	8.422
Sales to Inventories	7.71	6.644
Working Capital	$ 9,080,690	$8,568,3377
Current Ratio	16.47	27.555
Shareholders' Equity	$10,635,445	$9,753,2655

Clary Corporation

320 West Clary Avenue
San Gabriel, California 91776
(818) 287-6111

Officers: John G. Clary, chairman; Donald G. Ash, president, chief exec. officer & treasurer; Paul Hurder, mgrr.-Construction Automation Division; John J. Guerin, secretary; Jennie Slingeyer, asst. secretary.

Directors: John G. Clary, chairman; Donald G. Ash, John J. Guerin, Harland W. Gerds, Stephan L. Palmer, Jack Toppetll.

Areas of Work: Manufactures and markets uninterruptible power systems, electronic printing devices, cutting and assembly machinery and metal connector plates for use in the production of housing components.

Divisions:

Precision Instruments Division
320 West Clary Avenue
San Gabriel, California 91776

Construction Automation Division
Truss Connector Division
1801 S. Great Southwest Parkway
Grand Prairie, Texas

Transfer Agent(s):

First Interstate Bank
Los Angeles, California

Stock Exchange(s): Pacific

Ticker Symbol: CLY

Sales and Earnings

	Net Sales †	Net Income
1986	$ 11,429,000	$ (754,000)
1985	11,437,000	(159,000)
1984	12,237,000	(170,000)
1983	11,908,000	525,000
1982	8,067,000	185,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,768,198	$ —
1985	1,767,997	—
1984	1,768,017	—
1983	N.A.	0.30
1982	N.A.	0.10

(Loss)
N.A. - Not Available.
† Includes other income.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Precision instruments	$ 4,003,000	$ 4,250,000
Construction machinery	7,406,000	6,843,000
Corporate	20,000	344,000
Total	$ 11,429,000	$ 11,437,000

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 2,239,000	$ 1.27
1985	2,996,000	1.69
1984	3,156,000	1.79
1983	3,329,000	—

† After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 11,372,000	$ 11,030,000
Other income	57,000	407,000
Total income	$ 11,429,000	$ 11,437,000
Cost of sales	8,262,000	7,636,000
Eng. & prod. develop.	1,108,000	1,125,000
Selling expense	1,815,000	1,753,000
Gen. & adm. expense	747,000	828,000
Interest expense	245,000	253,000
Loss before taxes	$ (748,000)	$ (158,000)
Income taxes	6,000	1,000
Net Loss	$ (754,000)	$ (159,000)

* Included in Costs and Expenses, Depreciation and Amortization: $280,000 in 1986 and $273,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 258,000	$ 78,000
Accts. receiv., net	1,590,000	1,651,000

*Inventories	2,347,000	2,199,000
Prepaid expenses	92,000	157,000
Current Assets	$ 4,287,000	$ 4,085,000
#Fixed assets	933,000	2,049,000
Other assets	32,000	31,000
Total Assets	$ 5,252,000	$ 6,165,000
Liabilities		
Notes payable	$ 943,000	$ 135,000
Long-term debt, curr.	288,000	224,000
Accts. payable & accruals	1,015,000	1,140,000
Accrued payroll	260,000	228,000
Customer deposits	37,000	79,000
Curr. Liabilities	$ 2,543,000	$ 1,806,000
Long-term debt	244,000	1,090,000
Convert. subord. debt	117,000	217,000
Deferred income	53,000	—
+ Preferred stock	56,000	56,000
+ +Common stock	2,469,000	2,469,000
Add. paid-in capital	5,112,000	5,112,000
Accum. deficit	(5,342,000)	(4,585,000)
Total Liabilities & Shareholders' Equity	$ 5,252,000	$ 6,165,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value; 5½% cumulative convertible.
+ + $1 par value.

Statistical Summary

Sales to Inventories	4.85	5.02
Debt to Equity	0.23	0.43
Working Capital	$1,744,000	$2,279,000
Current Ratio	1.69	2.26
Shareholders' Equity	$2,295,000	$3,052,000

CMX Corporation

(60.0% owned by Chryon Corporation)

2230 Martin Avenue
Santa Clara, California 95050
(408) 988-2000

Officers: Sam R. Goodman, chairman, president & chief exec. officer; Stanley D. Becker, v.p.; Richard G. Canfield, v.p.; Lawrence Weiland, v.p.; Craig M. Hutchison, secretary, treasurer & controller.

Directors: Sam R. Goodman, chairman; Michael H. Gault; E. Laurence Gay, Alfred O.P. Leubert, Burton I. Lippman, John H. Picou, Leon Weissman, Joseph L. Scheuer.

Areas of Work: Engaged in the design, manufacture and installation of computer-assisted videotape editing systems for network television facilities, educational and commercial television stations, governmental agencies, and post-production facilities that provide editorial services in support of television broadcast operations.

Transfer Agent(s):
Bank of America
Corporation Agency Service Center
San Francisco, California 94137

Stock Exchange(s): American

Ticker Symbol: CXC

Sales and Earnings

	Net Sales +	Net Income + ‡
1986	$ 10,079,000	$ 541,000
1985*	4,554,000	(1,012,000)
1984	9,716,000	(2,260,000)
1983	10,033,000	(1,390,000)
1982	11,433,000	(4,915,000)

	No. of Com. Shares	Earn. per Share †
1986	5,793,000	$ 0.09
1985*	3,793,000	—
1984	3,793,000	—
1983	2,294,000	—
1982	2,286,000	—

(Loss)
* 6 months.
+ Of continuing operations only.
‡ Including extraordinary gains of $196,000 ($0.03 per share) in 1986 and $162,000 ($0.07 per share) in 1984.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,372,000	$ 0.41
1985	1,044,000	0.11
1984	2,004,000	0.53
1983	1,440,000	0.63
1982	2,060,000	0.90

Income Account *

Year ended Dec. 31	1986	1985 (6 months)
Net sales	$ 10,079,000	$ 4,554,000
Cost of sales	4,743,000	2,641,000
Expenses	4,370,000	2,585,000
Interest expense	482,000	288,000
Special charges (credits)	(115,000)	52,000
Income (loss) bef. Taxes	$ 599,000	$ (1,012,000)
Income taxes	254,000	—
Net Income (Loss)	$ 345,000	$ (1,012,000)
Extraord. gain	196,000	—
Net Income (loss) & extraord. gain	$ 541,000	$ (1,012,000)

* Included in Costs and Expenses, Depreciation and Amortization: $403,000 in 1986 and $171,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 279,000	$ 124,000
Accts. receiv., net	2,277,000	2,405,000
*Inventories	2,915,000	2,950,000
Prepaid expenses	138,000	267,000
Current Assets	$ 5,609,000	$ 5,746,000
#Fixed assets	713,000	1,037,000
Def. software develop. costs	260,000	—
Def. debt issuance costs	29,000	100,000
Total Assets	$ 6,611,000	$ 6,883,000
Liabilities		
Notes payable	$ 825,000	$ 1,139,000
Accts. payable	743,000	923,000
Accruals	527,000	708,000
Sales tax payable	56,000	223,000
Emp. contracts - former off.	43,000	187,000
Accrued salaries and wages	250,000	221,000
Long-term debt, curr.	81,000	327,000
Curr. Liabilities	$ 2,525,000	$ 3,728,000
Long-term debt	1,714,000	2,065,000
Emp. contracts - former off.	—	46,000
+Common stock	13,929,000	13,142,000
Accumulated deficit	(11,557,000)	(12,098,000)
Total Liabilities & Shareholders' Equity	$ 6,611,000	$ 6,883,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.94	—
%Net Income to Sales	3.42	—
%Net Income to Equity	14.54	—
Sales to Inventories	3.46	1.54
Debt to Equity	1.10	3.07
Working Capital	$3,084,000	$2,018,000
Current Ratio	2.22	1.54
Shareholders' Equity	$2,372,000	$1,044,000

Cognitronics Corporation

25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Officers: David H. Shepard, chairman and chief executive officer; Matthew J. Flanigan, president & chief operating officer; Edward J. Gushue, v.p.-international operations; D. Clark Murphy, v.p.-govt. & OEM sales; Gerard Insolia, v.p.-engineering; Alton B. Duncanson, v.p.-support services; Harold F. Mayer, v.p.-administration, secretary & treasurer, Peter J. Tucci, controller.

Directors: David H. Shepard, chairman; Edward J. Gushue, William J. Lewless, Jr., Richard K. Van Nostrand, Edward S. Davis, Matthew J. Flanigan, Timothy P. Murphy.

Areas of Work: The Company operates in two principal industries: computer related products and services, and manufacture of machined parts. The Company's computer related products and services division manufactures and markets Optical Character Recognition and Mark Read (OCR/OMR) equipment and voice response devices, and specialized turnkey computer systems and prints OCR/OMR forms. The Company's machined parts division manufactures precision machined parts for the Company's computer related products and services division as well as other manufacturers. This includes the design and development of special tools, dies, and prototype parts, and the volume production of precision parts.

Divisions and Subsidiaries:

OCR/OMR Scanning Divisions
Data Scan Division
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Speechmaker Division
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307
Manufactures and markets hardware that allows telephone companies central offices and computers to provide direct voice response of the data retained in their stored memories.

Stamford Tool & Die-Customatic, Inc.
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307
Manufactures machine parts and designs and develops special tools, dies, and phototype parts with heavy emphasis on high tolerance precision works.

American Computer Corporation
The company has developed a multi-user, true data base software system of its own design and has been applying it to the accounting and patient information management problems of physician and dentist.

Reed Printing, Inc.
Commercial printer with full range of presses and equipment for printing business forms.

Transfer Agent(s):
The Bank of New York
90 Washington Street
New York, New York

Stock Exchange(s): American

Ticker Symbol: CGN

Number of Employees:
1986 ..... 185 1985 211

Plant Footage:
1986 ..... 84,060 sq. ft. 1985 88,860

Cognitronics Corporation

Sales and Earnings

	Revenues +	Net Income
1986	$ 13,538,000	$ (2,902,000)
1985	16,115,000	(331,000)
1984	14,876,757	(1,859,380)
1983	13,833,466	894,916
1982	11,796,954	437,129

	No. of Com. Shares	Earn. per Share ‡
1986	2,154,461	$ —
1985	2,145,057	—
1984	2,142,120	—
1983	2,085,015	0.48
1982	1,568,139	0.28

(Loss)
+ Includes net sales, rentals and other income.
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 6,908,000	$ 3.21
1985	9,782,000	4.56
1984	10,102,978	4.72
1983	11,631,148	5.58
1982	4,891,913	3.12

Income Account

Year ended Dec. 31	1986	1985
Net sales	$ 11,360,000	$ 13,948,000
Other income	2,178,000	2,167,000
Total income	$ 13,538,000	$ 16,115,000
Cost of sales & service	9,950,000	10,740,000
Expenses	6,194,000	5,615,000
Interest expense	256,000	190,000
Loss bef. taxes	$ (2,862,000)	$ (430,000)
Income taxes (credit)	40,000	(99,000)
Net Loss	$ (2,902,000)	$ (331,000)

Assets

As of Dec. 31	1986	1985
Cash	$ 93,000	$ 234,000
Accts. receiv., net	2,261,000	4,100,000
*Inventories	4,895,000	5,327,000
Investments, curr.	310,000	266,000
Other assets	177,000	188,000
Current Assets	$ 7,736,000	$ 10,115,000
Investments, non-curr.	387,000	502,000
#Fixed assets	3,267,000	3,237,000
Deposits & other assets	589,000	445,000
Total Assets	$ 11,979,000	$ 14,299,000

Liabilities

Notes payable	$ 2,605,000	$ 2,305,000
Accts. payable	1,142,000	1,042,000
Income taxes	65,000	19,000
Accruals	905,000	887,000
Long-term debt, curr.	112,000	83,000
Curr. Liabilities	$ 4,829,000	$ 4,336,000
Long-term debt	242,000	181,000
+Common stock	431,000	429,000
Add. paid-in capital	12,917,000	12,891,000
Deficit	(6,440,000)	(3,538,000)
Total Liabilities & Shareholders' Equity	$ 11,979,000	$ 14,299,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

Sales to Inventories	2.32	2.62
Debt to Equity	0.04	0.25
Working Capital	$2,907,000	$5,779,000
Current Ratio	1.60	2.33
Shareholders' Equity	$6,908,000	$9,782,000

Coherent, Inc.

3210 Porter Drive
P.O. Box 10321
Palo Alto, California 94303
(415) 493-2111

Officers: James L. Hobart, chairman of the board; Henry E. Gauthier, president & chief exec. officer; John C. Moore, v.p. & gen. mgr.-Medical Group; Robert J. Quillinan, v.p. & chief financial officer; Donald W. Bennett, v.p. & exec. v.p.-Coherent General; Robert M. Gelber, v.p. & gen. mgr.-Components Group; Albert D. Battista, v.p. & v.p.-Coherent General; Leonard C. DeBenedictis, v.p. & gen. mgr.-Laser Products Division; Franz T. Schulte, v.p.-human resources; Lawrence W. Sonsini, secretary; Dennis Bucek, treasurer & asst. secretary.

Directors: James L. Hobart, chairman; Franklin P. Johnson, Jr., Theo H. McCourtney, Jr., Henry E. Gauthier, Charles W. Cantoni, Thomas Sloan Nelsen.

Areas of Work: Design, manufacture and sale of commercial lasers, optics, accessories and laser-based products for medical, construction, scientific and industrial markets.

Divisions and Subsidiaries:

Medical Group
3270 W. Bayshore Road
P.O. Box 10122
Palo Alto, California 94303
(415) 858-2250
Develops, manufactures and markets laser instruments used for ophthalmology and other medical specialties.

Components Group
2301 Lindbergh Street
Auburn, California 95603
(916) 823-9550
Manufactures optics and thin-film coatings, which consist of mirrors and lenses used for imaging and directing laser beams, laser accessories, such as power meters and spectrum analyzers, and electro-optical components.

Laser Products Division
3750 Monroe Avenue
Pittsford, New York 14534
(716) 248-8480
Manufactures ion, excimer and dye lasers for the scientific, industrial and OEM markets.

Lambda Physik GmbH
Hans Boeckler Strasse 12
3400 Gottingen, West Germany
0551-69380
Develops and manufactures excimer, CO2 and pulsed dye lasers.

Coherent General Japan Co., Ltd.
158-1 Matsugoh, Tokorozawa-shi
Saitama-ken 359, Japan
(0429) 45-0355

Coherent General, Inc. (60%-owned)
1 Picker Road
Sturbridge, Massachusetts 01566
(617) 347-2681
Develops and manufactures industrial laser products used in production applications in the automotive, electronics, aerospace and consumer industries.

Coherent (UK) Ltd.
Cambridge Science Park
Milton Road
Cambridge CB4 4FR, England
(0223) 68501

Coherent GmbH
Senefelder Str. 10
6074 Rodermark 2
Ober-Roden, West Germany

Lambda Physik
298 Great Road
Acton, Massachusetts 01720
(617) 263-1100

Coherent General GmbH
Hertzstrasse 6
8047 Munchen (Karlsfeld)
West Germany
81-31-9021

Laser Systemes SA
3a 15, Rue Denis-Papin
F-95250 Beauchamp
France
13-995-79-11

Coherent General S.A.
222 Ave. de Broqueville
B-1200 Brussels
Belgium
2-771-21-66

Miyama Engineering Co., Ltd.
3537 Bijogi
Toda-Shi
Saitama 335
Japan
(484) 21-8531

Coherent Kowa, Ltd.
24-3, Nishi-Hashimoto-1-Chome
Sagiamahara-Shi, Kanagawa-Ken
Japan
(0427) 71-1671

Transfer Agent(s):
First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: COHR (NASDAQ)

Number of Employees:

1986	1,392	1983	1,164
1985	1,523	1982	1,238
1984	1,303		

Plant Footage:
1986 . . . . . 362,100 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 138,158,000	$ (873,000)
1985	131,680,000	7,431,000
1984	111,406,000	12,932,000
1983	91,303,000	4,042,000
1982	80,341,000	(716,000)

	No. of Com. Shares +	Earn. per Share #
1986	7,928,000	$ —
1985	7,820,000	0.92
1984	7,626,000	1.65
1983	7,348,000	0.58
1982	5,895,000	—

(Loss)
+ Adjusted to reflect stock splits.
# Based on weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Electro-Optical Prods.	$ 102,719,000	$ 96,899,000
Medical Prods.	44,703,000	48,164,000
Intersegment sales	(9,264,000)	(13,383,000)
Total	$ 138,158,000	$ 131,680,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 82,921,000	$ 10.46
1985	80,418,000	10.28
1984	69,532,000	9.12
1983	54,489,000	7.42
1982	30,718,000	5.21

† Adjusted to reflect stock splits.

Income Account *

Year ended	9/27/86	9/28/85
Net sales	$ 138,158,000	$ 131,680,000
Cost of sales	89,442,000	75,723,000
Expenses	47,942,000	47,096,000
Interest income	(1,528,000)	(2,707,000)
Interest expense	999,000	801,000
For. exch. gain	(113,000)	(44,000)
Minority interest	(2,112,000)	768,000
Other income	(1,614,000)	(1,208,000)
Non-recurr. charges (gains)	2,609,000	(1,382,000)
Income before taxes	$ 2,533,000	$ 12,633,000
Income taxes	3,406,000	5,202,000
Net Income (Loss)	$ (873,000)	$ 7,431,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,376,000 in 1986 and $2,398,000 in 1985.

Assets

As of	9/27/86	9/28/85
Cash	$ 28,188,000	$ 16,646,000
Accts. receiv. net	41,889,000	45,998,000
*Inventories	37,869,000	41,302,000
Prepaid expenses	951,000	677,000
Deferred taxes	2,223,000	1,794,000
Current Assets	$ 111,120,000	$ 106,417,000
#Fixed assets	20,646,000	15,902,000
Goodwill	6,445,000	6,619,000
Other assets	2,459,000	1,911,000
Total Assets	$ 140,670,000	$ 130,849,000

Liabilities

Notes payable	$ 18,865,000	$ 7,220,000
Long-term debt	2,287,000	1,709,000
Accounts payable	7,673,000	7,263,000
Accruals	9,802,000	9,739,000
Accrued payroll	5,358,000	5,469,000
Reserve for warranty	6,210,000	6,158,000
Current Liabilities	$ 50,195,000	$ 37,558,000
Long-term debt	4,209,000	2,933,000
Def. gain on bldg. sale	2,566,000	2,961,000
Deferred revenue	—	1,484,000
Deferred inc. taxes	779,000	257,000
Minority interest	—	5,238,000
+Common stock	1,744,000	1,721,000
Add. paid-in capital	44,272,000	43,086,000
Retained earnings	34,818,000	35,691,000
Translation adj.	2,087,000	(80,000)
Total Liabilities & Shareholders' Equity	$ 140,670,000	$ 130,849,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.22 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.83	9.59
%Net Income to Sales	0.63	5.64
%Net Income to Equity	1.05	9.24
Sales to Inventories	3.65	3.19
Debt to Equity	0.31	0.15
Working Capital	$60,925,000	$68,859,000
Current Ratio	2.21	2.83
Shareholders' Equity	$82,921,000	$80,418,000

Cohu, Inc.

5755 Kearny Villa Road
San Diego, California 92123
(714) 277-6700

Officers: William S. Ivans, chairman; James W. Barnes, president and chief executive officer; A. Mack Rodgers, vice president & counsel; Charles A. Schwan, v.p.-finance.

Directors: William S. Ivans, Robert W. Kerns, John E. Goode, Jr., J.M. Keeney, F.W. Davis, W.N. Jenkins, G.E. Leary, R.C. Sebold, James W. Barnes, Charles L. Blake.

Division(s):

Electronics Division
5725 Kearny Villa Road
San Diego, California 92123
(714) 277-6700

Major products include broadcast and closed-circuit TV systems, color film cameras, environmental, underwater and radiation-tolerant cameras, high resolution cameras, audio and video switching systems and voltage standards.

Subsidiaries:

Broadcast Microwave Services, Inc.

Manufactures microwave radios, antenna systems and support equipment used to transmit television video and audio signals.

Delta Design, Inc.
5755 Kearny Villa Road
San Diego, California 92113
(714) 292-5000

Supplies specialized electro-mechanical test equipment to the semiconductor industry.

FRL, Incorporated
1005 I Street
Los Banos, California 93635
(209) 826-3292

Supplier of metal detection equipment to the public utility industry, and to prospectors and hobbyists.

Transfer Agent(s):

Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: COH

Number of Employees:

1986	377	1983	342
1985	414	1982	316
1984	363		

Plant Footage:

1986 . . . . . 142,700 sq. ft.

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 28,774,000	$ 522,000
1985	30,398,749	1,082,164
1984	23,268,779	1,740,902
1983	19,680,820	1,217,849
1982	18,322,150	573,788

	No. of Com. Shares †	Earn. per Share †
1986	1,820,332	$ 0.29
1985	1,793,262	0.60
1984	1,739,256	1.00
1983	1,733,352	0.70
1982	1,731,086	0.33

‡ Includes other income; of continuing operations only.
† Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Television cameras & equipment	$ 13,858,000	$ 14,742,169
Electronic test & detection apparatus	14,916,000	15,656,580
Total	$ 28,774,000	$ 30,398,749

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.19	—	—
1983	0.16	—	—
1982	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 14,423,000	$ 7.92
1985	14,209,127	7.90
1984	13,399,459	7.51
1983	11,634,073	6.71
1982	10,679,574	6.17

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 28,774,000	$ 30,398,749
Cost of sales	18,959,000	20,930,062
Expenses	7,833,000	7,977,231
Int. & div. income	—	(26,508)
Gain on sale of land	—	(160,000)
Interest expense	130,000	95,800
Disposition of assets	1,100,000	—
Income before taxes	$ 752,000	$ 1,582,164
Income taxes	230,000	500,000
Net Income	$ 522,000	$ 1,082,164

*Included in Costs and Expenses, Depreciation and Amortization: $731,000 in 1986 and $530,378 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 200,000	$ 426,957
Accts. receiv., net	5,055,000	6,095,184
*Inventories	6,629,000	7,701,751
Prepaid expenses	229,000	190,466
Current Assets	$ 12,113,000	$ 14,414,358
#Fixed assets	5,161,000	5,752,540
Other assets	521,000	535,480
Total Assets	$ 17,795,000	$ 20,702,378

Liabilities

Notes payable	$ —	$ 2,700,000
Accts. payable	1,190,000	1,603,015
Accruals	671,000	723,563
Accrued payroll	419,000	503,223
Income taxes	5,000	24,506
Other taxes	150,000	134,490
Commissions payable	323,000	205,454
Curr. Liabilities	$ 2,758,000	$ 5,894,251
Deferred inc. taxes	614,000	599,000
+Common stock	1,821,000	2,017,618
Add. paid-in capital	3,470,000	4,191,573
Retained earnings	9,132,000	8,974,115
Treasury stock	—	(974,179)
Total Liabilities & Shareholders' Equity	$ 17,795,000	$ 20,702,378

* At lower of average cost and market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.61	5.20
%Net Income to Sales	1.81	3.56
%Net Income to Equity	3.62	7.62
Sales to Inventories	4.34	3.95
Working Capital	$ 9,355,000	$ 8,520,107
Current Ratio	4.39	2.45
Shareholders' Equity	$14,423,000	$14,209,127

Colt Industries Inc.

430 Park Avenue
New York, New York 10022
(212) 940-0400

Officers: David I. Margolis, chairman, president & chief exec. officer; Anthony J. diBuono, sr. v.p., general counsel & secretary; Ben Cook, Andrew C. Hilton, Salvatore J. Cozzolino, C. Edward Warner, exec. v.p.'s; Phil Berkowitz, v.p.-personnel; Joseph P. Lisa, v.p. & controller; James G. McHugh, v.p.-labor relations; Julius Levinson, v.p.-taxes; John F. Campbell, v.p.-public relations; Ray C. Davis, George W. Townsend, group v.p.'s; Hershell B. Murray, v.p.-government relations.

Colt Industries Inc.

Directors: David I. Margolis, William S. Schwab, William H. Rea, Max E. Wildman, Robert A. Alberty, Louis T. Seith, Paul W. MacAvoy, Salvatore J. Cozzolino, Andrew C. Hilton.

Divisions:

Industrial

Fairbanks Morse Engine Division
701 Lawton Avenue
Beloit, Wisconsin 53511
(608) 364-4411
Diesel engine generator systems for standby, peaking, and continuous service/Diesel engines for industrial drives/Marine diesel propulsion systems and generator systems.

Central Moloney Transformer Division
2400 West Sixth Avenue
Pine Bluff, Arkansas 71601
(501) 534-5332
Electrical distribution transformers, components.

Elox Division
P.O. Box 220
Davidson, North Carolina 28036
(704) 892-8011
Electrical discharge machining (EDM) equipment.

Quincy Compressor Division
36th Street & Wismann Lane
Quincy, Illinois 62301
(217) 222-7700
Reciprocating and helical screw air compressors.

Garlock Special Products Division
Suite 1250, Midtown Tower
Rochester, New York 14604
(716) 232-1400
Bearings, butterfly valves, plastomer products, and hydraulic/pneumatic cylinders.

France Compressor Products Division
104 Pheasant Run
Newtown, Pennsylvania 18940
(215) 968-5959
Compressor and industrial engine components.

Fairbanks Weighing Division
711 East St. Johnsbury Road
St. Johnsbury, Vermont 05819
(802) 748-5111
Electronic scales.

Colt Firearms Division
P.O. Box 1868
Hartford, Connecticut 06101
(203) 236-6311
Hunting rifles/Sporting, target, custom, and commemorative arms and accessories/Police, security, and military handguns/M16 military rifles.

Garlock Mechanical Packing Division
1666 Division Street
Palmyra, New York 14522
(315) 597-4811
Industrial seals, gasketing, expansion joints.

Automotive

Holley Automotive Division
11955 East Nine Mile Road
Warren, Michigan 48089
(313) 497-4000
Automotive carburetor; fuel injection systems, transmission components. Design, manufacture, and sale of OEM car and truck carburetors/Development of non-carburetor automotive fuel management systems.

Holley Replacement Parts Division
11955 East Nine Mile Road
Warren, Michigan 48089
(313) 497-4000
Replacement, performance carburetors, fuel injection systems; remanufactured carburetors; emissions control components.

Colt Automotive Products Division
1748 Northwood Drive
Troy, Michigan 48084
(313) 362-5300
Supercharger systems, emission control air pumps, friction materials, and other non-fuel system products.

Stemco Truck Products Division
P.O. Box 1989
Longview, Texas 75606
(214) 758-9981
Truck wheel lubrication systems/Exhaust systems, replacement leaf springs, and automotive instrumentation.

Farnam Sealing Systems Division
1707 Northwood Drive
Troy, Michigan 48084
(313) 362-5457
Gaskets, gasket assemblies for automotive and industrial applications.

Fairbanks Morse Engine Accessories Operation
6402 Rockton Road
Roscoe, Illinois 61073
(815) 389-3660
Magnetos, ignition systems, other engine components.

Aerospace/Government

Menasco Aerosystems Division
P.O. Box 500
Euless, Texas 76039
(817) 283-4471
Military and commercial aircraft landing gear and shock mitigation systems.

Delavan Gas Turbine Products Division
P.O. Box 100
West Des Moines, Iowa 50265
(515) 274-1561
Gas turbine engine fuel injectors, components, spray nozzles, valves.

Chandler Evans Control Systems Division
Charter Oak Boulevard
West Hartford, Connecticut 06110
(203) 236-0651
Fuel pumps, fuel controls, and other gas turbine engine accessories and components/Aircraft and airframe valves/Missile flight control systems, valves and actuators.

Lewis Electronic Instrumentation Division
238 Water Street
Naugatuck, Connecticut 06770
(203) 729-5253
Aircraft electronic instrumentation systems.

Walbar Turbine Components Division
Peabody Industrial Center
Peabody, Massachusetts 01960
(617) 532-2700
Jet engine turbine blades and vanes, compressor airfoils, discs, impellers, and related components.

International Operations

Menasco Aerospace Ltd.
1400 South Service Road, West
Oakville, Ontario
Canada L6L 5Y7
(416) 827-7777
Landing gear and flight controls for military and commercial aircraft/Helicopter rotor components/Flight control overhaul service.

Garlock of Canada Ltd.
66 Jutland Road
Toronto, Ontario, Canada M8Z 2H3
(416) 255-9114
Molded and extruded rubber products/Braided packings/Compressor and industrial engine components/Wheel lubrication and truck exhaust systems for heavy duty trucks.

Facilities: Garlock Mechanical Packing Division, Toronto, Ontario; France Compressor Products Division, Brantford, Ontario; Stemco Truck Products Division, Mississauga, Ontario.

Walbar of Canda Inc.
1303 Aerowood Drive
Mississauga, Ontario
Jet engine compressor blades and vanes.

Woodville Polymer Engineering Ltd.
Alton Lane, Ross-on-Wye
HR9 5NF Herefordshire, England
High-technology specialty molded rubber products.

Facilities: Ross-on-Wye Division, Ross-on-Wye, Herefordshire; Swadlincote Division, Burton-on-Trent, Staffordshire.

Garlock AG
Industriestrasse 26/28
8152 Glattbrugg
Switzerland
Colt friction materials, truck transmission components.

Garlock Limited
North Way, Andover
Hampshire, SP10 5HN England
Seals, packings, truck wheel lubrication systems, compressor components.

Facilities: Garlock Mechanical Packing and Stemco Truck Products Division, Newbury, Berkshire; France Compressor Products Division, Andover, Hampshire.

Garlock S.A.
Torre dels Pardals, 23
Barcelona 26, Spain
Stemco truck products.

Garlock GmbH
Postfach 300 451
Scheffelstrasse 73
4000 Düsseldorf 30
West Germany
Seals, gasketing, valves, truck products, compressor components.

Facilities: Garlock Valves & Industrial Plastics, and Stemco Truck Products, Neuss; France Compressor Products Division, Gross Gerau; Garlock Mechanical Packing Division, Düsseldorf.

Garlock de Mexico, S.A. de C.V.
Poniente 116, No. 571
Col. Industrial Vallejo
Delegacion Azcapotzalco
02300 Mexico, D.F.
Industrial packing and gasketing/Compressor components/TFE specialty products and molded rubber products.

Delavan Limited
Gorsey Lane, Widnes
Cheshire WA8 ORJ England
Industrial, agricultural spray nozzles and other products.

Liard S.A.
49 Route National
F-59570 Bavay, France
Compressor and industrial engine components, truck wheel lubrication systems.

Transfer Agent(s):
Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York, Pacific, Midwest.

Ticker Symbol: COT

Number of Employees:

1986	18,400	1983	22,100
1985	19,700	1982	20,600
1984	22,400		

Plant Footage:

1986	N.A.	1983	N.A.
1985	N.A.	1982	12,800,000
1984	11,900,000 sq.ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 1,616,267	$ 89,270
1985	1,579,325	138,033
1984	1,581,750	132,229
1983	1,343,130	99,255
1982	1,277,736	(161,358)

	No. of Com. Shares #	Earn. per Share #
1986	135,233,000	$ 0.66
1985	167,647,000	0.82
1984	185,386,000	0.71
1983	207,920,000	0.48
1982	213,995,000	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Aerospace/Government	$ 635,000	$ 539,000
Automotive	523,000	542,000
Industrial	460,000	501,000
Eliminations	(2,000)	(3,000)
Total	$ 1,616,000	$ 1,579,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.10	—	8.3913-for-1
1985	0.30	—	—
1984	0.27	—	—
1983	0.24	—	—
1982	0.21	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1986	$ (1,077,837)	$ —
1985	414,304	2.47
1984	343,719	1.85
1983	466,831	2.25
1982	443,490	2.07

(Deficiency)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,616,267	$ 1,579,325
Cost of sales	1,199,454	1,159,264
Expenses	206,921	187,614
Interest expense	73,061	14,331
Interest income	(17,083)	(8,724)
Income before taxes	$ 153,914	$ 226,840
Income taxes	64,644	97,540
Inc. - cont. oper.	$ 89,270	$ 129,300
Inc. - discont. oper.	—	8,733
Net Income	$ 89,270	$ 138,033

* Included in Costs and Expenses, Depreciation: $39,421,000 in 1986 and $31,626,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cert. of deposit	$ 8,702	$ 14,082
Marketable securities	48,962	201,499
Accts. and notes receiv., net	182,029	179,867
*Inventories	258,022	277,230
Deferred inc. taxes	28,335	17,339
Other curr. assets	7,549	5,520
Current Assets	$ 533,599	$ 695,537
#Fixed assets	302,797	301,932
Intangibles	163,185	167,530
Other assets	3,683	7,803
Funds for capital proj.	141,754	77,742
Total Assets	$ 1,145,018	$ 1,250,544

Liabilities
(000's)

Notes payable	$ 442	$ 4,091
Long-term debt, curr.	47,592	4,489
Accts. payable	82,687	85,803
Accrued payroll	52,223	61,751
Accrued taxes	51,698	76,902
Other accruals	82,943	45,915
Liab. of discont. oper.	7,572	7,008
Curr. Liabilities	$ 325,157	$ 285,959
Long-term debt	1,643,120	342,414
Minority interest	3,770	4,039
Deferred inc. taxes	56,168	5,612
Other liab.	122,871	106,383
Liab. of discont. oper.	71,769	91,833
+Common stock	6,429	27,617
Add. paid-in capital	497	143,548
Retained earnings (def.)	(902,614)	593,173
For. curr. trans. adjust.	(8,744)	(10,734)
Treasury stock	(173,405)	(339,300)
Total Liabilities & Shareholders' Equity	$ 1,145,018	$ 1,250,544

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $1 par value in 1985.

Statistical Summary

%Income bef. Taxes to Sales	9.52	—
%Net Income to Sales	5.52	—
%Net Income to Equity	—	33.32
Sales to Inventories	6.26	5.70
Debt to Equity	—	0.85
Working Capital	$ 208,442,000	$409,578,000
Current Ratio	1.64	2.43
Shareholders' Equity (Deficiency)	($1,077,837,000)	$414,304,000

Columbia Chase Corporation

Forbes Business Center, Suite 200
220 Forbes Road
Braintree, Massachusetts
(617) 848-2810

Officers: Francis M. Chase, chairman of the board & chief executive officer; Edward L. Chase, president, treasurer & chief operating officer; Nikit Ordjanian, vice president; Wilfred W. Carter, v.p.-finance & controller; George M. Hughes, secretary.

Directors: Francis M. Chase, chairman; Edward L. Chase, Nikit Ordjanian, George M. Hughes, James D. O'Donnell, Kenneth L. Evans, Francis M. McGrory.

Areas of Work: Manufactures energy-related products such as dielectric insulation for electrical power cables, protective tapes and coatings for underground gas and oil lines and humidity-resistant coatings for electronic components and printed circuitry. Other operations include custom compounding and mixing of rubber and plastics and the design and manufacture of copper absorber plates, also a coal-based alternate fuel.

Divisions and Subsidiaries:

Chase & Sons, Inc.
Randolph, Massachusetts 02368
(617) 963-2600
Cable tapes for use in electrical wires and cables, telephone and communication cables, shipboard, Navy and missile cables. Protective tape coatings for corrosion prevention on underground oil, gas and petroleum pipelines. Electrical tapes for utilities and contractors. Flexible electrical insulation and wallboard seams tapes.

Avon Custom Mixing Services Division,
Holbrook, Massachusetts
(617) 767-0511
Custom volume mixing of rubber and other compounds supplying the commercial market and corporate internal use.

HumiSeal Division
26-60 Brooklyn-Queens Expressway West
Woodside, New York 11377
(718) 932-0800
Produces conformal liquid protective coatings for electronics and printed circuitry, also solder masks and potting compounds.

Royston Laboratories, Inc.
Pittsburgh, Pennsylvania 15238
(412) 828-1500
Produces and sells materials to prevent corrosion on underground pipelines and other metal surfaces and to protect wood and concrete surfaces, also bridge expansion joints.

International Division
220 Forbes Road
Braintree, Massachusetts 02184
(617) 848-2813
Liaison Office
Brussels, Belgium
32(2) 354-1331
Coordination of international marketing and sales.

Combustion Division
Holbrook, Massachusetts
(617) 767-0542
Systems for producing coal-water alternate fuel mixtures. Systems for treatment of asphaltene contaminants in No. 6 oil.

Intercol Services, Inc.
Braintree, Massachusetts
International licensing and exchange of process and technologies and special international sales.

Allstate Energy Analysts, Inc.
Braintree, Massachusetts
Energy analysis service.

Sunplate, Inc.
Holbrook, Massachusetts
(617) 767-0513
Copper absorber plates.

Columbia Chase Export Corp.
Barbados
Foreign Sales Corporation (FSC).

Transfer Agent(s):
The Chase Manhattan Bank
One New York Plaza
New York, New York 10081

Stock Exchange(s): Boston

Ticker Symbol: CTE

Number of Employees:

1986	191	1984	177
1985	184	1983	190

Plant Footage:

1986	325,000 sq. ft.	1984	350,000
1985	325,000	1983	350,000

Sales and Earnings

	Revenues +	Net Income †
1986	$ 24,036,510	$ 166,651
1985	22,397,124	441,043
1984	21,043,181	379,543
1983	17,982,075	22,885
1982	18,433,653	(145,996)

	No. of Com. Shares #	Earn. per Share #†
1986	3,879,806	$ 0.04
1985	3,887,964	0.11
1984	3,894,806	0.10
1983	3,894,806	0.01
1982	3,894,806	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $179,359 ($0.04 per share) in 1985, $202,920 ($0.05 per share) in 1984 and $200,000 ($0.06 per share) in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Columbia Chase Corporation

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 5,386,843	$ 1.39
1985	5,220,192	1.34
1984	4,802,618	1.23
1983	4,423,075	1.14
1982	4,400,190	1.13

+ Based on the average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Aug. 31	1986	1985
Net sales	$ 23,950,097	$ 22,257,817
Other income	86,413	139,307
Total income	$ 24,036,510	$ 22,397,124
Cost of sales	16,622,566	15,314,265
Expenses	6,703,166	6,031,240
Interest expense	344,257	285,351
Income before taxes	$ 366,521	$ 766,268
Income taxes	199,870	504,584
Net Income	$ 166,651	$ 261,684
Extraord. gain	-	179,359
Net Income & extraord. gain	$ 166,651	$ 441,043

* Included in Costs and Expenses, Depreciation and Amortization: $418,266 in 1986 and $364,236 in 1985.

Assets

As of Aug. 31	1986	1985
Cash	$ 112,899	$ 152,835
Receiv., net	4,449,852	3,813,993
*Inventories	3,928,978	3,019,242
Prepaid expenses & other assets	248,954	263,440
Current Assets	$ 8,740,683	$ 7,249,510
#Fixed assets	2,701,247	2,161,534
Other assets	1,036,888	710,614
Total Assets	$ 12,478,818	$ 10,121,658

Liabilities

Notes payable	$ 3,457,531	$ 1,222,393
Long-term debt, curr.	169,342	150,000
Accts. payable	1,550,405	1,151,096
Accruals	498,967	813,952
Income taxes	365,754	420,861
Deferred income	12,351	4,370
Curr. Liabilities	$ 6,054,350	$ 3,762,672
Long-term debt	938,712	1,050,000
Def. inc. taxes	98,913	88,794
+Common stock	389,480	389,480
Add. paid-in capital	1,753,482	1,753,482
Retained earnings	3,267,350	3,100,699
Treasury stock	(23,469)	(23,469)
Total Liabilities & Shareholders' Equity	$ 12,478,818	$ 10,121,638

* At cost (FIFO), which is not in excess of market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.53	3.44
%Net Income to Sales	0.70	1.18
%Net Income to Equity	3.09	5.01
Sales to Inventories	6.10	7.37
Debt to Equity	0.85	0.46
Working Capital	$2,686,333	$3,486,838
Current Ratio	1.44	1.93
Shareholders' Equity	$5,386,843	$5,220,192

Combustion Engineering, Inc.

900 Long Ridge Road
P.O. Box 9308
Stamford, Connecticut 06904
(203) 329-8771

Officers: Arthur J. Santry, Jr., chairman; Charles E. Hugel, president & exec. officer; George S. Kimmel, exec. v.p. & chief financial officer; James B. Kelly, sr. v.p.-Power Systems & Industrial Sector; Charles E. Barnett, v.p. & gen. counsel; Joseph F. Condon, v.p.-international; William J. Connelly, v.p.-corp. and investor relations; Robert H. Masson, v.p.-financing & venture development; Dudley C. Mecum, v.p.-Environmental & Engineering Services Sector; Jeffrey S. Rubin, v.p.-planning & control; Dale E. Smith, v.p.-human resources; Eugene T. Yon, v.p.-Engineered Systems & Controls Sector; Bernard J. Garry, secretary; Preston E. Insley, controller; Fred R. Jones, treasurer.

Directors: Arthur J. Santry, Jr., chairman; Walter H. Helmerich, Charles E. Hugel, Robert M. Jenney, James B. Kelly, George S. Kimmel, Paul W. MacAvoy, Dudley C. Mecum, Scott L. Probasco, Jr., Robert C. Seamans, Jr., Robert G. Stone, Jr., Kenneth J. Whalen.

Areas of Work: The Company's operations are divided into three major segments: Power Generation, Process Industries, and Public Sector and Environmental. Through its Power Generation segment, the Company provides engineering, maintenance, construction and project management services, fossil and nuclear steam systems, complete power generation plants, fluidized-bed combustors, hydropower and heat recovery equipment and services, and power plant emission control equipment and software to electric utilities, independent power projects, process and other industries. Through its Process Industries segment, the Company provides measurement and control systems, valves and instrumentation, pulping equipment, operating software and management services, specialty minerals and refractories, and screening, grinding and milling equipment to a variety of process industries. Through its Public Sector and Environmental segment, the Company provides resource recovery systems, hazardous waste cleanups and systems, mass transit engineering and environmental consulting services.

Subsidiaries:

Taylor Instrument
Provides process control systems and instrumentation, software and services used to control operations in a variety of plants in the process and power industries.

Jamesbury Corporation
Manufactures and supplies high-performance valves and actuators for process industries.

Sprout-Bauer
Supplies pulping machinery and aftermarket parts to the pulp and paper industries.

Lummus Crest Inc.
Design, engineering and construction services for large projects, chiefly in the petrochemical markets.

Acquisition(s):

AccuRay Corporation
650 Ackerman Road
Columbus, Ohio 43202
(614) 261-2000
Designs, manufactures and markets production measurement and control systems for the pulp and paper and other process industries.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
Shareholder Services Division
14th Floor
One New York Plaza
New York, New York 10081

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): New York

Ticker Symbol: CSP

Number of Employees:

1986	24,149	1983	26,212
1985	24,761	1982	28,300
1984	27,642		

Sales and Earnings

	Net Sales	Net Income
1986	$2,551,469,000	$ 50,866,000
1985	2,407,658,000	(95,413,000)
1984	2,331,734,000	99,570,000
1983	2,272,598,000	- (20,375,000)
1982	2,369,124,000	183,422,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	33,321,654	$ 1.53
1985	33,261,392	—
1984	33,240,822	3.00
1983	33,239,398	—
1982	33,138,436	5.54

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Power generation	$1,273,811,000	$1,351,930,000
Process industries	787,576,000	759,635,000
Public sector & environmental	197,800,000	27,613,000
Engineering & construction	292,282,000	268,480,000
Total	$2,551,469,000	$2,407,658,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.42	—	—
1984	1.84	—	—
1983	1.84	—	—
1982	1.78	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 686,879,000	$ 20.65
1985	664,104,000	20.00
1984	795,787,000	24.00
1983	769,195,000	23.21
1982	857,850,000	25.96

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 2,551,469	$ 2,407,658
Cost of sales	2,163,448	2,063,971
Expenses	281,976	278,821
Equity income	(3,934)	(867)
Dividend income	(3,131)	(3,060)
Interest expense	23,132	12,221
Interest earned on secur.	(7,714)	(14,742)
Other income	(706)	(355)
Prov. for adjust. to facil.	—	92,070
Income (loss) bef. taxes	$ 98,398	$ (20,401)
Income taxes (credit)	42,069	(19,037)
Income (loss) from cont. oper.	$ 56,329	$ (1,364)
Loss from discont. oper.	(5,463)	(94,049)
Net Income (Loss)	$ 50,866	$ (95,413)

* Included in Costs and Expenses, Depreciation and Amortization: $67,507,000 in 1986 and $69,509,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 7,073	$ 20,567
Short-term invest.	137,040	165,081

Accts. receiv., net	584,564	452,427
*Inventories	428,863	394,737
Prepaid expenses	17,504	13,793
Current Assets	$ 1,175,044	$ 1,046,605
Investments	358,124	523,498
#Fixed assets	539,609	528,373
Defer. charges	20,232	12,968
Intangibles	48,399	49,675
Total Assets	$ 2,161,408	$ 2,161,118

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 64,140	$ 34,151
Accts. payable	138,871	150,378
Accruals	634,583	663,686
Income taxes	(13,559)	47,888
Advance payments	408,063	480,627
Dividends payable	8,314	8,305
Curr. Liabilities	$ 1,240,412	$ 1,385,035
Long-term debt	95,932	88,782
Minority interest	2,544	2,829
Deferred inc. taxes	135,641	20,368
+Common stock	98,978	97,802
Retained earnings	601,009	583,407
Cum. trans. adjust.	(11,934)	(16,064)
Treasury stock	(1,174)	(1,041)
Total Liabilities & Shareholders' Equity	$ 2,161,408	$ 2,161,118

* At lower of cost (average or actual) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	7.41	—
Sales to Inventories	5.95	6.10
Debt to Equity	0.23	0.19
Shareholders' Equity	$686,879,000	$664,104,000

Communications Satellite Corporation

950 L'Enfant Plaza S.W
Washington, D.C. 20024
(202) 863-6000

Officers: Irving Goldstein, chairman & chief executive officer; Marcel P. Joseph, president & chief operating officer; Joel R. Alper, president-Information Systems Div.; Susan Mayor, v.p.-corporate development; William C. Taylor, president-COMSAT International Communications, Inc.; Bruce L. Crockett, president-World Systems Division; Robert J. Perry, v.p. & chief financial officer; Robert W. Baumann, v.p.-human resources and organization development; Richard L. Dineley, controller; Willard R. Nichols, v.p., secretary & general counsel; John V. Evans, v.p. & dir.-COMSAT Laboratories; Richard L. McGraw, v.p.-corp. affairs; Daniel F. Thomas, treasurer; Robert W. Kinzie, sr. v.p.-ventures; David P. Beddow, v.p. & gen. mmgr.-COMSAT Video Enterprises.

Directors: Elliot M. Estes, Joseph V. Charyk, Melvin R. Laird, Bruce G. Sundlun, Lewis W. Foy, Frederick B. Dent, Neal B. Freeman, E. Pendleton James, Irving Goldstein, Marcel P. Joseph, Michael A. McManus, Jr., John Sculley, Walter A. Fallon, Robert G. Schwartz.

Areas of Work: COMSAT, the Communications Satellite Corporation, provides satellite-based communications services and products to the international, maritime, and U.S. domestic markets.

Subsidiaries:

COMSAT General Corporation
950 L'Enfant Plaza S.W.
Washington, D.C. 20024
(202) 863-6000

Engaged in maritime and domestic U.S. satellite communications programs, and provides worldwide technical service.

COMSAT International Communications, Inc.
950 L'Enfant Plaza S.W.
Washington, D.C. 20024
(202) 863-6000
Provides private, custom-designed international communications networks to multinational organizations.

Satellite Television Corporation
950 L'Enfant Plaza, S.W.
Washington, D.C. 20024
(202) 863-6000
Has filed an application with the FCC proposing to operate satellite subscription television service.

COMSAT Technology Products, Inc.
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-5000
Provides network design services as well as equipment and software for private data communications networks.

COMSAT Laboratories
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
Performs research and development in the area of satellite communications technology.

COMSAT Technology Products, Inc.
2700 Prosperity Avenue
Fairfax, Virginia 22031
(703) 876-3000

Amplica Inc.
950 Lawrence Drive
Newbury Park, California 91320
(805) 373-8000
Manufactures custom-designed microwave amplifiers and integrated subassemblies and subsystems for the U.S. government.

COMSAT (U.K.) Limited
Greybrook House
28 Brook Street
London, W1Y 1AG
England

COMSAT Government Systems, Inc.
950 L'Enfant Plaza S.W.
Washington, D.C. 20024
(202) 863-6000
Markets the Company's communications systems and network services to the Department of Defense and other government agencies.

COMSAT Meritime Services
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
Provides a full range of communications services to the shipping and offshore industries.

INTELSAT Satellite Services
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
International telecommunications services.

Transfer Agent(s):

American Transtech Inc.
8000 Baymeadows Way
Jacksonville, Florida 32216

Stock Exchange(s): New York, Midwest, Pacific, Basle, Geneva, Zurich

Ticker Symbol: CQ

Number of Employees:

1986	2,342	1983	3,146
1985	2,667	1982	3,402
1984	3,084		

Sales and Earnings

	Revenues †	Net Income
1986	$ 466,320,000	$ 58,948,000
1985	444,436,000	(41,527,000)
1984	381,843,000	51,165,000
1983	381,878,000	50,051,000
1982	361,474,000	43,308,000

	No. of Com. Shares +	Earn. per Share #
1986	18,338,063	$ 3.22
1985	18,115,473	—
1984	18,093,186	2.83
1983	18,066,035	2.77
1982	18,000,028	2.70

(Loss)
† Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Space communications	$ 268,604	$ 262,496
Communications serv.	173,559	167,630
Technology prods.	44,026	42,475
Eliminations	(19,869)	(28,165)
Total	$ 466,320	$ 444,436

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.20	—	—
1984	1.20	—	—
1983	1.175	—	2-for-1
1982	1.15	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 579,131,000	$ 31.58
1985	536,394,000	29.61
1984	599,228,000	33.12
1983	569,138,000	31.50
1982	537,787,000	29.88

Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 466,320	$ 444,436
Cost of sales	238,050	209,139
Depreciation & amortization	90,270	76,287
Expenses	52,511	55,453
Eq. in loss of DBS Partnership	—	120,000
Gain on prop. sale	(10,196)	—
Other expense (income)	204	(10,169)
Interest expense	15,289	6,032
Inc. (loss) bef. taxes	$ 80,192	$ (10,306)
Inc. taxes	26,192	8,063
Inc. (loss) - cont. oper.	$ 54,000	$ (18,369)
Inc. (loss) - discont. oper.	4,948	(23,158)
Net Income (Loss)	$ 58,948	$ (41,527)

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. investments	$ 112,817	$ 101,748
Accts. receiv., net	92,129	83,994
*Inventories	27,118	30,609
Other assets	24,667	29,055
Current Assets	$ 256,731	$ 245,406
Investments	16,917	13,118
#Fixed assets	892,142	853,156
Other assets & intangibles	48,387	50,197
Total Assets	$ 1,214,177	$ 1,161,877

Communications Satellite Corporation

Liabilities (000's)		
Accts. payable	$ 33,671	$ 41,653
Accruals	63,899	65,909
Income taxes	8,461	4,377
Curr. Liabilities	$ 106,031	$ 111,939
Long-term debt	334,777	353,966
Deferred inc.	85,074	43,776
Deferred inc. taxes & invest. credit	109,164	115,802
+Common stock	239,794	234,548
Retained earnings	374,474	337,399
Treasury stock	(35,137)	(35,553)
Total Liabilities & Shareholders' Equity	$ 1,214,177	$ 1,161,877

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	10.18	—
Debt to Equity	0.58	0.66
Working Capital	$150,700,000	$133,467,000
Current Ratio	2.42	2.19
Shareholders' Equity	$579,131,000	$536,394,000

Compugraphic Corporation

200 Ballardvale Street
Wilmington, Massachusetts 01887
(617) 658-5600

Note: Agfa-Gevaert, N.V., a Belgian company which is an indirect, wholly owned subsidiary of Bayer AG of West Germany, owns slightly more than 81% of the common stock of Compugraphic Corporation.

Officers: Carl E. Dantas, president & chief executive officer; Fred J. Butler, sr. v.p.-finance & treasurer; David E. Costa, v.p.-corporate & product planning; Vincent M. Kaseta, sr. v.p.-human resources; David D. Lundquist, sr. v.p.-business development group; John M. Duker, sr. v.p.-sales & marketing; Frank J. Perpiglia, sr. v.p.-engineering division; Richard Renwick, sr. v.p.-operations; Donald C. Wile, sr. v.p.-graphics products group; Gabriel Auerbach, v.p.-quality & customer satisfaction; Thomas E. Kerr, clerk & general counsel; Marcia A. Krolikowski, asst. treasurer.

Directors: Johan Bisschops, George M. Berman*, Robert A.M. Coppenrath*, Carl E. Dantas*, Paul De Pelsmaker, Andre Leysen, Helmut Loehr, John K. Spring, Konrad M. Weis.

* Member of the Executive Committee.

Areas of Work: The Company develops, manufactures and markets equipment and related supplies, accessories and parts for application in setting type by a photocomposition process. The Company's photocomposition equipment projects individual letters and characters on to photographic paper or film from a film strip, glass grid, or magnetic disk containing a complete set of characters in a particular type style.

Subsidiaries:
Compugraphic Financial Corporation

Compugraphic Canada, Inc.
Compugraphic International Products Limited (Ireland)

Compugraphic Foreign Sales Corporation (US Virgin Islands)

Compugraphic International Finance Limited (Bermuda)

Compugraphic de Mexico, S.A.

Transfer Agent(s):
State Street Bank & Trust Co.
P.O. Box 366
Boston, Massachusetts 02107

Stock Exchange(s): New York, Boston, Philadelphia.

Ticker Symbol: CPU

Number of Employees:

1985	4,571	1982	4,309
1984	5,129	1981	4,334
1983	4,487		

Plant Footage:

1985	1,130,000 sq. ft.	1983	801,000
1984	1,191,000	1982	801,000

Sales and Earnings ×

	Revenues	Net Income
1985	$ 400,807,000	$ 21,797,000
1984	391,238,000	24,390,000
1983	318,363,000	16,903,000
1982	279,491,000	8,129,000
1981	276,313,000	(6,239,000)

	No. of Com. Shares	Earn. per Share #
1985	8,314,000	$ 2.63
1984	8,056,000	2.93
1983	8,120,000	2.04
1982	8,045,000	1.04
1981	4,958,000	—

(Loss)
× Restated to conform to new fiscal year.
Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.60	—	—
1984	0.55	—	—
1983	0.10	—	—
1982	—	—	—
1981	0.07	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 194,693,000	$ 23.42
1984	172,766,000	21.45
1983	156,642,000	19.29
1982	139,917,000	17.39
1981	90,826,000	18.32

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Revenues	$ 400,807	$ 391,238
Cost of sales	217,415	203,061
Expenses:		
Sell., gen., & admin.	115,391	113,777
Eng., res., & develop.	38,669	34,763
Emp. profit sharing	3,162	3,812
Interest expense	1,798	1,504
Other expense (income)	(4,082)	16
Inc. before taxes	$ 28,454	$ 34,305
Inc. taxes	6,657	9,915
Net Income	$ 21,797	$ 24,390

* Included in Costs and Expenses, Depreciation and Amortization: $14,830,000 in 1985 and $14,209,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash & market. secur.	$ 18,625	$ 8,006
Market. securities	3,572	7,741
Accts. receiv., net	51,339	59,768
Note receivable	14,000	4,000
*Inventories	84,572	87,722
Prepaid inc. taxes	—	7,847
Prepaid expenses	6,439	7,855
Invest. in sales-type leases	20,092	15,887
Current Assets	$ 198,639	$ 198,826
Investments in sales-type leases	54,527	37,600
#Fixed assets	76,924	75,402
Total Assets	$ 330,090	$ 311,828

Liabilities (000's)		
Notes payable	$ 6,566	$ 15,898
Long-term debt, curr.	1,691	1,242
Accts. payable	10,784	13,777
Cust. deposits	1,617	3,546
Accruals	49,258	46,584
Deferred income taxes	17,369	—
Curr. Liabilities	$ 87,285	$ 81,047
Long-term debt	27,340	19,946
Deferred inc. taxes	20,772	38,069
+Common stock	419	410
Stock purch. warrants	—	180
Add. paid-in capital	73,248	70,508
Cum. trans. adjust.	110	(1,725)
Retained earnings	123,356	108,310
Treasury stock	(2,440)	(4,917)
Total Liabilities & Shareholders Equity	$ 330,090	$ 311,828

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.10	8.77
%Net Income to Sales	5.44	6.23
%Net Income to Equity	11.20	14.12
Sales to Inventories	7.81	4.46
Debt to Equity	0.94	0.21
Working Capital	$111,354,000	$117,779,000
Current Ratio	2.28	2.45
Shareholders' Equity	$194,639,000	$172,766,000

CompuScan, Inc.

81 Two Bridges Road
Fairfield, New Jersey 07006
(201) 575-0500

Officers: Robert S. Bernstein, chairman, president & chief exec. officer; Vincent P. Marasco, exec. v.p., treasurer, secretary & chief financial officer; Fernando J. Silva, Jr., sr. v.p.-operations; Gerald M. Labe, v.p.-marketing; Michael F. Cairns, Valentin Elices, Nicholas M. Gregoriou, William E. Lohn, divisional v.p.'s.

Directors: Robert S. Bernstein, chairman; William T. Burgin, Derrick Ashcroft, Robert W. Fischer, Daniel Sinnott, David S. Fine, Vincent P. Marasco.

Areas of Work: Designs, manufactures, markets and services intelligent image processing and data entry systems for business, industry and government.

Subsidiaries:
CompuScan International (DISC)
Optical Business Machines, Inc.

Transfer Agent(s):
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CSCN (NASDAQ)

Number of Employees:

1986	234	1983	306
1985	303	1982	271
1984	319		

Plant Footage:

1986	59,700 sq. ft.	1983	70,000
1985	63,500	1982	40,000
1984	70,000		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 14,502,000	$ (4,597,000)
1985	20,340,000	1,624,000
1984	21,612,000	2,596,000
1983	17,841,000	2,455,000
1982	18,024,000	1,068,000

	No. of Com. Shares #	Earn. per Share #‡
1986	5,643,793	$ —
1985	6,015,845	0.27
1984	6,497,997	0.40
1983	6,148,222	0.40
1982	3,915,079	0.27

(Loss)
‡ Including extraordinary credits of $747,000 ($0.12 per share) in 1985, $1,173,000 ($0.18 per share) in 1984, $1,406,000 ($0.23 per share) in 1983 and $472,000 ($0.12 per share) in 1982.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 9,673,000	$ 1.71
1985	14,302,000	2.38
1984	14,827,000	2.28
1983	12,125,000	1.97
1982	2,598,000	0.66

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended May 31	1986	1985
Net revenues:		
Machines & hardware	$ 8,312	$ 12,668
Field engineering	6,190	7,672
Total	$ 14,502	$ 20,340
Cost of sales	10,803	11,111
Res., develop. engr. expenses	2,730	2,753
Sell., gen. & adm. exp.	6,075	5,548
Interest income	(509)	(853)
Income (loss) before taxes	$ (4,597)	$ 1,781
Income taxes	—	904
Net Income (Loss)	$ (4,597)	$ 877
Extraord. gain	—	747
Net Income (Loss) & extraord. gain	$ (4,597)	$ 1,624

* Included in Costs and Expenses, Depreciation and Amortization: $1,289,000 in 1986 and $1,518,000 in 1985.

Assets

As of May 31	1986	1985
Cash & equiv.	$ 3,646	$ 6,649
Note receivable	621	—
Accts. receiv., net	1,749	3,068
*Inventories	3,083	2,678
Other curr. assets	47	67
Curr. Assets	$ 9,146	$ 12,462
#Fixed assets	3,602	3,735
Note receivable	671	—
Other assets	392	526
Total Assets	$ 13,811	$ 16,723

Liabilities
(000's)

Long-term liabilities	$ 214	$ —
Accts. payable	1,437	1,052
Accruals	1,281	1,262
Curr. Liabilities	$ 2,932	$ 2,314
Oblig. under cap. leases	1,206	107
+Common stock	563	631
Add. paid-in capital	16,516	18,648
Retained earnings (deficit)	(7,046)	(2,809)
Treasury stock	—	(2,168)
Total Liabilities & Shareholders' Equity	$ 13,811	$ 16,723

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	8.76
%Net Income to Revenues	—	4.31
%Net Income to Equity	—	6.13
Debt to Equity	0.12	0.01
Working Capital	$6,214,000	$10,148,000
Current Ratio	3.12	5.41
Shareholders' Equity	$9,673,000	$14,302,000

Computer & Communications Technology Corp.

9177 Skypark Court
San Diego, California 92123
(619) 279-8973

Officers: E.T. Bahre, chairman of the board & chief executive officer; Robert L. McKay, exec. v.p. & chief financial officer; Jerry F. Smith, v.p.-personnel; Gary E. Hall, treasurer; Michael W. Palmer, v.p., gen. counsel & secretary.

Directors: E.T. Bahre, chairman; Graham Tyson, Melvin A. Shader, Peter F. Zinsli, Robert L. McKay.

Areas of Work: Designs and manufactures magnetic recording heads for rigid disc drives used for data storage and retrieval, and designs and manufactures microwave signal-generation and signal-processing components and subsystems.

Subsidiaries:

Information Magnetics Corporation
9177 Skypark Court
San Diego, California 92123
Designs, manufactures, refurnishes and sells magnetic disc recording heads used in magnetic recording data storage units (peripheral memories) for data processing systems.

Information Magnetics Caribe Inc.
Call Box 1502, Road 125, Km. 1.0
Moca, Puerto Rico 00716

Ensambles Magneticos S.A. de C.V.
C. Acceso C. Ind. Las Brisas Ira.
Seccion #2 Codigo Postal 22610
La Mesa, Tijuana, Baja Cfa

Zeta Laboratories, Inc.
3265 Scott Blvd.
Santa Clara, CA 95054
Design and production of microwave communications products for defense and aerospace applications. Microwave products include frequency synthesizers and multipliers, oscillators, signal simulators, comb generators, and tunable filters.

Transfer Agent(s):
Security Pacific National Bank
Corporate Services Division, 2-70
P.O. Box 60228
Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CCTC (NASDAQ)

Number of Employees:

1986	2,178	1983	2,059
1985	2,659	1982	1,642
1984	2,841		

Plant Footage:

1986	273,000 sq. ft.

Sales and Earnings

	Revenues +	Net Income ‡
1986*	$ 67,052,000	$ (27,431,000)
1985	90,833,000	(9,893,000)
1984	122,057,000	13,266,000
1983	83,563,000	(24,616,000)
1982	74,717,000	5,103,000

	No. of Com. Shares #	Earn. per Share #‡
1986*	7,719,000	$ —
1985	7,699,000	—
1984	7,745,000	1.71
1983	7,673,000	—
1982	7,326,000	0.70

(Loss)
* 53 weeks.
+ Of continuing operations only.
‡ Including extraordinary gain of $1,612,000 ($0.21 per share) in 1984.
# Based on the weighted average number of common shares and common shares equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 23,604,000	$ 3.06
1985	50,875,000	6.61
1984	61,271,000	7.91
1983	48,466,000	6.32
1982	72,221,000	9.86

† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	$ 65,706	$ 85,464
Other income	1,346	5,369
Total Income	$ 67,052	$ 90,833
Cost of sales	51,912	77,141
Eng. & develop. exp.	4,514	5,924
Selling, gen. & adm. exp.	11,625	15,901
Interest expense	1,404	1,456
Write off of assets of discount. oper.	14,191	—
Zeta repurch. costs & exp.	10,237	—
Loss before taxes	$ (26,831)	$ (9,589)
Income taxes	600	304
Net Loss	$ (27,431)	$ (9,893)

* Included in Costs and Expenses, Depreciation and Amortization: $3,847,000 in 1986 and $5,102,000 in 1985.

Assets
(000's)

As of	1/3/87	12/28/85
Cash	$ 11,450	$ 15,834
Trade receiv.	9,714	18,446
*Inventories	11,401	12,511
Assets held for sale	7,031	2,443
Other curr. assets	927	1,203
Current Assets	$ 40,523	$ 60,437

Computer & Communications Technology Corp.

#Fixed assets	8,338	17,196
Invest. and other assets	10,287	10,834
Total Assets	$ 59,148	$ 88,467

Liabilities (000's)

Accts. payable	$ 3,589	$ 6,676
Accruals	9,582	8,997
Income taxes	2,373	1,841
Curr. Liabilities	$ 15,544	$ 17,514
Long-term debt	20,000	18,575
Minority interest	—	1,503
+Common stock	3,089	3,085
Add. paid-in capital	50,160	50,004
Retained earnings (deficit)	(29,645)	(2,214)
Total Liabilities & Shareholders' Equity	$ 59,148	$ 88,467

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

Sales to Inventories	5.75	6.83
Debt to Equity	0.85	0.37
Working Capital	$24,979,000	$42,923,000
Current Ratio	2.61	3.45
Shareholders' Equity	$23,604,000	$50,875,000

Computer Automation, Inc.

2181 Dupont Drive
Irvine, California 92715
(714) 833-8830

Officers: George Pratt, chairman & chief executive officer; Douglas L. Cutsforth, president & chief operating officer; Stuart F. Dale, v.p.-corp. development; William L. Osmundsen, v.p.-finance, chief financial officer & treasurer; Ira L. Robinson, v.p., secretary & general counsel.

Directors: Richard Bertea, George Pratt, Harold R. Frank, R.C. Mercure, Jr., Douglas L. Cutsforth, Frank A. Klepetko.

Areas of Work: Manufactures, markets and services high performance automatic test systems for testing electronic printed circuit boards, digital minicomputers and microcomputers and their associated memories, communications and peripheral subsystems.

Divisions and Subsidiaries:
Industrial Products Division
2181 Dupont Drive
Irvine, California 92715

Computer Automation Limited
Millfield House
Croxley Centre, Woodshots Meadow
Watford, Hertfordshire,
WD1 8YX England

Computer Automation Ireland Ltd.
Clonsaugh Industrial Estate
Coolock
Dublin 5, Ireland

Transfer Agent(s):
U.S. Stock Transfer Corp.
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CAUT (NASDAQ)

Number of Employees:

1986	241	1983	N.A.
1985	499	1982	989
1984	910		

Plant Footage:

1986	161,000 sq. ft.	1983	N.A.
1985	161,000	1982	415,146
1984	363,500		

N.A. - Not Available.

Sales and Earnings

	Revenues †	Net Income #
1986	$ 20,416,000	$ (3,851,000)
1985	40,451,000	(12,705,000)
1984	41,681,000	(7,795,000)
1983	44,154,000	(474,000)
1982	47,692,000	2,022,000

	No. of Com. Shares +	Earn. per Share +#
1986	2,059,025	$ —
1985	2,060,575	—
1984	2,061,261	—
1983	2,079,978	—
1982	2,055,320	0.98

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of shares outstanding assuming full dilution.
# Including extraordinary gain of $315,000 ($0.15 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 5,847,000	$ 2.84
1985	9,709,000	4.71
1984	22,414,000	10.87
1983	30,232,000	14.53
1982	30,663,000	14.92

+ Based on the weighted average number of shares outstanding assuming full dilution.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 20,416,000	$ 40,451,000
Cost of prods. & svcs.	11,987,000	22,665,000
Expenses	14,622,000	24,558,000
Interest expense	269,000	814,000
Other expense (income)	(2,567,000)	754,000
For. curr. trans.	(44,000)	227,000
Loss - cont. oper.	$ (3,851,000)	$ (8,767,000)
Loss - discont. oper.	—	(3,938,000)
Net Loss	$ (3,851,000)	$ (12,705,000)

* Included in Costs and Expenses, Depreciation and Amortization: $776,000 in 1986 and $1,329,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 462,000	$ 433,000
Accts. receiv., net	4,627,000	8,605,000
Notes receivable	963,000	—
*Inventories	3,885,000	5,792,000
Prepaid expenses	223,000	500,000
Current Assets	$ 10,160,000	$ 15,330,000
#Fixed assets	213,000	3,405,000
Other assets	—	174,000
Assets of bus. transferred	—	3,896,000
Notes receivable	2,742,000	—
Total Assets	$ 14,475,000	$ 22,805,000

Liabilities

Note payable	$ 1,500,000	$ 2,723,000
Long-term debt, curr.	72,000	110,000
Accts. payable	2,054,000	3,170,000
Accruals	2,816,000	4,853,000
Curr. Liabilities	$ 6,442,0000	$ 10,856,000
Note payable	1,500,000	—
Long term debt	9,000	—
Oblig. under cap. lease	125,000	1,431,000
Deferred income	101,000	345,000
Other liabilities	451,000	414,000
+ Common stock	206,000	206,000
Add. paid-in capital	9,509,000	9,509,000
Contrib. under emp. stock plan	—	11,000
Retained earnings (def.)	(3,527,000)	324,000
Note receivable	(341,000)	(341,000)
Total Liabilities & Shareholders' Equity	$ 14,475,000	$ 22,805,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.55	0.44
Working Capital	$3,718,000	$4,474,000
Current Ratio	1.58	1.41
Shareholders' Equity	$5,847,000	$9,709,000

Computer Communications, Inc.

2610 Columbia Street
Torrance, California 90503
(213) 320-9101

Officers: Henry D. Epstein, chairman & chief exec. officer; Raymond E. High, president & chief operating officer; Carlton E. Vanderbeek, sr. v.p & chief scientist; Ervin K. Dorff, sr. v.p.; Gene G. Ruckh, v.p.-finance; Harold L. Ridout, v.p.-manufacturing; Papken Sassouni, v.p.-special marketing; Jesse J. Acciacca, v.p.-customer service; William F. Deller, v.p.-research & development; Eugene M. Guffan, treasurer & secretary.

Directors: Henry D. Epstein, chairman; Raymond E. High, Erwin K. Dorff, Phillip G. Halamandaris, David Rubinfien, Kenneth E. Years, Arnold M. Zais.

Areas of Work: The Company designs, develops, programs, manufactures, markets and services communications computers and real-time communications software which together comprise data communications processing and control systems. The applications for which these systems are used include terminal-to-terminal message switching, terminal-to-computer transaction processing, and computer-to-computer high-speed transfer of data base information.

Subsidiaries:
C.C. Systems, Inc.

Transfer Agent(s):
Manufacturers Hanover Trust Co. of California
445 S. Figueroa Street
30th Floor
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	127	1983	148
1985	129	1982	150
1984	147		

Plant Footage:

1986	50,000 sq. ft.	1983	50,000
1985	50,000	1982	50,000
1984	50,000		

Sales and Earnings

	Revenues ‡	Net Income #
1986	$ 10,861,000	$ 1,402,373
1985	10,467,00	174,625
1984	10,452,000	336,739
1983	10,982,000	601,496
1982	9,375,000	(744,292)

	No. of Com. Shares	Earn. per Share #+
1986	8,367,711	$ 0.17
1985	7,117,711	0.02
1984	6,742,142	0.06

1983	3,761,142	0.16
1982	3,761,142	—

(Loss)
‡ Of continuing operations only.
# Including extraordinary gains of $1,044,924 ($0.13 per share) in 1986, $60,000 ($0.01 per share) in 1985, $134,000 ($0.02 per share) in 1984 and $280,000 ($0.07 per share) in 1983.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 3,829,141‡	$ 0.46
1985	1,054,227‡	0.15
1984	905,804	0.13
1983	(5,118,853)	—
1982	(5,725,112)	—

(Deficiency)
‡ After allowing for preferred stock at par value.

Income Account *

Year ended June 30	1986	1985
Net revenues	$ 10,777,317	$ 9,423,265
Other income	84,096	1,043,611
Total income	$ 10,861,413	$ 10,466,876
Cost of sales	5,198,471	5,136,891
Expenses	4,987,842	5,072,891
Interest expense	50,651	82,469
Inc. bef. taxes	$ 624,449	$ 174,625
Income taxes	267,000	60,000
Net Income	$ 357,449	$ 114,625
Extraord. gain	1,044,924	60,000
Net Income & extraord. gain	$ 1,402,373	$ 174,625

* Included in Costs and Expenses, Depreciation: $164,438 in 1986 and $240,388 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,554,374	$ 115,330
Accts. & notes rec., net	1,695,660	1,907,427
*Inventories	2,369,749	3,053,483
Current Assets	$ 5,619,783	$ 5,076,240
Receivables	401,595	257,203
#Fixed assets	749,829	512,951
Other assets	505,170	464,796
Total Assets	$ 7,276,377	$ 6,311,190

Liabilities

Accts. payable	$ 531,469	$ 2,757,492
Accruals	1,133,492	717,196
Curr. Liabilities	$ 1,664,961	$ 3,474,688
+Preferred stock	1,782,275	1,782,275
++Common stock	8,367,711	7,117,711
Add. paid-in capital	17,002,513	16,879,972
Deficit	(21,541,083)	(22,943,456)
Notes receivable	—	—
Total Liabilities & Shareholders' Equity	$ 7,276,377	$ 6,311,190

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $4.50 par value; 8% non-cumulative convertible.
++ $1 par value.

Statistical Summary

%Income bef. Taxes To Revenues	5.79	1.85
%Net Income to Revenues	3.32	1.22
%Net Income to Equity	6.37	4.04
Working Capital	$3,954,822	$1,601,552
Current Ratio	3.38	1.46
Shareholders' Equity	$5,611,416	$2,836,502

Computer Consoles, Inc.

Bay Colony Corporate Center
Suite 1700
950 Winter Street
Waltham, Massachusetts 02154
(617) 890-0708

Officers: John F. Cunningham, chairman of the board, president & chief exec. officer; Richard I. Kreiger, sr. v.p., chief financial officer & treasurer; Gary W. Gunderson, sr. v.p. & gen. mgr.-Communications Systems Division; John P. Jacobson, sr. v.p. & gen. mgr.-Computer Products Division; Harold S. Koplow, sr. v.p.-research & development; David Moros, sr. v.p.-business development; Thomas I. Nientimp, sr. v.p.-human resources; Richard P. Goodkin, v.p., secretary & corp. counsel; Lawrence Chesler, asst. secretary & assoc. corp. counsel; Samuel J. Ilardo, asst. treasurer.

Directors: John F. Cunningham, chairman; George S. Beinetti, Norman O. Bender, Jr., Edgar F. Heizer, Jr., Justin L. Vigolor, H. Martin Weingartner, Thomas A. Vanderslice, Gary M. Cypres, Richard I. Kreiger.

Areas of Work: Designs, develops, manufactures, markets, and services a variety of minicomputer-based, fault-tolerant integrated information systems which are primarily for the telephone industry.

Divisions:

Computer Products Division
2601 Muirlands Blvd.
Irvine, California 92718
(714) 458-7282

Communications Systems Division
97 Humboldt Street
Rochester, New York 14609
(716) 482-5000

Subsidiaries:

Computer Consoles Leasing Corporation

Reston Development
11490 Commerce Park Drive
Reston, Virginia 22091
(703) 648-3300

Computer Consoles (Asia) Limited
Hong Kong
(011) 85-25265067

CCI Europe Ltd.
Twickenham, Middlesex, England
England
(01) 892-1122

CCI-Israel Inc.
Ramat Gan, Israel
(03) 751-0255

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
One Lincoln First Square
Rochester, New York 14643

Stock Exchange(s): American

Ticker Symbol: CCS

Number of Employees:

1986	1,344	1983	1,244
1985	1,200	1982	1,061
1984	N.A.		

N.A. - Not Available.

Plant Footage:

1986 . . . . . 390,000 sq. ft.

Sales and Earnings

	Revenues	Net Income
1986	$ 129,557,000	$ (2,983,000)
1985	111,880,000	(41,911,000)
1984	131,189,000	6,290,000
1983	103,550,164	10,391,775
1982	79,102,215	7,438,794

	No. of Com. Shares †	Earn. per Share +
1986	12,783,997	$ —
1985	11,983,897	—
1984	11,325,033	0.54
1983	11,111,640	0.87
1982	10,867,722	0.66

(Loss)
† Adjusted to reflect stock dividend.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 20,384,000	$ 1.59
1985	21,665,000	1.81
1984	61,973,000	5.47
1983	53,968,000	4.86
1982	41,105,000	3.78

† Adjusted to reflect stock dividend.

Income Account *

Year ended Dec. 31	1986	1985
Revenues	$ 129,557,000	$ 111,880,000
Cost of revenues	57,768,000	73,071,000
Expenses	61,536,000	65,968,000
Interest expense	12,624,000	12,295,000
Restructuring costs	—	19,310,000
Loss bef. taxes	$ (2,371,000)	$ (58,764,000)
Income taxes (credit)	612,000	(16,853,000)
Net Loss	$ (2,983,000)	$ (41,911,000)

* Included in Costs and Expenses, Depreciation: $10,157,000 in 1986 and $13,154,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 2,408,000	$ 4,246,000
Accts. receiv., net	29,735,000	18,512,000
Lease receiv., curr.	14,535,000	13,709,000
*Inventories	25,381,000	25,030,000
Prepaid expenses	1,217,000	1,770,000
Current Assets	$ 73,276,000	$ 63,267,000
#Fixed assets	31,606,000	30,418,000
‡Field spare parts	5,553,000	5,999,000
Other assets	1,635,000	1,068,000
Lease receivables	82,451,000	86,551,000
Debt issuance costs	1,943,000	2,177,000
Total Assets	$ 196,458,000	$ 189,480,000

Liabilities

Short-term borrowings	$ —	$ 55,648,000
Accts. pay. & accruals	16,110,000	19,509,000
Rents received in adv.	6,993,000	2,980,000
Long-term debt, curr.	21,819,000	1,112,000
Curr. Liabilities	$ 44,922,000	$ 79,249,000
Other liabilities	1,308,000	1,481,000
Long-term debt	126,810,000	84,279,000
Deferred inc. taxes	3,034,000	2,806,000
+Common stock	1,278,000	1,198,000
Add. paid-in capital	29,056,000	23,989,000
Notes receiv. from stock sale	(5,283,000)	(1,838,000)
Retained earnings (deficit)	(4,667,000)	(1,684,000)
Total Liabilities & Shareholders' Equity	$ 196,458,000	$ 189,480,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated appreciation.
+ $0.10 par value.

Statistical Summary

Debt to Equity	7.29	3.94
Working Capital	$28,354,000	—
Current Ratio	1.63	—
Shareholders' Equity	$20,384,000	$21,665,000

Computer Products, Inc.

2900 Gateway Drive
Pompano Beach, Florida 33069

Post Office Box 23849
Fort Lauderdale, Florida 33307
(305) 974-5500

Officers: David Yoder, chairman of the board; Edward J. Schneider, president & chief exec. officer; Keith F. Vreeland, v.p.-finance & secretary; John E. Doyle, treasurer; Barry Kelleher, v.p.-int'l operations; Robert H. Eckblad, controller.

Directors: David C. Yoder, chairman; Daniel S. Wiper, Edward J. Schneider, Bert Sager, Edward S. Croft, III, Keith F. Vreeland, J. Earl Templeton, Stephen A. Ollendorff.

Areas of Work: Designs, manufactures and markets two lines of electronic products: power conversion products for electronic equipment used in commercial, industrial and military applications requiring a precise and consistent voltage level; and measurement and control hardware and software systems and components used in computer-directed process control and data acquisition applications.

Divisions and Subsidiaries:

Power Products Division
Measurement and Control Division
Computer Products Caribe Ltd. (Antigua, West Indies)
Stevens-Arnold, Inc.
Memodyne Corp.
Power Products Ltd. (Youghal, Republic of Ireland)
Computer Products Asia - Pacific Ltd. (Hong Kong)
Computer Products Overseas Finance, N.V.
Grant Technology Systems Corp.

Tecnetics, Inc.
Boulder, Colorado
Manufactures mil spec power conversion products for the military and aerospace industries.

Boschert Inc.
Manufactures and markets AC/DC open-frame and high power caseswitchers used for power conversion.

Transfer Agent(s):
The Bank of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPRD (NASDAQ)

Number of Employees:

1986	2,015	1983	1,100
1985	2,248	1982	800
1984	1,300		

Plant Footage:

1986	556,000 sq. ft.	1984	352,000
1985	682,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 111,416,000	$ (9,281,000)
1985	88,518,000	1,452,000
1984	85,252,000	8,742,000
1983	64,945,000	6,437,000
1982	45,006,300	3,857,000

	No. of Com. Shares ×	Earn. per Share ×
1986	19,757,000	$ —
1985	19,499,000	0.07
1984	19,058,000	0.46
1983	17,940,000	0.36
1982	16,426,000	0.23

(Loss)
× Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 48,229,000	$ 2.44
1985	57,179,000	2.90
1984	49,884,000	2.65
1983	40,622,000	2.24
1982	23,735,000	1.45

‡ Adjusted to reflect stock split.

Income Account *

Year ended	12/31/86	12/31/85
Net sales	$ 111,416,000	$ 88,518,000
Cost of sales	79,895,000	53,331,000
Expenses	42,045,000	33,875,000
Interest income	(90,000)	(780,000)
Interest expense	3,761,000	1,975,000
Prov. for plant clos.	2,286,000	—
Income (loss) bef. taxes	$ (16,481,000)	$ 117,000
Tax credit	(7,200,000)	(1,335,000)
Net Income (Loss)	$ (9,281,000)	$ 1,452,000

* Included in Costs and Expenses, Depreciation: $6,776,000 in 1986 and $4,024,000 in 1985.

Assets

As of	12/31/86	12/31/85
Cash	$ 1,243,000	$ 1,849,000
Cert. of deposit	223,000	4,560,000
Accts. receiv., net	19,855,000	27,127,000
Refundable income taxes	1,188,000	4,287,000
*Inventories	33,860,000	36,275,000
Prepaid expenses	1,164,000	1,634,000
Current Assets	$ 57,533,000	$ 75,732,000
#Fixed assets	39,599,000	42,178,000
Other assets	23,406,000	17,389,000
Total Assets	$ 120,538,000	$ 135,299,000

Liabilities

Notes payable	$ 2,662,000	$ 7,141,000
Accts. payable	7,376,000	5,478,000
Accruals	8,218,000	8,975,000
Curr. Liabilities	$ 18,256,000	$ 21,594,000
Notes payable	40,802,000	38,427,000
Leases payable	13,251,000	12,830,000
Deferred inc. taxes	—	5,269,000
+Common stock	198,000	197,000
Add. paid-in capital	26,205,000	25,875,000
Retained earnings	21,826,000	31,107,000
Total Liabilities & Shareholders' Equity	$ 120,538,000	$ 135,299,000

* At lower of standard cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.13
%Net Income to Sales	—	1.64
%Net Income to Equity	—	2.54
Sales to Inventories	3.29	2.44
Working Capital	$39,277,000	$54,138,000
Current Ratio	3.15	3.51
Shareholders' Equity	$48,229,000	$57,179,000

Computer Sciences Corporation

2100 E. Grand Avenue
El Segundo, California 90245
(213) 615-0311

Officers: William R. Hoover, chairman & president; George Barratt, v.p. & chief financial officer; Albert Gluckson, v.p., general counsel & secretary; Alvin E. Nashman, v.p. & president-Systems Group; Roy Nutt, v.p.; Denis M. Crane, v.p. & controller; Robert T. Knight, president-Information Network Services Group; Lawrence Parkus, v.p.-corporate development; A.B. Sims, v.p. & president-Industry Services Group; L. Scott Sharpe, v.p.-personnel.

Directors: William R. Hoover, chairman; George Barratt, Felix A. Kalinski, Alvin E. Nashman, Roy Nutt, Howard P. Allen, Robert R. Dockson, Richard C. Lawton.

Areas of Work: Plans, designs, engineers, integrates and operates computer-based systems and communications systems. It manages client computer facilities and provides operations and maintenance services for high-technology operations. It also provides value-added services in data communications, remote computing and distributed processing on its international communications network, and operates a number of other proprietary services for specific industries and markets.

Principal Operating Units:

Systems Group
6565 Arlington Boulevard
Falls Church, Virginia 22046

Applied Technology Division
Falls Church, Virginia

Defense Systems Division
Moorestown, New Jersey

Systems Division
Falls Church, Virginia

System Sciences Division
Silver Springs, Maryland

Systems International Division
Herndon, Virginia

Information Network Services Group
2100 East Grand Avenue
El Segundo, California 90245

INFONET Division
El Segundo, California

Computer Sciences Canada, Inc.
Toronto, Ontario, Canada

Development and Operations Division
El Segundo, California

Government Systems Division
Falls Church, Virginia

Industry Services Group
2100 East Grand Avenue
El Segundo, California 90245

Associated Credit Services, Inc.
Houston, Texas

Compufact
Garden Grove, California

Health and Administrative Services Division
Sacramento, California

CSC Comtec, Inc.
Farmington Hills, Michigan

TACS Division
Los Angeles, California

Computer Partners, Inc.
Waltham, Massachusetts

CSC Computer Sciences Europe S.A.
350/358 Avenue Louise
Brussels, Belgium

CSC Computer Sciences Nederland B.V.
Zoetermeer, The Netherlands

Computer Sciences Company Limited
London, England

CSID-Computer Sciences International
Deutschland GmbH
Munich, Federal Republic of Germany

CSC Computer Sciences (Schweiz) AG
Zurich, Switzerland

Affiliates:

Computer Sciences of Australia Pty, Ltd.
460 Pacific Highway, St. Leonards
Sydney, New South Wales 2065
Australia

Transfer Agent(s):

Bank of America, N.T. & S.A.
Corporate Agency Service Center
55 Hawthorne Street
San Francisco, California 94105

American Transtech
P.O. Box 44037
Jacksonville, Florida 32231-4037

Stock Exchange(s): New York, Pacific

Ticker Symbol: CSC

Number of Employees:

1986	15,600	1984	13,900
1985	15,800	1983	13,500

Plant Footage:

1986 . . . . . 1,594,000 sq. ft.

Sales and Earnings

	Revenues	Net Income
1986	$ 838,587,000	$ 23,948,000
1985	723,493,000	27,718,000
1984	712,224,000	18,266,000
1983	694,914,000	17,888,000
1982	630,174,000	17,781,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	14,185,964	$ 1.69
1985	13,737,634	2.02
1984	13,795,647	1.32
1983	13,601,866	1.32
1982	13,543,638	1.31

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Systems group	$ 599,600	$ 511,000
Information network svcs. group	100,300	92,000
Industry services group	138,700	120,500
Total	$ 838,600	$ 723,500

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 213,853,000	$ 15.07
1985	186,221,000	13.56
1984	158,327,000	11.60
1983	138,676,000	10.20
1982	119,681,000	8.81

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended	3/28/86	3/29/85
Revenues	$ 838,587	$ 723,493
Cost of services	686,564	593,294
Overhead	70,173	62,373
Depreciation & amortization	21,656	20,201
Interest expense	6,533	6,840
Interest & other income	(904)	(1,963)
Expenses	11,801	11,191
Gain from sale of oper.	—	(9,500)
Income before taxes	$ 42,764	$ 41,057
Income taxes	18,816	13,339
Net Income	$ 23,948	$ 27,718

Assets
(000's)

As of	3/28/86	3/29/85
Cash	$ 7,914	$ 9,921
Short-term invest.	4,645	8,090
Receivables	274,675	263,403
Prepaid expenses & other assets	12,916	8,260
Current Assets	$ 300,150	$ 289,674
Investments	67,052	50,984
#Fixed Assets	100,532	90,745
Total Assets	$ 467,734	$ 431,403

Liabilities
(000's)

Notes payable	$ 11,216	$ 18,157
Long-term debt., curr.	6,105	1,891
Debentures sinking fund liability	2,500	—
Accts. payable	20,580	22,787
Accruals	39,111	26,276
Accrued payroll	42,890	38,639
Advance contract payments	2,209	8,504
Income taxes	81,155	80,472
Curr. Liabilities	$ 205,766	$ 196,726
Long-term debt	16,026	13,519
6% sub. conv. deben.	32,089	34,937
+Common stock	14,973	14,960
Add. paid-in capital	15,863	13,888
Retained earnings	192,150	168,202
Cum. curr. trans. res.	(741)	(850)
Treasury stock	(8,392)	(9,979)
Total Liabilities & Shareholders' Equity	$ 467,734	$ 431,403

Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.10	5.67
%Net Income to Sales	2.86	3.83
%Net Income to Equity	11.20	14.88
Debt to Equity	0.07	0.18
Working Capital	$ 94,384,000	$ 92,948,000
Current Ratio	1.46	1.47
Shareholders' Equity	$213,853,000	$186,221,000

Computer Specialties Corporation

544 Tenth Street
Palisades Park, New Jersey 07650
(201) 947-0500

Officers: Edward Silver, president & treasurer; Lawrence Peskin, secretary.

Directors: Gerald Epner, Lawrence Peskin, Edward Silver.

Areas of Work: Involved in the manufacture and sale of micrographic equipment. Its products include the PEPCO MFC Automatic Microfiche Cutter, the PEPCO MFI Microfiche Inspectors, and the PEPCO RPC roll paper cutter.

Divisions:

PEPCO Division

Transfer Agent(s):

Continental Stock Transfer & Trust Company

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	4	1983	5
1985	4	1982	6
1984	5		

Plant Footage:

1986	3,750 sq. ft.	1983	3,750
1985	3,750	1982	3,750
1984	3,750		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 267,528	$ 71,399
1985	278,994	751
1984	242,760	23,838
1983	275,000	42,910
1982	301,258	71,084

	No. of Com. Shares	Earn. per Share ‡†
1986	292,760	$ 0.24
1985	292,760	0.02
1984	292,760	0.07
1983	292,760	0.15
1982	292,760	0.24

‡ Including extraordinary loss of $18,081 ($0.07 per share) in 1984.
† Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 725,221	$ 2.48
1985	651,821	2.23
1984	651,070	2.22
1983	627,232	2.14
1982	584,322	2.00

Income Account *

Year ended June 30	1986	1985
Net sales	$ 267,528	$ 278,994
Cost of sales	132,215	130,270
Expenses	91,286	105,653
Oper. profit	$ 44,027	$ 43,071
Other expense (income)	(43,781)	44,704
Income (loss) bef. taxes	$ 87,808	$ (1,633)
Income taxes (credit)	16,409	(2,384)
Net Income	$ 71,399	$ 751

* Included in Costs and Expenses, Depreciation and Amortization: $4,872 in 1986 and $4,897 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 13,627	$ 13,863
Marketable securities	553,372	464,127
Accts. receiv., net	45,735	41,070
Notes receivable	—	9,319
*Inventories	102,430	100,236
Prepaid expenses & other receiv.	—	4,309
Current Assets	$ 715,164	$ 632,924
#Fixed assets	6,503	11,375
Other assets	28,150	28,150
Total Assets	$ 749,817	$ 672,449

Liabilities

Accts. payable	$ 4,592	$ 6,070
Accruals	20,004	13,236
Curr. Liabilities	$ 24,596	$ 19,306
Deferred taxes	—	1,322
+Common stock	29,276	29,276

Add. paid-in capital	818,138	818,138
Retained earnings (deficit)	(122,193)	(195,593)
Total Liabilities & Shareholders' Equity	$ 749,817	$ 672,449

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	32.82	—
%Net Income to Sales	26.69	0.27
%Net Income to Equity	9.85	0.12
Sales to Inventories	2.61	2.78
Working Capital	$690,568	$613,618
Current Ratio	29.08	32.78
Shareholders' Equity	$725,221	$651,821

Computer Terminal Systems, Inc.

75 Mall Drive
Commack, New York 11725-5703
(516) 864-5200

Officers: Gerald Schoenberg, chairman, president & chief executive officer; Gerhard Schneider, sr. v.p.; Kenneth S. Oliver, v.p.-marketing; Bernard J. Stein, v.p.-engineering; Judith C. Hansen, v.p. & secretary; Michael Bryan, treasurer & controller.

Directors: Kenneth Sonnenberg, Gerald Schoenberg, Donald W. Blood, Murray Rieman, Gerhard Schneider.

Areas of Work: Engaged in the design, manufacture and marketing of microprocessor-controlled printers and printing terminals used to print computer-generated labels, forms and tickets in a variety of industries.

Transfer Agent(s):
Computer Terminal Systems, Inc.
Hauppauge, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:
1986 56

Plant Footage:

1986	32,000 sq. ft.	1983	56,000
1985	56,000	1982	56,000
1984	56,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 6,165,786	$ (3,201,768)
1985	10,020,246	(2,982,647)
1984	8,654,189	(24,224)
1983	5,527,941	(232,615)
1982	5,378,336	(290,000)

	No. of Com. Shares +	Earn. per Share +
1986	1,860,572	$ —
1985	1,750,943	—
1984	1,487,002	—
1983	1,445,418	—
1982	1,445,430	—

(Loss)
+ Adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ (4,160,208)	$ —
1985	(1,144,133)	—
1984	1,219,969	0.82
1983	1,097,547	0.76
1982	1,330,162	0.92

(Deficiency)
+ Adjusted to reflect stock split.

Income Account *

Year ended April 30	1986	1985
Net sales	$ 6,165,786	$ 10,020,246
Cost of sales	6,004,836	9,280,895
Expenses	2,505,671	2,874,602
Interest expense	361,591	611,824
Interest income	(29,115)	(16,170)
Loss on dispos. of equip.	524,571	—
Loss on sale of land & bldg.	—	290,142
Loss before taxes	$ (3,201,768)	$ (3,021,047)
Tax credit	—	(38,400)
Net Loss	$ (3,201,768)	$ (2,982,647)

* Included in Costs and Expenses, Depreciation and Amortization: $260,662 in 1986 and $285,357 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 93,755	$ 136,032
Accts. receiv., net	618,020	895,954
Notes receiv., net	14,648	71,268
*Inventories	1,487,689	2,248,636
Prepaid expenses	65,886	60,535
Refund. inc. taxes	12,278	44,355
Current Assets	$ 2,292,276	$ 3,456,780
#Fixed assets	876,774	1,467,090
Security deposits	80,795	100,799
Other assets	4,397	03,442
Total Assets	$ 3,254,242	$ 5,088,111

Liabilities

Loans payable	$ 729,237	$ 650,000
Long-term debt in default	—	1,769,586
Accts. payable	178,288	2,503,750
Accruals & other liab.	633,985	1,233,908
Long-term debt, curr.	291,003	—
Loans payable to officers	—	75,000
Curr. Liabilities	$ 1,832,513	$ 6,232,244
Pre-petition unsecured debt	4,695,875	—
Long-term debt	886,062	—
+Common stock	186,057	175,094
Add. paid-in capital	1,482,567	1,369,428
Retained earnings (deficit)	(5,815,102)	(2,613,334)
Unamort. deferred comp.	(13,730)	(75,321)
Total Liabilities & Shareholders' Equity	$ 3,254,242	$ 5,088,111

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.14	4.46
Working Capital	$ 459,763	—
Current Ratio	1.25	—
Shareholders' Equity (Deficiency)	$(4,160,209)	$(1,144,133)

Computer Transceiver Systems, Inc.

P.O. Box 15
East 66 Midland Avenue
Paramus, New Jersey 07652
(201) 261-6800

Officers: Allen G. Jacobson, president & chief executive officer; Seymour D. Balkin, chief financial officer & controller; Berthold Salz, sr. v.p.; Robert A. Norman, v.p.-marketing; Paul Buccola, v.p.-operations; Donald A. Weigel, v.p.-engineering; Irwin Roth, secretary; Seymour H. Bucholz, asst. secretary.

Directors: Allen G. Jacobson, Robert E. Wernikoff, Robert E. Morris, Michael L. Wolfe, Harry Zimmerman.

Areas of Work: Manufactures portable terminals and painting systems.

Transfer Agent(s):
Chemical Bank
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CTSI (NASDAQ)

Number of Employees:
1986 . . . . . 45 1985 68

Plant Footage:
1986 . . . . . 21,000 sq. ft. 1985 21,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 2,681,000	$ (1,352,000)
1985	3,515,000	(1,973,000)
1984	5,164,000	(154,000)
1983	6,489,000	223,000
1982	5,273,000	79,000

	No. of Com. Shares	Earn. per Share ‡
1986	822,805	$ —
1985	812,305	—
1984	800,305	—
1983	790,305	0.28
1982	776,596	0.10

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 627,000	$ 0.76
1985	1,945,000	2.39
1984	3,908,000	4.88
1983	3,996,000	5.06
1982	3,693,000	4.76

Income Account *

Year ended February 28	1986	1985
Net sales	$ 839,099	$ 791,191
Other income	1,841,735	2,724,053
Total income	$ 2,680,834	$ 3,515,244
Cost of sales	1,149,529	1,897,722
Deprec. of leased equip.	287,659	439,776
Equip. serv. exp.	962,664	1,046,263
Expenses	1,662,384	2,000,321
Interest expenses	147,032	153,890
Loss before taxes	$ (1,528,434)	$ (2,022,728)
Tax credit	(176,450)	(50,007)
Net Loss	$ (1,351,984)	$ (1,972,721)

* Included in Costs and Expenses, Depreciation and Amortization: $397,766 in 1986 and $580,427 in 1985.

Assets		
As of February 28	1986	1985
Cash	$ 366,504	$ 78,069
Accts. receiv., net	369,105	400,115
Invest. - sales type lease	—	822,545
*Inventories	918,852	1,234,374
Prepaid expenses	29,120	43,955
Current Assets	$ 1,683,581	$ 2,579,058
Equip. leased to others	377,004	748,924
#Fixed assets	227,390	303,729
Other assets	33,109	39,913
Total Assets	$ 2,321,084	$ 3,672,624
Liabilities		
Notes payable	$ 500,000	$ 500,000
Accts. payable	266,008	219,943
Accrued liabilities	246,131	177,006
Advances on service contracts	96,491	91,854
Curr. Liabilities	$ 1,108,630	$ 988,803
Long-term debt	585,001	559,393
Deferred income taxes	—	179,000
+Common stock	8,228	8,123
add. paid-in capital	2,400,288	2,381,894
Retained earnings (deficit)	(1,748,050)	(396,066)
Deferred compensation	(33,013)	(48,523)
Total Liabilities & Shareholders' Equity	$ 2,321,084	$ 3,672,624

* At lower of cost (FIFO) or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	0.91	0.64
Debt to Equity	1.73	0.54
Working Capital	$574,951,590	$1,590,255
Current Ratio	1.52	2.61
Shareholders' Equity	$ 627,453	$1,945,428

Computervision Corporation

100 Crosby Drive
Bedford, Massachusetts 01730
(617) 275-1800

Officers: Martin Allen, chairman; Robert L. Gable, president & chief executive officer; Lon F. Bonczek, Jr., v.p.-human resources; Richard L. Buckingham, treasurer; Robert Callaway, v.p. & gen. mgr.-operations division; David Friedman, v.p.-Product Technology; Robert P. Gothie, v.p. & gen. mgr.-international sales; Dorick V. Mauro, v.p.-finance & chief financial officer; Victor Larkin, v.p.-administration; Philip L. Read, sr. v.p.; Richard V. Paulson, v.p. & gen. mgr.-research & development; Allan R. Campbell, corp. counsel & secretary; Peter D. Connell, dir.-corp. communications; Patrick Alias, v.p. & gen. mgr.-North American sales; Raymond A. Moritz, v.p. & gen. mgr.-Personal Systems Business Unit; Bardwell C. Salmon, v.p. & gen. mgr.-worldwide marketing; Cosmo S. Trapani, v.p. & controller; J. Crispin Gray, chief exec. officer-Cambridge Interactive Systems, Ltd.

Directors: Martin Allen*, chairman; Boruch B. Frusztajer, Robert L. Gable*, Philip L. Read*, Herbert Roth, Jr.*, Nicholas P. Negroponte.

* Member of the Executive Committee.

Areas of Work: Engaged primarily in the design, development, manufacture and marketing of computer-controlled systems which automate critical phases of the product cycle, including concept development, detailed design drafting, and production. These systems, which include both hardware and software, enable customers to automate certain repetitive design and manufacturing processes which generally are performed manually with conventional equipment. The Company's products are used in the design and preparation of graphical data in a wide spectrum of industries, including the automotive, aerospace, communication, electronics, and mapping industries, and in automated production and testing in the electronics and semiconductor industries, and architectural and construction firms for structural designs.

Divisions and Subsidiaries:

Computervision B.V.
Rotterdam, Holland

Computervision AB
Bromma, Sweden

Computervision Oy
Helsinki, Finland

Computervision S.A.
Paris, France

Computervision GmbH
Munich, West Germany

Computervision, S.p.A.
Milan, Italy

Computervision, Limited
Basingstoke, England

Computervision, N.V.
Brussels, Belgium

Computervision do Brasil
Industria E Comercio Limitada
Sao Paulo, Brazil

Computervision Japan, Ltd.
Tokyo, Japan

Computervision A/S
Oslo, Norway

Computervision de Espana, S.A.
Madrid, Spain

Computervision Australia, Ltd.
Australia

Computervision Canada Inc.
Ontario, Canada

Computervision Designer Systems (HK) Ltd.
Hong Kong

Computervision (Europe) Inc.
Hayes, England

Computervision Danmark A/S
Copenhagen, Denmark

Computervision Applied Graphics Systems AG
Zurich, Switzerland

Computervision Produktion GmbH
West Germany

Organization for Industrial Research Division
Waltham, MA

Grado Software and Computer Systeme GmbH
West Germany

Cambridge Interactive Systems Limited
United Kingdom

OIR Europe Inc.
Holland

Computervision China, Inc.
Beijing, China

Computervision Productivity Centre, Ltd.
Hayes, England

CV Holdings, Inc.
Bedford, Massachusetts

CIS Medusa, Inc.
Bedford, Massachusetts

Computervision Handelsgesellschaft m.b.H.
Wein, Austria

Computervision Coordination Centre S.A.
Brussels, Belgium

Designer Systems Insurance Ltd.
Bermuda

Computervision Industries S.A.
Nancy, France

CIS Medusa B.V.
Rotterdam, Holland

Computervision Foreign Sales BV
Holland

Computervision UK Holdings Ltd.
England

CIS, Inc.
Cambridge, Massachusetts

Computervision Produktion GmbH
West Germany

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: CVN

Number of Employees:

1986	4,775	1983	5,070
1985	4,770	1982	4,130
1984	6,530		

Plant Footage:

1986	1,324,500 sq. ft.	1983	1,850,000
1985	1,915,000	1982	1,537,000
1984	2,180,000		

Sales and Earnings

	Revenues #	Net Income +
1986	$ 494,672,000	$ (5,774,000)
1985	441,137,000	(80,777)
1984	556,342,000	47,726,000
1983	400,032,000	35,340,000
1982	325,185,000	32,381,000

	No. of Com. Shares	Earn. per Share ‡+
1986	28,885,000	$ —
1985	28,724,553	—
1984	28,621,030	1.66
1983	28,320,808	1.24
1982	27,410,562	1.18

(Loss)
Of continuing operations only.
+ Including extraordinary gain of $3,715,000 ($0.13 per share) in 1984.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 182,871,000	$ 6.33
1985	186,227,000	6.49
1984	263,366,000	9.20
1983	219,995,000	7.77
1982	179,780,000	6.56

Income Account *

Year ended Dec. 31	1985	1985
Revenues	$ 494,672,000	$ 441,137,000
Cost of sales	298,529,000	287,390,000
Expenses	190,55,000	224,173,000
Other expense (income)	(4,110,000)	2,141,000
Unusual charges	—	41,315,000
Interest expense	14,664,000	16,207,000
Interest income	(3,532,000)	(2,312,000)
Loss before taxes	$ (1,474,000)	$ (127,777,000)
Income taxes (credit)	4,300,000	(47,000,000)
Net Loss	$ (5,774,000)	$ (80,777,000)

* Included in Costs and Expenses, Depreciation and Amortization: $57,638,000 in 1986 and $57,595,000 in 1985.

Computervision Corporation

Assets

As of Dec. 31	1986	1985
Cash	$ 1,998,000	$ 2,627,000
Investments	54,151,000	13,675,000
Accts. receiv., net	142,681,000	130,196,000
Refund. inc. taxes	717,000	36,264,000
*Inventories	39,160,000	51,553,000
Prepaid expenses	5,601,000	5,949,000
Current Assets	$ 244,308,000	$ 240,264,000
#Fixed assets	119,952,000	139,615,000
Serv. spares & materials	46,088,000	47,561,000
Other assets & notes receiv.	15,510,000	11,075,000
Total Assets	$ 425,858,000	$ 438,515,000

Liabilities

Notes payable, long-term debt & cap. lease oblig., curr.	$ 17,982,000	$ 19,323,000
Accts. payable	32,037,000	33,510,000
Accruals	43,169,000	43,758,000
Accrued income taxes payable	6,649,000	7,069,000
Curr. Liabilities	$ 99,837,000	$ 103,660,000
Long-term debt	30,274,000	34,503,000
Convertible sub. debtures	110,000,000	110,000,000
Deferred income taxes & credits	2,876,000	4,125,000
+Common stock	1,444,000	1,436,000
Add. paid-in capital	82,345,000	80,267,000
Retained earnings	97,586,000	103,360,000
Cum. trans. adj.	1,496,000	1,164,000
Total Liabilities & Shareholders' Equity	$ 425,858,000	$ 438,515,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	12.63	8.56
Debt to Equity	0.17	0.29
Working Capital	$144,471,000	$136,604,000
Current Ratio	2.45	2.32
Shareholders' Equity	$182,871,000	$186,227,000

Conrac Corporation

Three Landmark Square
Stamford, Connecticut 06901
(203) 348-2100

Officers: Donald H. Putnam, chairman; Paul E. Graf, president & chief exec. officer; Clyde W. Kaercher, v.p.-finance; Joseph O'Donnell, v.p. & group mgr.; Hans E. Mitthof, v.p. & group mgr.; Lawrence M. Ryan, v.p.; Robert J. Erzen, secretary; Joseph F. Smorada, treasurer.

Directors: Daniel T. Carroll*, John C. Lowe, Donald H. Putnam, Arthur H. Thornhill, Jr., Frederick S. Wonham*, Thomas K. Demon*, Paul E. Graf, Barry J. Gordon, J. Markham Green.

* Member of the Executive Committee.

Divisions and Subsidiaries:

Code-A-Phone Corp.
16261 S.E. 130th Avenue
Clackamas, Oregon 97015
(503) 655-8940
Manufactures call controllers, sequences, telephone answering machines.

Alston Division
1724 S. Mountain Avenue
Duarte, California 91010
(818) 357-2121
Manufactures telephone traffic monitoring equipment, telephone service observing equipment and telephone billing equipment.

Goodrich Division
3560 Chicago Drive
Hudsonville, Michigan 49426
(616) 669-1000
Automatic welding equipment, resistance welding transformers.

Rixson-Firemark Division, Inc.
9100 West Belmont Avenue
Franklin Park, Illinois 60131
(312) 671-5670
Smoke-operated door closers, concealed and overhead closers, external and internal door pivots, fire and intrusion protection products.

Conrac Division
600 N. Rimsdale Avenue
Covina, California 91722
(818) 966-3511
Computer graphic displays, video monitors, alpha-numeric CRT displays.

Conrac Elektron GmbH
Weikersheim, Germany
Electronic teaching products, computer peripheral equipment, large audience information displays.

Conrac Singapore Pte Ltd.
Singapore

Systems Components & Displays Division
1700 S. Mountain Avenue
Duarte, California 91010
(818) 359-9141
Products include aerospace transducers, mil-spec video displays, aircraft control systems.

Transfer Agent(s):
Harris Trust Co. of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Pacific

Ticker Symbol: CAX

Number of Employees:

1986	1,200	1983	1,905
1985	1,391	1982	1,638
1984	1,603		

Plant Footage:

1986	702,000 sq. ft.	1983	864,000
1985	666,000	1982	698,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales †	Net Income
1986	$ 153,939,000	$ 7,838,000
1985	150,289,000	7,231,000
1984	154,284,000	13,013,000
1983	141,136,000	6,985,000
1982	116,261,000	8,065,000

	No. of Com. Shares #	Earn. per Share #
1986	6,713,000	$ 1.16
1985	6,633,000	1.08
1984	6,712,000	1.93
1983	6,435,000	1.07
1982	4,875,000	1.60

† Of continuing operations only.
# Based on the average number of common shares outstanding assuming no dilution adjusted to reflect stock dividend and stock split.

Revenues By Line of Business

	1986	1985
Info. display	$ 47,808,000	$ 52,630,000
Communications & control	24,663,000	23,774,000
Architectural & indust. products	30,480,000	30,662,000
Code-A-phone	50,988,000	40,014,000
Divested businesses	—	3,209,000
Total	$ 153,939,000	$ 150,289,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.39	10%	—
1985	0.36	—	—
1984	0.36	—	—
1983	0.36	—	2-for-1
1982	0.36	—	—

+ Adjusted to reflect stock dividend & stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share +
1986	$ 97,664,000	$ 14.55
1985	90,433,000	13.63
1984	85,113,000	12.68
1983	76,634,000	11.91
1982	47,163,000	9.67

‡ After allowing for preferred stock at liquidation value of $50 per share.
+ Based on the average number of common shares outstanding assuming no dilution adjusted to reflect stock dividend and stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 153,939	$ 150,289
Cost of sales	109,221	109,920
Expenses	29,492	25,996
Interest expense (income)	(111)	908
Income before taxes	$ 15,337	$ 13,465
Income taxes	7,499	6,234
Net Income	$ 7,838	$ 7,231

* Included in Costs and Expenses, Depreciation and Amortization: $4,002,000 in 1986 and $3,729,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 4,181	$ 7,239
Accts. receiv., net	33,798	33,760
*Inventories	42,855	35,722
Prepaid expenses	5,836	6,243
Current Assets	$ 86,670	$ 82,964
#Fixed assets	24,014	22,783
Other assets & intangibles	20,173	23,806
Total Assets	$ 130,857	$ 129,553

Liabilities
(000's)

Notes payable	$ 6,461	$ 7,165
Long-term debt, current	1,350	1,780
Accts. payable	4,575	5,760
Accrued payroll	3,039	3,460
Income taxes	3,394	2,816
Other liabilities	7,045	9,264
Curr. Liabilities	$ 25,864	$ 30,245
Long-term debt	3,816	4,955
Deferred inc. taxes	2,931	2,091
+Preferred stock:		
Series A	—	25
Series B	58	158
++Common stock	4,462	4,078
Add. paid-in capital	48,068	38,055
Retained earnings	49,556	53,478
For. curr. trans. adj.	740	201
Treasury stock	(4,638)	(3,733)
Total Liabilities & Shareholders' Equity	$ 130,857	$ 129,553

* At lower of average cost or market.
# Less accumulated depreciation & amortization.
+ $5 par value; $2 cumulative convertible.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.96	8.96
%Net Income to Sales	5.09	4.81
%Net Income to Equity	7.98	7.84
Sales to Inventories	3.59	4.21
Debt to Equity	0.04	0.07
Working Capital	$60,806,000	$52,719,000
Current Ratio	3.35	2.74
Shareholders' Equity	$98,246,000	$92,262,000

Control Data Corporation

8100 34th Avenue South
Minneapolis, Minnesota 55420
(612) 853-8100

Mailing address:
P.O. Box 0
Minneapolis, Minnesota 55440

Officers: Robert M. Price, chairman of the board, president & chief exec. officer; Norbert R. Berg, deputy chairman; Eugene L. Baker, sr. v.p.-human relations; John K. Buckner, exec. v.p. & chief financial officer; Franklin R. Dawe, v.p.-human resources; Harold T. Hahn, v.p. & treasurer; Thomas W. Miller, president-Computer Systems XY Services Group; Lawrence Perlman, exec. v.p. & pres.-Data Storage Products Group; Herbert F. Trader, president-Training and Education Group; George F. Troy, pres.-Training and Education Group; Daniel R. Pennie, v.p., gen. counsel & secretary; David P. White, exec. v.p. & president-Business Services Group; Larry E. Jodsaas, sr. v.p.-quality and operations effectiveness; Thomas C. Roberts, J. Ryan, v.p.-communications; Boyd T. Jones, pres.-Government Systems Group; Anthony J. Aurichio, pres.-Arbitron Ratings Co.; William J. Miller, v.p.-Data Storage Products Group (Small Disk); Alvin D. Netten, v.p.-Data Storage Products Group (Large Disk); Emmanuel J. Otis, sr. v.p.-Computer Systems and Services Group (Pan Am-Pacific); James E. Ousley, v.p.-Data Storage Products Group (Components); Lois D. Rice, sr. v.p.-government affairs, Lloyd M. Thorndyke, pres.-ETA Systems, Inc.; Robert M. White, v.p. & chief technical officer; Gil D. Williams, v.p.-Computer Systems and Services Group (Computer Systems).

Directors: William C. Norris, Russell A. Nelson, Bernard A. Schriever, Judson Bemis, Norbert R. Berg*, Robert M. Price*, Richard G. Lareau*, James C. Worthy, Lois Dickson Rice, Ralph Hofstad, Ruth M. Davis, Lawrence Perlman, John K. Buckner, Allen W. Dawson, Sigmund M. Hyman.

* Member of the Executive Committee.

Areas of Work: Develops, manufactures and markets computers, ranging from very large to small in size, and used in education, engineering, general data processing and specialized control systems worldwide; also makes and markets industrial instruments and controls and aerospace products. Markets computer peripheral equipment, including disk drives, magnetic tape transports, printers, card readers, card punches, terminals, data entry systems, mass storage systems and computer supplies, such as disk packs and magnetic tape. Provides computer services, data services utilizing communications networks and major computer centers, processes scientific, engineering and business data. Professional services include maintenance, architectural design, consulting and education. The Company's Ticketron unit provides computerized lottery services to the state of New York, Illinois, Maryland, Pennsylvania, Washington, and Delaware and Two off-track betting systems in upstate New York. Commercial Credit Company, a wholly-owned subsidiary, provides financial services through more than 800 offices in the U.S., Canada, Europe and Asia. These include personal loans, installment financing, business loans and leasing services, vehicle and equipment leasing, factoring, real estate financing, and life, health, credit and casualty insurance.

Divisions and Subsidiaries:

Computer Systems and Services Group
Business Services Group
Business Development Group
Data Storage Products Group
Government Systems Group
Technical Support Service Group
Training and Education Group

Commercial Credit Company
Financial services.

ARB (American Research Bureau), Inc.
4320 Ammendale Road
Beltsville, Maryland 20705

Autocon Industries, Inc.
2200 Berkshire Lane
Minneapolis, Minnesota 55427

ETA Systems, Inc.
Designs, manufactures and markets scientific computers.

The Service Bureau Corporation
1350 Avenue of the Americas
New York, New York 10019

Joint Ventures:

Magnetic Peripherals, Inc. (67% owned)
Computer Peripherals, Inc. (80% owned)
Optical Storage International (49% owned)
Product emphasis in the joint ventures is on high-performance, high-capacity drives for microcomputers, engineering workstations, mini computers and mainframes.

Transfer Agent(s):

First Trust Company, Inc.
P.O. Box 2922
St. Paul, Minnesota 55402

First Trust Company, Inc.
c/o Mellon Securities Transfer Services
67 Broad Street
New York, New York 10004

Stock Exchange(s): New York, Midwest, Pacific, Toronto, Frankfurt, Lausanne, Geneva, Zurich, Basle, Amsterdam.

Ticker Symbol: CDA

Number of Employees:

1986	34,409	1983	46,951
1985	38,856	1982	46,579
1984	47,498		

Sales and Earnings

	Revenues (000's)	Net Income (000's) †
1986	$ 3,346,700	$ (264,500)
1985	3,679,700	(567,500)
1984	3,692,600	5,100
1983	3,407,800	161,700
1982	3,182,600	155,100

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	40,912,000	$ —
1985	39,022,000	—
1984	38,520,000	0.12
1983	38,338,000	4.20
1982	37,595,000	4.11

(Loss)
† Including extraordinary gain of $4,000,000 in 1986.
‡ Based on the weighted average number of common stock and common stock equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.54	—	—
1984	0.66	—	—
1983	0.60	—	—
1982	0.55	—	—

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share
1986	$ 980,200	$ 23.72
1985	1,191,600	29.21
1984	1,747,500	45.63
1983	1,814,000	47.59
1982	1,713,500	46.10

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales & rentals	$ 1,918,300	$ 2,125,600
Services	1,428,400	1,554,100
Total revenues	$ 3,346,700	$ 3,679,700
Cost of sales & rentals	1,413,700	1,683,000
Cost of services	850,000	899,100
Expenses	683,300	752,800
Technical expenses	403,200	418,100
Interest expense	92,300	115,700
Partnership distr.	22,600	20,200
Oper. & invest. restruc.	162,200	274,800
Loss before taxes	$ (280,600)	$ (484,000)
Income taxes	10,000	43,700
Minority interest	20,500	35,000
Net loss (earn.) of Commercial Credit	(42,600)	4,800
Net Loss	$ (268,500)	$ (567,500)
Extraord. gain	4,000	—
Net Loss & extraord. gain	$ (264,500)	$ (567,500)

* Included in Costs and Expenses, Depreciation and Amortization: $200,000,000 in 1986 and $208,600,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 400,900	$ 81,400
Accts. receiv., net	570,000	566,900
*Inventories	539,400	656,400
Deferred inc. taxes	8,000	16,400
Prepaid expenses	22,600	17,900
Current Assets	$ 1,540,500	$ 1,339,000
Investments	305,200	999,100
†Leased & data ctr. equip.	182,100	218,300
#Fixed assets	420,700	414,000
Other assets	146,400	102,100
Total Assets	$ 2,594,900	$ 3,072,500

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 70,400	$ 413,200
Amts. due Commercial Credit	—	93,200
Accts. payable	186,900	238,000
Cust. advances	109,300	151,600
Accrued taxes	65,500	43,900
Accrued payroll	112,200	115,100
Other accruals	385,300	405,200
Curr. Liabilities	$ 929,600	$ 1,460,200
Long-term debt	485,600	96,200
Amts. due Comm. Credit	—	141,600
Minority interest	64,200	69,400
Deferred inc. taxes	20,500	18,600
Other liabilities	103,900	83,900
+Preferred stock	10,900	11,000
++Common stock	20,700	20,600
Add. paid-in capital	560,400	550,200
Retained earnings	498,900	763,900
For. curr. trans. adjust.	(70,200)	(98,200)
Other items	(29,600)	(44,900)
Total Liabilities & Shareholders' Equity	$ 2,594,900	$ 3,072,500

* At cost (FIFO or average) not in excess of realizable values.
† Less accumulated depreciation.
# Less accumulated depreciation and amortization.
+ $100 par value; 4½% cumulative.
++ $0.50 par value.

Statistical Summary

Debt to Equity	0.56	0.42
Working Capital	$610,900,000	—
Current Ratio	1.66	—
Shareholders' Equity	$991,100,000	$1,202,600,000

Control Laser International Corporation

7503 Chancellor Drive
Orlando, Florida 32809
(305) 438-2500

Officers: Robert D. van Roijen, Jr., chairman & president; B.G.L. Switzer, vice president; J. Allan Krul, v.p.; I. Townsend Burden, III, secretary-treasurer; Jean G. Heron-Vanta, asst. to chairman & dir.-stockholder relations.

Directors: Robert D. van Roijen, Jr., chairman of the board; I. Townsend Burden III, J. Allan Krul, Douglas K. Dew.

Areas of Work: A holding company, whose subsidiaries are engaged in the development, manufacture and marketing of high powered industrial and medical laser systems and components. Solid state lasers, gas lasers, dye lasers and accessories are marketed to original equipment manufacturers, universities and laboratories.

Subsidiaries:

Control Laser Corporation
7503 Chancellor Drive
Orlando, Florida 32809
(305) 438-2500

Control Laser Limited
Broad March
Long March Industrial Estate
Daventry, Northants
England NN11 4NR

Holobeam Laser, Inc.
Laser Cybernetics

Transfer Agent(s):
Barnett Bank Trust Company, N.A.
P.O. Box 2507
Jacksonville, Florida 32231

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CLSR (NASDAQ)

Number of Employees:
1986 . . . . . 216 1985 217

Plant Footage:
1986 . . . . . 62,000 sq. ft. 1985 75,000

Sales and Earnings

	Net Sales +	Net Income
1986	$ 14,657,633	$ (4,503,655)
1985	15,533,928	(978,645)
1984	15,806,790	(1,733,213)
1983	15,980,792	(5,119,764)
1982	13,240,145	(1,259,260)

	No. of Com. Shares †	Earn. per Share †
1986	3,205,353	$ —
1985	3,128,244	—
1984	3,118,163	—
1983	3,109,141	—
1982	3,094,385	—

(Loss)
+ Of continuing operations only.
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 4,092,542	$ 1.28
1985	7,024,385	2.25
1984	7,671,053	2.46
1983	9,341,031	3.00
1982	14,593,094	4.72

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 14,657,633	$ 15,533,928
Cost of sales	9,608,913	9,365,893
Expenses	6,644,385	6,088,765
Interest income	(35,741)	(20,843)
Interest expense	573,185	742,528
Loss on sale of subsid.	2,302,402	—
Other expense	68,144	336,230
Net Loss	$ (4,503,655)	$ (978,645)

* Included in Costs and Expenses, Depreciation and Amortization: $682,414 in 1986 and $739,679 in 1985.

Assets

As of Dec. 31	1986	1985
Accts. receiv., net	$ 3,857,639	$ 3,857,101
Notes receiv.	166,332	158,475
*Inventories	5,746,854	6,394,830
Prepaid expenses	631,280	253,239
Current Assets	$ 10,402,105	$ 10,663,645
#Fixed assets	3,290,384	3,113,231
Notes receiv. and other assets	1,321,960	768,924
Total Assets	$ 15,014,449	$ 14,545,800

Liabilities

Bank overdraft	$ 1,377,162	$ 1,088,221
Long-term debt, curr.	348,861	92,753
Accts. payable	1,610,739	1,156,477
Notes payable	487,433	236,742
Accruals	1,473,360	1,638,713
Reserve for loss on sale of subsid.	1,784,981	—
Curr. liabilities	$ 7,082,536	$ 4,212,906
Long-term debt	3,839,371	3,308,509
+Common stock	33,392	31,315
Add. paid-in capital	13,605,231	12,330,239
Retained earnings (deficit)	(9,546,081)	(5,039,059)
Unrealized currency losses	—	(294,743)
Treasury stock	—	(3,367)
Total Liabilities & Shareholders' Equity	$ 15,014,449	$ 14,545,800

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	2.55	2.43
Debt to Equity	1.02	0.48
Working Capital	$3,319,569	$6,450,739
Current Ratio	1.47	2.53
Shareholders' Equity	$4,092,542	$7,024,385

Convergent, Inc.

(formerly Convergent Technologies, Inc.)

2700 North First Street
San Jose, California 95150
(408) 434-2848

Officers: Paul C. Ely, Jr., chairman; Cyril J. Yansouni, president; William R. Harris, sr. v.p. & chief manufacturing officer; John M. Russell, sr. v.p., chief financial officer & treasurer; Eric D. Carlson, v.p.; Roger A. Cooper, v.p.; Zoltan A. Csimma, v.p.-human resources; Richard L. Fischer, controller; Scott C. Neely, gen. counsel & secretary.

Directors: Paul C. Ely, Jr., chairman; Cyril J. Yansouni, John M. Russell, Don E. Ackerman, William G. Ouchi, Richard J. Riordan, William D. Rollnick, Larry W. Sonsini, James A. Unruh.

Areas of Work: Develops, manufactures and markets microprocessor-based computers and computer systems used in a variety of networked computing applications.

Divisions and Subsidiaries:

Convergent Business Services
A federation of companies supplying total business automation solutions to selected small business markets.

Display Data Corporation
Executive Plaza IV
Hunt Valley, Maryland 21031
Supplies turnkey computer systems to auto/truck dealerships, beverage distributors and lumberyard/home centers.

Dataline Corporation
43 Danbury Road
Wilton, Connecticut 06897
Supplies business automation systems to lumberyards and home centers.

Open Systems, Inc.
6477 City West Parkway
Eden Prairie, Minnesota 55344
Supplies microcomputer accounting products to small businesses.

Digital Systems Division
114 East Gregory Street
Pensacola, Florida 32501
Supplies turnkey business automation systems to CPAs, accountants and contractors.

Transfer Agent(s):
Bank of America NT&SA
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CVGT (NASDAQ)

Number of Employees:
1986 . . . . . 2,483 1984 1,666
1985 1,994

Plant Footage:
1986 . . . . . 1,194,000 sq. ft.

Sales and Earnings ×

	Revenues +	Net Income †
1986	$ 266,161,000	$ (32,835,000)
1985	426,737,000	13,211,000
1984	383,754,000	(12,062,000)
1983	179,724,000	17,807,000
1982	109,703,000	10,970,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	45,166,000	$ —
1985	43,957,000	0.30
1984	43,678,000	—
1983	44,585,000	0.40
1982	35,077,000	0.31

(Loss)
× Restated to include operations of Display Data Corporation, acquired on a pooling of interests basis.
+ Of continuing operations only.
† Including extraordinary credits of $732,000 in 1984 and $529,000 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity ×

	Total Equity	Equity Per Share ‡
1986	$ 219,865,000	$ 4.87
1985	236,640,000	5.38
1984	220,730,000	5.05
1983	229,194,000	5.14
1982	82,417,000	2.35

× Restated.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985 ‡
Revenue:		
Computer syst. & software	$ 266,161	$ 426,737
Maintenance serv. & support	39,664	32,529
Total revenue	$ 305,825	$ 459,266
Cost of sales	230,512	344,254
Product development	32,837	31,454
Expenses	71,250	66,656
Other expense (income)	7,754	(4,212)
Inc. (loss) bef. taxes	$ (36,528)	$ 21,114
Income taxes (credit)	(3,693)	7,903
Net Income (Loss)	$ (32,835)	$ 13,211

* Included in Costs and Expenses, Depreciation and Amortization: $21,686,000 in 1986 and $16,976,000 in 1985.
‡ Restated.

Assets
(000's)

As of Dec. 31	1986	1985 ‡
Cash & market. secur.	$ 64,880	$ 88,902
Accts. receiv., net	68,186	81,144
Refundable taxes	6,494	175
Deferred taxes	—	9,324
*Inventories	58,179	71,945
Prepaid expenses	6,170	6,115
Current Assets	$ 203,909	$ 257,605
#Fixed assets	53,942	31,628
Capitalized software	14,745	—
Invest. in affil.	17,268	15,665
Deferred inc. taxes	—	873
Deposits & other assets	5,302	1,892
Total Assets	$ 295,166	$ 307,663

Liabilities
(000's)

Long-term debt, curr.	$ 202	$ —
Accts. payable	16,566	28,022
Accrued payroll	11,291	12,660
Deferred revenue	12,552	9,454
Accrued warranty exp.	1,611	3,305
Other accruals	10,500	9,176
Income taxes	1,948	7,490
Deferred inc. taxes	412	—
Curr. Liabilities	$ 55,082	$ 70,107
Long-term debt	19,350	—
Deferred inc. taxes	530	—
Other liabilities	339	916
+Common stock	224,456	208,810
Notes receiv. from shareholders	(754)	(1,168)
Retained earnings (deficit)	(3,837)	28,998
Total Liabilities & Shareholders' Equity	$ 295,166	$ 307,663

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	4.60
%Net Income to Revenues	—	2.88
%Net Income to Equity	—	5.58
Debt to Equity	0.09	—
Working Capital	$148,827,000	$187,498,000
Current Ratio	3.70	3.67
Shareholders' Equity	$219,865,000	$236,640,000

Cooper Industries, Inc.

P.O. Box 4446
Houston, Texas 77210
(713) 739-5400

Officers: Robert Cizik, chairman & president; Alan E. Riedel, sr. v.p.-administration; Dewain K. Cross, sr. v.p.-finance; C. Baker Cunningham, exec. v.p.-operations; H. John Riley, Jr., exec. v.p.-operations; Michael J. Sebastian, exec. v.p.-operations; Edgar A. Bircher, v.p. & general counsel; Thomas W. Campbell, v.p.-public affairs; Joseph R. Coppola, sr. v.p.-manufacturing services; D. Bradley McWilliams, v.p.-taxes; Carl J. Plesnicher, Jr., v.p.-employee relations & environmental affairs; Roger A. Scott, v.p., secretary & corporate counsel; Lawrence H. Polsky, v.p.-personnel; Alan J. Hill, v.p. & treasurer; Donald R. Sheley, Jr., controller.

Directors: Robert Cizik, chairman; Warren L. Batts, C. Roland Christensen, John P. Diesel, Clifford J. Grum, Harold S. Hook, John G. McElwee, John D. Ong, Alan E. Riedel, John M. Stafford, Edward J. Williams.

Areas of Work: The Company is engaged in three primary areas of business: Compression & Drilling Products; Commercial & Industrial Products; and Electrical & Electronic Products. Electrical & Electronics Products operations include manufacture of equipment for primary and secondary distribution of electricity to industrial, commercial, and residential users, lighting fixtures for consumers and commercial customers, and wire and cable for electronic, and consumer markets. Commercial & Industrial Products operations include manufacture of equipment, hardware, and hand and power tools for the construction, automotive, commercial cleaning, and consumer markets. Compression & Drilling Products operations include support services to oil and natural gas drilling and compression markets, and to the mining and construction industries.

Divisions and Subsidiaries:

ELECTRICAL & ELECTRONIC PRODUCTS:

Crouse-Hinds Electrical Construction Materials
Syracuse, New York

Cooper Electrical Distribution Equipment
Earlysville, Virginia

Cooper Lighting Products
Elk Grove Village, Illinois

Belden Wire and Cable
Richmond, Indiana

Bussmann
St. Louis, Missouri

McGraw-Edison Power Systems
Coraopolis, Pennsylvania

COMMERCIAL & INDUSTRIAL PRODUCTS:

Apex
Dayton, Ohio

Cooper Air Tools
Lexington, South Carolina

The Cooper Group
Raleigh, North Carolina

Kirsch
Sturgis, Michigan

Wagner
Parsippany, New Jersey

COMPRESSION & DRILLING PRODUCTS:

Ajax
Corry, Pennsylvania

Cooper-Bessemer Reciprocating
Grove City, Pennsylvania

Cooper-Bessemer Rotating
Mt. Vernon, Ohio

Demco
Oklahoma City, Oklahoma

Funk
Coffeyville, Kansas

Industrial Machinery Division
Quincy, Illinois

Gardner-Denver Mining & Construction
Roanoke, Virginia

Martin-Decker
Cedar Park, Texas

Superior
Springfield, Ohio

Transfer Agent(s):
First City National Bank of Houston
Houston, Texas

Stock Exchange(s): New York, Pacific

Ticker Symbol: CBE

Number of Employees:

1986	40,200	1983	29,838
1985	46,000	1982	30,990
1984	30,000		

Sales and Earnings

	Revenues + (000's)	Net Income (000's)
1986	$ 3,433,296	$ 147,722
1985	3,067,169	135,080
1984	2,029,915	106,864
1983	1,850,280	71,169
1982	2,393,989	135,135

	No. of Com. Shares †	Earn. per Share †
1986	48,595,000	$ 3.04
1985	42,695,000	2.79
1984	42,724,000	2.13
1983	42,909,000	1.29
1982	43,107,000	2.76

\+ Of continuing operations only.
† Based on the weighted average number of common shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Compression & drilling equip.	$ 564,647	$ 691,884
Tools & hardware	1,096,289	927,283
Electrical & electronic prods.	1,745,791	1,425,463
Other	26,569	22,539
Total	$ 3,433,296	$ 3,067,169

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.60	—	—
1985	1.52	—	—
1984	1.52	—	—
1983	1.52	—	—
1982	1.52	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$1,418,885,000	$ 29.31
1985	1,221,568,000	27.11
1984	1,057,893,000	25.12
1983	1,068,318,000	24.87
1982	1,083,300,000	25.35

‡ After allowing for preferred stock at liquidation values.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 3,433,296	$ 3,067,169
Cost of sales	2,301,970	2,070,992

Expenses	615,943	534,471
Depreciation & amortization	127,131	105,815
Interest expense	103,080	97,723
Income before taxes	$ 285,172	$ 258,168
Income taxes	137,450	123,088
Net Income	$ 147,722	$ 135,080

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 8,583	$ 7,151
Receiv., net	575,095	568,925
*Inventories	867,781	944,231
Other assets	94,111	227,078
Current Assets	$ 1,545,570	$ 1,747,385
#Fixed assets	937,741	973,235
Intangibles	859,720	863,464
Investments	57,001	51,789
Total Assets	$ 3,400,032	$ 3,635,873

Liabilities
(000's)

Short-term debt	$ 63,204	$ 113,441
Long-term debt, curr.	24,808	11,957
Accts. payable & accruals	711,981	745,546
Income taxes	46,861	50,114
Curr. Liabilities	$ 846,854	$ 921,058
Long-term debt	863,615	1,158,310
Deferred inc. taxes	269,617	238,504
+Preferred stock series B	578	634
+ +Preferred stock $2.90 series	—	2,887
+ + +Common stock	242,044	225,513
Add. paid-in capital	207,451	200,838
Retained earnings	997,200	926,561
Translation component	(27,327)	(37,408)
Treasury stock	—	(1,024)
Total Liabilities & Shareholders' Equity	$ 3,400,032	$ 3,635,873

* At lower of cost (primarily LIFO) or net realizable value.
# Less accumulated depreciation.
+No par value; $2.50 cum. convert.
+ + No par value; $2.90 cum. convert.
+ + + $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.31	8.42
%Net Income to Sales	4.30	4.40
%Net Income to Equity	10.40	10.25
Sales to Inventories	3.96	3.25
Debt to Equity	0.67	0.97
Working Capital	$ 698,716,000	$ 826,327,000
Current Ratio	1.83	1.90
Shareholders' Equity	$1,419,946,000	$1,318,001,000

Corcom, Inc.

1600 Winchester Road
Libertyville, Illinois 60048
(312) 680-7400

Officers: Werner E. Neuman, president; Joseph C. Emma, II, v.p.-sales, & marketing, Michael B. Head, exec. v.p. & chief operating officer; Charles R. Whitchurch, v.p.-finance & treasurer; Walter Roth, secretary.

Directors: Werner E. Neuman, David B. Pivan, Herbert L. Roth, Walter Roth, Gene F. Straube, Renato Tagiuri.

Areas of Work: Manufactures and markets power line interference filters which control radio frequency interference emitted by electronic equipment. The filters prevent malfunctions in electronic devices and suppress noise pollution.

Transfer Agent(s):
The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CORC (NASDAQ)

Number of Employees:

1986	774	1983	1,300
1985	554	1982	889
1984	1,285		

Plant Footage:

1986	211,000 sq. ft.	1983	182,000
1985	N.A.	1982	153,000
1984	233,000		

N.A.-Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 20,476,000	$ (399,000)
1985	19,547,000	(3,956,000)
1984	32,350,000	2,895,000
1983	26,120,000	1,808,000
1982	20,986,000	1,304,000

	No. of Com. Shares +	Earn. per Share ‡
1986	3,469,964	$ —
1985	3,469,964	—
1984	3,468,964	0.83
1983	3,453,004	0.61
1982	2,739,304	0.47

(Loss)
+ Adjusted to reflect stock split.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 21,553,000	$ 6.21
1985	21,974,000	6.33
1984	25,933,000	7.48
1983	22,983,000	7.69
1982	12,224,000	4.42

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net Sales	$ 20,476,000	$ 19,547,000
Cost of sales	13,920,000	15,122,000
Engineering expenses	868,000	1,318,000
Sell., adm. & other expenses	6,072,000	7,734,000
Interest expense (income)	(99,000)	91,000
Prov. for closing plant	—	870,000
Loss before taxes	$ (285,000)	$ (5,588,000)
Income taxes (credit)	114,000	(1,632,000)
Net Loss	$ (399,000)	$ (3,956,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,349,000 in 1986 and $1,384,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 515,000	$ 1,035,000
Marketable securities	4,988,000	4,298,000
Accts. receiv., net	2,437,000	2,454,000
*Inventories	7,448,000	9,279,000
Federal income taxes	69,000	844,000
Other cur. assets	812,000	626,000
Current Assets	$ 16,269,000	$ 18,536,000
#Fixed assets	8,805,000	8,857,000
Total Assets	$ 25,074,000	$ 27,393,000

Liabilities

Notes payable	$ —	$ 2,154,000
Long-term debt, curr.	62,000	13,000
Accts. payable	913,000	632,000
Income taxes	101,000	15,000
Other accruals	1,067,000	1,398,000
Curr. Liabilities	$ 2,143,000	$ 4,212,000
Long-term debt	1,378,000	1,207,000
+Common stock	13,384,000	13,384,000
Retained earnings	8,202,000	8,601,000
Treasury stock	(33,000)	(11,000)
Total Liabilities & Shareholders' Equity	$ 25,074,000	$ 27,393,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	2.75	2.11
Debt to Equity	0.06	0.15
Working Capital	$14,126,000	$14,324,000
Current Ratio	7.59	4.40
Shareholders' Equity	$21,553,000	$21,974,000

Core Industries Inc.

500 North Woodward
Bloomfield Hills, Michigan 48013
(313) 642-3400

Officers: Harold M. Marko, chairman & chief exec. officer; Richard T. Walsh, president & chief operating officer; Wendel Calderwood, v.p.; Lawrence J. Murphy, v.p.-finance & secretary; Thomas G. Hooper, treasurer & controller; staff managers: Dennis R. Mason, audit, Harold Schmidt, manufacturing, William A. Handelman, systems development.

Directors: Harold M. Marko, chairman; Richard T. Walsh, Charles W. Elliott, Alan E. Schwartz, Robert G. Stone, Jr., Kenneth J. Whalen.

Areas of Work: A diversified company, manufacturing products within four major groups: electronics, farm equipment, fluid controls and constructions products, and vehicle products.

Divisions and Subsidiaries:
Electronics Group

Amprobe Instrument
Lynbrook, New York
Liquid crystal thermometer, which allows the temperature of equipment to be measured from three separate locations by pressing one button.

Anilam Electronics Corporation
Miami, Florida; United Kingdom, France & Italy
Off-line programming systems for machinists, including eight-color graphics high-resolution CRT, machinist-oriented keyboard and a quality printer.

Hilton Industries, Inc.
Sarasota, Florida
Custom winding machines for electronic, military and film capacitor applications.

GSE, Inc.
Farmington Hills, Michigan
Manufacturer of electronic measuring devices and electronic weighing scales.

Great Lakes-Eglinton
Bridgeport, Michigan
Special carbide wheel parts.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): New York

Ticker Symbol: CRI

Number of Employees:

1986 1,950

Plant Footage:*

1986 . . . . . 200,500 sq. ft.

* Electronics operations only.

Sales and Earnings

	Net Sales †	Net Income
1986	$ 163,513,000	$ 6,714,000
1985	137,145,000	10,805,000
1984	131,010,000	10,744,000
1983	123,549,000	7,371,000
1982	149,480,000	10,077,000

	No. of Com. Shares	Earn. per Share ‡
1986	9,759,000	$ 0.69
1985	9,746,000	1.11
1984	9,968,000	1.08
1983	9,967,000	0.74
1982	9,963,000	1.01

† Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Electronics	$ 62,594,000	$ 63,126,000
Farm equipment	16,834,000	15,105,000
Fluid controls & construc. prods.	76,298,000	51,933,000
Vehicle prods.	7,787,000	6,981,000
Total	$ 163,513,000	$ 137,145,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.590	—	—
1985	0.550	—	—
1984	0.510	—	—
1983	0.470	—	—
1982	0.425	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 94,261,000	$ 9.66
1985	93,235,000	9.57
1984	90,716,000	9.10
1983	85,052,000	8.53
1982	82,342,000	8.26

Income Account

Year ended Aug. 31	1986	1985
Net sales	$ 163,512,709	$ 137,145,192
Cost of sales	111,328,122	86,635,685
Expenses	34,029,846	30,918,745
Depreciation & amortization	3,596,458	3,378,788
Interest expense	492,638	574,137
Other income	(2,054,556)	(2,100,065)
Income before taxes	$ 16,120,201	$ 17,737,902
Income taxes	6,800,000	7,640,000
Inc.-cont. oper.	$ 9,320,201	$ 10,097,902
Inc. (loss)-discont. oper.	(2,605,877)	707,486
Net Income	$ 6,714,324	$ 10,805,388

Assets

As of Aug. 31	1986	1985
Cash	$ 1,753,234	$ 4,610,286
Accts. receiv., net	40,508,852	35,745,180
*Inventories	42,517,042	40,801,672
Prepaid expenses	981,869	478,166
Deferred inc. taxes	666,000	886,000
Current Assets	$ 86,426,997	$ 82,521,304
#Fixed assets	22,788,470	22,170,295
Other assets	12,420,770	13,503,331
Total Assets	$ 121,636,237	$ 118,194,930

Liabilities

Long-term debt, curr.	$ 540,000	$ 595,000
Accts. payable	9,718,141	7,328,629
Accrued payroll	8,685,089	7,063,067
Dividends payable	1,463,922	1,364,374
Income taxes	277,739	1,938,442
Curr. Liabilities	$ 20,684,891	$ 18,289,512
Long-term debt	4,210,534	4,650,890
Deferred inc. taxes	2,480,000	2,020,000
+Common stock	11,117,004	11,103,044
Add. paid-in capital	174,757	118,658
Retained earnings	89,052,213	88,095,988
Treasury stock	(6,083,162)	(6,083,162)
Total Liabilities & Shareholders' Equity	$ 121,636,237	$ 118,194,930

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	7.12	11.59
Sales to Inventories	3.85	3.36
Debt to Equity	0.05	0.06
Working Capital	$65,742,106	$64,231,792
Current Ratio	4.18	4.51
Shareholders' Equity	$94,260,812	$93,234,528

Corning Glass Works

Houghton Park
Corning, New York 14831
(607) 974-9000

Officers: James R. Houghton, chairman; Thomas C. MacAvoy, Van C. Campbell, vice-chairmen, Richard Dulude, president-Electronics and Telecommunications group; E. Martin Gibson, president-Health and Science Group; Roger G. Ackerman, president-Specialty Glass and Ceramics Group; David A. Duke, sr. v.p.-research, development & engineering; William C. Ughetta, sr. v.p., secretary & general counsel; Kenneth W. Freeman, v.p. & controller; Richard B. Klein, treasurer.

Directors: James R. Houghton, chairman; Van C. Campbell, Thomas C. MacAvoy, Mary L. Bundy, Francis H. Burr, Robert L. Genillard, Carla A. Hills, James W. Kinnear, Edward L. Palmer, Donald S. Perkins, Henry Rosovsky, Robert G. Stone, Jr., Robert S. McNamara, Robert Barker, Richard Dulude, E. Martin Gibson, Roger G. Ackerman, Vernon E. Jordon, Jr., James J. O'Connor.

Areas of Work: Operates in four broad industry segments: Consumer products-manufactures tablewares and housewares including glass and glass-ceramic cookware for cooking, serving, and storing food, indoor plant containers, and "Steuben" lead crystal. Electronics and Telecommunications-manufactures optical fibers for use in voice, video, or data transmission, optical cable (which encloses the fiber), glass for TV picture tubes and monitors, and electronic devices such as capacitors and resistors. Specialty Materials-manufactures ceramic substrates for automatic emission-control systems, sealed-beam components and tungsten-halogen tubing for headlights, tooth-replacement ceramic, silicone products, and foam-glass insulation. Health and Science-manufactures medical diagnostic products, optical ware, ophthalmic lenses, laboratory ware, and glass piping. Also engaged in biotechnology research.

Subsidiaries:

Components, Incorporated
Biddeford, Maine

MetPath Inc.
Teterboro, New Jersey

Corning International Corporation
Corning, New York

Corning Canada Inc.
Toronto, Ontario, Canada

Corning GmbH
Wiesbaden, West Germany

Corning Limited
Sunderland, England

Corning Europe Inc.
London, England

Corning Japan K.K.
Tokyo, Japan

Corning S.p.A.
Milan, Italy

Corning Trading (Singapore) Pte. Ltd.
Singapore

Malkin Ltd.
Stoke-on-Kent, England

Rigolleau, S.A.
Buenos Aires, Argentina

Productos Corning de Mexico, S.A. de C.V.
Monterrey, Mexico

Sovcor, S.A.
Paris (Le Vesinet), France

Corning France, S.A.
Avon, France

Corning Enterprises, Inc.
Corning, New York

Teddington Company Limited
Hamilton, Bermuda

Corning Brasil-Vidros Especiais Ltda.
Sao Paulo, Brazil

E.I.V.S., S.A.
Paris (Villeneuve-la-Garenne), France

Crown Corning U.S.A. Inc.
Los Angeles, California

U.S. Precision Lens Inc.
Cincinnati, Ohio

Dow Corning Corporation (50% owned)
Midland, Michigan

Pittsburgh Corning Corporation (50% owned)
Pittsburgh, Pennsylvania

Ciba Corning Diagnostics Corp. (50% owned)
Medfield, Massachusetts

Hua-Mei International Glass Engineering Company Ltd. (50% owned)
Beijing, China

PCO Inc. (80.2% owned)
Los Angeles, California

Raycom Systems Inc. (41.6% owned)
Boulder, Colorado

Borosil Glass Works Limited (39.5% owned)
Bombay, India

Corning Glass Works

Crown Corning Limited (50% owned)
Sydney, N.S.W. Australia

Iwaki Glass Company, Ltd. (49.9% owned)
Tokyo, Japan

Fibres Optiques Industries, S.A. (40% owned)
Paris, France

Genencor Inc. (33.3% owned)
San Francisco, California

Optical Fibres (50% owned)
Clywd, Wales

Pittsburgh Corning Europe, N.V. (50% owned)
Brussels, Belgium

Samsung-Corning Company Ltd. (50% owned)
Seoul, Korea

Siecor GmbH (50% owned)
Munich, West Germany

Optical Waveguides Australia Pty. Ltd. (50% owned)
Melbourne, Australia

Siecor GmbH & Co. KG (50% owned)
Neustadt, West Germany

N-Cor Ltd. (50% owned)
Tokyo, Japan

Vitrocrisa Kristal, S.A. (40.5% owned)
Monterrey, Mexico

Siecor Corporation (50% owned)
Hickory, North Carolina

Sicover, S.A. (45% owned)
Aniche, France

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Corporate Agency Department
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): • New York, Zurich, Boston, Midwest, Pacific, Philadelphia

• Listed and/or traded.

Ticker Symbol: GLW

Number of Employees:

1986	25,100	1983	27,600
1985	24,600	1982	29,000
1984	26,900		

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	$ 1,856,300	$ 177,100
1985	1,690,500	133,300
1984	1,732,700	100,300
1983	1,589,400	92,200
1982	1,578,700	74,500

	No. of Com. Shares +	Earn. per Share †+
1986	43,862,000	$ 4.04
1985	42,649,000	3.13
1984	42,240,000	2.38
1983	42,126,000	2.19
1982	42,332,000	1.76

† Including extraordinary gains of $14,900,000 ($0.34 per share) in 1986, $5,600,000 ($0.13 per share) in 1985, and $11,400,000 ($0.27 per share) in 1984.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Specialty materials	$ 330,400	$ 324,300
Electronics & telecommunications	580,500	487,700
Health & science	469,600	471,100
Consumer products	475,800	407,400
Total	$ 1,856,300	$ 1,690,500

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$1.40	—	—
1985	1.31	—	—
1984	1.19	—	2-for-1
1983	1.16	—	—
1982	1.16	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1986	$ 1,352,500	$ 30.84
1985	1,185,600	27.80
1984	1,067,100	25.26
1983	1,032,700	24.51
1982	1,016,400	24.01

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account •
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 1,856,300	$ 1,690,500
Gain on dispos. of Owens-Corning	111,300	—
Gain on issuance of affiliate's stock	—	5,400
Other income	23,700	26,200
Total income	$ 1,991,300	$ 1,722,100
Cost of sales	1,220,400	1,110,200
Expenses	468,200	443,400
Other expense	23,500	2,500
Interest expense	31,600	37,800
Prov. for restruc. costs	109,300	87,400
Income before taxes	$ 138,300	$ 40,800
Income taxes	52,900	5,000
Equity in earnings of assoc. companies	(76,800)	(71,800)
Net Income	$ 162,200	$ 107,600
Extraord. gain	14,900	5,600
Cum. effect of change in acctg. method	—	20,100
Net Income & extraord. gain	$ 177,100	$ 133,300

• Included in Costs and Expenses, Depreciation and Amortization: $130,100,000 in 1986 and $126,700,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 33,700	$ 55,900
Short-term invest.	141,800	55,800
Accts. receiv., net	316,800	275,000
•Inventories	216,600	201,000
Prepaid exp. & def. inc. taxes	151,600	122,100
Current Assets	$ 860,500	$ 709,900
Investments	588,300	536,500
#Fixed assets	819,000	77,400
Other assets	93,000	62,000
Total Assets	$ 2,360,800	$ 2,032,400

Liabilities
(000's)

Loans payable	$ 10,600	$ 37,800
Accts. payable	121,600	106,100
Accrued liabilities & accruals	107,200	64,600
Wages & employee benefits	119,600	104,200
Income taxes	104,900	67,200
Costs of business restruct.	22,100	20,400
Curr. Liabilities	$ 486,000	$ 400,300
Other liabilities	132,700	81,400
Loans payable	343,400	327,500
Deferred invest. credits & deferred inc. taxes	46,200	37,600
+Common stock	184,800	183,800
Retained earnings	1,171,300	1,043,100
Trans. adjustments	(3,600)	(41,300)
Total Liabilities & Shareholders' Equity	$ 2,360,800	$ 2,032,400

• At lower of cost (primarily LIFO) or market.
Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.45	2.41
%Net Income to Sales	8.74	6.36
%Net Income to Equity	11.99	9.08
Sales to Inventories	8.57	8.41
Debt to Equity	0.26	0.31
Working Capital	$ 374,500,000	$ 309,600,000
Current Ratio	1.77	1.77
Shareholders' Equity	$1,352,500,000	$1,185,600,000

CPT Corporation

8100 Mitchell Road
P.O. Box 295
Minneapolis, Minnesota 55440
(612) 937-8000

Officers: Dean F. Scheff, chairman of the board and president; James H. Kaufenberg, v.p. & chief financial officer; Lawrence O. Bunka, sr. v.p.; Clayton R. Benish, Jr., Eugene V. DiMenna, Gerald C. Galush, Bruce A. Hurwitz, Fred S. Valfer, Theodore Manakas, Clarence Lehman, Paul A. Moquist, James L. Weinhold, vice presidents; David Priebe, v.p., secretary & general counsel; Elizabeth A. Schweizer, treasurer.

Directors: Dean F. Scheff, chairman; John Gerlach, Thomas G. Herschbach, John R. MacLennan, Mark P. Friedlander, Jr., John J. Verstraete, Andrew H. Van de Ven.

Areas of Work: The corporation designs, manufactures and distributes office automation equipment including workstations, mass storage systems and printers as well as related software.

Acquisition(s):

SMR Computer Services, Inc.
Develops software solutions for the healthcare industry.

Transfer Agent(s):

First Trust Company of St. Paul
St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPTC (NASDAQ)

Number of Employees:

1986	1,084	1983	1,581
1985	1,463	1982	1,368
1984	1,744		

Plant Footage:

1986 ..... 150,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 116,027,000	$ (21,500,000)
1985	149,301,000	(2,993,000)
1984	200,324,000	17,411,000
1983	178,455,000	17,721,000
1982	145,027,000	15,863,000

	No. of Com. Shares	Earn. per Share #
1986	15,812,197	$ —
1985	16,088,197	—
1984	16,707,553	1.05
1983	16,551,587	1.07
1982	16,282,068	0.97

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 97,894,000	$ 6.19
1985	120,691,000	7.50
1984	129,730,000	7.76
1983	111,651,000	6.75

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 96,875	$ 129,527
Rentals & maint.	19,152	19,774
Total revenues	$ 116,027	$ 149,301
Cost of sales	58,300	83,353
Cost of rentals & maint.	10,411	8,462
Expenses	63,446	63,182
Interest expense	4,879	4,375
Interest income	(4,479)	(3,456)
Prov. for restruc.	15,000	—
Loss bef. taxes	$ (31,530)	$ (6,993)
Tax credit	(10,030)	(4,000)
Net Loss	$ (21,500)	$ (2,993)

* Included in Costs and Expenses, Depreciation and Amortization: $12,135,000 in 1986 and $13,514,000 in 1985.

Assets
(000's)

As at June 30	1986	1985
Cash	$ 35,347	$ 27,879
Accts. receiv., net	41,321	51,101
Other receiv.	4,880	8,064
Inc. taxes recev.	11,165	8,068
*Inventories	37,694	41,640
Current Assets	$ 130,407	$ 136,752
#Fixed assets	40,476	48,331
Other assets	5,431	3,443
Total Assets	$ 176,314	$ 188,526

Liabilities
(000's)

Notes payable	$ 6,181	$ —
Long-term debt, curr.	459	799
Accts. payable	7,069	5,385
Accrued liab.	11,285	8,483
Income taxes	267	490
Deferred revenue	5,817	5,696
Curr. Liabilities	$ 31,078	$ 20,853
Long-term debt	3,126	2,957
Convert. subord. deben.	37,288	37,288
Deferred inc. taxes	6,040	6,737
Minority interest	888	—
+Common stock	791	804
Add. paid-in capital	43,826	45,282
Retained earnings	54,077	75,577
Foreign curr. trans.	(800)	(972)
Total Liabilities & Shareholders' Equity	$ 176,314	$ 188,526

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Debt to Equity	0.10	0.03
Working Capital	$99,329,000	$115,899,000
Current Ratio	4.20	6.56
Shareholders' Equity	$97,894,000	$120,691,000

Cray Research, Inc.

608 Second Avenue S.
Minneapolis, Minnesota 55402
(612) 333-5889

Officers: John A. Rollwagen, chairman of the board & chief exec. officer; Lester T. Davis, exec. v.p.; John Carlson, exec. v.p. & chief financial officer; Marcelo A. Gumucio, exec. v.p.; Andrew Scott, vice chairman & counsel; Michael Dickey, v.p.-international marketing; Robert A. Gaertner, v.p.-human resources & communications; Bruce Kasson, v.p.-marketing & customer operations; Michael J. Lindseth, v.p.-finance & treasurer; Steve S. Chen, sr. v.p.; Margaret Loftus, v.p.-software development; M. Dean Roush, v.p.-engineering; Don Whiting, v.p.-manufacturing; Richard Morris, v.p.-technical operations; Paul W. Dillingham, Jr., v.p.-government marketing; Robert H. Ewald, v.p.-commercial marketing; Gregory T. Barnum, corporate controller; David E. Frasch, secretary & technology counsel; Mark S. McNeil, asst. secretary & international counsel.

Directors: Seymour R. Cray*, Francis X. Driscoll, Thomas A. Longo, John A. Rollwagen*, Andrew Scott*, Robert L. Swiggett, Robert F. Zicarelli, Livio DeSimone.

* Member of the Executive Committee.

Areas of Work: Engaged in the design, development and manufacture of large-scale, high-speed computing systems intended for scientific applications, and the marketing and maintenance of such systems.

Subsidiaries:

Cray Research GmbH
Munich, West Germany

Cray Research Japan, Limited
Tokyo, Japan

Cray Canada, Inc.
Toronto, Canada

Cray Research B.V.
The Hague, The Netherlands

Cray Research (U.K.) Ltd.
Bracknell, England

Cray Research France, S.A.
Paris, France

Cray Research A.B.
Linkoping, Sweden

Cray Research S.r.l.
Milan, Italy

Cray Research (Australia) Pty. Ltd.
Melbourne, Australia

Cray Research (Suisse) S.A.
Lausanne, Switzerland

Cray Asia/Pacific, Inc.
Hong Kong

Cray Research A/S
Oslo, Norway

Transfer Agent(s):

First Trust Company, Inc.
P.O. Box 64008
St. Paul, Minnesota 55164

Manufacturers Hanover Trust Company
40 Wall Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CYR

Number of Employees:

1986	3,999	1983	1,551
1985	3,180	1982	1,352
1984	2,203		

Plant Footage:

1986	823,800 sq. ft.	1983	327,000
1985	767,000	1982	200,000
1984	461,800		

Sales and Earnings

	Revenue	Net Income
1986	$ 596,685,000	$ 124,815,000
1985	380,158,000	75,610,000
1984	228,752,000	45,352,000
1983	169,690,000	26,071,000
1982	141,149,000	19,000,000

	No. of Com. Shares	Earn. per Share #
1986	30,276,000	$ 3.99
1985	29,807,000	2.49
1984	29,348,000	1.53
1983	29,178,000	0.88
1982	29,059,000	0.69

Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 441,856,000	$ 14.59
1985	304,944,000	10.23
1984	220,452,000	7.51
1983	172,385,000	5.91
1982	144,561,000	4.98

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 457,464	$ 277,440
Leased systems	67,995	55,093
Service fees	71,226	47,625
Revenues	$ 596,685	$ 380,158
Cost of sales	125,370	74,144
Cost of leased systems	25,247	23,436
Cost of services	52,102	35,704
Expenses	177,376	114,515
Interest expense	8,796	6,838
Interest income	(16,697)	(10,370)
Other expense (income)	(724)	48
Income before taxes	$ 225,215	$ 135,843
Income taxes	100,400	60,233
Net Income	$ 124,815	$ 75,610

* Included in Costs and Expenses, Depreciation and Amortization: $56,799,000 in 1986 and $40,973,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. invest.	$ 35,807	$ 49,532
Market. secur.	44,185	25,705
Accts. receiv., net	49,930	26,698
*Inventories	187,477	140,266
Prepaid expenses	6,650	6,749
Current Assets	$ 324,049	$ 248,950
Long-term receivables	5,461	5,789
#Leased systems & spares	60,476	54,280
#Fixed assets	137,174	92,589
Defer. charges & other assets	172,870	41,520
Total Assets	$ 700,030	$ 443,128

Cray Research, Inc.

Liabilities
(000's)

Long-term debt, curr.	$ 9,537	$ 12,030
Accts. payable	14,271	16,554
Accrued expenses	57,211	36,329
Income taxes	14,484	7,645
Cust. adv. pay.	22,850	38,460
Curr. Liabilities	$ 118,353	$ 111,018
Long-term debt	122,604	11,839
Deferred inc. taxes	17,217	15,327
+Common stock	30,276	29,807
Add. paid-in capital	83,207	70,648
Retained earnings	329,285	204,470
Foreign curr. trans. adj.	(912)	19
Total Liabilities & Shareholders' Equity	$ 700,030	$ 443,128

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	37.74	35.73
%Net Income to Revenues	20.92	19.89
%Net Income to Equity	28.25	24.79
Debt to Equity	0.28	0.08
Working Capital	$205,696,000	$137,932,000
Current Ratio	2.74	2.24
Shareholders' Equity	$441,856,000	$304,944,000

Crestek, Inc.

Scotch Road
Mercer County Airport
Trenton, New Jersey 08628
(609) 883-4000

Officers: J. Michael Goodson, chairman; Peter H. Soderberg, president & chief executive officer; John J. O'Connor, exec. v.p.-finance, secretary & treasurer; Kenneth W. Hunt, exec. v.p.-marketing.

Directors: J. Michael Goodson, chairman; Peter H. Soderberg, Leon Lineberger, Kenneth W. Hunt, William E. Owings, John J. O'Connor.

Areas of Work: Manufactures and markets ultrasonic and electronic equipment including automated industrial cleaning systems and semiconductor assembly and test equipment.

Subsidiaries:

Crest Ultrasonics Corp.
Crestek International Sales Corp.
Uthe Inc.
Uthe Technology, Inc.

Transfer Agent(s):

Fidelity Union Trust Company
Trust Dept.
765 Broad Street
Newark, New Jersey 07101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CRST (NASDAQ)

Number of Employees:

1986	143	1983	110
1985	153	1982	105
1984	116		

Plant Footage:

1986	50,000 sq. ft.	1983	50,000
1985	50,000	1982	50,000
1984	50,000		

Sales and Earnings

	Net Sales †	Net Income
1986	$ 11,710,000	$ 29,736
1985	12,820,000	520,444
1984	11,207,000	3,136,000
1983	9,253,000	(8,958,000)
1982	8,135,000	(2,519,000)

	No. of Com. Shares	Earn. per Share +
1986	821,233	$ 0.01
1985	821,350	0.61
1984	4,106,783	3.79
1983	4,096,783	—
1982	4,041,131	—

(Loss)
† Of continuing operations only.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	1-for-5
1984	—	—	—
1983	—	—	—
1982	—	—	4-for-3

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,216,233	$ 2.70
1985	2,021,075	2.46
1984	1,500,332	0.37
1983	(1,640,619)	—
1982	7,191,000	1.78

(Deficiency)

Income Account *

Year ended June 30	1986	1985
Net sales	$ 11,710,190	$ 12,820,085
Cost of sales	6,431,666	6,720,272
Expenses	4,847,487	4,683,778
Oper. profit	$ 431,037	$ 1,416,035
Interest expense	370,226	437,046
Other income	(59,259)	(64,095)
Income bef. taxes	$ 120,070	$ 1,043,084
Income taxes	90,334	522,640
Net Income	$ 29,736	$ 520,444

* Included in Costs and Expenses, Depreciation and Amortization: $270,885 in 1986 and $226,529 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 279,417	$ 579,281
Notes and accts. receiv., net	2,256,213	2,365,962
*Inventories	2,205,164	2,429,322
Prepaid expenses	78,455	49,618
Current Assets	$ 4,819,249	$ 5,424,183
#Fixed assets	2,387,569	2,429,275
Note & other receiv.	—	259,276
Intangibles	480,900	549,600
Other assets	212,257	266,920
Total Assets	$ 7,899,975	$ 8,929,254

Liabilities

Note payable	$ 706,895	$ 700,000
Long-term debt, curr.	482,662	464,235
Accts. payable	918,774	1,512,300
Accruals	668,505	776,709
Customer deposits	122,182	260,232
Income taxes	13,900	121,885
Curr. Liabilities	$ 2,912,918	$ 3,835,361
Long-term debt	2,373,894	2,671,035
Deferred inc. taxes	289,530	279,383
+Redeem. pref. stock	107,400	122,400
++Common stock	8,212	8,213
Add. paid-in capital	1,741,850	1,568,715
Retained earnings	506,517	497,333
Exc. of redemp. price over fair value-pref. stock	(40,346)	(53,186)
Total Liabilities & Shareholders' Equity	$ 7,899,975	$ 8,929,254

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; $6.50 cumulative.
++ $0.01 par value.

Statistical Summary

%Income bef. taxes to sales	1.03	8.14
%Net Income to Sales	0.25	4.065
%Net Income to Equity	1.34	25.75
Sales to Inventories	5.31	5.28
Debt to Equity	1.07	1.90
Working Capital	$1,906,331	$1,588,822
Current Ratio	1.65	1.41
Shareholders' Equity	$2,216,233	$2,021,075

Cross & Trecker Corporation

505 North Woodward Avenue
P.O. Box 925
Bloomfield Hills, Michigan 48013
(313) 644-4343

Officers: Russell A. Hedden, chairman of the board; Richard T. Lindgren, president & chief executive officer; Johannes A. Buiteweg, v.p.-law & secretary; John J. Hinnendael, v.p.-finance; Donald P. Muench, treasurer; Roger John Lesinski, asst. secretary; Larry C. Helber, controller.

Directors: Russell A. Hedden*, chairman; Richard T. Lindgren*, Edward C. Mabbs, Thomas F. Russell*, John F. Daly*, Vincent R. Little, William P. Vititoe*, Kenneth R. Stephanz, Ralph E. Cross, Francis J. Trecker.

* Member of the Executive Committee.

Areas of Work: Designs and builds special metal-cutting, assembly, and testing machines and integrated manufacturing systems. Also manufactures computer numerically-controlled machining centers, milling machines and turning machines, and computer-controlled multiple-machine flexible manufacturing systems. Designs and builds automated material handling systems for the foundry and power generating industries, grinding machines, flexible fabricating and inspection machines and systems.

Operating Units:

The Cross Company
17801 East Fourteen Mile Road
Fraser, Michigan 48026
(313) 293-3000
Special machine tools and systems for mid- to high-volume, low-variety manufacturing; transfer lines, flexible transfer lines, shuttle and dial machines, assembly systems, broaching machines, feed power units, drill heads, high-speed piston turning machines, diagnostic electronics.

Cross & Trecker Credit Corporation
505 North Woodward Avenue
P.O. Box 925
Bloomfield Hills, Michigan 48013
(313) 644-4343

The Warner and Swasey Company
11000 Cedar Avenue
P.O. Box 94531
Cleveland, Ohio 44101
(216) 432-4009
Machine tools and measurement systems: horizontal turning machines, turret lathes and grinding machines for cylindrical parts; sheet-metal cutting, forming and punching machines and systems; measurement and autometrology systems; linear bearings.

Machine Remarketing Corporation
3611 Wyndham Avenue
P.O. Box 12841
Cincinnati, Ohio 45212
(513) 874-0015
Marketing of used and updated machinery, including appraisals, listing, storage, financing, sales and training.

Kearney & Trecker Corporation
11000 Theodore Trecker Way
Milwaukee, Wisconsin 53214
(414) 476-8300
Produces computer-controlled machine tools and multiple-machine flexible manfacturing systems.

Roberts Corporation
3001 West Main Street
Lansing, Michigan 48901
(517) 371-2460
Manufactures sand and mold handling systems, automatic pouring systems, and various support equipment for the foundry industry. Designs and builds automated material handling systems. Markets robots and automated guided vehicles.

C&T Technical Services Corporation
3221 West Big Beaver Road
Suite 206
Troy, Michigan 48084
(313) 649-5533
Provides technical personnel to manufacturers on a temporary basis.

Transfer Agent(s):

First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CTCO (NASDAQ)

Number of Employees:

1986	4,300	1983	2,400
1985	4,500	1982	3,000
1984	4,400		

Plant Footage:

1986	2,500,000 sq. ft.	1983	1,516,000
1985	3,000,000	1982	1,671,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 417,628,000	$ 189,000
1985	423,289,000	11,743,000
1984	268,309,000	4,053,000
1983	149,925,000	3,687,000
1982	380,641,000	38,725,000

	No. of Com. Shares #	Earn. per Share #
1986	12,384,000	$ 0.02
1985	12,355,000	0.95
1984	12,341,000	0.32
1983	12,332,000	0.30
1982	12,370,000	3.13

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.80	—	—
1982	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 208,257,000	$ 16.80
1985	209,911,000	16.98
1984	205,590,000	16.65
1983	207,159,000	16.80
1982	214,567,000	17.40

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 417,628	$ 423,289
Cost of sales	322,660	311,222
Expenses	107,552	100,338
Other income	(5,937)	(7,528)
Interest expense	4,947	2,070
Income (loss) before taxes	$ (11,594)	$ 17,187
Income taxes (credit)	(11,783)	5,444
Net Income	$ 189	$ 11,743

* Included in Costs and Expenses, Depreciation: $13,011,000 in 1986 and $11,741,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & short-term invest.	$ 15,961	$ 14,410
Trade receiv.	138,075	144,671
Income taxes	6,381	8,450
*Inventories	122,321	97,064
Prepaid expenses	8,849	7,339
Current Assets	$ 291,587	$ 271,934
#Fixed assets	84,488	88,102
Other assets	20,250	15,221
Toal Assets	$ 396,325	$ 375,257

Liabilities
(000's)

Short-term debt	$ 57,332	$ 8,401
Long-term debt, curr.	477	511
Accts. payable	48,703	50,605
Advance payments	1,398	5,299
Accruals	36,315	49,193
Income taxes	11,338	22,575
Curr. Liabilities	$ 155,563	$ 136,584
Long-term debt	14,078	12,049
Deferred income	8,693	8,854
Deferred taxes	9,734	7,859
+Common stock	12,451	12,444
Add. paid-in capital	24,060	23,712
Retained earnings	168,614	178,360
Cumulative translation adjustment	4,086	(3,340)
Treasury stock	(954)	(1,265)
Total Liabilities & Shareholders' Equity	$ 396,325	$ 375,257

* At lower of cost (23% at FIFO; 77% at LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.06
%Net Income to Sales	0.05	2.77
%Net Income to Equity	0.09	5.59
Sales to Inventories	3.41	4.36
Debt to Equity	0.35	0.10
Working Capital	$136,024,000	$135,350,000
Current Ratio	1.87	1.99
Shareholders' Equity	$208,257,000	$209,911,000

CTS Corporation

(27.5%-owned by Dynamics Corporation of America)

905 N. West Boulevard
Elkhart, Indiana 46514
(219) 293-7511

Officers: George F. Sommer, chairman, president & chief exec. officer; Gary B. Erekson, sr. v.p. & chief financial officer; John P. Colglazier, group v.p.; Willie P. Ozbirn, v.p.-research and development; Charles C. Smith, v.p.; Duane H. Daering, v.p.-human resources; Wayne A. Beaverson, v.p.-corp. development; David K. Sentman, treasurer; Robert G. Early, v.p.-sales & marketing; William D. Baker, controller; Jeannine M. Davis, secretary & general counsel; Thomas C. Eggebeen, James E. Hayes, asst. controllers.

Directors: George F. Sommer, chairman; Joseph DiGirolamo, Gerald H. Frieling, Jr., Andrew Lozyniak, Edward J. Mooney, Richard M. Ringoen, Joseph P. Walker.

Areas of Work: Manufactures floppy disk drives for recording and retrieving digital information. Also manufactures electronic components for consumer, industrial and military electronic equipment. Products include variable resistors (potentiometers and trimmers), cermet microelectronic products (resistor and/or capacitor networks, hybrid circuits and variable resistors), loudspeakers, quartz crystal products (quartz crystals, filters, oscillators and crystal component ovens), injection molded plastic products, solid state rectifiers, selector switches, tools and dies, and automation machinery, tire rasps, and custom display fixtures.

Divisions and Subsidiaries:

CTS of Elkhart Inc.
1142 West Beardsley Avenue
Elkhart, Indiana 46514
(219) 523-0210

CTS of Berne, Inc.
406 Parr Road
Berne, Indiana 46711
(219) 589-3111

CTS of Asheville, Inc.
Mills Gap Road
Skyland, North Carolina 28776
(704) 684-6451

CTS Microelectronics, Inc.
1201 Cumberland Avenue
West Lafayette, Indiana 47906
(317) 463-2565

CTS Halex Division
Irvine, California

CTS Knights, Inc.
400 Reimann Avenue
Sandwich, Illinois 60548
(815) 786-8411

CTS Tool, Die & Machine, Inc.
3000 Engle Road
Fort Wayne, Indiana 46809
(219) 747-0531

CTS of Brownsville, Inc.
1100 Roosevelt Street
Brownsville, Texas 78520
(512) 546-5184

CTS of Canada, Ltd.
80 Thomas Street
Streetsville, Ontario, Canada
(416) 826-1141

CTS Components Taiwan, Ltd.
Central 6th Road (Chung Liu Road)
P.O. Box 26020
Kaohsiung, Taiwan

CTS Singapore Pte., Ltd.
Republic of Singapore

CTS of Bentonville
1300 S.E. 8th Street
Bentonville, Arkansas 72712

Systems Division
Eden Prairie, Minnesota

Middlebury Division
Middlebury, Indiana

Monon Division
Monon, Indiana

Circuits Division
Fremont, California
Baldwin, Wisconsin

Connector Division
New Hope, Minnesota
Cokato, Minnesota

CTS Corporation

Paso Robles Division
Paso Robles, California

San Jose Division
San Jose, California

Fabri-Tek Computer Components
Blantyre, Scotland, United Kingdom

Fabri-Tek H.K. Limited
Kowloon, Hong Kong

CTS de Mexico, S.A.
Matamoros, Mexico

Transfer Agent(s):

Midwest Commerce Banking Company
Elkhart, Indiana 46515

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: CTS

Number of Employees:

1986	6,508	1983	7,001
1985	8,200	1982	6,825
1984	8,172		

Plant Footage:

1985 . . . . . 3,000,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 245,547,000	$ (13,148,000)
1985	261,613,000	9,436,000
1984	279,151,000	(2,582,000)
1983	215,137,000	9,145,000
1982	207,470,000	9,368,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	5,654,174	$ —
1985	5,746,165	1.64
1984	5,747,747	—
1983	5,667,342	1.61
1982	5,256,320	1.78

(Loss)
* 53 weeks.
† Including extraordinary gain of $6,299,000 in 1986.
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	1.00	—	—
1982	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 116,869,000	$ 20.66
1985	136,089,000	24.10
1984	135,219,000	23.52
1983	143,947,000	25.05
1982	128,383,000	23.68

‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 245,547	$ 261,613
Cost of sales	205,083	208,828
Expenses	37,057	40,735
Prov. for dispos. of CTS Printex	18,000	—
Exp. related to DCA litigation	7,580	—
Interest expense	2,729	2,770
Other income	(1,728)	(2,406)
Income (loss) bef. taxes	$ (23,174)	$ 11,686
Income taxes	3,454	3,754
Inc. (loss)-cont. oper.	$ (26,628)	$ 7,932
Inc.-discont. oper.	7,181	1,504
Net Income (Loss)	$ (19,447)	$ 9,436
Extraord. gain	6,299	—
Net Income (Loss) & extraord. gain	$ (13,148)	$ 9,436

* Included in Costs and Expenses, Depreciation: $15,009,000 in 1986 and $13,920,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash & cert. of deposit	$ 16,082	$ 13,295
Accts. receiv., net	35,509	31,143
Recov. inc. taxes	3,639	—
Def. inc. taxes	32	4,486
*Inventories	50,880	50,398
Other curr. assets	4,096	3,192
Assets of discont. oper.	2,562	20,573
Current Assets	$ 112,800	$ 123,087
#Fixed assets	75,631	68,938
Other assets	19,468	21,234
Total Assets	$ 207,899	$ 213,259

Liabilities
(000's)

Notes payable	$ 8,461	$ 13,992
Long-term debt, curr.	4,664	514
Accts. payable	14,740	13,365
Accruals	11,220	7,187
Accrued payroll	6,826	8,983
Accrued discont. exp.	5,552	2,216
Dividends payable	1,416	1,415
Income taxes	—	378
Curr. Liabilities	$ 52,879	$ 48,050
Long-term debt	36,676	26,779
Deferred inc. taxes	1,475	2,341
+Common stock	34,992	35,298
Retained earnings	86,535	105,904
Cum. for. curr. trans.	(11)	(86)
Treasury stock	(4,647)	(5,027)
Total Liabilities & Shareholders' Equity	$ 207,899	$ 213,259

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	6.93
Sales to Inventories	4.83	5.19
Debt to Equity	0.43	0.30
Working Capital	$ 59,921,000	$ 75,037,000
Current Ratio	2.13	2.56
Shareholders' Equity	$116,869,000	$136,089,000

Cubic Corporation

9333 Balboa Avenue
San Diego, California 92123
(619) 277-6780

P.O. Box 85587
San Diego, California 92138

Officers: Walter J. Zable, president & chairman of the board & chief exec. officer; Walter C. Zable, vice chairman & v.p.; William C. Stewart, Jr., v.p., secretary & general counsel; Colvin C. Wellborn, sr. v.p.; Louis G. Dameson, Jr., v.p.-corp. planning; James B. Jenkins, v.p.-contracts; Marlyn L. Hicks, v.p.-corporate; Raymond L. deKozan, v.p.-marketing; William J. Thompson, v.p.-development planning; Thomas A. Baz, v.p. & corp. controller; George Eaton, v.p.-gen. mgr.-Defense Systems Division; William Boyle, v.p.-finance & treasurer; Daniel Jacobsen, asst. secretary.

Directors: Walter J. Zable, chairman, Thomas Moran, Jackson D. Arnold, Walter C. Zable, Malin Burnham, William J. Kelly, Robert T. Monagan.

Areas of Work: Simulation and training systems, navigational systems, surveying equipment, elevators, automated fare collection systems, oil exploration equipment, welding supplies, gases, safety equipment, power-tools. Radio communications equipment, electronic medical equipment, computer service bureau and micrographics.

Divisions and Subsidiaries:

Defense Systems Division
9333 Balboa Avenue
San Diego, California 92123
(619) 277-6780

Cubic Communications
305 Airport Road
Oceanside, California 92054
(619) 757-7525

Cubic Data Systems
5225 Lovelock
San Diego, California 92109
(619) 297-9980

Cubic Far East (Singapore) Pte Ltd.
4 Shenton Way
#17-00 Shing Kwan House
Singapore 0106

Cubic Precision/K&E Electro-Optical Products
750 Huyler Street
Teterboro, New Jersey 07608
(201) 288-6000

Westinghouse Cubic Ltd. (50% owned)
First Floor
15/17 Long Acre
London WC2E 9LH
England

G.S. Parsons Companies
9010 Clairemont Mesa Boulevard
San Diego, California 92123
(619) 279-8200

U.S. Elevator
10728 U.S. Elevator Road
Spring Valley, California 92078
(619) 460-1000

Consolidated Converting Company
2601 Workman Mill Road
Whittier, California 90601
(213) 692-9421

Cubic Western Data
5650 Kearny Mesa Road
San Diego, California 92111
(619) 268-3100

Cubic Precision
1308 South Washington Street
Tullahoma, Tennessee 37388
(615) 455-8524

Cubic Finance Corporation
San Diego, California

Transfer Agent(s):

California First Bank
San Diego, California

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: CUB

Number of Employees:

1986 4,512

Plant Footage:

1986	1,400,000 sq. ft.	1984	1,300,000
1985	1,300,000	1983	1,200,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 337,802,000	$ 1,125,000
1985	331,701,000	14,725,000
1984	275,097,000	14,018,000
1983	273,244,000	17,341,000
1982	293,610,000	16,222,000

	No. of Com. Shares #	Earn. per Share #
1986	7,783,000	$ 0.14
1985	7,873,000	1.87
1984	7,926,000	1.77
1983	7,926,000	2.19
1982	7,926,000	2.05

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenue By Line of Business

	1986 (000's)	%	1985 (000's)	%
Electronic defense systems	$150,500	45%	$159,451	48%
Elevator products	102,900	30	93,605	28
Other	84,400	25	78,645	24
Total	$337,800	100%	$331,701	100%

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.39	—	—
1985	0.39	—	—
1984	0.39	—	—
1983	0.36	—	—
1982	0.33	—	2-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 108,654,000	$ 13.97
1985	110,644,000	14.21
1984	101,730,000	12.83
1983	90,861,000	11.46
1982	75,873,000	9.57

‡ Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 337,802,000	$ 331,701,000
Interest income	2,196,000	3,677,000
Other income	1,916,000	597,000
Gain on sale	—	3,189,000
Total income	$ 341,914,000	$ 339,164,000
Cost of sales	271,150,000	254,842,000
Expenses	66,897,000	55,902,000
Interest expense	3,024,000	2,652,000
Income before taxes	$ 843,000	$ 25,768,000
Income taxes (credit)	(282,000)	11,043,000
Net Income	$ 1,125,000	$ 14,725,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,093,000 in 1986 and $6,570,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 1,039,000	$ 1,686,000
Marketable securities	25,403,000	11,656,000
Accts. receiv., net	101,290,000	113,200,000
*Inventories & costs of contracts	30,828,000	22,101,000
Prepaid expenses	11,602,000	9,663,000
Current Assets	$ 170,162,000	$ 158,306,000
#Fixed assets	37,059,000	35,687,000
Other assets	18,884,000	8,904,000
Total Assets	$ 226,105,000	$ 202,897,000

Liabilities

Long-term debt, curr.	$ 2,539,000	$ 2,560,000
Accts. payable	22,703,000	19,245,000
Accrued payroll	11,227,000	8,968,000
Income taxes	14,696,000	17,293,000
Other liab.	12,507,000	15,364,000
Curr. Liabilities	$ 63,672,000	$ 63,430,000
Long-term debt	49,066,000	21,972,000
Deferred inc. taxes	2,611,000	5,067,000
Deferred comp.	2,102,000	1,784,000
+Common stock	234,000	234,000
Add. paid-in capital	12,123,000	12,123,000
Retained earnings	99,184,000	101,094,000
Treasury stock	(2,887,000)	(2,807,000)
Total Liabilities & Shareholders' Equity	$ 226,105,000	$ 202,897,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	0.25	7.77
%Net Income to Sales	0.33	4.44
%Net Income to Equity	1.04	13.31
Debt to Equity	0.45	0.22
Working Capital	$106,490,000	$ 94,876,000
Current Ratio	2.67	2.50
Shareholders' Equity	$108,654,000	$110,644,000

Curtiss-Wright Corporation

(45%-owned by subsidiaries of Teledyne, Inc.)

1200 Wall Street West
Lyndhurst, New Jersey 07071
(201) 896-8400

Officers: T. Roland Berner, chairman & president; Charles E. Ehinger, Richard P. Sprigle, exec. v.p.'s; David Lasky, sr. v.p. & general counsel; Morris A. Crausman, Arnold F. Kosar, Gerald Nachman, John J. Rooney, v.p.'s; Francis E. Fallon, secretary; Martin A. Sherry, treasurer; John F. Staubach, controller.

Directors: T. Roland Berner, chairman; S.D. Brinsfield, John S. Bull, John B. Morris, William F. Raborn, Jr., Jesse Werner, Edward E. White, Richard Dicker.

Areas of Work: Produces and markets precision components and systems, and provides highly engineered services to three broad areas of business activity: Aerospace, Flow Control and Marine, and Industrial.

Subsidiaries:

Curtiss-Wright/Marquette, Inc.
400 South Main Street
Fountain Inn, South Carolina 29644
Precision spring clutches, manual impact wrenches, and aircraft windshield wiper systems.

Metal Improvement Company
10 Forest Avenue
Paramus, New Jersey 07652
Shot-peening, peen-forming and heat treating services.

Target Rock Corporation
1966 East Broadhollow Road
East Farmingdale, New York 11735
Globe, gate, control, solenoid and safety relief valves.

Curtiss-Wright of Canada, Inc.
1815 Sismet Road
Mississauga, Ontario L4W 1P9
Canada
Air compressors and distribution of small reciprocating engines.

Curtiss-Wright Flight Systems, Inc.
300 Fairfield Road
Fairfield, New Jersey 07006
Aerospace control and actuation components and systems.

Buffalo Facility
60 Grider Street
Buffalo, New York 14215
Custom extruded shapes and seamless alloy pipe.

Transfer Agent(s):
Manufacturers Hanover Trust Co.
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: CW

Number of Employees:

1986	1,993	1984	1,739
1985	2,026		

Plant Footage:
1986 ..... 925,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 166,444,000	$ 22,747,000
1985	159,942,000	(42,361,000)
1984	144,369,000	1,886,000
1983	180,417,000	18,503,000
1982	185,582,000	20,805,000

	No. of Com. Shares †	Earn. per Share †‡
1986	4,867,000	$ 4.67
1985	4,852,000	—
1984	4,836,000	0.39
1983	4,826,000	3.83
1982	4,814,000	4.32

(Loss)
‡ Including extraordinary gain of $1,445,000 ($0.29 per share) in 1986.
† Based on the weighted average number of common shares outstanding during each year.

Revenues By Line of Business
(000's)

	1986	1985
Industrial prods.	$ 37,400	$ 37,600
Flow control & marine	48,000	56,500
Aerospace	81,200	66,100
Total	$ 166,600	$ 160,200

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.40	—	—
1985	1.20	—	—
1984	1.20	—	—
1983	1.20	—	—
1982	1.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 197,320,000	$ 40.54
1985	179,643,000	37.02
1984	148,169,000	30.64
1983	231,105,000	47.89
1982	218,209,000	45.33

† Based on the weighted average number of common shares outstanding during each year.

Curtiss-Wright Corporation

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 166,444	$ 159,942
Gain on sale of real est. & equip.	13,369	8,467
Interest & div. inc.	8,346	5,144
Other income	236	599
Total revenues	$ 188,395	$ 174,152
Cost of sales & expenses:		
Prod. & eng.	111,917	108,903
Sell. & serv.	8,149	8,881
Adm. & gen.	33,121	29,661
Interest	3,660	4,253
Write-down of invest. in Western Union	—	59,828
Inc. (loss) bef. taxes	$ 31,548	$ (37,374)
Income taxes	10,246	4,987
Net Income (Loss)	$ 21,302	$ (42,361)
Extraord. gain	1,445	—
Net Income (Loss) & extraord. gain	$ 22,747	$ (42,361)

* Included in Costs and Expenses, Depreciation: $8,445,000 in 1986 and $7,330,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 3,411	$ 4,529
Marketable securities	133,341	117,105
Accts. receiv., net	22,917	22,348
Unbilled charges	10,087	8,591
*Inventories	24,096	25,235
Other curr. assets	5,403	6,384
Current Assets	$ 199,255	$ 184,192
#Fixed assets	87,654	86,488
Other assets	11,963	13,838
Total Assets	$ 298,872	$ 284,518

Liabilities
(000's)

Accts. payable	$ 8,076	$ 9,433
Accrued comp.	4,349	3,951
Accruals	12,700	11,037
Income taxes	2,871	2,669
Def. inc. taxes	4,958	8,558
Other curr. liab.	9,288	8,796
Curr. Liabilities	$ 42,242	$ 44,444
Long-term debt	46,937	47,762
Deferred inc. taxes	12,373	10,657
Minority int. in subsid.	—	2,012
+Common stock	10,000	10,000
Add. paid in capital	56,524	56,357
Retained earnings	323,135	307,207
Eq. adjust. from for. curr. trans.	(1,641)	(2,541)
Treasury stock	(190,698)	(191,380)
Total Liabilities & Shareholders' Equity	$ 298,872	$ 284,518

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	16.75	—
%Net Income to Revenues	11.31	—
%Net Income to Equity	10.80	—
Debt to Equity	0.24	0.27
Working Capital	$157,013,000	$139,748,000
Current Ratio	4.72	4.14
Shareholders' Equity	$197,320,000	$179,643,000

Cushman Electronics, Inc.

4500 Campus Drive, Suite 235
Newport Beach, California 92660
(714) 756-8171

Officers: John F. Bishop, chairman of the board & treasurer; Mark K. Howlett, vice chairman of the board; Raymond V. White, president; James P. Maslyn, v.p.-finance & asst. secretary; Joseph M. Veni, v.p.-sales; Marietta G. Mundy, secretary.

Directors: John F. Bishop, chairman of the board; J. Bradford Bishop, Mark K. Howlett, Robert D. Johnson.

Areas of Work: Manufactures FM two-way radio test and maintenance equipment, telephone test instruments, and telephone transmission equipment.

Subsidiaries:

Cushman Electronics International Sales Corp.

Transfer Agent(s):

First Interstate Bank
707 Wilshire Boulevard
Los Angeles, California 90017

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CUSH (NASDAQ)

Number of Employees:

1986	78	1983	200
1985	97	1982	242
1984	169		

Plant Footage:

1986	43,300 sq. ft.	1984	43,300
1985	43,300	1983	43,300

Sales and Earnings

	Net Sales	Net Income
1986	$ 7,746,000	$ (642,000)
1985	8,063,000	(1,694,000)
1984	10,353,000	366,000
1983	14,047,000	74,000
1982	17,856,000	(445,000)

	No. of Com. Shares	Earn. per Share †
1986	1,039,000	$ —
1985	1,043,000	—
1984	1,043,000	0.35
1983	1,013,000	0.07
1982	1,068,000	—

(Loss)
† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.06	—	—
1984	0.12	—	—
1983	0.12	—	—
1982	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 1,886,000	$ 1.81
1985	2,538,000	2.43
1984	4,294,000	4.12
1983	3,852,000	3.80
1982	4,246,000	3.98

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 7,746,000	$ 8,063,000
Cost of sales	4,972,000	5,680,000
Expenses	3,312,000	4,567,000
Interest expense (income)	(1,000)	185,000
Loss before taxes	$ (537,000)	$ (2,369,000)
Income taxes (credit)	105,000	(675,000)
Net Loss	$ (642,000)	$ (1,694,000)

* Included in Costs and Expenses, Depreciation and Amortization: $186,000 in 1986 and $258,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 171,000	$ 110,000
Note receivable	—	1,190,000
Accts. receiv., net	1,523,000	1,147,000
*Inventories	1,430,000	2,176,000
Prepaid expenses	136,000	141,000
Prepaid income taxes	42,000	100,000
Current Assets	$ 3,302,000	$ 4,864,000
Notes receivable	54,000	106,000
#Fixed assets	448,000	649,000
Other assets	122,000	88
Total Assets	$ 3,926,000	$ 5,707,000

Liabilities

Short-term debt	$ —	$ 1,048,000
Accts. payable	766,000	609,000
Accruals	752,000	904,000
Estimated income taxes	81,000	38,000
Curr. Liabilities	$ 1,599,000	$ 2,599,000
Deferred gain	441,000	570,000
+Common stock	1,302,000	1,312,000
Retained earnings	584,000	1,226,000
Total Liabilities & Shareholders' Equity	$ 3,926,000	$ 5,707,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	5.42	3.71
Debt to Equity	0.41	0.41
Working Capital	$1,703,000	$2,265,000
Current Ratio	2.07	1.87
Shareholders' Equity	$1,886,000	$2,538,000

Daedalus Enterprises, Inc.

300 Parkland Plaza
P.O. Box 1869
Ann Arbor, Michigan 48106
(313) 769-5649

Officers: Alan K. Parker, president & chief exec. officer; Thomas R. Ory, exec. v.p.; Sarah J. White, v.p.-finance, treasurer & chief financial officer; Charles G. Stanich, v.p.-research & development; Thomas Casoglos, secretary.

Directors: Alan K. Parker, Thomas W. Butler, Jr., Lloyd A. Semple, Thomas Casoglos, Philip H. Power, John F. Townson, John D. Sanders, Wayne E. Avis, William M. Brown.

Areas of Work: Manufactures remote sensing devices. The principal products are scanner systems which are installed in aircraft for acquisition of remote sensing data. These data are subsequently processed on the ground by the company's data handling equipment. The information derived from the airborne sensor and processed by the ground stations is used for monitoring and measuring water pollution; for oil, mineral and geothermal exploration; for heat budget and energy loss studies; and for the evaluation of other environmental quality related problems.

Transfer Agent(s):

Michigan National Bank
Grand Rapids, Michigan

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986 32

Plant Footage:

1986 . . . . . 18,500 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 3,832,869	$ 427,637
1985	2,045,834	(521,555)
1984	2,047,005	(365,358)
1983	2,702,249	121,929
1982	2,535,969	(21,975)

	No. of Com. Shares	Earn. Per Share ‡
1986	544,424	$ 0.73
1985	540,783	—
1984	509,109	—
1983	507,209	0.24
1982	507,209	—

(Loss)
† Including extraordinary gain of $177,000 ($0.30 per share) in 1986.
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 1,662,688	$ 3.05
1985	1,225,220	2.27
1984	1,654,672	3.25
1983	2,014,463	3.97
1982	1,892,534	3.73

Income Account *

Year ended July 31	1986	1985
Net sales	$ 3,832,869	$ 2,045,834
Interest income	80,142	75,237
Total income	$ 3,913,011	$ 2,121,071
Cost of sales	2,079,050	1,203,568
Expenses	1,233,064	1,280,124
Interest expense	173,260	158,934
Income (loss) bef. taxes	$ 427,637	$ (521,555)
Income taxes	177,000	—
Net Income (Loss)	$ 250,637	$ (521,555)
Extraord. gain	177,000	—
Net Income(Loss) & extraord. gain	$ 427,637	$ (521,555)

* Included in Costs and Expenses, Depreciation: $144,919 in 1986 and $142,007 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 86,622	$ 65,491
Accts. receiv., net	136,965	101,037
Unbilled accts. receiv.	990,585	—
*Inventories	643,304	942,183
Other current assets	19,040	21,498
Current Assets	$ 1,876,518	$ 1,130,209
#Fixed assets	1,554,247	1,698,682
Other assets	102,513	114,078
Total Assets	$ 3,533,278	$ 2,942,969

Liabilities

Note payable	$ —	$ 317,853
Long-term debt, curr.	60,000	13,300
Accts. payable	181,986	111,541
Accruals	40,825	30,375
Accrued payroll	327,951	228,479
Income taxes	70,828	22,469
Curr. Liabilities	$ 681,590	$ 724,017
Long-term debt	1,140,000	944,732
Deferred income taxes	49,000	49,000
+Common stock	5,444	5,408
Add. paid-in capital	970,560	960,765
Retained earnings	686,684	259,047
Total Liabilities & Shareholders' Equity	$ 3,533,278	$ 2,942,969

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	5.96	2.17
Debt to Equity	0.72	1.04
Working Capital	$1,194,928	$ 406,192
Current Ratio	2.75	1.56
Shareholders' Equity	$1,662,688	$1,225,220

Damon Corporation

115 Fourth Avenue
Needham Heights, Massachusetts 02194
(617) 449-0800

Officers: David I. Kosowsky, chairman and chief executive officer; Robert P. Schneider, president and chief operating officer; Allan B. Beitchman, sr. v.p. & chief financial officer; Marcia Kean, Daniel R. Cotte, Norman Curtis, Joseph C. Isola, Richard T. Theken, Shamai Winitzer, v.p.'s; Vernon F. Sherman, Jr., v.p.-finance & treasurer; D. Joseph Powell, v.p. & chief administrative officer; David Steele, v.p. & controller; Constantine Alexander, secretary.

Directors: David I. Kosowsky, Allan B. Beitchman, Peter A. Brooke, Charles C. Cunningham, Jr., Charles L. Lea, Jr., Robert P. Schneider, W. Gerald Austen.

Areas of Work: Through Damon Clinical Laboratories, Damon owns and operates a network of regional laboratories throughout the U.S. that perform clinical testing of blood and tissue samples. Through its International Equipment Company subsidiary, the company is engaged in the production of microprocessor-controlled laboratory centrifuges, microtome cyrostats and centrifuge accessories. These products are primarily used in the fields of biomedical research and clinical testing. The electronics division manufactures crystal filters, high quality crystal oscillators and surface acoustic wave devices for radar missile systems, radar fire control systems and navigation and communications equipment. Damon Biotech, Inc., a majority-owned public company, is involved in the large-scale production of monoclonal antibodies for varied biomedical applications.

Divisions:

Damon Clinical Laboratories
115 Fourth Ave.
Needham Heights, MA 02194

Electronics Division
80 Wilson Way
Westwood, Massachusetts 02090

Diagnostic Instruments Division
Manufactures a portable ultra sound scanner.

Subsidiaries:

International Equipment Co. (IEC)
300 Second Avenue
Needham Heights, Massachusetts 02194

Damon Biotech, Inc. (majority-owned public company)
119 Fourth Avenue
Needham Heights, Massachusetts 02194

Transfer Agent(s):

The First National Bank of Boston
One Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, London

Ticker Symbol: DMN

Number of Employees:

1986 . . . . . 2,500 1984 2,700
1985 2,500

Plant Footage:

1986 . . . . . 153,000 sq. ft. 1984 174,600
1985 153,000

Sales and Earnings

	Net Sales ‡+	Net Income †
1986	$ 147,962,000	$ (2,619,000)
1985	128,604,000	(3,227,000)
1984	127,395,000	2,762,000
1983	117,937,000	2,401,000
1982	126,549,000	(12,411,000)

	No. of Com. Shares #	Earn. Per Share †#
1986	6,385,000	$ —
1985	6,585,000	—
1984	6,694,000	0.41
1983	6,661,000	0.36
1982	6,576,000	—

(Loss)
‡ Includes sales of services and products.
+ Of continuing operations only.
# Based on the weighted average number of common shares outstanding.
† Including extraordinary gains of $147,000 in 1985, $550,000 ($0.08 per share) in 1984, $1,070,000 ($0.16 per share) in 1983 and extraordinary loss of $111,000 in 1986.

Revenues By Line of Business
(000's)

	1986	1985
Medical services	$ 97,304	$ 82,724
Medical instrumentation	31,301	27,125
Hobby & educational products	17,090	17,155
Damon Biotech, Inc.	2,267	1,600
Total	$ 147,962	$ 128,604

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 57,079,000	$ 9.18
1985	56,385,000	8.62
1984	62,697,000	9.40
1983	62,047,000	9.25
1982	39,273,000	5.97

Income Account *

Year ended Aug. 31	1986	1985
Net sales of serv. & prods.	$ 147,962,277	$ 128,604,179
Cost of sales	92,861,226	82,278,447
Expenses	47,172,701	41,961,008
Prov. for doubtful accts.	3,261,173	3,232,411
Res. & develop. exp.	7,194,749	7,425,432
Eq. in loss of affil.	914,345	314,070
Interest Expense (inc.)	572,839	(550,048)
Loss bef. taxes	$ (4,014,756)	$ (6,057,141)
Income taxes (credit)	1,315,000	(261,000)
Minority interest	(2,507,949)	(2,291,890)
Loss cont. oper.	$ (2,507,949)	$ (3,504,251)
Income - discont. oper.	—	130,000
Net Loss	$ (2,507,949)	$ (3,374,251)
Extraodinary items	(111,000)	146,922
Net Loss & extraord. items	$ (2,618,949)	$ (3,227,329)

* Included in Costs and Expenses, Depreciation and Amortization: $6,897,680 in 1986 and $6,218,578 in 1985.

Damon Corporation

Assets

As of Aug. 31	1986	1985
Cash	$ 3,115,555	$ 3,444,303
Marketable securities	32,743,166	31,773,594
Accts. receiv., net	24,896,231	24,512,847
*Inventories	17,103,519	16,472,751
Prepaid expenses	2,165,660	795,178
Current Assets	$ 80,024,131	$ 76,998,673
#Fixed assets	35,947,784	35,903,649
Investments	3,234,521	6,930
Other assets	1,613,406	2,332,541
Intangibles	8,293,480	7,469,927
Total Assets	$ 129,113,122	$ 122,704,790

Liabilities

Notes payable & long-term debt, curr.	$ 3,849,024	$ 4,372,805
Accts. payable	7,138,302	4,939,394
Accruals	11,683,163	9,931,164
Dividends payable	310,884	327,387
Income taxes	2,027,131	1,134,031
Curr. Liabilities	$ 25,008,504	$ 20,704,781
Mortg. & notes payable	17,625,429	18,237,791
Conv. subord. 5¼% deben.	11,269,000	11,554,000
Long-term debt	3,377,893	2,889,202
Deferred inc. taxes	4,752,00	6,773,000
Minority interest	10,001,260	6,161,041
+Common stock	1,555,277	1,634,841
+Junior common stock	28,731	28,731
Add. paid-in capital	36,252,079	31,594,647
Retained earnings	20,750,629	24,647,936
Note receiv. from sale of stock	(296,795)	(310,295)
For. curr. trans. adj.	(1,210,885)	(1,210,885)
Total Liabilities & Shareholders' Equity	$ 129,113,122	$ 122,704,790

* At lower of average cost or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	—	—
Debt to Equity	0.44	0.45
Working Capital	$55,015,727	$56,293,892
Current Ratio	3.20	3.72
Shareholders' Equity	$57,079,036	$56,384,975

Danaher Corporation

3524 Water Street N.W.
Washington, D.C. 20007
(202) 333-1805

Officers: Steven M. Rales, chairman & chief exec. officer; Mitchell P. Rales, president; Patrick W. Allender, chief financial officer; M. Teri Lynch, controller.

Directors: Steven M. Rales, chairman; Walter G. Lohr, Jr., Mitchell P. Rales, Donald J. Ehrlich, A. Emmet Stephenson, Jr., Roger E. Alcaly.

Areas of Work: Manufactures automotive and transportation products, instrumentation, precision components and extruded products.

Divisions and Subsidiaries:

Automotive and Transportation:

Fayette Tubular Products
Hennessy Industries, Inc.
Matco Tools Corporation
Jacobs Manufacturing Company

Products of the Automotive and Transportation segment include automobile air conditioning components, wheel service equipment, diesel engine retarders and professional mechanics tools and equipment.

Instrumentation:

Veeder-Root Company
Dynapar Corporation
Partlow Corporation
QualiTROL Corporation

The Instrumentation segment produces and sells temperature, level and position sensing devices; liquid flow measuring devices; and mechanical, electronic and magnetic counting and controlling devices.

Precision Components:

Holo-Krome/Allen Manufacturing
Iseli Company
Allied Steel and Tractor

Products of the Precision Components segment include a wide range of precision screw socket screws, special fasteners, shaft collars and couplings, drill chucks, connectors and other high quality miniature precision parts made primarily on Swiss screw machines. The segment also assembles and distributes construction equipment.

Extruded Products:

Mohawk Rubber
Master Shield
A.L. Hyde Company

Products of the Extruded Products segment include replacement tires, molded and extruded rubber components, vinyl siding and related accessories, vinyl window profile extrusions, custom molded plastic products and extruded thermoplastic mill shapes. The segment also distributes tires and related products.

Acquisition(s):

Western Pacific Industries Inc.
345 Park Avenue
New York, New York 10154
(212) 751-6464

Transfer Agent(s):

Mellon Securities Trust Company
1110 Brickell Avenue, Suite 208
Miami, Florida 33131

Stock Exchange(s): New York, Pacific

Ticker Symbol: DHR

Number of Employees:

1986 7,100

Plant Footage:

1986 ..... 3,664,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 454,016,000	$ 15,401,000
1985	304,866,000	13,525,000
1984	90,884,000	2,880,000
1983	24,398,000	(3,718,000)
1982	15,372,000	(35,969,000)

	No. of Com. Shares	Earn. per Share ‡†
1986	10,195,829	$ 1.51
1985	10,195,829	1.32
1984	10,191,904	0.35
1983	7,480,421	—
1982	N.A.	—

(Loss)
N.A. - Not Available.
† Including extraordinary gains of $6,737,000 ($0.66 per share) in 1986, $7,964,000 ($0.78 per share) in 1985 and $1,478,000 ($0.18 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Extruded products	$ 222,549	$ 218,489
Automotive & transportation	164,804	77,424
Instrumentation	24,936	—
Precision components	34,051	—
Other	7,676	8,953
Total	$ 454,016	$ 304,866

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 65,244,000	$ 6.40
1985	49,888,000	4.89
1984	36,353,000	3.57
1983	17,469,000	2.34

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 445,980	$ 298,044
Other income	8,036	6,822
Total Income	$ 454,016	$ 304,866
Cost of sales	351,619	246,521
Expenses	61,338	31,550
Interest expense	23,339	12,752
Income before taxes	$ 17,720	$ 14,043
Income taxes	9,056	8,482
Net Income	$ 8,664	$ 5,561
Extraord. gain	6,737	7,964
Net Income & extraord. gain	$ 15,401	$ 13,525

* Included in Costs and Expenses, Depreciation and Amortization: $9,261,000 in 1986 and $6,848,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 46,486	$ 94,596
Accts. receiv., net	93,687	33,777
*Inventories	125,304	42,679
Assets held for sale	61,974	—
Prepaid expenses	61,993	5,441
Current Assets	$ 389,444	$ 176,493
#Fixed assets	125,647	49,270
Real estate assets	7,586	12,706
Other assets	20,826	7,989
Intangibles	197,226	22,420
Total Assets	$ 740,729	$ 268,878

Liabilities
(000's)

Short-term debt & long-term debt, curr.	$ 91,407	$ 2,349
Accts. payable	58,254	24,238
Accruals	91,048	19,146
Accrued compensation	25,694	4,216
Curr. Liabilities	$ 266,403	$ 49,949
Deferred pension	11,512	2,077
Long-term debt	397,570	166,964
+Common stock	102	102
Add. paid-in capital	161,135	161,135
For. curr. trans. adjust.	(45)	—
Retained earnings (deficit)	(95,948)	(111,349)
Total Liabilities & Shareholders' Equity	$ 740,729	$ 268,878

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.97	4.71
%Net Income to Sales	1.94	1.87
%Net Income to Equity	13.28	11.15
Sales to Inventories	3.56	6.98
Debt to Equity	7.49	3.39

Working Capital	$123,041,000	$126,544,000
Current Ratio	1.46	3.53
Shareholders' Equity	$ 65,244,000	$ 49,888,000

Daniel Industries, Inc.

9753 Pine Lake Drive
Houston, Texas 77055
(713) 467-6000

Officers: W.A. Griffin, chairman of the board & chief exec. officer; Ralph M. Clemons, Jr., president & chief operating officer; Rex W. Landry, v.p.; W.A. Griffin, III, v.p.-finance; H.D. Morrison, Jr., v.p., secretary-treasurer; W.C. Clingman, v.p.-information services; Michael R. Yellin, asst. secretary & asst. treasurer.

Directors: W.A. Griffin, William C. Morris, James R. Whatley, Rex W. Landry, Ralph H. Clemons, Jr., Joseph L. Parrish, Gibson Gayle, Jr., Ronald C. Lassiter, Richard L. O'Shields.

Areas of Work: Engaged in the manufacture, sale and servicing of orifice fittings, turbine meters, meter tubes, valves and related mechanical and electronic products for the measurement and control of fluid flows (liquid and gases), and in the engineering and fabrication of integrated metering systems. Also manufactures and markets alloy stud bolts, and manufactures and sells water handling equipment including pumps, tanks and plastic pipe.

Divisions:

Bolt and Gasket Division
P.O. Box 292
Houston, Texas 77001
(713) 224-5811

Pump and Equipment Division
P.O. Box 21186
Houston, Texas 77026
(713) 695-5871

Daniel Industries Limited
Lochlands Industrial Estates
Larbert-Stirlingshire FK5 3NS
Falkirk, Scotland

M&J Valve Division
Houston, Texas
Manufacturer of large, fabricated gate valves used on both gas and liquid pipelines and high-pressure industrial processing systems.

Production Specialties Division
Manufacturing and marketing of gas lift equipment and wireline tools used by oil producers in secondary crude oil recovery operations.

Geophysical Division
Denver, Colorado

Measurement & Control Division

Instrumentation Services Division

Energy Recovery Division

K&L Automation Division
Tucson, Arizona
Manufacturer of specialized electronics systems for the automation of liquid petroleum product terminals.

Acquisition(s):

Bell Microsensors, Inc.
Newbury Park, California
In the process of developing a line of process control instruments.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
New York, New York

MBank Houston, N.A.
Houston, Texas

Stock Exchange(s): New York

Ticker Symbol: DAN

Number of Employees:

1986 1,530

Plant Footage:

1986 . . . . . 1,046,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 122,726,000	$ (3,869,000)
1985	138,475,000	210,000
1984	137,761,000	(2,210,000)
1983	154,305,000	3,511,000
1982	196,432,000	15,151,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,160,000	$ —
1985	10,153,000	0.02
1984	10,148,000	—
1983	10,146,000	0.35
1982	10,102,000	1.50

(Loss)
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business
(000's)

	1986	1985
Fluid measurement prods. & systems	$ 90,513	$ 92,736
Stud bolts & nuts	9,427	10,827
Pipeline valves	12,565	17,752
Geophysical services	5,550	9,753
Other	4,243	6,666
Corporate	428	741
Total	$ 122,726	$ 138,475

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.18	—	—
1985	0.17	5%	—
1984	0.17	5%	—
1983	0.16	5%	—
1982	0.15	5%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 87,849,000	$ 8.65
1985	93,222,000	9.18
1984	93,988,000	9.26
1983	99,076,000	9.77
1982	97,875,000	9.69

‡ Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 122,140	$ 137,571
Other income	586	904
Net revenues	$ 122,726	$ 138,475
Cost of sales	80,874	85,791
Expenses	48,485	51,310
Interest expense	1,591	1,748
Unusual items	—	1,300
Loss before taxes	$ (8,224)	$ (1,674)
Tax credit	(4,355)	(1,884)
Net Income (Loss)	$ (3,869)	$ 210

* Included in Costs and Expenses, Depreciation: $7,168,000 in 1986 and $6,550,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 3,448	$ 7,888
Accts. receiv., net	23,537	26,985
Refundable inc. taxes	—	1,640
*Inventories	30,418	32,040
Other assets	7,558	3,563
Current Assets	$ 64,961	$ 72,116
#Fixed assets	59,901	62,577
Other assets	889	938
Intangibles	6,560	4,148
Total Assets	$ 132,311	$ 139,779

Liabilities
(000's)

Notes payable	$ 2,014	$ 2,146
Accts. payable	8,919	7,502
Accrued payroll	1,578	2,216
Accrued taxes	1,300	1,499
Accrued expenses	9,357	6,588
Deferred inc. taxes	—	324
Curr. Liabilities	$ 23,168	$ 20,275
Long-term debt	12,937	14,951
Deferred inc. taxes	8,357	11,331
+Common stock	12,700	12,810
Add. paid-in capital	63,331	63,880
For. curr. trans. adj.	(2,888)	(3,213)
Retained earnings	14,706	20,680
Treasury stock	—	(935)
Total Liabilities & Shareholders' Equity	$ 132,311	$ 139,779

* Domestic inventories at LIFO; foreign inventories at average cost.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Net Income to Revenues	—	0.15
%Net Income to Equity	—	0.23
Debt to Equity	0.15	0.18
Working Capital	$41,793,000	$51,841,000
Current Ratio	2.80	3.56
Shareholders' Equity	$87,849,000	$93,222,000

Data Card Corporation

11111 Bren Road West
Minneapolis, Minnesota 55440
(612) 933-1223

Mailing address:

P.O. Box 9355
Minneapolis, Minnesota 55440

Officers: D.J. Ekberg, chairman of the board & chief exec. officer; Gary R. Holland, pres. & chief oper. officer; Charles R. Schmidt, exec. v.p.-finance & adm.; Steven A. Tranter, v.p. & treasurer; John T. Paprocki, v.p. & controller; Robert J. Johnson, secretary; Rosa M. Masterson, asst. secretary.

Directors: Willis K. Drake, D.J. Ekberg, Donald L. Lucas, Eugene R. Olson, James P. McFarland, Gary Holland, Jack J. Crocker, Frank W. McBee, Jr., Harold V. Haverty, Charles R. Schmidt.

Areas of Work: Data Card's line of high technology machines for business and industry includes equipment to emboss and encode plastic credits, debit and other identification cards; and electronic point-of-sale terminals.

Divisions and Subsidiaries:

Data Card Equipment
11111 Bren Road West
P.O. Box 9355
Minneapolis, Minnesota 55440

Data Card Corporation

Federal Systems Division
8401 Corporate Drive
Landover, Maryland 20785
(301) 731-4800

Data Card Sales
11111 Bren Road West
Minneapolis, Minnesota 55440
(612) 933-1223

Addressograph Imprinters
2 East Frederick Street
Walkersville, MD 21793
(301) 845-4131

Sentinel Card Services
9040 Topanga Canyon Boulevard
Canoga Park, CA 91304
(818) 882-9947

Microsa Ribbons
125 Sherwood Avenue
Farmingdale, New York 11735
(516) 249-6046

Data Card Service
5450 Feitl Road
P.O. Box 9355
Minneapolis, Minnesota 55440
(612) 935-6677

Datatrol Transaction Terminals
Brent Drive
Hudson, Massachusetts 01749
(617) 568-1411

Data Card Plastic Card Services
10321 West 70th Street
Minneapolis, Minnesota 55344

International Operations
11111 Bren Road West
Minneapolis, Minnesota 55440
(612) 933-1223

Data Card U.K. Ltd.
New Lane, Havant
Hampshire PO9 2NR
England

Data Card France S.A.
Tour Gallieni II
36 Avenue Gallieni
93170 Bagnolet
France

Data Card Deutschland GmbH
Heerdter Lohweg 87
Hansapark
D-4000 Duesseldorf 11
West Germany
011-49-69-66780-966

CPE Data Card Ltd.
1144 Nepean Highway
Highett, Victoria
Australia, 3190

Data Card Canada, Inc.
4240 Sherwoodtowne Boulevard
Mississauga, Ontario
Canada L4Z 2G6
416-848-1880

Security Imprinter Ireland Ltd.
Granard, County Longford
Republic of Ireland
011-353-43-86188

Toppan Moore Data Products Ltd.
12/F Hong Kong Computer Centre
54-62 Lockhart Road
Wanchai, Hong Kong

Data Card Sweden AB
Box 42015
S-126 12 Stockholm
Sweden

Data Card Japan Ltd.
Svax Building
2-39-3, Nishi-Shinbashi
Minato-Ku, Tokyo 105
Japan

CPE Data Card Ltd. (NZ)
188 Thorndon Quay
P.O. Box 2441
Wellington, New Zealand

Acquisition:
Addressograph Farrington, Inc.

Transfer Agent(s):
First Trust Company, Inc.
P.O. Box 64367
St. Paul, Minnesota 55164

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DATC (NASDAQ)

Number of Employees:

1987	2,880	1984	1,437
1986	1,932	1983	1,332
1985	1,807		

Sales and Earnings

	Revenues ‡	Net Income +
1987	$ 176,082,000	$ (4,664,000)
1986	130,171,000	10,581,000
1985	91,451,000	8,093,000
1984	70,973,000	6,236,,000
1983	54,712,000	4,501,000

	No. of Com. Shares †	Earn. per Share †+
1987	9,971,000	$ —
1986	9,775,000	1.08
1985	8,698,000	0.93
1984	8,619,000	0.72
1983	N.A.	0.59

(Loss)
N.A. - Not Available
+ Including extraordinary gains of $499,000 ($0.06 per share) in 1984 and $447,000 ($0.06 per share) in 1983.
‡ Of continuing operations only.
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.24	—	—
1986	0.24	—	—
1985	0.19	—	—
1984	0.19	—	—
1983	0.19	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 71,643,000	$ 7.19
1986	77,440,000	7.92
1985	49,431,000	5.68
1984	43,165,000	5.01
1983	39,121,000	—

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	3/28/87	3/29/86
Revenues	$ 176,082	$ 130,171
Cost of sales, services & rentals	113,985	76,726
Expenses	55,554	35,637
Interest expense	3,683	1,126
Interest income	(1,340)	(1,768)
Income before taxes	$ 4,200	$ 18,450
Income taxes	2,625	7,686
Inc.-cont. oper.	1,575	10,764
Loss-discont. oper.	(6,239)	(183)
Net Income (Loss)	$ (4,664)	$ 10,581

* Included in Costs and Expenses, Depreciation: $10,377,000 in 1987 and $5,829,000 in 1986.

Assets
(000's)

As of	3/28/87	3/29/86
Cash	$ 1,899	$ 4,383
Marketable securities	687	15,343
Accts. receiv., net	41,135	26,810
Invest. - equip. leases	1,345	869
*Inventories	32,190	12,163
Subscriber acq. costs	6,826	5,601
Recov. taxes	6,327	—
Other curr. assets	3,599	1,451
Assets of discont. oper.	4,900	14,572
Current Assets	$ 98,908	$ 81,192
Invest.-equip. lease	3,584	2,658
#Fixed assets	37,388	22,809
Subscriber acq. costs	8,320	3,784
Other assets	8,287	8,602
Assets of discont. oper.	1,168	1,431
Total Assets	$ 202,084	$ 120,476

Liabilities
(000's)

Notes payable	$ 6,781	$ 4,192
Long-term debt, curr.	615	107
Accts. payable	11,023	7,113
Accruals	17,317	8,981
Cust. deposits	12,375	3,538
Subscriber adv. pay.	8,822	5,992
Income taxes	—	1,329
Curr. Liabilities	$ 56,933	$ 31,252
Deferred inc. taxes	5,946	5,191
Long-term debt	61,846	2,788
Subscriber adv. pay.	5,716	3,805
+Common stock	989	989
Add. paid-in capital	41,184	41,806
Retained earnings	30,950	37,977
Cum. trans. adjust.	(665)	(1,783)
Treasury stock	(815)	(1,549)
Total Liabilities & Shareholders' Equity	$ 202,084	$ 120,476

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	13.66
Debt to Equity	0.87	0.04
Working Capital	$41,975,000	$47,493,000
Current Ratio	1.74	2.42
Shareholders' Equity	$71,643,000	$77,440,000

Data General Corporation

4400 Computer Drive
Westboro, Massachusetts 01580
(617) 366-8911

Officers: Edson de Castro, president; Herbert J. Richman, exec. v.p.; Robert C. Miller, sr. v.p.-Information Systems Group; Frank P. Silkman, sr. v.p.-manufacturing; Ronald L. Skates, sr. v.p.-finance & administration & chief financial officer; James R. Barnes, v.p.-Volume Products Division; Donald V. Bateman, v.p.-human resources; William W. Bentley, v.p.-North American Field Engineering; James P. Campbell, v.p.-administration; Frederick P. Cochrane, v.p.-Field Engineering Services; Raymond Fortune, sr. v.p.-International Marketing & Sales; Michael Schneider, v.p.-customer service; Anthony C. Nicoletti, v.p.-Field Engineering Support; J. David Lyons, v.p.-Group Marketing; Frank M. Keaney, v.p.-North American sales; Kenneth V. Jaeggi, v.p.; George D. McClelland, v.p. & treasurer; Wayne Fitzsimmons, v.p.-Americas/Far East; Lee Henning, v.p.-materials and manufacturing services; Charles M. Boesenberg, v.p.-European Operations; Clifford Bream, v.p.-Distribution Division; J. Thomas West, v.p.-Systems Development Division; James V. Williamson, v.p.-manufacturing planning & support; Colin Crook, sr. v.p.-Communications Systems Group; Larry H. Holswade, v.p.-Federal Systems Division; Donald L. McDougall, v.p.-Industry Marketing Division; Hisashi Tomiao, v.p.-Nippon-Data General; Vahe A. Sarkissian, v.p.-Sunnyvale Division; Carl E. Kaplan, secretary; Jacob Frank, v.p.-legal.

Directors: Edson D. de Castro, Herbert J. Richman, Frederick R. Adler, Ferdinand Colloredo-Mansfield.

Areas of Work: Designs, manufactures and markets a variety of scale general purpose computer systems, software packages, electro-mechanical peripheral equipment, electronic controllers and interfaces and related products.

Divisions:

Information Systems Division
Markets computer systems used by large organizations in commercial applications.

Industry Marketing Division
Markets products for end-users, original equipment manufacturers, and systems integrators in the industrial, scientific and technical markets.

Volume Products Division
Manufactures, develops and markets laptop and desk top/op computers, terminals, printer, and other high-volume computer products.

Distribution Division
Markets company's products to small and medium-sized businesses through third-party channels of distribution.

Systems Development Divisons
Designs and develops computer systems and software.

Product Marketing Division
Product management, planning and marketing.

Customer Service Division
Provides hardware, software and communication systems made to customers' specifications.

Field Engineering Division
Maintenance, repair, and parts exchange of company's products.

Federal Systems Division
Markets products, and provides a full range of systems-related services, to the U.S. Government.

Sunnyvale Division
Designs, development, and pilot-line production of electronic components.

Subsidiaries:

Data General Europe, Inc.
Tour Manhattan
5/6 Place de L'Iris
92095 Paris-La Defense II
France

Asia Data General Corporation
China Data General Corporation
DG Foreign Sales Corp., Inc.
Datagen, Inc.
Data General ApS
Data General Costa Rica, S.A.
Data General Latin America, Inc.
Data General New Zealand Limited
Data General OY
Data General Philippines, Inc.
Data General (Canada) Inc.
Data General Commercial Systems, Inc.
Data General International Sales Corporation
Data General Investment Corporation
Data General Limited (United Kingdom)
Data General GmbH (Germany)
Data General Gesellschaft M.B.H. (Austria)
Data General France SARL
Data General Holland BV
Data General Australia Pty., Ltd.
Data General AB
Data General Israel, Ltd.
Data General Hong Kong, Ltd.
Data General A.G. (Switzerland)
Data General Ltda. (Brazil)
Data General S.A. (Belgium)
Data General C.A. (Venezuela)
Data General A/S (Norway)
Data General Thailand
Data General S.p.A. (Italy)
Data General Importing, Ltd. (New Zealand)
WSA Systems and Services, Inc.
Design Data, Inc.
Digital Computer Controls, Inc.
Nippon-Data General Corp. (85% owned)
Data General Singapore Pte., Ltd.
Data General Chile Limitada
Data General del Peru, S.A.
Data General Development Corp.
Data General Hong Kong Sales and Service, Ltd.
Data General de Mexico, S.A. de C.V.
Data General Manufacturing, Ltd.
Data General Service, Inc.
Data General Ireland, Ltd.
Data General Puerto Rico, Inc.
Data General S.A. (Spain)
Data General International Manufacturing Pte., Ltd. Singapore
Data General Sociedade de Computadores Lds (Portugal)
Genioss, Inc.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
9th Floor
New York, NY 10015

Stock Exchange(s): New York, London

Ticker Symbol: DGN

Number of Employees:

1986	15,565	1983	14,855
1985	16,535	1982	15,210
1984	17,695		

Plant Footage:

1986	5,226,000 sq. ft.	1983	4,225,000
1985	4,940,000	1982	N.A.
1984	4,843,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income ‡
1986	$1,267,959,000	$ (28,980,000)
1985	1,238,959,000	24,305,000
1984*	1,160,815,000	83,256,000
1983	828,904,000	23,135,000
1982	805,910,000	24,658,000

	No. of Com. Shares #	Earn. per Share #‡
1986	27,057,000	$ —
1985	26,432,000	0.92
1984*	25,939,000	3.21
1983	23,985,000	0.96
1982	21,676,000	1.14

(Loss)
* 53 weeks.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.
‡ Including extraordinary gains of $3,473,000 ($0.13 per share) in 1984, $4,829,000 ($0.22 per share) in 1982 and extraordinary loss of $34,720,000 in 1986.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 682,628,000	$ 25.23
1985	657,856,000	24.89
1984	594,425,000	22.92
1983	468,998,000	19.55
1982	429,043,000	19.79

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	9/27/86	9/28/85
Net sales	$ 1,267,959	$ 1,238,959
Cost of sales	738,231	727,108
Expenses	509,038	475,771
Other income	(29,175)	(21,163)
Interest expense	35,747	22,017
Income before taxes	$ 14,118	$ 35,226
Income taxes	4,945	10,921
Eq. in loss of unconsol. affil.	3,433	—
Net Income	$ 5,740	$ 24,305
Extraordinary loss	(34,720)	—
Net Income (Loss) & extraordinary loss	$ (28,980)	$ 24,305

* Included in Costs and Expenses, Depreciation: $92,657,000 in 1986 and $87,171,000 in 1985.

Assets
(000's)

As of	9/27/86	9/28/85
Cash & temp. cash invest.	$ 271,537	$ 298,037
Marketable securities	30,126	29,436
Accts. receiv., net	260,498	249,526
*Inventories	237,585	306,656
Other assets	23,350	17,414
Current Assets	$ 823,096	$ 901,069
Long-term receivables	15,890	17,720
#Fixed assets	367,422	330,760
Invest. in unconsol. affil.	20,979	—
Other assets	30,041	11,510
Total Assets	$ 1,257,428	$ 1,262,177

Liabilities
(000's)

Notes payable	$ 33,451	$ 27,448
Accts. payable	75,536	55,232
Accrued payroll	37,463	29,867
Income taxes	—	19,786
Deferred income taxes	6,760	32,001
Deferred revenue	25,320	15,708
Accruals	131,594	11,369
Long-term debt. curr.	9,798	4,922
Curr. Liabilities	$ 319,922	$ 296,333
Long-term debt	240,734	299,210
Deferred service revenue	14,144	—
Deferred inc. taxes	—	8,778
+Common stock	268,182	229,953
Notes receivable	(7,346)	(8,021)
Retained earnings	406,827	435,807
Cum. trans. adjust.	14,965	117
Total Liabilities & Shareholders' Equity	$ 1,257,428	$ 1,262,177

* At lower of cost (FIFO) or market.
+ $0.01 par value.
# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	1.11	2.84
%Net Income to Sales	0.45	1.96
%Net Income to Equity	0.84	3.69
Sales to Inventories	5.34	4.04
Debt to Equity	0.42	0.50
Working Capital	$503,174,000	$604,736,000
Current Ratio	0.82	3.04
Shareholders' Equity	$682,628,000	$657,856,000

Data-Design Laboratories

7925 Center Avenue
P.O. Box 711
Cucamonga, California 91730
(714) 987-2511

Officers: Thomas C. Beiseker, president & chief executive officer; Milton L. Sneller, exec. v.p. & chief operating officer; G.L. Milliken, v.p.-planning & contracts; Alan R. Steel, v.p.-finance, chief financial officer & treasurer; Stephen M. Andres, v.p.-administration; Richard G. Littman, secretary.

Data-Design Laboratories

Directors: Thomas C. Beiseker, Russell R. O'Neill, Hugh E. Witt, John C. Hall, Eugene P. Wilkinson, Rockell N. Hankin, Milton L. Sneller.

Areas of Work: Engaged in two major areas — engineering services and engineered products. Engineering services involve electronics systems design and support, specialized systems fabrication, and technical training services. The majority of engineering services performed are elements of complex military weapon systems programs. Engineered products include high-quality printed circuit boards for the electronics industry; emergency power products for office buildings, factories and public buildings; mechanical components and pressure gauges for original equipment manufacturers.

Divisions and Subsidiaries:

Aeroscientific Corporation (98% owned)
184 E. Liberty Avenue
Anaheim, California 92801
(714) 871-8110
Manufactures printed circuit boards.

Phoenix Printed Circuits, Inc.
10017 North 19th Avenue
Phoenix, Arizona 85021
(602) 944-2679
Manufactures circuit boards.

Digital Applications, Inc. (87% owned)
2519 National Drive
Garland, Texas 75041
A manufacturer of printed circuit boards.

Custom Systems Associates, Inc.
14100 N.W. Science Park Drive
Portland, Oregon 97229
Manufactures printed circuit boards.

Hydrotronics, Inc.
7926 Jones Branch Drive
Suite 500
McLean, Virginia 22101
(703) 790-5270
Conducts research activities in the area of military underwater communications and underseas warfare systems; engineering and fabrication of electronic warfare threat simulators, microwave transmitter and antenna systems, digital control and interface systems, and electronic countermeasures, jammers, receivers and decoys.

Siltron Illumination, Inc.
1960 West 139th Street
Gardena, California 90249
(213) 770-0985
Produces and designs architecturally compatible emergency lighting systems and emergency power equipment used for essential systems such as fire alarms, communications systems, and industrial pumps, blowers and motors.

Catel Telecommunications, Inc.
(formerly United Scientific Corp.)
Mountain View, California
(415) 969-9400
Manufactures and markets communications equipment and analytical instruments. The signal processing equipment is used in CATV and other cable communications systems and is compatible with coaxial cable, microwave, satellite and fiber optics means of transmission.

Sierra Precision
Cucamonga, California
Produces high pressure gauges and hoses, depth gauges and related products.

Irlandus Circuits Limited
Craigavon, Northern Ireland
Produces printed wiring boards.

A.J. Electronics, Inc.
Inserts electrical components into printed wiring boards.

DDL Omni Engineering Corp.
Defense contracting.

Transfer Agent(s):
Bank of America, N.T. & S.A.
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): New York, Pacific

Ticker Symbol: DDL

Number of Employees:

1986	1,000	1983	1,300
1985	1,300	1982	1,300
1984	1,300		

Plant Footage:
1986 . . . . . 409,000 sq. ft. 1985 409,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 70,934,000	$ (372,000)
1985	102,867,000	5,712,000
1984	102,628,000	6,424,000
1983	82,608,000	4,335,000
1982	72,745,000	3,661,000

	No. of Com. Shares #	Earn. per Share #
1986	6,549,883	$ —
1985	6,406,214	0.89
1984	6,339,646	1.01
1983	6,274,613	0.69
1982	6,214,905	0.59

(Loss)
Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Engineering services	$ 12,858,000	$ 23,639,000
Electronics	37,021,000	56,750,000
Communications	10,617,000	13,151,000
Other	10,438,000	9,327,000
Total	$ 70,934,000	$ 102,867,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.24	—	—
1985	0.21	—	—
1984	0.18	—	4-for-3
1983	0.14	—	5-for-4
1982	0.14	—	5-for-4

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 33,375,000	$ 5.08
1985	34,932,000	5.47
1984	29,298,000	4.64
1983	24,432,000	3.95
1982	19,852,000	3.23

† Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 70,934,000	$ 102,867,000
Cost of sales & services	56,667,000	74,549,000
Expenses	13,351,000	16,812,000
Interest expense	3,429,000	3,194,000
Income (loss) before taxes	$ (2,513,000)	$ 8,312,000
Income taxes (credit)	(2,141,000)	2,600,000
Net Income (Loss)	$ (372,000)	$ 5,712,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,807,000 in 1986 and $4,006,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 769,000	$ 154,000
Accts. receiv., net	12,822,000	23,912,000
Income taxes refundable	2,147,000	—
*Inventories	13,555,000	14,614,000
Prepaid expenses	369,000	181,000
Current Assets	$ 29,662,000	$ 38,861,000
#Fixed assets	19,733,000	17,116,000
Other assets	36,642,000	27,407,000
Total Assets	$ 86,037,000	$ 83,384,000
Liabilities		
Notes payable	$ 3,304,000	$ 6,140,000
Long-term debt, curr.	777,000	1,227,000
Accts. payable	4,857,000	5,734,000
Accruals	5,491,000	5,605,000
Income taxes	—	812,000
Deferred inc. taxes	—	97,000
Curr. Liabilities	$ 14,429,000	$ 19,615,000
Long-term debt	37,391,000	28,326,000
Dferred income taxes	490,000	—
Minority interest	352,000	511,000
+Common stock	2,188,000	2,129,000
Add. paid-in capital	5,069,000	4,740,000
Retained earnings	26,234,000	28,161,000
For. curr. trans. adj.	(116,000)	(98,000)
Total Liabilities & Shareholders' Equity	$ 86,037,000	$ 83,384,00

* At cost (FIFO).
# Less accumulated depreciation and amortization.
+ $0.33⅓ par value.

Statistical Summary

%Income bef. Taxes to Sales	—	8.08
%Net Income to Sales	—	5.55
%Net Income to Equity	—	16.35
Sales to Inventories	5.23	7.04
Debt to Equity	1.12	1.02
Working Capital	$15,233,000	$19,246,000
Current Ratio	2.06	1.98
Shareholders' Equity	$33,375,000	$34,932,000

Datapoint Corporation

8119 Datapoint Drive
San Antonio, Texas 78229
(512) 699-7000

Mailing address:
9725 Datapoint Drive
San Antonio, Texas 78284

Officers: Asher B. Edelman, chairman; Edward P. Gistaro, president & chief executive officer; Doris D. Bencsik, exec. v.p. & chief operating officer; Olaf von Bulow, sr. v.p.-International; Richard M. Neville, v.p. & general counsel; John J. Peter, v.p. & corp. controller; Ross Laughead, corp. secretary; Allan H. Hobgood, v.p. & gen. mgr.-manufacturing & support operations; Frank P. Carrubba, v.p.-mgmt. info. systems; Charles P. McCoy, v.p.-custom systems; Ezra H. Sheffres, v.p.-quality & customer satisfaction; Larry D. Wickwar, v.p.-product development.

Directors: Asher B. Edelman, chairman of the board; Doris D. Bencsik, Raymond French, Edward P. Gistaro, Daniel R. Kail, Clark P. Mandigo, Charles P. Stevenson, Jr., Dwight D. Sutherland.

Areas of Work: Develops, manufactures and markets a range of office and computer products and systems, including local area networks, multifunction workstations, and dispersed computing and office automation systems, for sale and lease worldwide. Datapoint's Attached Resource Computer (ARC) local area network provides the means for interconnection of multifunction workstations, processors and peripherals to form an integrated information processing system in an office environment.

Subsidiaries:
Inforex, Inc.
186 Middlesex Turnpike
Burlington, Massachusetts 01803

Manufactures, markets, leases and services minicomputer-based systems for data entry and life management on a world-wide basis.

Datapoint-FSC, Inc.
9725 Datapoint Drive
San Antonio, Texas 78284

Datapoint Belgium S.A.
Brussels, Belgium

Datapoint Corporation Pty. Ltd.
Sydney, Australia

Datapoint International Ltd.
London, England

Datapoint do Brasil
Rio de Janeiro, Brazil

Datapoint Canada, Inc.
Toronto, Canada

Datapoint (U.K.) Ltd.
London, England

Datapoint Oy
Helsinki, Finland

Datapoint MATRA Informatique, S.A.
Paris, France

Datapoint Deutschland GmbH
Frankfurt, West Germany

Datapoint Nederland B.V.
Gouda, The Netherlands

Datapoint Corporation (N.Z.) Ltd.
Wellington, New Zealand

Datapoint Iberica S.A.
Madrid, Spain

Datapoint Italia, S.P.A.
Milan, Italy

Datapoint (Schweiz) AG
Zurich, Switzerland

Datapoint Svenska AB
Stockholm, Sweden

Transfer Agent(s):
First City National Bank of Houston
P.O. Box 809
Dallas, Texas 77001

Stock Exchange(s): New York

Ticker Symbol: DPT

Number of Employees:

1986	3,621	1983	8,914
1985	3,982	1982	8,822
1984	8,431		

Plant Footage:
1986 . . . . . 747,000 sq. ft

Sales and Earnings

	Revenues	Net Income †
1986	$ 325,227,000	$ (8,558,000)
1985	520,168,000	(48,264,000)
1984	600,154,000	28,182,000
1983	540,192,000	8,077,000
1982	508,486,000	2,405,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	17,977,621	$ —
1985	19,582,794	—
1984	20,517,822	1.37
1983	20,342,547	0.40
1982	20,273,646	0.12

(Loss)
† Including extraordinary gains of $6,847,000 ($0.38 per share) in 1986, $2,894,000 ($0.15 per share) in 1985 and $1,764,000 ($0.08 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 233,265,000	$ 12.98
1985	276,225,000	14.11
1984	353,861,000	17.25
1983	329,963,000	16.22
1982	326,150,000	16.09

‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended July 31	1986	1985
Net sales, rentals and services	$ 325,227	$ 520,168
Cost of revenue	175,573	341,680
Expenses	151,530	238,138
Financing expense	5,525	12,228
Loss bef. taxes	$ (7,401)	$ (71,878)
Income taxes (credit)	8,004	(20,720)
Net Loss	$ (15,405)	$ (51,158)
Extraordinary gain	6,847	2,894
Net Loss & extraord. gain	$ (8,558)	$ (48,264)

* Included in Costs and Expenses, Depreciation and Amortization: $36,870 in 1986 and $57,613,000 in 1985.

Assets
(000's)

As of July 31	1986	1985
Cash & temp. cash invest.	$ 47,723	$ 60,854
Marketable securities	21,495	—
Accts. receiv., net	84,894	116,801
*Inventories	63,664	82,875
Prepaid expenses	5,315	5,426
Current Assets	$ 223,091	$ 265,956
#Fixed assets	60,863	70,909
#Equip. leased to cust.	6,471	8,895
Field support spares	10,729	41,141
Intangibles	88,068	82,141
Investments	4,707	11,567
Funds held in trust	3,065	6,140
Software for resale	9,192	—
Other assets	13,035	15,703
Total Assets	$ 419,221	$ 502,452

Liabilities
(000's)

Notes payable	$ 6,968	$ 2,498
Long-term debt, curr.	398	1,936
Accts. payable	22,202	27,062
Accruals	41,476	69,511
Income taxes payable	5,657	1,200
Deferred revenue	9,604	14,863
Curr. Liabilities	$ 86,305	$ 117,070
Long-term debt	98,186	105,174
Deferred inc. taxes	1,390	930
Other liabilities	75	3,053
+Common stock	5,184	5,104
Add. paid-in capital	192,913	191,802
For. currency trans. adjust.	(8,445)	(21,403)
Retained earnings	76,562	129,169
Treasury stock	(32,949)	(28,447)
Total Liabilities & Shareholders' Equity	$ 419,221	$ 502,452

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

Sales to Inventories	5.11	6.28
Debt to Equity	0.42	0.40
Working Capital	$136,786,000	$148,886,000
Current Ratio	2.58	2.27
Shareholders' Equity	$233,265,000	$276,225,000

Datapower, Inc.

3328 West First Street
Santa Ana, California 92703
(714) 775-2000

Officers: Frederick J. McKee, chairman & president; William O. Fordiani, exec. v.p.; Terry W. Busby, v.p., chief financial officer & secretary; Jerre A. McMahon, sr. v.p.; Gerald A. Felper, Richard T. Tassone, v.p.'s.

Directors: Frederick J. McKee, chairman of the board; William O. Fordiani, Donald Glickman, George N. Riordan, Paul L. Sandoval.

Areas of Work: Designs, manufactures and markets power supplies which are used to convert standard alternating electrical current into direct current with voltage and amperage combinations suitable for operation of computers, computer peripheral devices, and other electronic equipment. These products are sold principally to manufacturers of computers and electronic equipment who install the power supplies in the equipment prior to sale to their customers. Also produces automated test equipment.

Transfer Agent(s):
U.S. Stock Transfer
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DPWR

Sales and Earnings

	Net Sales	Net Income
1985	$ 15,231,000	$ (968,000)
1984	15,042,000	506,000
1983	8,897,000	(347,000)
1982	9,456,000	30,000
1981	7,380,000	(69,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1985	2,439,319	$ —
1984	2,140,726	0.24
1983	1,550,065	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 7,569,000	$ 3.10
1984	8,520,000	3.98
1983	2,179,000	1.41

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Mar. 31	1985	1984
Net sales	$ 15,231,000	$ 15,042,000
Cost of sales	14,059,000	12,233,000
Expenses	2,276,000	2,102,000
Interest expense	149,000	147,000
Income (Loss) before taxes	$ (1,253,000)	$ 560,000
Income taxes	—	$4,000
Cum. effect of accntg. change	(285,000)	—
Net Income (Loss)	$ (968,000)	$ 506,000

* Included in Costs and Expenses, Depreciation and Amortization: $545,000 in 1985 and $334,000 in 1984.

Datapower, Inc.

Assets

As of Mar. 31	1985	1984
Cash	$ 134,000	$ 917,000
Accts. receiv., net	2,477,000	2,930,000
*Inventories	7,515,000	6,304,000
Prepaid expenses	111,000	57,000
Current Assets	$ 10,237,000	$ 10,208,000
#Fixed assets	1,409,000	1,384,000
Other assets	299,000	396,000
Total Assets	$ 11,945,000	$ 11,988,000
Liabilities		
Accts. payable	$ 1,782,000	$ 2,617,000
Accrued payroll	75,000	113,000
Cust. advances	198,000	354,000
Other curr. liab.	255,000	348,000
Curr. Liabilities	$ 2,310,000	$ 3,432,000
Long-term debt	2,066,000	36,000
Common stock	8,527,000	8,510,000
Retained earnings (deficit)	(958,000)	10,000
Total Liabilities & Shareholders' Equity	$ 11,945,000	$ 11,988,000

* At lower of averge cost (FIFO) or market.
# Less accumulated depreciation and amortization.

Statistical Summary

%Income bef. Taxes to Sales	—	3.72
%Net Income to Sales	—	3.36
%Net Income to Equity	—	5.94
Sales to Inventories	2.03	2.39
Debt to Equity	0.27	—
Working Capital	$7,927,000	$6,776,000
Current Ratio	4.43	2.97
Shareholders' Equity	$7,569,000	$8,520,000

Dataproducts Corporation

6200 Canoga Avenue
P.O. Box 746
Woodland Hills, California 91365
(818) 887-8000

Officers: Jack C. Davis, chairman of the board & chief executive; Graham Tyson, president; John T. Laws, sr. v.p.-finance & admin.; Frank J. McQuaid, sr. v.p.; Clifford J. Helms, sr. v.p.-technical programs; Clifford M. Jones, sr. v.p.-corporate development; Paul D. Weiser, sr. v.p.-secretary & corp. counsel; Paul J. Smith, exec. v.p.-printer business; John W. Leggat, III, sr. v.p.-marketing; Gary D. Bernard, sr. v.p.-human resources; Paul J. McIntire, sr. v.p.-special business group; W. Allen Surber, sr. v.p.-research & engineering; Cliff O. Bickell, treasurer.

Directors: Jack C. Davis, chairman; George W. Brown, Frank G. Chambers, Chester I. Lappen, Jack D. Steele, Vincent N. Marafino, Glenn E. Penisten, Erwin Tomash, Graham Tyson.

Areas of Work: Designs and manufactures peripherals for data processing systems, including laser band, matrix and daisy wheel printers. In addition, the Corporation produces data transmission telecommunications equipment including test and analysis devices, multiplex equipment, and modems for industrial, governmental and commercial use, and ribbons for computer impact printers.

Divisions and Subsidiaries:

Woodland Hills Division
6219 DeSoto Avenue
Woodland Hills, California 91365
(213) 887-8000

Dataproducts-Customer Service Division
21300 Roscoe Boulevard
Canoga Park, California 91304

Dataproducts International, Ltd.
Dataproducts House
136-138 High Street, Egham
Surrey, TW20 9HL

Dataproducts (Dublin) Limited
Clonshaugh-Industrial Estate
Dublin 5, Ireland

Dataproducts (Milford)
Route 13
Milford, New Hampshire 03055

Dataproducts Hong Kong, Limited
95, How-Ming Street
Kwun Tong
Kowloon, Hong Kong

Data Products New England, Inc.
Barnes Park North
Wallingford, Connecticut 06492
(203) 265-7151

Dataproducts Supplies Division
9657 Mason Avenue
Chatsworth, California 91311
(213) 882-0530

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American, Pacific, Philadelphia

Ticker Symbol: DPC

Number of Employees:

1986	4,200	1983	N.A.
1985	4,100	1982	4,700
1984	5,651		

Plant Footage:

1986	1,262,000 sq. ft.	1983	N.A.
1985	1,500,000	1982	1,600,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Revenues +	Net Income
1986	$ 353,837,000	$ (26,767,000)
1985	471,828,000	27,693,000
1984	398,636,000	26,040,000
1983	317,671,000	13,761,000
1982	289,740,000	4,676,000

	No. of Com. Shares #	Earn. per Share #
1986	20,806,000	$ —
1985	20,911,000	1.32
1984	20,599,000	1.26
1983	19,561,000	0.70
1982	19,306,000	0.24

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	$0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.15	100%	—
1982	0.15	—	—

Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 213,980,000	$ 10.25
1985	242,929,000	11.70
1984	217,921,000	10.53
1983	169,927,000	8.70
1982	158,648,000	8.16

Adjusted to reflect stock dividend.

Income Account *

Year ended	3/29/86	3/30/85
Net revenues	$ 353,837,000	$ 471,828,000
Cost of revenues	260,112,000	324,792,000
Expenses	114,945,000	114,680,000
Interest expense	3,042,000	3,508,000
Income (loss) before taxes	$ (24,262,000)	$ 28,848,000
Income taxes	2,505,000	1,155,000
Net Income (Loss)	$ (26,767,000)	$ 27,693,000

* Included in Costs and Expenses, Depreciation and Amortization: $12,493,000 in 1986 and $13,234,000 in 1985.

Assets

As of	3/29/86	3/30/85
Cash & securities	$ 28,026,000	$ 54,522,000
Short-term investments	—	66,949,000
Purchased discounted receiv.	98,622,000	—
Accts. receiv., net	72,259,000	84,780,000
*Inventories	64,841,000	85,100,000
Other current assets	4,040,000	3,353,000
Current Assets	$ 267,788,000	$ 294,714,000
#Fixed assets	52,818,000	60,404,000
Intangibles	13,243,000	13,723,000
Other assets	256,000	1,442,000
Total Assets	$ 334,105,000	$ 370,283,000
Liabilities		
Notes payable	$ 18,947,000	$ 53,908,000
Accts. payable	29,331,000	28,205,000
Accruals	14,478,000	14,673,000
Income taxes	2,276,000	3,651,000
Long-term debt, curr. portion	14,725,000	3,000,000
Other liabilities	10,236,000	3,813,000
Dividends payable	1,670,000	1,661,000
Curr. Liabilities	$ 91,663,000	$ 108,911,000
Long-term debt	25,462,000	12,575,000
Deferred inc. taxes	1,691,000	4,093,000
Other liabilities	1,309,000	1,775,000
+Common stock	2,088,000	2,076,000
Add. paid-in capital	98,446,000	97,302,000
Retained earnings	113,446,000	143,551,000
Total Liabilities & Shareholders' Equity	$ 334,105,000	$ 370,283,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	6.11
%Net Income to Revenues	—	5.87
%Net Income to Equity	—	11.40
Sales to Inventories	5.46	5.54
Debt to Equity	0.12	0.29
Working Capital	$176,125,000	$185,803,000
Current Ratio	2.92	2.71
Shareholders' Equity	$213,980,000	$242,929,000

Dataram Corporation

P.O. Box 7528
Princeton, New Jersey 08543
(609) 799-0071

Officers: Raymond P. Von Culin, chairman of the board; Robert V. Tarantino, president & chief exec. officer; Thomas J. Bitar, secretary; Frank Kardashian, v.p.-finance, treasurer & asst. secretary.

Directors: Raymond P. Von Culin, Richard Holzman, John Cahill, Robert V. Tarantino.

Areas of Work: Design and manufacture of memory products for the minicomputer industry.

Subsidiary:

Dataram International Sales Corporation

Transfer Agent(s):

First Fidelity Bank, N.A., New Jersey
Stock Transfer Dept.
P.O. Box 1309
Newark, New Jersey 07101

Stock Exchange(s): American

Ticker Symbol: DTM

Number of Employees:

1986	109	1983	190
1985	112	1982	N.A.
1984	214		

Plant Footage:

1986	55,000 sq. ft.	1983	53,000
1985	55,000	1982	N.A.
1984	71,000		

N.A.-Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 17,458,000	$ 4,183,000
1985	18,398,000	(793,000)
1984	19,028,409	1,328,406
1983	16,182,348	1,266,573
1982	20,058,695	1,413,705

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,967,348	$ 2.07
1985	2,005,204	—
1984	2,230,293	0.59
1983	2,391,915	0.52
1982	2,411,251	0.59

(Loss)
‡ Based on the average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 12,777,000	$ 6.49
1985	8,392,341	4.19
1984	8,978,204	4.03
1983	11,716,710	4.97
1982	10,781,231	4.49

‡ Based on the average number of common shares outstanding.

Income Account *

Year ended April 30	1986	1985
Revenues	$ 17,458,000	$ 18,398,000
Cost of sales	7,096,000	11,381,000
Expense	5,674,000	5,990,000
Interest income	(364,000)	(35,000)
Interest expense	26,000	196,000
Other income	(2,251,000)	(829,000)
Costs ret. to discont. prod. lines	—	3,578,000
Inc. (loss) bef. taxes	$ 7,277,000	$ (1,883,000)
Income taxes (credit)	3,094,000	(1,090,000)
Net Income (Loss)	$ 4,183,000	$ (793,000)

* Included in Costs and Expenses, Depreciation and Amortization: $241,000 in 1986 and $335,000 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 10,449,000	$ 3,012,000
Marketable securities	469,000	—
Accts. receiv., net	2,055,000	2,527,000
*Inventories	1,240,000	2,026,000
Income tax receiv.	—	799,000
Due from employees	25,000	56,000
Other curr., assets	162,000	521,000
Current Assets	$ 14,400,000	$ 8,941,000
Investments in CSP Inc.	—	1,430,000
#Fixed assets	1,355,000	1,474,000
Other assets	8,000	9,000
Total Assets	$ 15,763,000	$ 11,854,000
Liabilities		
Accts. payable	$ 587,000	$ 597,000
Accruals	1,282,000	1,391,000
Inc. taxes payable	275,000	525,000
Curr. Liabilities	$ 2,144,000	$ 2,513,000
Deferred income taxes	842,000	949,000
+Common stock	1,964,000	1,983,000
Add. paid-in capital	3,595,000	3,734,000
Retained earnings	7,533,000	3,350,000
Notes receivable	(315,000)	(675,000)
Total Liabilities & Shareholders' Equity	$ 15,763,000	$ 11,854,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenue	41.68	—
%Net Income to Revenues	23.96	—
%Net Income to Equity	32.74	—
Working Capital	$12,256,000	$6,428,000
Current Ratio	6.72	3.56
Shareholders' Equity	$12,777,000	$8,392,000

Datascope Corp.

580 Winters Avenue
P.O. Box 5
Paramus, New Jersey 07653
(201) 265-8800

Officers: Lawrence Saper, chairman & president; George Heller, sr. v.p. & secretary; Ernst Janzen, sr. v.p.-int'l.; Bruce L. Hanson, v.p.-operations; William H. Terrell, v.p.-corp. design; Greg Buis, v.p.-marketing; Andre Cohen, v.p.-international marketing; Murray Pitkowsky, v.p.-finance & treasurer.

Directors: David Altschiller, William L. Asmundson, Joseph Grayzel, George Heller, Alan J. Patricof, Lawrence Saper, Norman Schneider.

Areas of Work: Designs, manufactures and markets electronic medical instruments and related products for clinical health care applications. The product lines are divided into three areas: physiological monitors, defibrillator systems and cardiac assist systems.

Products include a microprocessor based blood pressure monitor which measures and displays systolic, diastolic, average blood pressure values and heart rate. In addition to the display, a built-in printer prints all the numerical results along with date and time. Also the company manufactures defibrillator systems which consist of a monitor for heart rhythm/rate, a recorder, and a defibrillator for administering an electrical discharge for restoring normal heart rhythm.

Subsidiaries:

Datascope B.V.
Hoevelaken, Holland

Datascope GmbH
Bremen, West Germany

Datascope Medical Co. Ltd.
Cambridge, United Kingdom

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSCP (NASDAQ)

Number of Employees:

1986	790	1983	630
1985	730	1982	540
1984	690		

Plant Footage:

1986	137,100 sq. ft.	1983	127,000
1985	145,000	1982	113,000
1984	138,000		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 67,400,000	$ 3,027,924
1985	50,550,000	1,688,266
1984	42,229,592	1,881,163
1983	37,806,114	2,094,032
1982	31,200,496	1,592,855

	No. of Com. Shares +	Earn. per Share † ‡
1986	2,569,000	$ 1.18
1985	2,463,000	0.69
1984	2,449,000	0.77
1983	2,477,000	0.85
1982	2,385,000	0.67

‡ Including extraordinary gains of $164,000 ($0.07 per share) in 1985 and $615,000 ($0.25 per share) in 1984.
+ Based on weighted average number of shares outstanding.
† Based on weighted average number of shares outstanding assuming full dilution.

Revenue By Line of Business

	1986	1985	1984	1983
Monitor/defibrillator systems	10%	15%	18%	24%
Physiological monitoring pro.	43	41	39	36
Cardiac assist systems	47	44	43	40
Total	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 24,521,056	$ 9.54
1985	21,209,416	8.61
1984	19,524,679	7.97
1983	17,634,735	7.12
1982	15,200,877	6.37

+ Based on weighted average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 67,400,000	$ 50,550,000
Cost of sales	30,175,000	23,286,000
Expenses	32,217,076	24,994,734
Income before taxes	$ 5,007,924	$ 2,269,266
Income taxes	1,980,000	745,000
Net Income	$ 3,027,924	$ 1,524,266
Extraord. gain	—	164,000
Net Income & Extraord. Gain	$ 3,027,924	$ 1,688,266

* Included in Costs and Expenses, Depreciation and Amortization: $2,507,267 in 1986 and $1,862,130 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,391,808	$ 1,136,941
Treasury bills	1,419,668	4,173,746
Accts. receiv., net	17,650,797	14,572,040
*Inventories	20,680,950	15,830,330
Prepaid expenses	1,814,887	1,369,745
Current Assets	$ 42,948,110	$ 37,082,802
#Fixed assets	11,094,421	8,935,524
Other assets	2,206,170	1,669,033
Total Assets	$ 56,258,701	$ 47,687,359

Liabilities

Short-term debt	$ 2,790,583	$ 1,597,713
Accts. payable	6,322,098	4,900,367
Accruals	6,969,897	4,623,242
Income taxes	1,585,463	1,777,450
Long-term debt, curr.	438,684	129,709
Curr. Liabilities	$ 18,106,725	$ 13,028,481
Other liabilities	665,677	346,530
Long-term debt	11,518,013	11,956,702
Deferred inc. taxes	1,447,230	1,146,230
+Common stock	24,376	24,014
Add. paid-in capital	3,557,913	3,007,935
Retained earnings	21,406,673	18,378,749
Treasury stock	(216,069)	(12,648)
Cum. trans. adjust.	(251,837)	(188,634)
Total Liabilities & Shareholders' Equity	$ 56,258,701	$ 47,687,359

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Income bef. Taxes to Sales	4.49	4.49
%Net Income to Sales	4.49	3.02
%Net Income to Equity	12.35	7.19
Sales to Inventories	3.26	3.19
Debt to Equity	0.47	0.65
Working Capital	$24,851,385	$24,054,321
Current Ratio	2.37	2.85
Shareholders' Equity	$24,521,056	$21,209,416

Datasouth Computer Corporation

4216 Stuart Andrew Boulevard
P.O. Box 240947
Charlotte, North Carolina 28224
(704) 523-8500

Officers: Carl Morath, chairman; James W. Busby, president; K. Nick Waller, exec. v.p.-operations; Gordon W. Friedrich, v.p.-finance, treasurer & secretary; Jess D. Lafollette, v.p.-mfg.; Charles C. Farthing, v.p.-sales.

Directors: Carl Morath, chairman of the board; James W. Busby, Milford R. Derrick, William M. Hammock, W. Olin Nisbet, III, K. Nick Waller.

Areas of Work: Designs, manufactures, and distributes computer printers and related products, used primarily with distributed data processing systems and word processors.

Subsidiary:
Datasouth International Sales Corporation

Transfer Agent(s):
Wachovia Bank and Trust Company, N.A.
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSCC (NASDAQ)

Sales and Earnings

	Revenue	Net Income
1986	$ 19,212,000	$ 858,000
1985	20,852,000	1,163,000
1984	18,395,000	1,817,000
1983	17,701,000	2,613,000
1982	12,514,000	1,772,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,802,000	$ 0.15
1985	5,841,000	0.20
1984	5,841,000	0.31
1983	5,457,000	0.49
1982	5,219,000	0.35

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 17,422,000	$ 3.00
1985	16,826,000	2.88
1984	15,663,000	2.68
1983	13,847,000	2.54
1982	3,119,000	0.60

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Revenues	$ 19,211,896	$ 20,851,918
Cost of sales	12,410,883	14,016,307
Expenses	6,040,769	5,566,145
Interest income	(550,743)	(577,285)
Other income	(1,518)	(818)
Income before taxes	$ 1,312,505	$ 1,842,569
Income taxes	454,893	679,509
Net Income	$ 857,612	$ 1,163,060

* Included in Costs and Expenses, Depreciation and Amortization: $877,694 in 1986 and $675,950 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 8,088,615	$ 8,638,981
Accts. receiv., net	2,823,492	2,229,762
*Inventories	4,384,558	4,255,341
Prepaid expenses	214,204	126,101
Current Assets	$ 15,510,869	$ 15,250,185
#Fixed assets	2,766,093	2,710,421
Other assets	537,099	496,856
Total Assets	$ 18,814,061	$ 18,457,462

Liabilities

Cap. lease oblig., curr.	$ 4,608	$ 4,588
Accts. payable	731,740	831,248
Emp. taxes withheld	18,341	17,415
Accrued payroll	280,011	186,413
Accrued inc. taxes	—	54,081
Accrued profit-sharing	5,008	76,774
Other accruals	253,582	382,667
Curr. Liabilities	$ 1,293,290	$ 1,553,186
Cap. lease oblig.	24,226	29,235
Deferred inc. taxes	74,386	48,661
+Common stock	58,410	58,410
Add. paid-in capital	8,145,570	8,145,570
Retained earnings	9,480,012	8,622,400
Treasury stock	(261,833)	—
Total Liabilities & Shareholders' Equity	$ 18,814,061	$ 18,457,462

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.83	8.84
%Net Income to Sales	4.46	5.58
%Net Income to Equity	4.92	6.91
Sales to Inventories	4.38	4.90
Working Capital	$14,217,579	$13,696,999
Current Ratio	11.99	9.82
Shareholders' Equity	$17,422,159	$16,826,380

Datum Inc.

1363 South State College Boulevard
Anaheim, California 92806
(714) 533-6333

Officers: Louis B. Horwitz, chairman of the board & president; William E. Baldwin, v.p. & president-Timing Division; Harry E. Gruen, v.p. & pres.-Spectrum Technology, Inc.; Walter A. Zarris, v.p. & pres.-Frequency and Time Systems, Inc.; Benjamin F. Tarver, v.p.-finance, treasurer & secretary; Martha Gibbs, asst. secretary.

Directors: Louis B. Horwitz, chairman; Edward A. Money, G. Tilton Gardner, Dan L. McGurk, Thomas J. O'Rourke.

Areas of Work: Engaged in the design, development and manufacture of precision frequency and timing instrumentation products.

Subsidiaries:

Frequency and Time Systems, Inc.
34 Tozer Road
Beverly, Massachusetts 01915
(617) 927-8220

Spectrum Technology, Inc.
300 Frederick Lopez Road
Goleta, California 93116
(305) 683-3481
Produces a line of quartz crystal oscillators.

Bancomm Corporation
San Jose, California
Produces a line of timing instrumentation products.

Transfer Agent(s):
Manufacturers Hanover Trust Company of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DATM (NASDAQ)

Number of Employees:
1986 386

Plant Footage:
1986 ..... 125,700 sq. ft.

Sales and Earnings

	Net Sales	Net Income +
1986	$ 24,154,000	$ 1,015,000
1985	19,137,000	976,000
1984	19,456,000	1,546,000
1983	18,595,000	1,094,000
1982	11,663,000	(1,326,000)

	No. of Com. Shares	Earn. per Share ‡+
1986	2,727,890	$ 0.36
1985	2,798,863	0.33
1984	2,937,163	0.53
1983	2,921,063	0.47
1982	2,000,063	—

(Loss)
+ Including extraordinary gains of $187,000 ($0.07 per share) in 1984 and $144,000 ($0.06 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 14,803,000	$ 5.42
1985	14,190,000	5.07
1984	13,858,000	4.72
1983	12,118,000	4.15
1982	2,490,000	1.24

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 24,154,000	$ 19,137,000
Cost of sales	14,512,000	11,290,000
Expenses	7,861,000	6,300,000
Interest income	(65,000)	(203,000)
Income before taxes	$ 1,846,000	$ 1,750,000
Income taxes	831,000	774,000
Net Income	$ 1,015,000	$ 976,000

* Included in Cost and Expenses, Depreciation and Amortization: $829,000 in 1986 and $519,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 3,587,000	$ 3,918,000
Accts. receiv., net	5,688,000	5,413,000
*Inventories	4,377,000	3,717,000
Prepaid expenses	103,000	71,000
Income taxes receiv.	254,000	478,000
Current Assets	$ 14,009,000	$ 13,597,000
#Fixed assets	4,668,000	4,685,000
Other assets	2,983,000	1,572,000
Total Assets	$ 21,660,000	$ 19,854,000

Liabilities

Long-term debt, curr.	$ 232,000	$ 219,000
Accts. payable	1,096,000	776,000
Income taxes payable	229,000	—
Accruals	1,397,000	1,082,000
Curr. Liabilities	$ 2,954,000	$ 2,077,000
Long-term debt	2,165,000	2,392,000
Deferred income taxes	1,738,000	1,195,000
+Common stock	682,000	700,000
Add. paid-in capital	10,101,000	10,485,000
Retained earn.	4,020,000	3,005,000
Total Liabilities & Shareholders' Equity	$ 21,660,000	$ 19,854,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef Taxes to Sales	7.64	9.14
%Net Income to Sales	4.20	5.10
%Net Income to Equity	6.86	6.88
Sales to Inventories	5.52	5.15
Debt to Equity	0.15	0.18
Working Capital	$11,055,000	$11,520,000
Current Ratio	4.74	6.55
Shareholders' Equity	$14,803,000	$14,190,000

DBA Systems, Inc.

P.O. Drawer 550
1200 South Woody Burke Road
Melbourne, Florida 32902
(305) 725-3711

Officers: Howard N. Hebert, chairman of the board, president & chief exec. officer; John L. Schaumann, v.p. & dir.-strategic planning; Jon D. Guess, v.p. & controller; Edward I. Williams, sr. v.p.; Gary J. Cooey, v.p.-administration; Gerald A. Nathe, sr. v.p.; John N. Elder, v p. & treasurer; Eugene S. Cavallucci, v.p., gen. counsel & secretary; Charles N. Keating, Jr., v.p.-business development.

Directors: Howard N. Hebert, chairman; George L. MacKay, Harry Huge, William C. Potter, Brent Scowcroft, Jonathan L. Collens, Sr., John C. Colman, Gordon O.F. Johnson, Franklin S. Atwater, Martin L. Blatt, Gerald A. Nathe, Harold M. Agnew.

Areas of Work: Engaged in the development and production of trackers used in airborne and ground based weapons, and for satellites, and gun fire-control systems; message switching systems as well as complete message preparation and distribution terminals. Produces instrumentation and systems for photogrammetric structural measurement and aerial photography, primarily for government use.

Divisions and Subsidiaries:

DBA Systems, Inc.-Washington D.C. Division
11781 Lee Jackson Memorial Hwy.
Fairfax, Virginia 22033
(703) 591-0800

DBA Systems, Inc.-Melbourne
1135 West NASA Boulevard
P.O. Drawer 550
Melbourne, Florida 32902-0550
(305) 727-0660

MTL Systems, Inc.
3481 Dayton-Xenia Road
Dayton, Ohio 45431
(513) 426-3111
Produces digital image processing equipment, photographic laboratory automation and evaluation.

Spatial Data Systems, Inc.
1135 West NASA Boulevard
P.O. Box 2346
Melbourne, Florida 32902-2346
(305) 729-8346

Dunn Instruments, Inc.
544 Second Street
San Francisco, California 94107
(415) 957-1600

LogEtronics, Inc.
7001 Loisdale Road
Springfield, Virginia 22150
(703) 971-1400

LogEtronics AG
Industriestrasse 57
CH-8152 Glattbrugg
Switzerland
4118106610

LogEtronics GmbH
Dieselstrasse 10
6242 Kronberg 2
West Germany
4961736988

Luth International A/S (50% owned)
Merkurvej 2
4200 Slagelse
Denmark
03529100

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DBAS (NASDAQ)

Number of Employees:

1986	805	1983	425
1985	800	1982	346
1984	800		

Plant Footage:

1986 . . . . . 240,750 sq. ft.

Sales and Earnings

	Revenues	Net Income #
1986	$ 74,353,814	$ 4,156,658
1985	66,011,603	3,481,856
1984	38,086,675	2,445,330
1983	28,374,574	1,841,677
1982	24,646,745	1,343,587

	No. of Com. Shares ‡	Earn. per Share ‡#
1986	3,748,570	$ 1.11
1985	3,718,270	0.94
1984	3,058,731	0.80
1983	2,637,731	0.70
1982	2,233,406	0.60

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.
# Including extraordinary gain of $18,000 ($0.01 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	4-for-3 & 3-for-2
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 31,658,458	$ 8.45
1985	26,227,730	7.05
1984	22,587,964	7.38
1983	13,405,232	5.08
1982	4,536,828	2.03

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 74,353,814	$ 66,011,603
Cost of sales	58,979,517	52,297,607
Expenses	8,720,798	8,148,610
Interest expense	2,396,591	875,808
Other income	(1,669,499)	(466,593)
Eq. in earn. of affil.	(803,251)	(635,685)
Income before taxes	$ 6,729,568	$ 5,791,856
Income taxes	2,573,000	2,310,000
Net Income	$ 4,156,658	$ 3,481,856

* Included in Costs and Expenses, Depreciation: $1,533,060 in 1986 and $1,861,938 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 4,660,339	$ 678,723
Market. secur.	23,021,710	—
Accts. receiv., net	16,881,200	12,303,781
Earnings in excess of billings	6,647,642	4,679,915
*Inventories	9,771,596	11,186,435
Other curr. assets	799,898	544,671
Current Assets	$ 61,782,385	$ 29,393,525
#Fixed assets	9,948,596	9,501,211
Other assets	10,576,393	8,044,717
Total Assets	$ 82,307,374	$ 46,939,453

Liabilities

Long-term debt, curr.	$ 350,619	$ 1,398,189
Accts. payable	3,301,047	3,759,265
Accruals	2,305,744	4,344,382
Billings in exc. of costs	176,704	218,658
Income taxes payable	368,423	364,532
Other curr. liab.	182,897	231,138
Curr. Liabilities	$ 8,507,674	$ 10,316,164
Deferred taxes	3,058,994	1,893,421
Long-term debt	39,082,248	8,502,138
+Common stock	396,916	392,995
Add. paid-in capital	15,998,867	15,650,475
Retained earnings	14,743,412	10,586,754
Currency trans. adj.	647,649	(274,108)
Treasury stock	(128,386)	(128,386)
Total Liabilities & Shareholders' Equity	$ 82,307,374	$ 46,939,453

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	9.05	8.77
%Net Income to Revenues	5.59	5.27
%Net Income to Equity	13.13	13.28
Sales to Inventories	7.61	5.90
Debt to Equity	1.23	0.38
Working Capital	$53,274,711	$19,077,361
Current Ratio	7.26	2.85
Shareholders' Equity	$31,658,458	$26,227,730

Decision Industries Corporation

400 Horsham Road
Horsham, Pennsylvania 19044-0996
(215) 674-3300

Officers: Richard J. Schineller, chairman & chief executive officer; Joseph J. Ciasullo, president & chief operating officer; Howard Bernard, sr. v.p. & general counsel; Larry Gerhard, president-Decision Data Computer Corp.; John J. Brennan, v.p.-business planning & development; Luke K. McCarthy, v.p.-finance & chief financial officer; Robert N. Liberatore, v.p.-operations support; Arvel R. Bowyer, pres.-Decision Development Corp. Glenn F. Klein, pres.-Decision Beverage Systems Corp.; John J. Brennan, pres.-International Computerized Telemarketing Inc.; William A. Catania, pres.-Decision Data Service, Inc.; David Connell, pres.-Division Restaurant Systems Corp.; Joel F. Sussman, treasurer & asst. secretary; Vincent M. Dadamo, corporate secretary & asst. gen. counsel; John G. Cannon, controller.

Directors: Howard Bernard, Carl W. Stursberg, Jr.*, Richard J. Schineller*, Frank E. Lane, Emil R. Borgers, Richard W. Sonnenfeldt*, Joseph J. Ciasullo.

* Member of the Executive Committee.

Areas of Work: Holding company for computer and computer peripheral manufacturing, software and systems development, and computer service companies.

Subsidiaries:

Decision Data Computer International Ltd.
Decision Data Leasing Corporation
Decision Data Properties Corporation
Decision Data Computer Corporation
International Computerized Telemarketing, Inc. (99% owned)
Decision Data Service, Inc.
Decision Data Direct, Inc.
Decision Development Corporation (80% owned)
Decision Data International Corporation
Decision Restaurant Systems Corporation
Decision Realty Investment Corporation
Jones Business Systems
Panatec
Decision Beverage Systems Corp.
Decision Data Computer Sales Corporation
ICT Properties Co. Inc.

Decision Data Computer International, S.A. (49% owned)
15 Rue de l'Hospital
1701 Fribourg, Switzerland

Decision Data (Canada) Inc (49% owned)
Montreal, Quebec; Toronto, Ontario, Vancouver, British Columbia

Decision Data Computer (Belgium) S.A. (49% owned)
Avenue E. De Mot 10
B-1050 Brussels, Belgium

Decision Data Computer (G.B.) Ltd. (49% owned)
London and Manchester, England

Decision Data Computer, S.A. (49% owned)
Paris, France

Decision Data Computer GmbH (49% owned)
Frankfurt, Hamburg, Hanover, Munich and Stuttgart, West Germany.

Decision Data Computer Gesellschaft MBH
Austria

Transfer Agent(s):
American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: DIC

Number of Employees:

1986	1,601	1983	1,300
1985	1,783	1982	1,100
1984	N.A.		

Plant Footage:

1986	240,400 sq. ft.	1983	174,000
1985	154,300	1982	149,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income ‡
1986	$ 195,083,000	$ 7,750,000
1985	175,586,000	7,834,000
1984	146,524,000	7,986,000
1983	103,361,000	5,376,000
1982	74,072,000	3,809,000

	No. of Com. Shares	Earn. per Share #‡
1986	9,400,207	$ 0.82
1985	9,370,184	0.86
1984	7,797,762	1.02
1983	7,650,743	0.72
1982	5,191,933	0.57

‡ Including extraordinary gains of $321,000 ($0.04 per share) in 1983 and $1,051,000 ($0.16 per share) in 1982.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 96,647,000	$ 10.28
1985	86,781,000	9.26
1984	51,506,000	6.61
1983	42,737,000	5.59
1982	21,805,000	4.20

Income Account *
(000's)

Year ended Nov. 30	1986	1985
Net sales	$ 131,755	$ 125,891
Maintenance	59,866	43,440
Other income	3,462	6,255
Revenues	$ 195,083	$ 175,586
Cost of revenues	126,201	106,016
Expense	67,577	57,999
Interest income	(254)	(298)
Restructuring income	(8,352)	—
Nonoperating income	(1,265)	—
Income before taxes	$ 11,176	$ 11,869
Income taxes	3,426	4,035
Net Income	$ 7,750	$ 7,834

* Included in Costs and Expenses, Depreciation and Amortization: $5,274,000 in 1986 and $3,732,000 in 1985.

Assets
(000's)

As of Nov 30	1986	1985
Cash	$ 15,526	$ 20,375
Receiv., net	36,556	31,588
Notes receivable	13,203	—
*Inventories	37,758	41,770
Prepaid expenses	1,255	1,162
Def. inc. taxes	766	5,509
Other curr. assets	533	2,445
Current Assets	$ 105,597	$ 102,849
Receivables	1,709	2,958
#Fixed assets	13,047	13,013
Investments in joint venture cos.	3,101	3,794
Other assets	1,101	2,504
Total Assets	$ 130,799	$ 125,118

Liabilities
(000's)

Notes payable	$ —	$ 3,961
Long-term debt, curr.	1,576	360
Accts. payable	11,471	10,321
Accruals	10,830	11,152
Income taxes	3,854	5,907
Deferred revenues	4,638	3,187
Curr. Liabilities	$ 32,369	$ 34,888
Long-term debt	1,436	1,268
Deferred income taxes	347	2,181
+Common stock	955	942
Add. paid-in capital	67,249	64,409
Retained earnings	29,337	21,587
Treasury stock	(1,395)	(378)
Deferred compensation	(187)	—
For. curr. trans. adj.	688	221
Total Liabilities & Shareholders' Equity	$ 130,799	$ 125,118

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	5.73	6.76
%Net Income to Revenues	3.97	4.46
%Net Income to Equity	8.02	9.03
Debt to Equity	0.01	0.06
Working Capital	$73,228,000	$67,961,000
Current Ratio	3.26	2.95
Shareholders' Equity	$96,647,000	$86,781,000

Decom Systems, Inc.

340 Rancheros Drive
San Marcos, California 92069
(619) 744-1002

Officers: John A. Robinson, Jr., chairman, president & chief exec. officer; Richard K. Carrine, v.p.-manufacturing & secretary; George F. Tremain, v.p.-marketing and corp. development; Steven E. Borgardt, treasurer & chief financial officer.

Directors: John A. Robinson, chairman; Richard K. Carrine, Kenneth D. Holland, George F. Tremain.

Areas of Work: Designs, manufactures, and markets a wide range of electronic communications equipment in two primary markets - aerospace telecommunications and land mobile radio communications. The Company's principal aerospace telemetry products are PSK (Phase Shift Key) and PCM (Pulse Code Modulation) telemetry ground support systems and related test equipment. The Company's principal land mobile radio (LMR) products are digital signalling equipment used in two-way mobile radio systems.

Subsidiaries:

Coded Communications Corporation
San Marcos, California 92069

Coded Communications Network Systems
San Marcos, California 92069

DSI Management Company
San Marcos, California 92069

Decom Systems GmbH
Munich, West Germany

Transfer Agent(s):
California First Bank
Trust Department
8155 Mercury Court
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSII (NASDAQ)

Number of Employees:

1968	118

Plant Footage:

1986	46,000 sq. ft.

Sales and Earnings

	Revenues	Net Income
1986	$ 13,189,000	$ 1,135,00
1985	11,034,000	(3,905,000)
1984	9,720,000	660,000
1983	7,202,000	550,000
1982	5,715,000	370,000

	No. of Com. Shares ‡	Earn. per Share ‡ +
1986	2,715,000	$ 0.42
1985	2,656,000	—
1984	2,774,000	0.24
1983	2,781,000	0.20
1982	2,165,000	0.17

(Loss)
+ Including extraordinary gain of $215,000 ($0.08 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Aerospace telecommunications	$ 9,232,000	$ 5,847,000
Land mobile radio communications	3,957,000	5,187,000
Total	$ 13,189,000	$ 11,034,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,012,000	$ 0.74
1985	847,000	0.32
1984	4,749,000	1.71
1983	4,004,000	1.44
1982	2,590,000	1.20

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 13,189,000	$ 11,034,000
Cost of sales	6,939,000	6,351,000
Expenses	4,921,000	5,255,000
Loss on restructuring	—	1,002,000
Interest expense	417,000	249,000
Other income	(383,000)	—
Losses in limited partnership	121,[illegible]	2,352,000
Inc. (loss) bef. taxes	$ 1,17[illegible]	(4,175,000)
Income taxes (credit)	254,[illegible]	(270,000)
Net Income (Loss)	$ 920,000	$ (3,905,000)
Extraord. gain	215,000	—
Net Income (Loss) & extraord. gain	$ 1,135,000	$ (3,905,000)

* Included in Costs and Expenses, Depreciation and Amortization: $488,000 in 1986 and $405,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash & cash equiv.	$ 981,000	$ 371,000
Accts. receiv., net	2,125,000	1,679,000
Unbilled costs	556,000	169,000
*Inventories	2,444,000	3,685,000
Deferred charges	153,000	472,000
Current Assets	$ 6,259,000	$ 6,376,000
Other assets	171,000	—
#Fixed assets	1,352,000	1,429,000
Intangibles	337,000	347,000
Total Assets	$ 8,119,000	$ 8,152,000

Liabilities

Notes payable & long-term debt, curr.	$ 259,000	$ 456,000
Accts. payable	488,000	541,000
Accrued payroll	311,000	329,000
Accrued commissions	351,000	239,000
Deferred revenue	543,000	522,000
Income taxes	136,000	108,000
Losses in limited partnerships	579,000	333,000
Curr. Liabilities	$ 2,667,000	$ 2,528,000
Long-term debt	1,531,000	1,724,000
Losses in limited partnerships	476,000	1,620,000
Convert. subord. debentures	1,400,000	1,400,000
Deferred inc. taxes	33,000	33,000
+Common stock	2,760,000	2,730,000
Retained earnings (deficit)	(748,000)	(1,883,000)
Total Liabilities & Shareholders' Equity	$ 8,119,000	$ 8,152,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.98	—
%Net Income to Sales	8.61	—
%Net Income to Equity	56.41	—
Sales to Inventories	5.40	2.99
Debt to Equity	0.89	2.57
Working Capital	$3,592,000	$3,848,000
Current Ratio	2.35	2.52
Shareholders' Equity	$2,012,000	$ 847,000

Del Electronics Corp.

250 E. Sandford Boulevard
Mount Vernon, New York 10550
(914) 699-2000

Officers: Leonard A. Trugman, chairman, chief executive officer & president; William Kaufman, v.p.-administration & secretary; Bela Hohner, v.p.-engineering; Estelle Denaro, corp. controller.

Directors: Leonard A. Trugman, chairman; Raymond Kaufman, Hugo J. DiGiovanni, Natan Bertman, Jerome A. Fuchs, David Michael.

Areas of Work: Manufacturer of high voltage power supplies, transformers and capacitors for military, commercial and industrial purposes.

Transfer Agent(s):
Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York 10081

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DELE (NASDAQ)

Number of Employees:
1986 85

Plant Footage:
1986 ..... 61,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 5,324,921	$ 46,341
1985	6,481,374	(47,887)
1984	6,121,436	(36,207)
1983	5,708,817	(722,161)
1982	6,626,460	317,702

	No. of Com. Shares +	Earn. per Share #
1986	877,438	$ 0.04
1985	807,158	—
1984	807,158	—
1983	807,158	—
1982	807,158	0.39

(Loss)
+ Adjusted to reflect stock dividend.
# Based on the average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	25%	—
1983	0.06	—	—
1982	0.12	—	—

Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 1,492,195	$ 1.70
1985	1,363,177	1.69
1984	1,411,064	1.75
1983	1,447,605	1.79
1982	2,218,201	2.75

Adjusted to reflect stock dividend.

Income Account *

Year ended July 31	1986	1985
Net sales	$ 5,324,921	$ 6,481,374
Cost of sales	4,051,987	5,399,540
Expenses	1,208,434	1,199,428
Other income	—	(9,228)
Income (loss) bef. taxes	$ 64,500	$ (108,366)
Income taxes (credit)	18,159	(60,479)
Net Income (Loss)	$ 46,341	$ (47,887)

* Included in Costs and Expenses, Depreciation: $35,985 in 1986 and $32,926 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 100,949	$ 227,749
Accts. receiv., net	1,021,168	1,240,032
*Inventories	1,595,600	1,236,758
Prepaid expenses	49,649	13,793
Income tax refund	—	49,998
Current Assets	$ 2,767,366	$ 2,768,330
#Fixed assets	92,845	98,792
Other assets	58,474	—
Total Assets	$ 2,918,685	$ 2,867,122

Liabilities

Notes payable	$ 317,782	$ 451,000
Long-term debt, curr.	80,003	—
Accts. payable	363,936	620,056
Accruals	146,509	91,426
Accrued payroll	215,739	341,463
Income taxes	15,854	—
Curr. Liabilities	$ 1,139,823	$ 1,503,945
Long-term debt	286,667	—
+Common stock	87,744	80,716
Add. paid-in capital	1,116,318	899,615
Retained earnings	288,133	382,846
Total Liabilities & Shareholders' Equity	$ 2,918,685	$ 2,867,122

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes Sales	1.21	—
%Net Income to Sales	0.87	—
%Net Income to Equity	3.11	—
Sales to Inventories	3.34	5.24
Debt to Equity	0.46	0.33
Working Capital	$1,627,543	$1,264,385
Current Ratio	2.43	1.84
Shareholders' Equity	$1,492,195	$1,363,177

Designatronics Incorporated

2101 Jericho Turnpike
New Hyde Park, New York 11040
(516) 328-3330

Officers: Sol Schwartz, president; Joseph Rubenfeld, exec. v.p. & treasurer; Martin Hoffman, sr. v.p. & chief financial officer; Frank Buchsbaum, sr. v.p.; Hitoshi Tanaka, v.p.; Shirley Brown, secretary.

Directors: Frank Buchsbaum, Martin Hoffman, Joseph Rubenfeld, Sol Schwartz, Reuben M. Siwek.

Areas of Work: Through its divisions and subsidiaries, the Company designs, manufactures, or supplies a wide array of over 50,000 mechanical, electromechanical, and electronic components and sub-assemblies.

Divisions:

Sterling Instrument Division
New Hyde Park, New York 11040
Manufactures precision mechanical components, including precision gears, differentials, brakes, clutches, couplings, bearings and shafts.

Stock Drive Products Division
New Hyde Park, New York 11040
Manufactures and markets standard and designed-to-order small commercial-quality drive components.

Stock Model Parts Division
55 South Denton Avenue
New Hyde Park, New York 11040
Electro-mechanical training for schools as well as models for hobbyists.

Perfect Gear and Instrument Division
New Hyde Park, New York

Western Component Sales
9719 Mason Avenue
Chatsworth, California 91311

Subsidiaries:

Accusonic Systems Corporation
Manufactures speakers, headsets and microphones designed for use in severe environments, such as military, marine and aviation applications.

United Products Company
1080 Garden State Road
Union, New Jersey 07083
Engaged in the manufacture of injection molded products for the electronic mechanical drive, medical packaging, and display industries.

Techno, Inc.
14 Crandall Ave.
Pompton Lakes, New Jersey 07442
Research and development of micro-computer controlled automation and robotics.

Designatronics Foreign Sales Corp. (FSC)
New Hyde Park, New York 11040
Engaged in export activities for incorporated divisions as well as the products produced by other U.S. manufacturers.

Automatic Coil Corp.
455 East 10th Avenue
Hialeah, Florida 33010
Manufacturer of custom designed inductive components.

Systems Control Ltd. (90% owned)
Middlesbrough, England
Manufacture of robots and robotic end effectors.

Automatic Accusonic Haiti, Corp. S.A.
Port-au-Prince, Haiti
Products manufactured include a complete line of IF-RF coils, toroids, baluns, bobbins and related windings in addition to specially engineered inductors, transformers, filters, discriminators, a wide range of electronic assemblies, and printed circuit board assemblies.

Stock Drive Products, Ltd.
England

Transfer Agent(s):
Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American, Pacific

Ticker Symbol: DSG

Number of Employees:
1966 714

Plant Footage:
1986 . . . . . 178,700 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 19,320,258	$ (523,384)
1985	19,667,577	485,374
1984	18,691,227	1,113,656
1983	15,921,065	1,099,622
1982	14,528,114	948,750

	No. of Com. Shares †	Earn. per Share #
1986	2,591,602	$ —
1985	2,609,937	0.18
1984	2,547,693	0.42
1983	2,369,255	0.45
1982	1,908,423	0.44

(Loss)
† Adjusted to reflect stock dividends and stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Revenues By Line of Business

	1986	1985
Electronic	$ 5,146,000	$ 5,328,800
Electromechanical & mechanical	14,174,000	14,338,800
Total	$ 19,320,000	$ 19,667,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	10%	3-for-2
1982	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 9,507,604	$ 3.67
1985	10,096,855	3.87
1984	9,486,216	3.72
1983	8,211,757	3.47
1982	4,200,030	2.20

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Aug. 31	1986	1985
Net sales	$ 19,320,258	$ 19,667,577
Cost of sales	13,650,155	13,256,972
Expenses	6,290,430	5,803,679
Other income	(115,793)	(133,017)
Interest expense	248,850	99,569
Income (loss) bef. taxes	$ (753,384)	$ 640,374
Income taxes (credit)	(230,000)	155,000
Net Income (Loss)	$ (523,384)	$ 485,374

* Included in Costs and Expenses, Depreciation and Amortization: $787,073 in 1986 and $638,797 in 1985.

Assets

As of Aug. 31	1986	1985
Cash	$ 524,813	$ 614,652
Accts. receiv. net	3,164,032	3,097,802
*Inventories	6,491,514	6,008,387
Prepaid expenses	286,980	501,030
Refundable income taxes	343,096	—
Current Assets	$ 10,810,435	$ 10,221,871
#Fixed assets	2,867,726	2,858,778
Other assets	774,811	586,012
Total Assets	$ 14,452,972	$ 13,666,661

Liabilities

Long-term debt, curr.	$ 64,245	$ 118,904
Accts. payable	644,077	654,834
Accruals	881,394	612,622
Other taxes	5,255	50,159
Curr. Liabilities	$ 1,594,971	$ 1,436,519
Long-term debt	2,826,112	1,487,328
Deferred comp.	162,400	268,000
Deferred inc. taxes	247,915	202,915
Other liab.	113,970	175,044
+Common stock	107,878	102,934
Add. paid-in capital	8,218,034	7,697,627
Retained earnings	1,346,926	2,398,513
For. curr. trans.	4,736	—
Treasury stock	(169,970)	(98,169)
Deferred value of restricted shares	—	(4,050)
Total Liabilities & Shareholders' Equity	$ 14,452,972	$ 13,666,661

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.04 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.26
%Net Income to Sales	—	2.47
%Net Income to Equity	—	4.81
Sales to Inventories	2.98	3.27
Debt to Equity	0.30	0.16
Working Capital	$9,215,464	$ 8,785,352
Current Ratio	6.78	7.12
Shareholders' Equity	$9,507,604	$10,096,855

DEST Corporation

1201 Cadillac Court
Milpitas, California 95035
(408) 946-7109

Officers: Richard E. Amen, chairman, president & chief exec. officer; Richard D. Matthews, v.p.-business development; Dale J. Ramsey, v.p.-manufacturing; Patrick S. Jones, v.p.-finance; Bruce D. Cassell, v.p.-sales & marketing; Stanley B. Fry, v.p.-research & development; James C. Kitch, secretary.

Directors: Richard E. Amen, chairman of the board; D. Kirkwood Bowman, John G. Hill, F. Gibson Myers, Jr., Edward F. Tuck, Joseph A. Graziano, Phillip E. White.

Areas of Work: Designs, manufactures and markets electronic document readers that scan typed or printed documents, convert their content to digital form, perform character recognition and communicate this information to the computer system, thereby eliminating the need to enter the information manually.

Transfer Agent(s):
First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEST (NASDAQ)

Number of Employees:
1986 . . . . . N.A. 1985 206

Plant Footage:
1986 . . . . . N.A. 1985 . . . . . 50,000 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income †
1987	$ 19,434,000	$ (746,000)
1986	18,590,000	1,109,000
1985	18,556,000	2,616,000

1984	11,045,000	1,611,000
1983	4,086,000	(1,751,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1987	7,331,000	$ —
1986	7,096,000	0.16
1985	5,696,000	0.46
1984	5,502,000	0.29
1983	710,000	—

(Loss)
† Including extraordinary gains of $510,000 ($0.07 per share) in 1986, $1,203,000 ($0.21 per share) in 1985 and $742,000 ($0.13 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 18,383,000	$ 2.51
1986	19,001,000	2.68
1985	9,315,000	1.64
1984	6,310,000	1.15
1983	4,452,000	6.27

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Mar. 31	1987	1986
Revenue	$ 19,434	$ 18,590
Cost of revenues	10,210	7,655
Expenses	10,748	10,396
Interest income	(1,470)	(1,377)
Interest expense	768	825
Other income	(76)	(54)
Income (loss) bef. taxes	$ (746)	$ 1,145
Income taxes	—	546
Net Income (Loss)	$ (746)	$ 599
Extraord. gain	—	510
Net Income (Loss) & extraord. gain	$ (746)	$ 1,109

* Included in Costs and Expenses, Depreciation and Amortization: $1,217,000 in 1987 and $955,000 in 1986.

Assets
(000's)

As of Mar. 31	1985	1984
Cash & cash invest.	$ 10,396	$ 11,405
Accts. receiv., net	4,581	5,099
Long-term note receiv.	—	507
*Inventories	3,961	1,974
Prepaid expenses	322	504
Current Assets	$ 19,260	$ 19,489
# Fixed assets	4,127	3,173
Long-term note receiv.	3,489	4,030
Deferred license costs	192	259
Other Assets	78	5
Total Assets	$ 27,146	$ 26,956

Liabilities
(000's)

Long-term debt, curr.	$ 576	$ 480
Accts. payable	2,097	1,141
Accrued payroll	506	400
Deferred income	—	204
Other accruals	659	282
Curr. Liabilities	$ 3,838	$ 2,507
Long-term debt	4,925	5,448
+Common stock	22,856	23,208
Notes receiv. from stock sale	(660)	(1,140)
Accum. deficit	(3,813)	(3,067)
Total Liabilities & Shareholders' Equity	$ 27,146	$ 26,956

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.16
%Net Income to Sales	—	3.22
%Net Income to Equity	—	3.15
Sales to Inventories	4.91	9.42
Debt to Equity	0.30	0.31
Working Capital	$15,422,000	$16,982,000
Current Ratio	5.02	7.77
Shareholders' Equity	$18,383,000	$19,001,000

Detection Systems, Inc.

130 Perinton Parkway
Fairport, New York 14450
(716) 223-4060

Officers: Karl H. Kostusiak, president; David B. Lederer, exec. v.p., Frank J. Ryan, secretary/treasurer; James R. Berube, v.p.-systems engineering.

Directors: Karl H. Kostusiak, David B. Lederer, Wallace M. Juechter, Joseph LoBozzo, Edward C. McIrvine.

Areas of Work: Designs, manufactures, and markets electronic instrumentation and control equipment for the security and facility management industries. The Company's product line includes: electronic intrusion detectors, fire detectors, alarm control equipment, and microprocessor-based energy management equipment.

Transfer Agent(s):
Chase Lincoln First Bank, N.A.
Lincoln First Tower
Rochester, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DETC (NASDAQ)

Number of Employees:

1986	193	1983	220
1985	173	1982	194
1984	154		

Plant Footage:

1986	N.A.	1984	84,000
1985	84,000 sq. ft.	1983	84,000

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1987	$ 13,025,000	$ 713,000
1986	9,328,000	2,000
1985	8,608,000	(908,000)
1984	9,329,000	(873,000)
1983	9,341,000	293,000

	No. of Com. Shares	Earn. per Share #
1987	1,930,577	$ —
1986	1,894,181	—
1985	1,876,332	—
1984	1,870,707	—
1983	1,864,926	0.15

(Loss)
Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 7,747,070	$ 4.01
1986	6,941,249	3.66
1985	6,899,913	3.68
1984	7,798,891	4.17
1983	8,588,622	4.61

Income Account *

Year ended March 31	1987	1986
Net sales	$ 13,025,321	$ 9,328,361
Cost of sales	8,746,711	6,708,902
Expenses	3,050,106	2,456,302
Interest income	(127,565)	(141,624)
Interest expense	259,505	300,929
Inc. bef. taxes	$ 1,096,564	$ 3,852
Inc. taxes	384,050	1,500
Net Income	$ 712,514	$ 2,352

* Included in Costs and Expenses, Depreciation and Amortization: $641,379 in 1987 and $568,295 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 121,405	$ 23,852
Short-term invest.	2,367,320	1,683,263
Accts. receiv., net	1,925,874	1,459,210
*Inventories	3,325,105	2,907,776
Deferred income tax charges	422,900	—
Prepaid expenses	92,629	81,848
Current Assets	$ 8,255,233	$ 6,155,949
#Fixed assets	1,921,265	2,172,724
Prop. under cap. lease	3,371,778	3,541,106
Other assets	252,190	262,206
Total Assets	$ 13,800,466	$ 12,131,985

Liabilities

Long-term debt, curr.	$ 320,634	$ 316,655
Accts. payable	573,874	463,043
Accruals	685,141	449,208
Income taxes payable	96,659	—
Curr. Liabilities	$ 1,676,308	$ 1,228,906
Convert. deben.	1,000,000	1,000,000
Oblig. under cap. leases	2,518,788	2,839,430
Deferred inc. taxes	858,300	122,400
+Common stock	96,529	94,807
Add. paid-in capital	5,388,090	5,297,027
Retained earnings	2,262,451	1,549,937
Treasury stock	—	(522)
Total Liabilities & Shareholders' Equity	$ 13,800,466	$ 12,131,985

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.42	0.04
%Net Income to Sales	5.47	0.03
%Net Income to Equity	9.20	0.03
Sales to Inventories	3.92	3.21
Debt to Equity	0.33	0.45
Working Capital	$6,578,925	$4,927,043
Current Ratio	4.92	5.01
Shareholders' Equity	$7,747,070	$6,941,249

The Dewey Electronics Corporation

27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700

Officers: Gordon C. Dewey, president; Frances Dommeloers, v.p.-administration; Mark L. Hyland, exec. v.p.; John J. Conlan, treasurer; John G. McQuaid, secretary.

Directors: Frances D. Dewey, Gordon C. Dewey, Peter Eustis, John G. McQuaid, Alexander A. Cameron, Jr., Millard F. West, Jr., James A. Newman.

Areas of Work: The Corporation develops and produces digital systems, nuclear sensors, sonar, communications and special purpose electronic equipment. The Pitometer Log division also manufactures ship speed and distance measuring instrumentation.

The Dewey Electronics Corporation

Divisions:

Pitometer Log Division
27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700
Manufacturer of ship speed and distance measuring instrumentation.

HEDCO Division
Designs, manufactures and markets snowmaking machinery.

Transfer Agent(s):
Harris Trust Company of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEWY (NASDAQ)

Number of Employees:
1986 . . . . . 105 1985 125

Plant Footage:
1986 . . . . . 108,700 sq. ft. 1984 106,500
1985 . . . . . 106,500 1983 47,500

Sales and Earnings

	Revenues	Net Income †
1986	$ 10,586,428	$ (234,950)
1985	13,108,447	(311,341)
1984	15,772,633	489,898
1983	9,255,575	650,436
1982	6,356,757	349,446

	No. of Com. Shares +	Earn. per Share ‡†
1986	1,339,208	$ —
1985	1,339,208	—
1984	1,339,208	0.37
1983	1,323,941	0.49
1982	1,307,333	0.26

(Loss)
† Including extraordinary loss of $206,163 ($0.15 per share) in 1984.
+ Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Electronic products	$ 8,774,000	$ 11,412,000
Snowmaking equipment	1,812,000	1,696,000
Total	$ 10,586,000	$ 13,108,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	—
1982	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 3,225,220	$ 2.41
1985	3,460,170	2.58
1984	3,771,511	2.82
1983	3,271,356	2.47
1982	2,605,271	1.99

+ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 10,586,428	$ 13,108,447
Cost of revenues	8,760,322	11,355,652
Expenses	1,739,399	1,680,763
Interest expense	478,534	542,843
Interest income	(14,997)	(13,154)
Loss bef. taxes	$ (376,830)	$ (457,657)
Tax credit	(141,880)	(146,316)
Net Loss	$ (234,950)	$ (311,341)

* Included in Costs and Expenses, Depreciation and Amortization: $265,986 in 1986 and $257,320 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 265,290	$ 33,910
Accts. & notes receiv., net	1,622,893	1,329,743
Contract costs	3,605,532	3,732,541
*Inventories	1,707,775	1,960,744
Prepaid expenses & other assets	114,015	136,172
Current Assets	$ 7,315,505	$ 7,193,110
#Fixed assets	2,142,399	2,352,848
Intangibles	161,193	187,332
Claims against gov't.	1,734,640	1,714,640
Total Assets	$ 11,353,737	$ 11,447,930

Liabilities

Mortg. note payable, curr.	$ 420,427	$ 41,531
Notes payable	1,350,000	300,000
Accts. payable	1,539,142	2,079,748
Accruals	226,837	240,942
Customer deposits	73,296	243,296
Deferred income taxes	1,039,560	1,199,457
Curr. Liabilities	$ 4,649,262	$ 4,104,974
Deferred income taxes	222,440	205,544
Mortg. note payable	3,256,815	3,677,242
+Common stock	16,934	16,934
Add. paid-in capital	2,835,307	2,835,307
Retained earnings	893,661	1,128,611
Treasury stock	(520,682)	(520,682)
Total Liabilities & Shareholders' Equity	$ 11,353,737	$ 11,447,930

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	1.56	1.16
Working Capital	$2,666,243	$3,088,136
Current Ratio	1.57	1.75
Shareholders' Equity	$3,225,220	$3,460,170

Dexon, Inc.

3842 Washington Avenue North
Minneapolis, Minnesota 55412
(612) 521-4441

Officers: John H. Sandbo, chairman, president & chief executive officer; Mary M. Smith, secretary; Robert W. True, treasurer.

Directors: John H. Sandbo, chairman; Clarence E. Westin, Jon Holt, D.J. Ekberg, David Croonquist.

Areas of Work: Engaged in the design and manufacture of ultra-clean air systems and wet process work stations and quartz tube cleaners which are used in the manufacture of integrated circuits.

Transfer Agent(s):
Norwest Bank Minneapolis, N.A.
8th Street & Marquette Avenue
Minneapolis, Minnesota 55479

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEXO (NASDAQ)

Number of Employees:
1987 79

Plant Footage:
1987 . . . . . 70,400 sq. ft.

Sales and Earnings

	Revenues +	Net Income
1987	$ 6,340,000	$ (499,000)
1986	6,843,000	(179,000)
1985	6,924,000	283,000
1984	4,690,000	(66,000)
1983	3,526,000	26,000

	No. of Com. Shares	Earn. per Share #
1987	673,050	$ —
1986	670,050	—
1985	667,350	0.42
1984	653,175	—
1983	633,925	0.04

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 824,000	$ 1.23
1986	1,320,000	1.93
1985	1,494,000	2.22
1984	1,189,000	1.80
1983	1,196,000	1.89

Income Account *

Year ended Mar. 31	1987	1986
Net sales	$ 6,339,978	$ 6,843,335
Cost of sales	4,406,940	4,855,417
Expenses	2,043,880	2,154,632
Interest expense	277,775	304,798
Other income	(24,868)	(20,081)
Loss before taxes	$ (363,749)	$ (451,431)
Tax credit	—	(266,200)
Loss - cont. oper.	$ (363,749)	$ (185,231)
Inc. (loss) - discont. oper.	(135,490)	6,031
Net Loss	$ (499,239)	$ (179,200)

* Included in Costs and Expenses, Depreciation and Amortization: $252,465 in 1987 and $254,275 in 1986.

Assets

As of Mar. 31	1987	1986
Cash & short-term invest.	$ 17,845	$ 22,471
Funds held by trustee	61,164	64,398
Accts. receiv., net	1,510,669	1,612,821
*Inventories	1,456,681	1,434,443
Other curr., assets	67,346	63,983
Current Assets	$ 3,113,705	$ 3,198,116
#Fixed assets	1,941,812	2,105,194
Total Assets	$ 5,055,517	$ 5,303,310

Liabilities

Notes payable	$ 1,492,000	$ 1,390,000
Long-term debt, curr.	82,599	75,554
Accts. payable	882,232	751,471
Compen. & rel. taxes	322,018	315,440
Accrued interest	64,855	77,915
Other liab.	211,437	114,466
Curr. Liabilities	$ 3,055,141	$ 2,724,846
Long-term debt	1,176,154	1,258,753
+Common stock	786,139	782,389
Add. paid-in capital	38,083	537,322
Total Liabilities & Shareholders' Equity	$ 5,055,517	$ 5,303,310

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	4.35	4.77
Debt to Equity	3.34	2.06
Working Capital	$ 58,564	$ 473,270
Current Ratio	1.02	1.17
Shareholders' Equity	$824,222	$1,319,711

Diagnostic/Retrieval Systems, Inc.

16 Thornton Road
Oakland, New Jersey 07436
(201) 337-3800

Officers: Leonard Newman, chairman of the board, chief executive officer & secretary; David E. Gross, president & chief operating officer; Jackson Kemper, Jr., v.p.-government relations; Mark S. Newman, exec. v.p., chief financial officer & treasurer; Allan P. Tucker, v.p. & pres.-Precision Echo, Inc.; Lewis F. Ozimek, v.p.-contracts; Jack R. Williams, v.p.-research and technology; David M. Orth, v.p.-business development; John C. Dale, v.p.-ship systems; John V. Giordano, controller; Francis A. Montenes, v.p.-avionics & instrumentation; Dennis J. Lanahan, v.p.-Washington operations; Richard Ross, asst. v.p.-business development; Patricia M. Williamson, asst. v.p.-corp. communications.

Directors: Leonard Newman, chairman; David E. Gross, Theodore Cohn, Jack Rachleff, Harold Rapaport, Mark N. Kaplan.

Areas of Work: The Company designs, develops, manufactures and markets special-purpose computer and display systems and high-density digital recording systems for use in antisubmarine warfare. These special-purpose computer systems perform acoustic signal processing to detect, classify and locate submarines. The acoustic signal processing includes spectrum analysis, digital filtering and display. The Company also produces digital recording systems for use in conjunction with its special purpose computers. The Company also manufactures display generators, scan converters and acoustic stimulation systems.

Divisions and Subsidiaries:

Diagnostic/Retrieval Systems of California, Inc.
17772 East 17th Street, Suite 208
Tustin, CA 92680

Precision Echo, Inc.
3105 Patrick Henry Drive
Santa Clara, CA 95054
Designs and manufactures military and industrial quality magnetic recording devices and compact ruggedized tape recorders employed in antisubmarine warfare, reconnaissance aircraft and for intelligence purposes.

Diagnostic/Retrieval Systems, Inc.
Washington Operations
1215 S. Jefferson Davis Highway
Suite 1004
Arlington, Virginia 22202

Transfer Agent(s):
The Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): American

Ticker Symbol: DRS-A, DRS-B

Number of Employees:

1987	471	1984	N.A.
1986	395	1983	240
1985	396		

Plant Footage:

1987	87,000 sq. ft.	1986	87,000

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income +
1987	$ 53,259,000	$ 3,434,000
1986	35,979,000	1,033,000
1985	33,435,000	1,257,000
1984	24,327,225	2,973,931
1983	20,943,777	2,652,860

	No. of Com. Shares #	Earn. per Share +
1987	5,628,000	$ 0.61
1986	5,625,324	0.18
1985	5,584,029	0.23
1984	5,131,869	0.58
1983	4,365,398	0.57

+ Including extraordinary gain of $187,000 ($0.03 per share) in 1985.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 27,915,000	$ 4.96
1986	24,442,000	4.34
1985	23,446,000	4.20
1984	20,161,331	3.93
1983	17,010,502	3.65

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended Mar. 31	1987	1986
Revenues	$ 53,259,000	$ 35,979,000
Costs and expenses	47,236,000	35,075,000
Interest expense	2,296,000	2,334,000
Interest income	(2,258,000)	(2,023,000)
Income before taxes	$ 5,985,000	$ 593,000
Income taxes (credit)	2,551,000	(253,000)
Net Income	$ 3,434,000	$ 846,000
Extraord. gain	—	187,000
Net Income & extraord. gain	$ 3,434,000	$ 1,033,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,460,000 in 1987 and $1,879,000 in 1986.

Assets

As of Mar. 31	1987	1986
Cash & cert. of dep.	$ 29,329,000	$ 24,194,000
Accts. receiv., net	15,838,000	14,763,000
*Inventories	9,076,000	7,134,000
Prepaid expenses	916,000	1,955,000
Current Assets	$ 55,159,000	$ 48,046,000
#Fixed assets	5,993,000	5,398,000
Intangibles	6,225,000	6,455,000
Other assets	1,987,000	2,049,000
Total Assets	$ 69,364,000	$ 61,948,000

Liabilities

Long-term debt, curr.	$ 71,000	$ 66,000
Accts. payable	7,878,000	5,433,000
Income taxes	7,814,000	6,298,000
Curr. Liabilities	$ 15,763,000	$ 11,797,000
Long-term debt	25,686,000	25,709,000
+Common stock:		
Class A	37,000	36,000
Class B	20,000	20,000
Add. paid-in capital	12,309,000	12,285,000
Retained earnings	15,898,000	12,464,000
Treasury stock	(298,000)	(297,000)
Unamort. restricted stock comp.	(51,000)	(66,000)
Total Liabilities & Shareholders' Equity	$ 69,364,000	$ 61,948,000

* At actual cost.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.24	1.65
%Net Income to Sales	6.45	2.35
%Net Income to Equity	12.30	3.46
Sales to Inventories	5.87	5.04
Debt to Equity	0.92	1.05
Working Capital	$39,396,000	$36,249,000
Current Ratio	3.50	4.07
Shareholders' Equity	$27,915,000	$24,442,000

Di-An Controls, Inc.

944 Dorchester Avenue
Boston, Massachusetts 02125
(617) 288-7700

Officers: Robert D. Kodis, president & treasurer; James B. Marcus, vice president, general counsel, asst. treasurer & clerk.

Directors: Robert D. Kodis, James B. Marcus, Peter Segel, Daniel Judge.

Areas of Work: Manufactures, sells, and services printer products, computer work stations, and the Movie Master System. These products are used for real-time on-line issuing of tickets, tags and labels in the fields of transportation, entertainment, sports, wagering, manufacturing, and financial exchanges.

Subsidiary:
Di-An Service Corp.

Transfer Agent(s):
American Transfer Company
99 Wall Street
New York, New York 10004

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DICC (NASDAQ)

Plant Footage:

1986	N.A.	1983	72,000
1985	72,000 sq. ft.	1982	72,000
1984	72,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales ‡	Net Income †
1986	$ 1,550,055	$ (558,069)
1985	2,389,549	(630,398)
1984	4,159,662	210,855
1983	3,226,418	(73,747)
1982	2,953,377	(310,597)

	No. of Com. Shares	Earn. per Share #†
1986	826,405	$ —
1985	826,405	—
1984	826,405	0.26
1983	826,405	—
1982	826,405	—

(Loss)
‡ Including service revenues.
† Including extraordinary credit of $67,230 ($0.08 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Di-An Controls, Inc.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 103,058	$ 0.12
1985	661,127	0.80
1984	1,291,525	1.56
1983	1,080,670	1.31
1982	1,154,417	1.40

Income Account *

Year ended Dec. 31	1986	1985
Net sales & serv. revenues	$ 1,550,055	$ 2,389,549
Other income	68,202	49,249
Total income	$ 1,618,257	$ 2,438,798
Cost of sales	1,500,238	2,286,369
Expenses	662,959	776,722
Interest expense	13,139	6,105
Net Loss	$ (558,069)	$ (630,398)

* Included in Costs and Expenses, Depreciation: $29,328 in 1986 and $26,630 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 19,799	$ 13,531
Accts. receiv., net	73,782	419,821
*Inventories	555,551	723,739
Prepaid expenses	12,626	12,718
Current Assets	$ 661,758	$ 1,169,809
#Fixed assets	72,566	85,599
Other assets	17,267	16,798
Total Assets	$ 751,591	$ 1,272,206
Liabilities		
Loan payable	$ 85,500	$ —
Long-term debt, curr.	29,920	20,169
Accts. payable	220,053	239,085
Accruals	87,505	213,024
Accrued payroll	37,753	71,003
Customer deposits	38,820	32,931
Inc. taxes	1,627	5,166
Curr. Liabilities	$ 501,178	$ 581,378
Long-term debt	147,355	29,701
+Common stock	82,641	82,641
Add. paid-in capital	1,124,451	1,124,451
Retained earnings (deficit)	(1,104,034)	(545,965)
Total Liabilities & Shareholders' Equity	$ 751,591	$ 1,272,206

* At lower of est. cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Debt to Equity	1.43	0.08
Working Capital	$160,580	$588,431
Current Ratio	1.32	2.01
Shareholders' Equity	$103,058	$661,127

DICOMED Corporation

12000 Portland Avenue South
P.O. Box 246
Minneapolis, Minnesota 55440
(612) 885-3000

Officers: George G. Walker, Jr., chairman & acting chief exec. officer; Kenneth R. Hoctnick, exec. v.p. & chief operating officer; Lee Runzheimer, v.p. & chief financial officer; William J. Cosgriff, secretary; Gerald H. Baiel, v.p.-product development.

Directors: Frederick W. Lang, Frank C. Mullaney, George G. Walker, Jr., Willis K. Drake, Alan K. Ruvelson, Thomas G. Colwell.

Areas of Work: Engaged in the development, design, production and marketing of digital image processing and computer graphics equipment, including image recorders, image display and image digitizer products.

Subsidiaries:
DICOMED (Canada) Inc.
DICOMED U.K. Ltd.
DICOMED GmbH
DICOMED International, Inc.
DICOMED FSC, Inc.

Transfer Agent(s):
First Trust Company, Inc.
St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DCOM (NASDAQ)

Number of Employees:

1986	216	1983	150
1985	200	1982	107
1984	250		

Plant Footage:

1986	114,000 sq. ft.	1984	114,000
1985	114,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 21,051,000	$ (4,860,000)
1985	22,843,000	(1,742,000)
1984	27,617,000	2,344,000
1983	19,220,384	1,605,767
1982	10,658,091	974,376

	No. of Com. Shares +	Earn. per Share #
1986	3,964,702	$ —
1985	3,942,473	—
1984	3,902,596	0.60
1983	3,844,891	0.45
1982	3,028,585	0.32

(Loss)
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 17,606,000	$ 4.44
1985	22,376,000	5.68
1984	23,892,000	6.12
1983	21,179,629	5.51
1982	10,923,907	3.61

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Product sales	$ 13,959	$ 16,610
Services	6,280	5,727
Other	812	506
Total revenues	$ 21,051	$ 22,843
Cost of sales & services	13,573	13,374
Expenses	11,352	11,706
Interest income	(282)	(352)
Interest expense	999	1,032
Non-recurr. charge	1,209	515
Loss bef. taxes	$ (5,800)	$ (3,432)
Tax credit	(940)	(1,690)
Net Loss	$ (4,860)	$ (1,742)

* Included in Costs and Expenses, Depreciation and Amortization: $2,201,000 in 1986 and $1,745,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 3,638	$ 5,337
Acct. receiv., net	7,990	7,928
*Inventories	6,414	8,013
Prepaid expenses & deposits	56	129
Current Assets	$ 18,098	$ 21,407
#Fixed assets	11,336	12,357
Total Assets	$ 29,653	$ 34,161
Liabilities		
Accts. payable	$ 1,795	$ 751
Accrued payroll	787	881
Real est. taxes	245	275
Other liabilities	372	225
Def. serv. rev.	838	637
Def. inc. taxes	395	1,345
Long-term debt, curr.	950	137
Curr. Liabilities	$ 5,382	$ 4,251
Long-term debt	6,665	7,534
+Common stock	119	118
Add. paid-in capital	18,854	18,765
Retained earnings (deficit)	(1,367)	3,493
Total Liabilities & Shareholders' Equity	$ 29,653	$ 34,161

* At cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.03 par value.

Statistical Summary

Sales to Inventories	2.18	2.07
Debt to Equity	0.43	0.34
Working Capital	$12,716,000	$17,156,000
Current Ratio	3.36	5.04
Shareholders' Equity	$17,606,000	$22,376,000

Diebold, Incorporated

818 Mulberry Road S.E.
Canton, Ohio 44711
(216) 489-4000

Officers: Raymond Koontz, chairman of the board; Robert W. Mahoney, president & chief exec. officer; Harry E. Parr, Jr., sr. v.p.-finance, treasurer and chief adm. officer; Walter Crow, sr. v.p.-marketing; Robert Barone, sr. v.p.-sales & marketing; Robert M. Yopko, group v.p.-customer services; Michael J. Mokodean, v.p.-legal; Charles B. Scheurer, v.p.-human resources; Harry O. Seitzinger, v.p., controller & asst. treasurer; Charee Francis-Vogelsang, v.p. & secretary; Robert T. Warren, asst. treasurer; Roy J. Villella, Jr., asst. secretary.

Directors: Louis V. Bockius, Daniel T. Carroll, Harry E. Parr, Jr., Donald R. Gant, Raymond Koontz, Frank D. Robinson, W.R. Timken, Robert W. Mahoney, William F. Massy, W.R. Timken, Jr.

Areas of Work: Engaged in the manufacture, sale, installation and service of systems and equipment sold to financial institutions. The company's products include security systems which utilize video surveillance, drive-up installations, and automated teller machines and related software.

Divisions:
Security Products
Electronics Products
Retail Products
Software Development & Systems Services
Customer Services

Transfer Agent(s):
AmeriTrust Company, N.A.
Corporate Trust Division
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York

Ticker Symbol: DBD

Number of Employees:

1986	5,320	1983	5,824
1985	5,229	1982	6,051
1984	5,505		

Plant Footage:

1986	1,559,720 sq. ft.	1983	1,754,530
1985	1,559,720	1982	1,819,280
1984	1,829,530		

Sales and Earnings

	Net Sales	Net Income
1986	$ 413,668,000	$ 34,905,000
1985	410,926,000	30,392,000
1984	474,057,000	56,900,000
1983	445,917,000	49,142,000
1982	427,639,000	41,503,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	13,130,000	$ 2.66
1985	13,116,000	2.32
1984	13,082,000	4.35
1983	13,042,000	3.77
1982	12,973,000	3.20

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 320,202,000	$ 24.38
1985	300,129,000	22.87
1984	281,703,000	21.51
1983	235,637,000	18.05
1982	195,017,000	14.99

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 413,668,000	$ 410,926,000
Cost of sales	266,110,000	264,283,000
Expenses	100,707,000	109,444,000
Oper. profit	$ 46,851,000	$ 37,199,000
Interest income	(13,408,000)	(14,872,000)
Interest expense	752,000	921,000
Loss (gain) on dispos. of assets	668,000	(304,000)
Other charges	2,134,000	1,705,000
Income before taxes	$ 56,705,000	$ 49,749,000
Income taxes	21,800,000	19,357,000
Net Income	$ 34,905,000	$ 30,392,000

* Included in Costs and Expenses, Depreciation and Amortization: $7,367,000 in 1986 and $6,416,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 5,109,000	$ 7,969,000
Cert. of deposit	76,719,000	93,551,000
Notes receiv., other	4,347,000	2,424,000
Accts. receiv., net	74,038,000	91,438,000
*Inventories & contracts in process	76,554,000	62,844,000
Prepaid expenses	7,296,000	8,577,000
Current Assets	$ 244,063,000	$ 266,803,000
Investments	97,701,000	74,170,000
#Fixed assets	52,416,000	45,841,000
Intangibles	14,884,000	7,070,000
Total Assets	$ 409,064,000	$ 393,884,000
Liabilities		
Long-term debt, curr.	$ 1,000	$ 1,000,000
Accts. payable	17,589,000	17,615,000
Deferred income taxes	12,336,000	11,766,000
Income taxes	4,347,000	3,845,000
Accruals	41,387,000	46,619,000
Curr. Liabilities	$ 76,659,000	$ 80,845,000
Long-term debt	7,000,000	8,000,000
Deferred inc. taxes	5,203,000	4,910,000
+Common stock	28,892,000	28,508,000
Add. paid-in capital	58,054,000	58,054,000
Retained earnings	235,432,000	215,290,000
For. curr. trans. adj.	(1,561,000)	(1,108,000)
Treasury stock	(615,000)	(615,000)
Total Liabilities & Shareholders' Equity	$ 409,064,000	$ 393,884,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.71	12.11
%Net Income to Sales	8.44	7.40
Net Income to Equity	10.90	10.13
Sales to Inventories	5.40	6.54
Debt to Equity	0.02	0.03
Working Capital	$167,404,000	$185,958,000
Current Ratio	3.18	3.30
Shareholders' Equity	$320,202,000	$300,129,000

Digilog, Inc.

1370 Welsh Road
Montgomeryville, Pennsylvania 18936
(215) 628-4530

Officers: Ronald G. Moyer, chairman of the board & president; Thomas M. Emory, Jr., v.p.-technology & secretary; Robert F. Onraet, v.p.-finance; Mark R. Jolliffe, v.p.-manufacturing; Roy D. Gemberling, v.p. & gen. mgr.-Network Test and Control Division.

Directors: Ronald G. Moyer, Thomas M. Emory, Jr., Peter Taraborelli, L. John Ankney, John Vensel, Hilliard W. Paige.

Areas of Work: Develops, manufactures and markets digital data communications test equipment and network management and control systems.

Division:
Network Test and Control Division

Transfer Agent(s):
Mellon Securities Transfer Services
4 Station Square, 3rd Floor
Pittsburgh, Pennsylvania 15219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DILO (NASDAQ)

Number of Employees:
1986 123

Plant Footage:
1986 . . . . . 32,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 14,993,479	$ 175,656
1985	17,151,082	(455,280)
1984	13,430,461	(942,540)
1983	14,853,941	(1,030,516)
1982	14,753,995	393,560

	No. of Com. Shares #	Earn. per Share #
1986	1,625,272	$ 0.11
1985	1,620,993	—
1984	1,608,776	—
1983	1,591,166	—
1982	1,569,839	0.25

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 4,947,012	$ 3.04
1985	4,679,025	2.89
1984	5,250,380	3.26
1983	6,114,929	3.84
1982	6,764,477	4.31

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 14,993,479	$ 17,151,082
Contract revenues	724,300	1,774,900
Total income	$ 15,717,779	$ 18,925,982
Cost of sales	8,584,482	12,151,660
Selling expenses	4,282,585	3,667,645
Gen. & adm. expenses	1,069,204	1,008,945
Research & develop. costs	1,098,766	1,636,591
Other expense	507,266	760,801
Inc.(loss)-cont. oper.	$ 175,656	$ (299,660)
Inc.(loss)-discont. oper.	—	(155,620)
Net Income (Loss)	$ 175,656	$ (455,280)

* Included in Costs and Expenses, Depreciation and Amortization: $944,383 in 1986 and $943,804 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 49,175	$ 55,167
Short-term investments	226,201	624,567
Accts. receiv., net	3,992,953	3,749,602
Receiv.-sale of subsid.	—	535,004
*Inventories	2,817,874	5,583,618
Prepaid expenses	194,580	309,147
Prepaid income taxes	—	105,650
Current Assets	$ $7,280,783	$ 8,962,755
Investments	292,587	321,606
#Fixed assets	1,635,580	2,083,960
Other assets	99,175	90,907
Total Assets	$ 9,308,125	$ 11,459,228
Liabilities		
Long-term debt & cap. lease oblig., curr.	$ 45,057	$ 333,863
Accts. payable	1,021,597	1,081,289
Accruals	1,121,678	873,003
Contract revenue	132,200	856,500
Curr. Liabilities	$ 2,320,532	$ 3,144,655
Long-term debt	1,912,804	3,507,771
Def. inc. taxes	19,777	19,777
Other liabilities	108,000	108,000
+Common stock	16,438	16,423
Add. paid-in capital	6,400,943	6,395,533
Warrants	—	150
Deficit	(1,381,364)	(1,557,020)
Loss of invest.	(29,019)	(116,075)
Treasury stock	(59,986)	(59,986)
Total Liabilities & Shareholders' Equity	$ 9,308,125	$ 11,459,228

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
÷ $0.01 par value.

Statistical Summary

%Net Income to Sales	1.12	—
%Net Income to Equity	7.55	—
Sales to Inventories	5.32	3.07
Debt to Equity	0.39	0.82
Working Capital	$4,960,251	$5,818,100
Current Ratio	3.14	2.85
Shareholders' Equity	$4,947,012	$4,679,025

Digital Communications Associates, Inc.

1000 Alderman Drive
Alpharetta, Georgia 30201
(404) 442-4000

Officers: Bertil D. Nordin, president & chief exec. officer; Craig J. Huffaker, v.p., secretary & treasurer; John C. Bacon, James B. Lee, III, Andrew S. Miyakawa, Paul A. Rodwick, Robert J. Zack, James F. Ottinger, v.p.'s.

Directors: Bruce K. Anderson, Frank A. Bonsal, Jr., John F. Glenn, Waverly Graham, III, Graig J. Huffaker, Bertil D. Nordin, James F. Ottinger.

Areas of Work: Designs, manufactures and markets data communications equipment and systems that allow the transfer of data between terminals and computers or between personal computers and mainframes, whether in remote or local settings.

Subsidiaries:

DCA International, Inc.
Foreign Sales Corporation (FSC).

DCA Investment Corporation
Investment transactions.

Digital Communications Associates (Puerto Rico) Corp.
Manufacturing.

Acquisition(s):

Forte Communications, Inc.
San Jose, California

Transfer Agent(s):

The Citizens and Southern National Bank
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DCAI (NASDAQ)

Number of Employees:

1986 883

Plant Footage:

1986 . . . . . 177,000 sq. ft. 1985 177,000

Sales and Earnings ×

	Net Sales	Net Income
1986	$ 137,856,000	$ 20,600,00
1985	99,161,000	10,830,000
1984	55,108,000	6,173,000
1983	21,732,000	2,064,000
1982	14,167,000	712,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	11,421,000	$ 1.80
1985	10,196,00	1.06
1984	9,573,000	0.64
1983	7,655,000	0.27
1982	6,147,000	0.12

× Restated to include operations of Forte Communications, Inc., acquired on a pooling of interests basis.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 118,745,000	$ 10.40
1985	55,649,000	5.46
1984	43,509,000	4.54
1983	33,245,000	4.34
1982	5,533,000	0.90

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985 ‡
Net sales	$ 137,856,169	$ 99,160,588
Cost of sales	46,333,296	42,009,810
Expenses	60,301,644	40,858,985
Interest income	(3,351,421)	(1,741,127)
Income before taxes	$ 34,572,650	$ 18,032,920
Income taxes	13,973,000	7,203,000
Net Income	$ 20,599,650	$ 10,829,920

* Included in Costs and Expenses, Depreciation: $3,990,194 in 1986 and $1,743,401 in 1985.
‡ Restated.

Assets

As of June 30	1986	1984 ‡
Cash & short-term invest.	$ 83,906,921	$ 22,109,757
Accts. receiv., net	20,621,989	14,928,450
*Inventories	9,858,8776	12,646,448
Prepaid expenses	1,310,086	1,332,772
Current Assets	$ 115,697,873	$ 51,017,427
Investments	5,806,712	4,699,960
#Fixed assets	23,171,246	19,526,897
Invest. in affil.	1,448,062	2,623,006
Total Assets	$ 146,123,893	$ 77,867,290

Liabilities

Accts. payable	$ 4,859,477	$ 6,919,201
Accrued compens.	6,648,924	5,134,215
Income taxes	5,337,895	1,944,098
Deferred inc. taxes	2,451,335	2,480,085
Other accruals	8,081,479	4,592,564
Curr. Liabilities	$ 27,379,110	$ 21,070,163
Long-term debt	-	1,148,342
+Common stock	1,182,795	657,208
Add. paid-in capital	75,511,529	33,540,768
Retained earnings	42,050,459	21,450,809
Total Liabilities & Shareholders' Equity	$ 146,123,893	$ 77,867,290

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
÷ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	25.08	18.19
%Net Income to Sales	14.94	10.92
%Net Income to Equity	17.35	19.46
Sales to Inventories	13.98	7.84
Debt to Equity	—	0.02
Working Capital	$ 88,318,763	$29,947,264
Current Ratio	4.23	2.42
Shareholders' Equity	$118,744,783	$55,648,785

Digital Equipment Corporation

146 Main Street
Maynard, Massachusetts 01754
(617) 897-5111

Officers: Kenneth H. Olsen, James M. Osterhoff, v.p.-finance; George A. Chamberlain, III, v.p.-engineering, manufacturing & marketing finance; Henry J. Crouse, v.p.-manufacturing-Europe; James G. Cudmore, v.p. and group manager, Product Operations; William R. Demmer, v.p.-Mid-Range Systems Business Group; Pier-Carlo Falotti, v.p. & president & chief exec. officer-Europe; William C. Hanson, v.p.-manufacturing operations; Winston R. Hindle, Jr., sr. v.p.-corporate operations; William R. Johnson, Jr., v.p.-distributed systems; John J. Shields, sr. v.p.-Sales, Services & International; Edward A. Kramer, v.p.-new computing structures; William J. Heffner, v.p.-software systems; Jack MacKeen, v.p.-& group mgr.-channels marketing; William D. Strecker, v.p.-project strategy & architecture; Bruce J. Ryan, v.p. & controller; Albert E. Mullin, Jr., v.p.-corp. relations; Jean-Claude Peterschmitt, v.p. & chairman-Europe; Richard Poulsen, v.p.-general int'l area; F. Grant Saviers, v.p.-storage systems; Edward A. Schwartz, v.p., general counsel & secretary; Godfrey S. Shingles, v.p., managing director, United Kingdom Region; John F. Smith, sr. v.p.-manufacturing, engineering & product marketing; William G. Witmore, v.p.-basic industry marketing; John L. Alexanderson, v.p.-Peripherals and Supplies Group; Don K. Busiek, v.p.-corporate software services; Samuel H. Fuller, v.p.-research and architecture; David W. Grainger, v.p.-corp. field service; Rose Ann Giordano, v.p.-Information Systems Business Group; Robert Hughes, v.p.-service industry marketing; Jeffrey C. Kalb, v.p., group manager, Low-End Systems & Technologies; Charles E. Shue, v.p.-U.S. sales; Peter J. Smith, v.p.-product marketing; Harvey L. Weiss, v.p.-U.S. operation & Government System Group; Richard H. Yen, v.p.-GIA manufacturing & engineering; Ilene B. Jacobs, v.p.& treasurer; Robert M. Glorioso, v.p.-high performance systems & clusters; Donato A. Infante, Jr., v.p.-manufacturing information & technology; Edward B. McDonough, v.p.-GIA manufacturing & engineering; Kevin C. Melia, v.p.-manufacturing materials & corp. distribution; Robert B. Palmer, v.p. & group mgr.-Semi-conductor Operation; John L. Sims, v.p.-personnel & administration; David L. Stone, v.p.-int'l engineering & strategic resources; Donald P. Zereski, v.p.-U.S. field service.

Directors: Vernon R. Alden, Arnaud de Vitry, Kenneth H. Olsen, Dorothy E. Rowe, William H. McLean, Georges F. Doriot, Philip Caldwell, Robert R. Everett.

Areas of Work: Designs, manufactures, sells and services computers and associated peripheral equipment, and related software and supplies. The Company's products are used worldwide in a variety of applications and programs, including scientific research and computation, communications, education, data analysis, industrial control systems, time sharing systems, commercial data processing systems, word processing, personal computing, health care, instrumentation, engineering and simulation.

Subsidiaries:

Digital Equipment, S.A. de C.V.
Apartado Postal 12-1009
Mexico 12, D.F.

Digital Equipment Corporation Oy
Soukantie 14
SF-02360 Sourra, Finland

Digital Equipment Comercio e Industria, Ltda.
Avenida Augusto Severo, 156-B
Lapa ZC06
20,000 Rio de Janeiro-Guanabara
Brazil

Computer Insurance Company Limited
Old Colony Insurance Ltd.
Reid House, P.O. Box 1826
Hamilton, 5-24 Bermuda

Digital Computer Hong Kong Limited
71 Catchick Street
13th floor, Green island House
Kennedy Town, Hong Kong

Digital Computer Taiwan Limited
Taiwan, Republic of China

Digital Equipment Ireland Limited
Republic of Ireland

Digital Equipment Scotland Limited
Shiel House, Craigshill
G-B Livingston, West Lothian
Scotland

Digital Equipment B.V.
Digital Equipment International B.V.
KAAP Horndreef 38
P.O. Box 9064
Utrecht, Holland

Digital Equipment N.V.S.A.
108 Rue D'Arlon
B-1040 Bruxelles, Belgium

Digital Incorporated
Digital International Sales Corporation
DEC Ltd.
7 Habikuk Street
Tel Aviv, Israel

Digital Equipment Corporation International (Europe)
12, avenue des Mogines
Case Postale 510
1213 Petit-Lancy 1, Geneva
Switzerland

Digital Equipment Corp. A/S
Tonheimsveien 47
N-Oslo 5, Norway

Digital Equipment Corporation Ges. m.b.H.
Mariahilferstrasse 136
A-1150 Wien 15, Austria

Digital Equipment New Zealand, Limited
Suite 18, Hilton House
430 Queen Street
P.O. Box 2471
Auckland, New Zealand

Digital Equipment Taiwan Limited
13-2 Nan Hsin Li, Tachi
Taoyuan, Taiwan
Republic of China

Digital Equipment Corporation ApS
Hellerupvej 66
DK-2900 Hellerup, Denmark

Digital Equipment of Canada Ltd.
100 Herzberg Road
Kanata, Ontario, Canada K2K 2A6
(613) 592-5111

Digital Equipment International GmBH
Digital Equipment GmBH
D-8000 Munich 40
Wallensteinplatz 2, West Germany

Digital Equipment Australia Pty. Ltd.
123-135 Willoughby Road
P.O. Box 491-Crows Nest
New South Wales 2065, Australia

Digital Equipment Co. Limited
Fountain House, Butts Centre
Reading Berkshire RG 17 QN
United Kingdom

Digital Equipment France S.A.R.L.
2 Place Gustave Eiffel
Cidex L225
18, Rue Saarinen
94 533 Rungis, France

Digital Equipment AB
Englundsvaagen 7
S-17141 Solna, Sweden

Digital Equipment Corporation de Puerto Rico
P.O. Box 106
San German, Puerto Rico 00753
(809) 892-1946

Digital Equipment S.p.A.
Corso Garibaldi 49
I-20121 Milano, Italy

Digital Equipment Corp. S.A.
20, Quai Ernest Ansermet
Boite Postale 23
CH-1211 Geneva 8, Switzerland

Digital Equipment Corporation International
Maynard, Massachusetts

Digital Equipment Panama, Inc.
Digital Equipment Trinidad, Inc.
Digital Equipment Services, Inc.
Digital Growth, Inc.
Digital Realty Limited
Digital Equipment Singapore (PTE) Limited

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Boston*, Philadelphia*, Midwest*, Pacific, Cincinnati*, Luxembourg*, Zurich, Geneva, Basel, Frankfurt, Munich, Berlin

* Unlisted trading privileges.

Ticker Symbol: DEC

Number of Employees:

1986	94,700	1983	73,000
1985	89,000	1982	67,300
1984	86,000		

Plant Footage:

1986	32,300,000 sq.ft.	1983	23,000,000
1985	29,300,000	1982	21,000,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales # (000's)	Net Income (000's)
1986	$ 7,590,357	$ 617,420
1985	6,686,316	446,682
1984	5,584,426	328,779
1983	4,271,854	283,622
1982	3,880,771	417,155

	No. of Com. Shares ‡	Earn. per Share ‡
1986	130,800,000	$ 4.81
1985	124,100,000	3.71
1984	114,700,000	2.87
1983	113,400,000	2.50
1982	110,900,000	3.76

Includes services and other revenues.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 5,727,800	$ 44.54
1985	4,554,599	38.43
1984	3,979,216	34.42
1983	3,541,282	31.42
1982	3,164,464	28.65

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	6/28/86	6/29/85
Net sales	$ 4,961,861	$ 4,534,165
Other income	2,628,496	2,152,151
Total revenues	$ 7,590,357	$ 6,686,316
Cost of sales	4,282,099	4,087,475
Expenses	2,479,549	2,149,042
Interest expense	88,079	82,003
Interest income	(116,899)	(63,026)
Income before taxes	$ 857,529	$ 430,822
Income taxes (credit)	240,109	(15,860)
Net Income	$ 617,420	$ 446,682

* Included in Costs and Expenses, Depreciation: $384,044,000 in 1986 and $315,075,000 in 1985.

Assets
(000's)

As of	6/28/86	6/29/85
Cash & temp. cash invest.	$ 1,910,933	$ 1,080,180
Accts. receiv., net	1,903,287	1,538,955
*Inventories	1,199,756	1,756,167
Prepaid expenses	85,274	64,569
Deferred taxes	206,998	197,957
Current Assets	$ 5,306,248	$ 4,637,828
#Fixed assets	1,867,078	1,731,029
Total Assets	$ 7,173,326	$ 6,368,857

Liabilities
(000's)

Loans payable	$ 18,697	$ 12,251
Long-term debt, curr.	3,500	1,411
Accts. payable	259,565	185,202
Accrued payroll	151,160	165,933
Def. rev. & adv.	253,790	160,105
Income taxes	137,558	267,900
Other liabilities	259,265	150,807
Curr. Liabilities	$ 1,083,535	$ 943,609
Long-term debt	333,155	836,945
Deferred inc. taxes	28,809	33,704
+Common stock	128,591	59,253
Add. paid-in capital	2,224,304	1,737,834
Retained earnings	3,374,932	2,757,512
Total Liabilities & Shareholders' Equity	$ 7,173,326	$ 6,368,857

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	11.30	6.44
%Net Income to Revenues	8.13	6.68
%Net Income to Equity	10.78	9.81
Debt to Equity	0.06	0.19
Working Capital	$4,222,713,000	$3,694,219,000
Current Ratio	4.90	4.91
Shareholders' Equity	$5,727,827,000	$4,554,599,000

Diodes Incorporated

9957 Canoga Avenue
Chatsworth, California 91311
(818) 998-4445

Officers: David Lloyd, president, chairman & president; Raymond Wang, v.p.; Alan B. Loes, secretary, treasurer & general counsel.

Directors: David Lloyd, chairman; C.A. Benak, Gerhard J. Borner, A.F. Ottobre, Ted G. Slate, Raymond Wang, Dorothy N. Lloyd.

Areas of Work: Manufactures and markets silicon rectifier products including semiconductor wafers, rectifiers, zener diodes, switching and superfast diodes and rectifier assemblies.

Subsidiary:

NAE, Inc.
69 Bennett Street
Lynn, Massachusets

Diodes Incorporated

Manufactures Schottky and other semiconductor wafers and assembles associated rectifier devices.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: DIO

Number of Employees:

1986	78	1984	N.A.
1985	N.A.	1983	30

Plant Footage:

1986	56,600 sq. ft.	1984	N.A.
1985	N.A.	1983	21,500

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 11,149,310	$ (415,659)
1985	12,901,961	982,110
1984	10,688,261	1,276,709
1983	6,600,105	810,122
1982	6,158,620	(433,880)

	No. of Com. Shares	Earn. per Share +‡
1986	4,522,342	$ —
1985	4,590,688	0.46
1984	1,854,076	0.61
1983	1,846,076	0.44
1982	1,846,076	—

(Loss)
‡ Including extraordinary gains of $391,138 ($0.19 per share) in 1984 and $342,649 ($0.19 per share) in 1983.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 4,522,342	$ 2.22
1985	4,590,688	2.37
1984	3,530,293	1.90
1983	2,242,729	1.21
1982	1,430,512	0.77

Income Account *

Year ended April 30	1986	1985
Net sales	$ 11,149,310	$ 12,901,961
Cost of sales	7,931,220	8,011,680
Expenses	3,739,292	2,905,926
Gain on sale of Diodes, Ltd.	(157,084)	—
Interest expense	140,929	13,611
Interest income	(61,853)	(98,004)
Other expense (income)	(27,935)	58,780
Income (loss) bef. taxes	$ (415,259)	$ 2,009,968
Income taxes	400	1,027,858
Net Income (Loss)	$ (415,659)	$ 982,110

*Included in Costs and Expenses, Depreciation and Amortization: $193,908 in 1986 and $90,915 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 860,636	$ 1,096,637
Accts. receiv., net	2,139,533	2,318,265
*Inventories	3,524,177	5,095,565
Prepaid expenses	88,484	56,310
Current Assets	$ 6,612,830	$ 8,566,777
#Fixed assets	919,703	965,237
Other assets	258,636	29,045
Receiv. from off. & dir.	47,483	47,483
Total Assets	$ 7,838,652	$ 9,608,542

Liabilities

Notes payable	$ 721,181	$ 218,914
Long-term debt, curr.	54,736	44,725
Accts. payable	564,796	3,295,709
Accruals	334,198	477,988
Income taxes	—	788,030
Curr. Liabilities	$ 1,674,911	$ 4,825,366
Long-term oblig.	1,623,323	192,488
Deferred comp. payable	18,076	—
+Common stock	1,427,418	1,353,351
Add. paid-in capital	723,976	373,755
Retained earnings	2,696,283	3,111,942
Eq. adjust. from for. curr. trans.	—	(2,766)
Treasury stock	(325,335)	(245,594)
Total Liabilities & Shareholders' Equity	$ 7,838,652	$ 9,608,542

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	—	15.58
%Net Income to Sales	—	7.61
%Net Income to Equity	—	21.39
Sales to Inventories	3.16	2.53
Working Capital	$4,937,919	$3,741,411
Current Ratio	3.95	1.78
Shareholders' Equity	$4,522,342	$4,590,688

Dionics, Inc.

65 Rushmore Street
Westbury, New York 11590
(516) 997-7474

Officers: Bernard L. Kravitz, president; Sherman Gross, v.p., secretary & treasurer.

Directors: Bernard L. Kravitz, Sherman Gross, Sidney M. Gross, Solomon Berkowitz.

Areas of Work: Engaged in the development, manufacture and marketing of silicon semiconductor electronic products—both individual, discreet components and multi-component integrated circuits.

Subsidiary:

Dionics International, Inc.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1985 58

Sales and Earnings

	Net Sales	Net Income #
1985	$ 3,042,900	$ 168,100
1984	3,343,100	569,000
1983	2,509,600	162,100
1982	1,921,800	(214,000)
1981	3,395,100	452,800

	No. of Com. Shares +	Earn. per Share # +
1985	1,697,238	$ 0.10
1984	1,718,736	0.33
1983	1,712,684	0.09
1982	1,606,642	—
1981	1,774,780	0.26

(Loss)
Including extraordinary gains of $86,000 ($0.05 per share) in 1984, $61,000 ($0.03 per share) in 1983 and $203,200 ($0.12 per share) in 1981.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—
1981	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 1,674,500	$ 0.99
1984	1,451,000	0.84
1983	864,300	0.50
1982	608,100	0.38
1981	1,061,500	0.60

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 3,042,900	$ 3,343,100
Cost of sales	2,098,200	2,006,400
Expenses	735,800	695,200
Doubtful accts.	4,200	4,100
Interest expense	38,300	51,900
Other income	(49,600)	(63,500)
Income before taxes	$ 216,000	$ 649,000
Income taxes	47,900	166,000
Net Income	$ 168,100	$ 483,000
Extraord. gain	—	86,000
Net Income & extraord. gain	$ 168,100	$ 569,000

* Included in Costs, and Expenses, Depreciation: $117,800 in 1985 and $95,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 218,300	$ 776,500
Treasury bills	291,600	—
Accts. receiv., net	458,000	446,700
*Inventories	449,000	328,000
Other curr. assets	46,800	16,900
Current Assets	$ 1,463,700	$ 1,568,100
#Fixed assets	751,100	593,100
Note receiv.-officer	48,300	—
Deposits & other assets	35,800	25,100
Total Assets	$ 42,298,900	$ 2,186,300

Liabilities

Accts. payable & accruals	$ 336,800	$ 303,900
Long-term debt, curr.	122,800	107,300
Income taxes payable	26,000	80,000
Curr. Liabilities	$ 485,600	$ 491,200
Long-term debt	138,800	244,100
+Common stock	18,100	17,500
Add. paid-in capital	1,508,500	1,446,800
Retained earnings	385,600	217,500
Treasury stock	(237,700)	(230,800)
Total Liabilities & Shareholders' Equity	$ 42,298,900	$ 2,186,300

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.10	19.41
%Net Income to Sales	5.52	14.45
%Net Income to Equity	10.04	33.29
Sales to Inventories	6.78	10.19
Debt to Equity	0.16	0.24

Working Capital	$ 978,100	$1,076,900
Current Ratio	3.01	3.19
Shareholders' Equity	$1,674,500	$1,451,000

Dranetz Technologies, Inc.

1000 New Durham Road
Edison, New Jersey 08818
(201) 287-3680

Officers: Abraham I. Dranetz, chairman of the board & president; Irving Backinoff, sr. v.p. & secretary; Ezra Mintz, Anthony W. Oriacchio, Robert O. Wilson, David Fuhrman, Boselaw C. Biega, Ezra Mintz, Joseph Martins, vice presidents; Joseph P. Lowrey, treasurer; Ralph Monaco, controller.

Directors: Abraham I. Dranetz, chairman; Irving Backinoff, Marianna Dranetz, Ezra Mintz, George S. Kariotis.

Areas of Work: Engaged in the conception, design, development, manufacture and marketing of precision electronic instrumentation for use in a variety of commercial, industrial, and governmental applications. Specific product areas include test equipment for phase angle measurement, test instrumentation for electric utilities, and power line monitoring equipment for data processing, communications, etc.

Subsidiary:

Dranetz Service Corporation
Provides repair services and technical training to customers.

Acquisition:

Alber Engineering, Inc.
Boca Raton, Florida
Manufactures specialized test and monitoring instrumentation for evaluating the condition of storage battery backup systems.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRAN (NASDAQ)

Number of Employees:

1986	261	1983	234
1985	250	1982	216
1984	250		

Plant Footage:

1986	75,000 sq. ft.	1983	75,000
1985	75,000	1982	60,000
1984	75,000		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 23,110,993	$ 2,198,469
1985	25,973,110	3,635,565
1984	26,890,751	4,683,641
1983	24,827,176	3,636,220
1982	18,577,216	2,140,823

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,762,400	$ 0.46
1985	4,736,000	0.77
1984	4,698,300	1.00
1983	4,677,699	0.78
1982	4,660,902	0.46

+ Includes other income.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.21	—	—
1985	0.20	—	—
1984	0.15	—	—
1983	0.05	50%	—
1982	0.03	50%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 22,000,509	$ 4.62
1985	20,449,878	4.32
1984	17,687,618	3.76
1983	13,629,320	2.91
1982	10,116,432	2.17

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 23,110,993	$ 25,973,110
Other income	1,062,355	1,330,923
Total income	$ 24,173,348	$ 27,304,033
Cost of sales	12,092,143	12,478,957
Expenses	8,114,259	8,423,022
Loss on discont. products	418,190	—
Income before taxes	$ 3,548,756	$ 6,402,054
Income taxes	1,350,287	2,766,489
Net Income	$ 2,198,469	$ 3,635,565

* Included in Costs and Expenses, Depreciation and Amortization: $318,425 in 1986 and $301,014 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 276,360	$ 752,233
Marketable securities	9,681,198	10,926,738
Accts. receiv., net	4,505,384	4,116,492
*Inventories	5,806,314	5,330,833
Prepaid expenses	413,616	46,329
Current Assets	$ 20,682,872	$ 21,172,625
#Fixed assets	1,200,263	1,288,002
Intangible assets	1,823,960	—
Other assets	754,132	693,535
Total Assets	$ 24,461,227	$ 23,154,162

Liabilities

Accts. payable	$ 722,709	$ 562,658
Accruals	1,096,227	1,056,733
Accrued inc. taxes	—	528,972
Dividends payable	285,782	235,921
Curr. Liabilities	$ 2,104,718	$ 2,384,284
Deferred inc. taxes	356,000	320,000
+Common stock	475,606	471,841
Add. paid-in capital	1,248,278	901,730
Retained earnings	20,276,625	19,076,307
Total Liabilities & Shareholders' Equity	$ 24,461,227	$ 23,154,162

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	15.36	24.65
%Net Income to Sales	9.51	14.00
%Net Income to Equity	9.99	17.78
Sales to Inventories	3.98	4.87
Working Capital	$18,578,154	$18,788,341
Current Ratio	9.83	8.88
Shareholders' Equity	$22,000,509	$20,449,878

Drexler Technology Corporation

2557 Charleston Road
Mountain View, California 94043
(415) 969-7277

Officers: Jerome Drexler, chairman of the board & president; Michael D. Craighead, v.p.-finance & administration; Charles W. Keller, Richard M. Haddock, v.p.'s; Steven G. Larson, treasurer.

Directors: Jerome Drexler, chairman; Arthur H. Hausman, Eugene Kleiner, William E. McKenna, Lesie L. Vadasz.

Areas of Work: Supplies microimaging products and services to semiconductor, computer, and electronics industries. Products include photoplates, photomasks, photochemicals, and related equipment for integrated circuit manufacture; and optical memory discs for laser recording and archival data storage and high-density data storage materials for computer optical memories.

Subsidiaries:

Microfab Systems Corporation
3960 Fabian Way
Palo Alto, California 94303
(415) 965-1750

Precision Photoglass, Inc.
2557 Charleston Road
Mountain View, California 94043
(415) 961-0700

Transfer Agent(s):

Crocker National Bank
P.O. Box 38005
Rincon Annex
San Francisco, California 94138

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRXR (NASDAQ)

Number of Employees:

1987	206	1984	204
1986	201	1983	N.A.
1985	183		

Plant Footage:

1987	120,000 sq. ft.	1984	136,000
1986	120,000	1983	N.A.
1985	111,400		

N.A.-Not Available

Sales an.[1] Earnings

	Net Sales	Net Income
1987	$ 15,089,000	$ (5,724,000)
1986	13,748,000	(3,375,000)
1985	17,671,000	160,000
1984	17,045,000	728,000
1983	13,438,000	1,571,000

	No. of Com. Shares #	Earn. per Share #
1987	6,498,000	$ —
1986	6,370,000	—
1985	6,294,000	0.03
1984	6,363,000	0.11
1983	6,207,000	0.25

(Loss)
Based on the weighted average number of shares outstanding during the year adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985	1984
Semiconductor related	71%	73%	81%	87%
Optical data storage	29	27	19	13
Total	100%	100%	100%	100%

Drexler Technology Corporation

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 19,054,000	$ 2.93
1986	23,396,000	3.67
1985	26,236,000	4.17
1984	25,670,000	4.03
1983	24,246,000	3.91

Based on the weighted average number of shares outstanding during the year adjusted to reflect stock split.

Income Account *

Year ended	3/27/87	3/28/86
Revenues:		
Prod. sales	$ 10,827,000	$ 10,332,000
License fees	4,262,000	3,416,000
Total revenues	$ 15,089,000	$ 13,758,000
Cost of revenues	10,110,000	9,902,000
Expenses	10,718,000	9,188,000
Interest income	(622,000)	(697,000)
Interest expense	607,000	55,000
Loss before taxes	$ (5,724,000)	$ (4,700,000)
Tax credit	—	(1,325,000)
Net Loss	$ (5,724,000)	$ (3,375,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,774,000 in 1987 and $2,381,000 in 1986.

Assets

As of	3/27/87	3/28/86
Cash	$ 5,096,000	$ 8,994,000
Restricted cash	797,000	684,000
Accts. receiv., net	1,876,000	2,546,000
*Inventories	1,267,000	1,492,000
Other curr. assets	335,000	163,000
Def. tax benefits	—	45,000
Current Assets	$ 9,371,000	$ 13,924,000
#Fixed assets	18,151,000	16,941,000
Other assets	846,000	572,000
Restricted cash	130,000	936,000
Total Assets	$ 28,498,000	$ 32,373,000

Liabilities

Long-term oblig., curr.	$ 1,543,000	$ 1,031,000
Accts. payable	954,000	1,207,000
Accrued payroll	537,000	570,000
Accruals	474,000	486,000
Deferred revenue	—	184,000
Current Liabilities	$ 3,508,000	$ 3,478,000
Long-term oblig.	5,936,000	5,499,000
+Common stock	19,202,000	18,245,000
Retained earnings (deficit)	(136,000)	5,590,000
Note receiv.	(12,000)	(439,000)
Total Liabilities & Shareholders' Equity	$ 28,498,000	$ 32,373,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.067 par value.

Statistical Summary

Working Capital	$ 5,863,000	$10,446,000
Current Ratio	2.67	4.00
Shareholders' Equity	$19,054,000	$23,396,000

Ducommun Incorporated

10824 Hope Street
Cypress, California 90630
(714) 952-9500

Officers: Wallace W. Booth, chairman of the board, president & chief executive officer; H. Richard Byrne, sr. v.p.-finance & chief financial officer; Frederick N. Ballard, sr. v.p., corporate affairs, secretary & general counsel.

Directors: Wallace W. Booth*, chairman; Alan N. Ducommun*, Robert C. Ducommun*, Edmond G. Ducommun*, Charles W. Missler, Richard J. Pearson, Frederick N. Ballard*, H. Richard Byrne*, H. Frederick Christie, Thomas P. Mullaney.

* Member of the Executive Committee.

Areas of Work: The Electronics Group sells electronic products and services, and computer systems, terminals, printers and data communication equipment to industrial, military and commercial users. The Aerospace Services Group provides manufacturing, chemical milling and other services to the aircraft and aerospace industries.

Divisions and Subsidiaries:

Electronics Group

Kierulff Electronics
2585 Commerce Way
Los Angeles, California 90040
(213) 725-0325
Engaged in the distribution of semi-conductors, tubes, resistors, capacitors, potentiometers, transformers, relays, switches, micro-circuits, electronic testing equipment and electronic production supplies; repair and calibration of electric and electronic instruments; manufacture of special and custom shunts, transformers toroids.

MTI Systems
Port Washington, New York
Distributes computer systems terminals, printers and data communications equipment.

Ducommun Data Systems
Distributes computer systems, peripherals and software.

Tri-Tec
Gardena, California
Designs and manufactures molded interconnect devices used in data processing, business communications and industrial automation applications.

Aerospace Services Group

Aerochem, Inc.
1885 N. Batavia Street
Orange, California 92667
(714) 637-4401
Specialist in the field of large scale, close tolerance chemical processes for the aerospace and military/commercial aircraft industries. Chemical milling processes are used to reduce the weight of structural components while maintaining the strength.

AHF-Ducommun
Gardena, California
Uses stretch forming, thermal forming and computer-controlled machining to design and engineer aircraft and aerospace components.

Jay-El Products Inc.
Gardena, California
Manufactures illuminated switches, switch assemblies and keyboard panels.

Transfer Agent(s):
First Interstate Bank
Los Angeles, California 90030

Stock Exchange(s): American, Pacific

Ticker Symbol: DCO

Plant Footage:
1986 ..... 434,200 sq. ft.

Sales and Earnings

	Net Sales #	Net Income
1986	$ 455,179,000	$ (19,213,000)
1985	417,034,000	(19,685,000)
1984	441,608,000	11,060,000
1983	296,306,000	(1,717,000)
1982	207,507,000	3,010,000

	No. of Com. Shares	Earn. per Share ‡
1986	3,277,377	$ —
1985	3,351,479	—
1984	3,282,461	3.38
1983	3,250,525	—
1982	2,196,261	1.39

(Loss)
Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronics distrib.	$ 386,610	$ 347,505
Aerospace distr.	68,569	69,529
Total	$ 455,179	$ 417,034

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.350	—	—
1985	0.800	—	—
1984	0.800	—	—
1983	0.725	—	—
1982	0.070	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 53,035,000	$ 16.18
1985	73,250,000	21.86
1984	94,825,000	28.89
1983	85,803,000	26.40
1982	53,825,000	24.51

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 455,179	$ 417,034
Cost of sales	363,589	316,205
Expenses	100,216	99,015
Interest exp.	11,072	8,564
Loss bef. taxes	$ (19,698)	$ (6,750)
Tax credit	(485)	(3,487)
Loss - cont. oper.	$ (19,213)	$ (3,263)
Loss - discont. oper.	—	(16,422)
Net Loss	$ (19,213)	$ (19,685)

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 3,421	$ 4,843
Trade receiv., net	66,550	72,192
*Inventories	100,098	97,993
Notes & other receiv.	3,302	6,367
Def. inc. tax benefits	—	3,290
Other assets	2,217	3,119
Net assets of discont. oper.	12,327	—
Current Assets	$ 187,915	$ 187,804
Long-term notes receiv.	807	777
#Fixed assets	53,074	47,600
Intangibles	10,620	9,695
Other assets	2,248	4,339
Net assets of discont. oper.	6,047	17,393
Total Assets	$ 260,711	$ 267,608

Liabilities (000's)		
Notes payable	$ —	$ 10,000
Long-term debt, curr.	[illegible]	422
Accts. payable & accruals	52,691	56,028
Dividends payable	174	683
Curr. Liabilities	$ 53,134	$ 67,133
Long-term debt	105,790	112,741
Deferred inc. taxes	—	4,224
Deferred credits	172	260
Convert. subord. notes	48,580	10,000
+ Common stock	6,781	6,929
Add. paid-in capital	42,947	45,531
Retained earnings	3,307	23,686
Restricted stock awards	—	(2,896)
Total Liabilities & Shareholders' Equity	$ 260,711	$ 267,608

° At lower of cost (FIFO and average) or market.
Less accumulated depreciation and amortization.
+ $2 par value.

Statistical Summary		
Sales to Inventories	4.55	4.26
Debt to Equity	2.00	1.54
Working Capital	$134,781,000	$120,671,000
Current Ratio	3.54	2.80
Shareholders' Equity	$ 53,035,000	$ 73,250,000

E.I. du Pont de Nemours & Company

1007 Market Street
Wilmington, Delaware 19898
(302) 774-1000

Officers: Richard E. Heckert, chairman of the board & chief exec. officer; Edgar S. Woolard, Jr., president & chief operating officer; H. Gordon Smyth, Samuel Schwartz, John R. Malloy, W. Earl Tatum, Alexander MacLachlan, John J. Quindlen, John F. Schmutz, sr. v.p's; Elmer J. Grivetti, Archie W. Dunham, Colin H. Lee, H. Douglas Dahl, Jarvis B. Cecil, Robert B. Atwater, C. Wes McDonald, Floyd E. Ellis, exec. v.p.'s; Robert M. Aiken, David D. Mooberry, Nicholas Pappas, III, James F. Kearns, Carl De Martino, Dale E. Wolf, Elwood P. Blanchard, John P. McAndrews, Charles L. Henry, Mark A. Suwyn, group v.p.'s; Constantine S. Nicandros, president & chief exec. officer-Conoco Inc.; Bobby R. Brown, chairman & chief exec. officer-Consolidation Coal Company.

Directors: Richard E. Heckert*, chairman of the board; Irving S. Shapiro, David X. Barnes*, H. Rodney Sharp, III, Robert C. Forney*, Andrew F. Brimmer, Margaret P. MacKimm, Joseph A. Dallas, Charles L. Brown, Gilbert E. Jones, Irenee du Pont, Jr., Edward B. du Pont, George P. Edmonds, Crawford H. Greenewalt, Edward R. Kane, Howard W. Johnson, William G. Simeral*, Charles R. Bronfman, Edgar M. Bronfman, Charles B. McCoy, Dean R. McKay, Ralph E. Bailey*, Louisa C. Duemling, Edward Shapiro, Edgar S. Woolard, Jr.*, Constantine Nicandros*, Wilfred Schmoe*, Charles R. Bronfman, Edward G. Jefferson, E. Leo Kolber, David G. Sacks, John L. Weinberg.

*Member of the Executive Committee.

Areas of Work: Operations are divided into the following industrial segments: biomedical products; industrial and consumer products; fibers; polymer products; agricultural and industrial chemicals; petroleum exploration and production; petroleum refining, marketing and transportation; and coal. Biomedical products include clinical instruments and X-ray products used in medical diagnosis; prescription pharmaceuticals; radiopharmaceuticals and radioactive tracer chemicals; and biomedical instruments used principally in research. Industrial and consumer products include photographic products and systems for printing, engineering reproduction, data recording and micrographic markets; electronic products for high-density microcircuits, resistor networks and printed circuit boards; electronic connectors; chromium dioxide magnetic particles used in audio and video tapes and cassettes, and for data storage; finishes for the automotive and other industries; nonstick coatings, analytical instruments for research and industrial process monitoring; explosives; and sporting firearms and ammunition. Man-made fiber products consist of specialty fibers used in apparel, carpets, tire and aircraft component reinforcement, protective clothing, operating room apparel, packaging and road support, together with high-volume fibers for apparel and home fabrics, carpeting and industrial applications. Polymer products include plastic resins, elastomers, and films and other fabricated products. Agricultural chemical operations include worldwide manufacture and sales of fungicides, herbicides and insecticides for crop protection. Industrial chemicals comprise a range of such commodity and specialty products as pigments, organic chemicals, fluorochemicals, petroleum additives, mineral acids and other inorganics. Principal petroleum products include gasoline, jet fuel, diesel fuel, heating oil, fuel oil, asphalt, petroleum coke, natural gas, liquids and chemical feedstocks.

Industrial Departments:
Biochemicals Products Department
Finishes & Fabricated Products Department
Chemicals and Pigments Department
Petrochemicals Department
International Department
Photo Systems & Electronic Products Department
Polymer Products Department
Textile Fibers Department
Agricultural Chemicals Department

Subsidiaries:

Du Pont International Sales Corporation
Wilmington, Delaware

Conoco Delaware, Inc.

Conoco Inc.

New England Nuclear Corporation

Remington Arms Company, Inc.
Bridgeport, Connecticut

Colorquim, S.A. de C.V.
Mexico, D.F., Mexico

Du Pont Taiwan Ltd.
Taipei, Taiwan

Du Pont Taiwan Chemicals Ltd.
Taipei, Taiwan

Du Pont (Australia) Limited
Sydney, Australia

Du Pont (New Zealand) Ltd.
New Zealand

Du Pont, S.A. de C.V.
Mexico, D.F., Mexico

Conoco (U.K.) Limited
London, England

Du Pont de Colombia, S.A.
Bogota, Colombia

Du Pont de Nemours (Belgium)
Brussels, Belgium

Brandywine Assurance Company Ltd.
Bermuda

Quimica Du Pont Centroamerica, S.A.
Guatemala

Du Pont de Nemours (Deutschland) GmbH
Dusseldorf, Germany

Du Pont de Nemours International S.A.
Carouge, (Geneva), Switzerland

Du Pont de Nemours Italiana S.p.A.
Milan, Italy

Du Pont de Nemours (Luxembourg) S.A.
Contern, Luxembourg

Du Pont Photolux, S.A.
Luxembourg

Du Pont de Nemours (Nederland) B.V.
Dordrecht, Netherlands

Lacas y Pinturas, S.A.
Spain

Du Pont (Hong Kong) Ltd.
Hong Kong

Du Pont de Nemours Nordiska A.B.
Marsta, Sweden

Du Pont de Venezuela C.A.
Caracar, Venezuela

Du Pont do Brasil S.A.
Sao Paulo, Brazil

Du Pont Far East Inc.
Wilmington, Delaware

Comercial Quimica Peru S.A.
Lima, Peru

Du Pont de Nemours (France) S.A.
Paris, France

Du Pont Japan Limited
Japan

Du Pont (Singapore) Electronics Pvt., Ltd.
Singapore

Acquisition(s):
Inland Steel Coal Company
Sierra Coal Company
TAU Laboratories, Inc.

Affiliated Companies:

La Dominicia, S.A. de C.V. (49% owned)
Mexico, D.F., Mexico

Desarrollo Quimico Industrial, S.A. (50% owned)
Madrid, Spain

Allied Eneabba Ltd. (50%)
Australia

Du Pont Canada, Inc. (74.88% owned)
Montreal, Quebec, Canada

Mitsui Fluorochemicals Company, Ltd. (50% owned)
Tokyo, Japan

Mitsui Polychemicals Company, Ltd. (50% owned)
Tokyo, Japan

Pigmentos Y Productos Quimicos, S.A. de C.V. (49% owned)
Mexico, D.F., Mexico

Showa Neoprene K.K. (50% owned)
Tokyo, Japan

Tetraetilo de Mexico, S.A. (40% owned)
Mexico, D.F., Mexico

Dupont-Toray Co. Ltd. (50% owned)
Tokyo, Japan

Quimic a Fluor, S.A. de C.V. (32.9% owned)
Mexico

Nylon de Mexico, S.A. (40% owned)
Mexico

Butachimie (50% owned)
France

Transfer Agent(s):
E.I. du Pont de Nemours & Company
Finance Department
Nemours Building
10th & Orange Streets
Wilmington, Delaware

Mailing Address:

1007 Market Street
Wilmington, DE 19898

Stock Exchange(s): New York

Ticker Symbol: DD

E.I. du Pont de Nemours & Company

Number of Employees:

1986	141,268	1983	159,231
1985	146,017	1982	165,013
1984	157,783		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 27,148,000	$ 1,538,000
1985	29,483,000	1,118,000
1984	30,559,000	1,431,000
1983	28,798,000	1,127,000
1982	29,061,000	893,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	240,527,000	$ 6.35
1985	240,354,000	4.61
1984	239,482,000	5.93
1983	237,767 000	4.70
1982	235,707,000	3.75

‡ Based on the average number of common shares outstanding.

Revenues By Line of Business

	1986 (millions)	1985 (millions)
Petroleum	$ 9,819	$ 12,920
Coal & minerals	1,501	1,517
Agricultural & industr. chem.	3,396	3,388
Polymer prods.	3,657	3,379
Fibers	4,786	4,483
Industr. & cons. prods.	2,839	2,780
Biomedical prods.	1,150	1,016
Total	$ 27,148	$ 29,483

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$3.05	—	—
1985	3.00	—	—
1984	2.90	—	—
1983	2.50	—	—
1982	2.40	—	—

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share
1986	$ 13,137,000	$ 54.74
1985	12,422,000	51.62
1984	11,996,000	50.06
1983	11,235,000	47.04
1982	10,613,000	44.87

‡ After allowing for preferred stock at stated values.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 27,148,000	$ 29,483,000
Other income	273,000	382,000
Total income	$ 27,421,000	$ 28,865,000
Cost of sales	15,129,000	17,898,000
Expenses	2,350,000	2,077,000
Deprec., deplet. & amort.	2,119,000	1,796,000
Explor. expenses	550,000	561,000
Res. & develop. expenses	1,156,000	1,144,000
Interest expense	438,000	513,000
Taxes	2,656,000	2,282,000
Gains from sales of businesses	(140,000)	(27,000)
Loss on restruc. of invest.	178,000	226,000
Early retire. prog.	—	200,000
Income before taxes	$ 2,985,000	$ 3,195,000
Income taxes	1,447,000	2,077,000
Net Income	$ 1,538,000	$ 1,118,000

Assets
(000's)

As of Dec. 31	1986	1985
Cash & marketable securities	$ 584,000	$ 583,000
Accts. & notes receiv., net	3,771,000	4,044,000
*Inventories	4,253,000	3,873,000
Prepaid expenses	352,000	376,000
Current Assets	$ 8,960,000	$ 8,876,000
Investments	469,000	280,000
#Fixed assets	15,697,000	15,195,000
Other assets & investments	1,607,000	789,000
Total Assets	$ 26,733,000	$ 25,140,000

Liabilities
(000's)

Short-term borrowings	$ 1,625,000	$ 723,000
Accts. payable	2,346,000	2,550,000
Accruals	1,482,000	1,607,000
Income taxes	183,000	431,000
Curr. Liabilities	$ 5,636,000	$ 5,311,000
Long-term debt	3,227,000	3,191,000
Cap. lease oblig.	89,000	93,000
Other liabilities	1,669,000	1,475,000
Minority interest	90,000	68,000
Deferred inc. taxes	2,648,000	2,343,000
+ Preferred stock:		
$4.50 series	167,000	167,000
$3.50 series	70,000	70,000
+ + Common stock	400,000	401,000
Add. paid-in capital	4,535,000	4,492,000
Retained earnings	8,202,000	7,529,000
Total Liabilities & Shareholders' Equity	$ 26,733,000	$ 25,140,000

* Valued at LIFO cost.
# Less accumulated depreciation and obsolescence.
+ No par value; cumulative.
+ + $1.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	11.00	10.84
%Net Income to Sales	5.67	3.79
%Net Income to Equity	11.50	8.83
Sales to Inventories	6.38	7.61
Debt to Equity	0.24	0.32
Working Capital	$ 3,324,000,000	$ 3,565,000,000
Current Ratio	1.59	1.67
Shareholders' Equity	$13,374,000,000	$12,659,000,000

Dyncorp

1313 Dolley Madison Boulevard
McLean, Virginia 22101
(703) 356-0480

Officers: Jorge Carnicero, chairman of the board; Raymond J. Mulligan, vice-chairman; Daniel R. Bannister, president & chief exec. officer; G.W. Walther Ewalt, exec. v.p. & chief operating officer; David L. Reichardt, sr. v.p. & general counsel; T. Eugene Blanchard, sr. v.p. and chief financial officer; James H. Duggan, sr. v.p.-Aviation & Government Services; Gerald A. Dunn, v.p. & controller; Arnold Toivonen, v.p.-government services; Richard A. Hutchinson, treasurer; William H. Cartwright, v.p.-strategic planning; James Stuart, v.p.-risk management; H. Montgomery Hougan, corporate secretary and deputy general counsel; Robert G. Wilson, v.p. & gen'l auditor; Michael F. Robilotto, v.p.-human resources.

Directors: Jorge Carnicero*, chairman; James D. Berry, Charles G. Gulledge*, John H.F. Haskell, Jr., Raymond J. Mulligan, Edwin C. Phillips, Merlon F. Richards*, Sterling D. Colton, D.R. Bannister*, Edwin K. Hoffman*.

* Member of the Executive Committee.

Areas of Work: The Company's activities are conducted in two broad areas: technical services and specialty contracting. Technical services include R&D and aviation and weapons support services for the Department of Defense; logistics support and management information processing for the military; radar systems for the U.S. Air Force and Navy; Communications, navigation, Sonar, and weapons systems for the U.S. Navy; simulator/training device operation and instruction services; microwave voice and data communication systems installation and integration; and ground handling and aircraft maintenance, repair and fueling services. Specialty contracting services include the construction of public utility systems, industrial facilities, commercial buildings, transportation facilities, medical facilities, government facilities and military installations, process control and instrumentation systems, and factory automation systems.

Operating Groups:

Technical Services Group
Provides diversified technical, scientific, and support services for both military and civil aviation.

Commercial Aviation Services

Airport Radio Services
Miami, Florida

CFE Services, Inc.
Norfolk, Virginia

Heli-Dyne Systems, Inc.
Fort Worth, Texas

Airtech Service, Inc.
Miami, Florida

Servair Inc.
McLean, Virginia

CFE Equipment Corporation
Norfolk, Virginia

Dynalectron Aviation Fueling, Inc.
McLean, Virginia

Government Services

Dynatech Operations
Albuquerque, New Mexico

Aerospace Operations Division
Fort Worth, Texas

PAC ORD
San Diego, California

Installation Support Operations
McLean, Virginia

System Services Division
McLean, Virginia

Specialty Contracting

DYN Specialty Contracting, Inc.
McLean, Virginia

Dynalectric Company
McLean, Virginia

State Contractors, Inc.
Toronto, Ontario, Canada

Aneco Group
Clearwater, Florida

Dynatran Division
Washington, D.C.

B & B Contracting & Supply Company
Dallas, Texas

TRANS-DYN Control Systems, Inc.
Concord, California
Palo Alto, California

Transfer Agent(s):
RepublicBank Dallas
Corporate Trust Division
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York

Ticker Symbol: DYN

Number of Employees:

1986	15,000	1984	13,000
1985	13,000	1983	11,000

Sales and Earnings

	Revenues +	Net Income
1986	$ 749,067,000	$ 13,112,000
1985	640,347,000	3,291,000
1984	602,926,000	12,043,000
1983	514,377,000	10,276,000
1982	439,329,000	13,121,000

	No. of Com. Shares †	Earn. per Share †
1986	10,380,000	$ 1.26
1985	9,512,000	0.34
1984	9,308,000	1.23
1983	9,358,000	1.10
1982	8,583,000	1.53

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.27	—	—
1985	0.27	—	—
1984	0.25	—	—
1983	0.25	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 128,250,000‡	$ 11.91
1985	103,689,000‡	10.82
1984	99,287,000	10.75
1983	95,729,000‡	10.22
1982	80,572,000	9.40

‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 749,067	$ 640,347
Cost of sales	706,827	609,850
Expenses	18,440	17,047
Interest expense	2,862	3,779
Interest income	(2,011)	(3,395)
Income before taxes	$ 22,949	$ 13,066
Income taxes	9,837	5,498
Inc.-cont. oper.	$ 13,112	$ 7,568
Loss-discont. oper.	—	(4,277)
Net Income	$ 13,112	$ 3,291

* Included in Costs and Expenses, Depreciation and Amortization: $13,381,000 in 1986 and $10,852,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 32,218	$ 38,449
Notes & long-term receiv., curr.	371	227
Accts. receiv., net	164,374	150,138
*Inventories	8,288	8,784
Prepaid expenses	8,308	6,030
Current Assets	$ 213,559	$ 203,628
Long-term receiv.	1,256	1,361
#Fixed assets	49,886	44,406
Other assets	16,360	14,640
Intangibles	14,312	13,228
Total Assets	$ 295,373	$ 277,263

Liabilities
(000's)

Long-term debt, curr.	$ 4,471	$ 2,393
Accts. payable	41,134	48,503
Adv. on contract pay.	9,750	7,895
Accruals	54,249	50,814
Accrued inc. taxes	25,040	18,279
Curr. Liabilities	$ 134,644	$ 127,884
Long-term debt	7,018	22,660
Deferred income taxes	17,986	17,175
Other liab. & def. credits	7,393	5,673
+Preferred stock	82	182
+Common stock	1,084	1,001
Add. paid-in capital	52,819	41,967
Curr. trans.'adj.	(1,623)	(1,734)
Retained earnings	76,788	66,279
Treasury stock	(818)	(3,824)
Total Liabilities & Shareholders' Equity	$ 295,373	$ 277,263

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	3.06	—
%Net Income to Sales	1.75	—
%Net Income to Equity	10.22	3.17
Debt to Equity	0.09	0.23
Working Capital	$ 78,915,000	$ 75,744,000
Current Ratio	1.59	1.59
Shareholders' Equity	$128,332,000	$103,871,000

Dynamics Corporation of America

475 Steamboat Road
Greenwich, Connecticut 06830
(203) 869-3211

Officers: Andrew Lozyniak, chairman of the board & president; Edward J. Mooney, vice chairman of the board, v.p., & secretary; Henry V. Kensing, v.p. & general counsel; Patrick J. Dorme, v.p.-finance & chief financial officer; Richard E. Smith, treasurer; M. Gregory Bohnsack, controller; Leona Cebelenski, asst. secretary.

Directors: Frank A. Gunther, Henry V. Kensing, Andrew Lozyniak, Curtis T. Roff, Edward J. Mooney, Saul Sperber, Joseph Walker, Harold Cohan, Patrick J. Dorme.

Areas of Work: Operations are divided into three industry segments: electrical appliances and electronic devices; fabricated metal products and equipment; and power and controlled environmental systems.

Divisions and Subsidiaries:

Anemostat Products Division
888 North Keyser Avenue
Scranton, Pennsylvania 18501
(717) 346-6586
Designs, manufactures and markets a broad line of air distribution equipment with both pneumatic and electronic controls to meet the need for total environmental control in laboratories, industrial buildings, commercial buildings, and air distribution in aircraft, marine and rail equipment.

Fermont Division
141 North Avenue
Bridgeport, Connecticut 06606
(203) 366-5211
Manufactures standby and prime power generator sets, control systems, switchgear, power vans, special purpose trailers and accessories for use by the government, prime contractors and commercial business.

Ellis and Watts Division
4400 Glen Willow Lake Lane
Cincinnati, Ohio 45244
(513) 891-8000
Air and liquid special cooling and temperature control devices, dehydrators, fluid transfer units, air handling equipment, special fans, and electronic trailers for government industrial, medical and power use.

International Electronic Research Corporation
135 West Magnolia Boulevard
Burbank, California 91502
(213) 849-2481
Manufactures board mounted and extruded semiconductor heat sinks/dissipators, Zero Insertion Force circuit board retainers, high performance card cages, cold walls, enclosures, tube shields and other thermal packaging components.

Reeves-Hoffman Division
400 West North Street
Carlisle, Pennsylvania 17013
(717) 243-5929
Manufactures quartz crystal products, primarily crystal units, blanks, filters, and oscillators for frequency controlled applications in weapons, radar, data transmission and telecommunication systems and hermetic seal packages that are used in the hybrid micro-electronic industry for both consumer and high reliability military electronic integrated circuits.

Waring Products Division
Route 44
New Hartford, Connecticut 06057
(203) 379-0731
Manufactures commercial and consumer portable electrical appliances such as the original Blendor, mixers, can openers, food slicers, food processors, juicers, coffee preparation products, ice cream makers and food dehydrators.

Transfer Agent(s):
First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: DYA

Number of Employees:

1986	1,683	1984	1,919
1985	1,900	1983	1,847

Plant Footage:
1986 ..... 1,114,000 sq. ft.

Sales and Earnings ×

	Net Sales +	Net Income ‡
1986	$ 139,223,000	$ 1,076,000
1985	138,811,000	15,807,000
1984	123,166,000	8,209,000
1983	133,615,000	15,084,000
1982	123,407,000	3,435,000

	No. of Com. Shares †	Earn per Share †‡
1986	4,164,870	$ 0.26
1985	4,269,642	3.70
1984	4,339,118	1.89
1983	4,414,438	3.42
1982	4,458,248	0.77

× Restated to reflect the equity method of accounting.
+ Of continuing operations only.
† Based on the average number of common shares outstanding.
‡ Including extraordinary gain of $617,000 ($0.15 per share) in 1986.

Revenues By Line of Business
(000's)

	1986	1985
Electrical appliances & electronic devices	$ 53,185	$ 57,487
Fabricated metal products & equipment	18,255	19,629
Power & controlled environmental systems	67,783	61,695
Total	$ 179,223	$ 138,811

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.175	—	—
1982	0.15	—	—

Dynamics Corporation of America

Common Stock Equity ‡

	Total Equity	Equity Per Share †
1986	$ 88,889,000	$ 21.34
1985	91,128,000	21.34
1984	76,852,000	17.71
1983	71,216,000	16.13

‡ Restated.
† Based on the average number of common shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 139,223	$ 138,611
Cost of sales	100,403	97,084
Expenses	28,339	31,951
Other income	(687)	(21,437)
Income before taxes	$ 11,168	$ 31,213
Income taxes	4,612	14,144
Eq. in loss (inc.) from cont. oper. of CTS corp.	4,359	(522)
Inc.-cont. oper.	$ 2,197	$ 17,591
Loss-discont. oper.	(2,377)	(1,919)
Eq. in inc. from discont. oper. of CTS corp.	639	135
Net Income	$ 459	$ 15,807
Extraord. gain	617	—
Net Income & extraord. gain	$ 1,076	$ 15,807

* Included in Costs and Expenses, Depreciation and Amortization: $2,067,000 in 1986 and $2,239,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 6,323	$ 8,226
Marketable securities	15,428	35,285
Accts. receiv., net	20,396	19,799
*Inventories	22,294	29,021
Other current assets	4,791	1,599
Def. income taxes	378	1,472
Current Assets	$ 69,610	$ 95,402
#Fixed assets	6,991	9,236
Eq. invest. in CTS Corp.	53,521	13,605
Patent award	12,846	11,928
Other assets	2,986	—
Total Assets	$ 145,954	$ 130,171

Liabilities
(000's)

Long-term debt, curr.	$ 2,883	$ 394
Accts. payable	3,588	5,891
Accruals	20,831	22,008
Income taxes	1,811	2,856
Curr. Liabilities	$ 29,113	$ 31,149
Long-term debt	22,539	2,851
Deferred income taxes	5,413	5,043
+Common stock	413	423
Add. paid-in capital	9,895	9,443
Retained earnings	79,270	82,167
Subs. receiv. & def. compens.	(689)	(905)
Total Liabilities & Shareholders' Equity	$ 145,954	$ 130,171

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	0.52	17.35
Sales to Inventories	6.24	4.78
Debt to Equity	0.29	0.04
Working Capital	$40,497,000	$64,253,000
Current Ratio	2.39	3.06
Shareholders' Equity	$88,889,000	$91,128,000

Dynamics Research Corporation

60 Concord Street
Wilmington, Massachusetts 01887
(617) 658-6100

Officers: John S. Anderegg, Jr., chairman of the board & chief exec. officer; Albert Rand, president, chief operating officer & gen. mgr.-Systems Division; Joseph J. Bakewell, v.p. & gen. mgr.-Metrigraphics Div.; John L. Wilkinson, v.p.-human resources; Chester Ju, v.p. & gen. mgr.-Encoder Division; James F. Pablo, v.p., chief financial officer & treasurer; David C. Proctor, asst. treasurer; John R.D. McClintock, clerk; Nancy M. Bodenstein, assistant clerk.

Directors: John S. Anderegg, Jr., chairman; Thomas J. Troup, Sims McGrath, Wickham Skinner, Francis J. Aguilar, Albert Rand.

Areas of Work: The Company's Defense segment is involved in the development and operation of data gathering, analysis, planning and management systems for major weapon programs of the Department of Defense. The Commercial segment manufactures devices which precisely measure position and control motion in electromechanical equipment, and produces precision scales on glass and other media for use in technical instruments and computer peripherals.

Divisions:
Encoder Division
Precision Measurement Division
Metrigraphics Division
Systems Division
Test Equipment Division

Subsidiary:
DRC International Corporation (DISC)

Transfer Agent(s):
State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRCO (NASDAQ)

Number of Employees:

1986	1,041	1983	756
1985	1,003	1982	766
1984	899		

Sales and Earnings

	Net Sales †	Net Income
1986	$ 75,192,000	$ 2,456,000
1985	62,320,000	153,000
1984	47,863,000	1,510,000
1983	38,764,000	1,007,000
1982	34,416,000	654,000

	No. of Com. Shares +	Earn. per Share #
1986	4,023,265	$ 0.61
1985	4,023,265	0.04
1984	4,023,265	0.38
1983	4,023,265	0.25
1982	4,023,265	0.16

† Including contract revenues; of continuing operations only.
+ Adjusted to reflect stock dividends.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986	1985
Product sales	$ 7,951,000	$ 9,138,000
Contract revenues	67,241,000	53,182,000
Total	$ 75,192,000	$ 62,320,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	25%	—
1985	—	25%	—
1984	0.02	5% & 25%	—
1983	0.03	10% & 10%	—
1982	0.02	10% & 10%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 12,320,000	$ 3.06
1985	9,868,000	2.45
1984	9,718,000	2.42
1983	8,275,000	2.06
1982	7,390,000	1.84

+ Adjusted to reflect stock dividends.

Income Account *

Year ended	12/27/86	12/28/85
Net sales & revenues	$ 75,192,000	$ 62,320,000
Cost of sales	60,726,000	48,665,000
Expenses	9,109,000	9,223,000
Interest expense	324,000	596,000
Income before taxes	$ 5,033,000	$ 3,836,000
Income taxes	2,577,000	1,637,000
Inc. - cont. oper.	$ 2,456,000	$ 2,199,000
Loss - discont. oper.	—	(2,046,000)
Net Income	$ 2,456,000	$ 153,000

* Included in Cost and Expenses, Depreciation and Amortization: $2,017,000 in 1986 and $1,736,000 in 1985.

Assets

As of	12/27/86	12/28/85
Cash	$ 271,000	$ 490,000
Receiv., net	12,791,000	15,059,000
Other receiv.	657,000	1,150,000
Unbilled fees	5,575,000	2,458,000
*Inventories	1,353,000	1,261,000
Tax refund	168,000	—
Prepaid expenses	834,000	780,000
Current Assets	$ 21,699,000	$ 21,218,000
#Fixed assets	5,131,000	5,739,000
Total Assets	$ 26,830,000	$ 26,957,000

Liabilities

Notes payable	$ 3,120,000	$ 5,650,000
Long-term debt, curr.	833,000	833,000
Accts. payable	3,197,000	3,694,000
Accruals	2,250,000	2,733,000
Accrued payroll	2,543,000	2,350,000
Deferred inc. taxes	2,059,000	327,000
Accrued taxes	445,000	297,000
Curr. Liabilities	$ 14,447,000	$ 15,884,000
Long-term debt	—	833,000
Deferred inc. taxes	63,000	372,000
+Common stock	402,000	322,000
Add. paid-in capital	6,891,000	6,971,000
Retained earnings	5,027,000	2,575,000
Total Liabilities & Shareholders' Equity	$ 26,830,000	$ 26,957,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.69	—
%Net Income to Sales	3.27	—
%Net Income to Equity	19.94	1.55
Debt to Equity	0.32	0.74
Working Capital	$ 7,252,000	$5,334,000
Current Ratio	1.50	1.34
Shareholders' Equity	$12,320,000	$9,868,000

Dynascan Corporation

6460 W. Cortland Street
Chicago, Illinois 60635
(312) 889-8870

Officers: Carl Korn, chairman; Jerry Kalov, president & chief exec. officer; David T. Allen, v.p.-finance, chief financial officer, secretary & treasurer; Fred N. Hackendahl, v.p.-corp. development; Leonard Abrahamson, v.p.-human resources; S. Gene Balaban, v.p. & gen. mgr.-Telemotive Products Division; J. Dennis Burke, v.p. & gen. mgr.-Consumer Electronic Products Group; Henry J. Gronski, v.p.-corporate services & facilities; Orie Fritts, Jr., v.p. & gen. mgr.-Industrial Electronic Products Group.

Directors: Samuel B. Horberg, Carl Korn, James L. Marovitz, Ronald Cramer, Harold D. Schwartz, Jerry Kalov

Areas of Work: Designs, imports and markets two-way citizens-band radios, cordless and wired telephones, telephone answering systems, radar detectors and "Marantz" audio and audio/video electronic products. Develops and markets industrial products, B & K Precision electronic test and measurement equipment, and Telemotive Radio Remote Control systems for heavy industrial equipment.

Divisions:

Telemotive Products Division
Remote control devices for heavy industrial equipment, such as overhead cranes and yard locomotives.

Dynascan Asis Ltd.
401 Iwami Building 4-2-1 Iidabashi
Chiyoda Ku
Tokyo 102, Japan

Divisions and Subsidiaries:

Consumer Electronic Products Group

Cobra Telecommunications
Manufactures corded and cordless telephones and answering machines.

Cobra Personal Communications Products
Manufactures CB radios and radar detectors.

Industrial Electronic Products Group

B&K-Precision Test and Measurement Equipment

Telemotive Products Division
Remote control devices for heavy industrial equipment, such as overhead cranes and yard locomotives.

Acquisition(s):

Marantz Company, Inc.
20525 Nordoff Street
Chatsworth, California 91311
(818) 998-9333
Designs, distributes and markets audio and audio/video products including receivers, tuners, amplifiers, turn tables, loudspeakers, cassette decks, compact disc players, television monitors, and video cassette recorders.

Transfer Agent(s):

Continental Illinois National Bank & Trust Company
30 North LaSalle Street
Chicago, Illinois 60697

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DYNA (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	$ 146,800,000	$ 6,083,000
1985	128,084,000	138,000
1984	125,271,000	(16,042,000)
1983	173,439,000	8,777,000
1982	82,921,000	3,356,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,734,000	$ 1.28
1985	4,562,000	0.03
1984	4,551,000	—
1983	4,518,000	1.94
1982	4,231,000	0.79

(Loss)
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986	1985
Consumer electronics products	$ 121,978,000	$ 103,747,000
Industrial electronics products	24,822,000	24,337,000
Total	$ 146,800,000	$ 128,084,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	3%	—
1983	—	3% + 3%	—
1982	—	3% + 3%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 37,488,000	$ 7.92
1985	31,374,000	6.91
1984	31,236,000	6.88
1983	47,274,000	10.42
1982	33,663,000	7.94

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 146,800,000	$ 128,084,000
Cost of sales	105,906,000	103,504,000
Expenses	26,909,000	20,486,000
Interest expense	2,049,000	3,969,000
Prof. sh. plan	647,000	200,000
Other income	(759,000)	(213,000)
Inc. bef. taxes	$ 12,048,000	$ 138,000
Income taxes	5,965,000	—
Net Income	$ 6,083,000	$ 138,000

* Included in Costs and Expenses, Depreciation and Amortization: $968,000 in 1986 and $1,004,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,444,000	$ 1,389,000
Marketable securities	234,000	1,455,000
Receiv., net	39,951,000	28,302,000
*Inventories	47,198,000	22,077,000
Prepaid expenses	4,556,000	2,942,000
Other current assets	1,830,000	1,511,000
Current Assets	$ 95,213,000	$ 57,676,000
#Fixed assets	7,060,000	5,681,000
Other assets	6,817,000	7,810,000
Total Assets	$ 109,090,000	$ 71,167,000

Liabilities

Note payable	$ 14,885,000	$ 6,000,000
Accts. payable	13,880,000	4,171,000
Accruals	14,170,000	7,315,000
Curr. Liabilities	$ 42,935,000	$ 17,486,000
Oblig. under cap. lease	1,957,000	1,957,000
Deferred inc. taxes	304,000	350,000
Long-term notes payable	20,000,000	20,000,000
Minority interest	6,406,000	—
+Common stock	1,557,000	1,548,000
Add. paid-in capital	23,972,000	23,837,000
Retained earnings	12,137,000	6,054,000
Treasury stock	(178,000)	(65,000)
Total Liabilities & Shareholders' Equity	$ 109,090,000	$ 71,167,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.33⅓ par value.

Statistical Summary

%Income bef. Taxes to Sales	8.21	0.11
%Net Income to Sales	4.14	0.11
%Net Income to Equity	16.23	0.44
Sales to Inventories	3.11	5.80
Debt to Equity	0.45	0.25
Working Capital	$52,278,000	$40,190,000
Current Ratio	2.22	3.30
Shareholders' Equity	$37,488,000	$31,374,000

Dynatech Corporation

3 New England Executive Park
Burlington, Massachusetts 01803
(617) 272-3304

Officers: Warren M. Rohsenow, chairman; J.P. Barger, president; James R. Turner, R. Claude Olier, Howard M. Crow, Jr., John F. Reno, group v.p.'s; William W. Welsh, Jr., v.p.-diagnostic instruments; Dorothy G. Cooley, Terry Kelly, John A. Powers, Joseph A. Sciulli, Ronald H. Weatherhogg, v.p.'s; Edward T. O'Dell, Jr., secretary; Vera B. Durling, asst. secretary; Robert H. Hertz, chief financial officer & treasurer; John C. Maag, corp. controller.

Directors: Warren M. Rohsenow, chairman; J.P. Barger, James B. Hangstefer, Theodore Cohn, Warren A. Law.

Areas of Work: Designs, manufactures and markets electronic and electromechanical instruments and systems for measurement, analysis and control. In data communications, the Company provides equipment for the technical control, testing and systems management of both analog and digital data transmission in large communications networks. Microwave products include receivers designed as police radar detectors, ultra high frequency coaxial switches used in microwave transmission, and instruments for testing microwave oscillitors, amplifiers and frequency multipliers. In video communications, the Company supplies routing and master control switchers for managing the flow of information within a television studio; computerized graphics systems for weather, news, sports, elections and special effects; and newsroom automation systems. The Company also manufactures and sells laboratory diagnostic equipment and supplies for research and clinical testing in the fields of immunology, microbiology, serology and cancer research.

Divisions and Subsidiaries:

Artek Systems Corporation
Farmingdale, New York

Dynatech Frontier Corporation
Albuquerque, New Mexico

Trigon Industries, Inc.
Milpitas, California

Lighting Location & Protection, Inc.
Tucson, Arizona

Dynatech Precision Sampling Corp.
Baton Rouge, Louisiana

Trans-Met Engineering, Inc.
Anaheim, California

LEA Dynatech Inc.
Santa Fe Springs, California

Dynatech Computer Power Inc.
Scotts Valley, California

Sensors, Inc.
Saline, Michigan

Dynatech Laboratories, Incorporated
Chantilly, Virginia

Dynatec Nevada, Inc.
Carson City, Nevada

Dynatech Corporation

Dyna[illegible] Medical Products Ltd.
[illegible], Channel Islands

[illegible]acommunications Test Instruments
[illegible]ringfield, Virginia

Dynatech Communications, Inc.
East Greenwich, Rhode Island

Dynatech Microwave Technology, Inc.
Calabasas, California

Dynatech NewStar
Madison, Wisconsin

Whistler Corporation
Westford, Massachusetts

Dynatech Scientific, Inc.
Cambridge, Massachusetts

Unex
Westford, Massachusetts

Dynatech Data Systems
Springfield, Virginia

Telecommunications Techniques Corp.
Gaithersburg, Maryland

Dynatech Data Communications, Ltd.
Guernsey, Channel Islands

Dynatech Packet Technology, Inc.
Alexandria, Virginia

Interface Technology, Inc.
Glendora, California
Manufactures and markets digital electronics test instruments.

Cybermation Ltd.
St. Albans, Hertfordshire, England

Digital Technology, Inc.
Dayton, Ohio

Innovative Electronics, Inc.
Miami, Florida

Interkom GmbH
Grafenau, West Germany

Controlonics Communications
Westford, Massachusetts

Integra, Inc.
Santa Clara, California

Utah Scientific, Inc.
Salt Lake City, Utah

Quanta Corporation
Salt Lake City, Utah

ColorGraphics Systems, Inc.
Madison, Wisconsin

Overseas Sales Companies

Dynatech, A.G.
Zug, Switzerland

Dynatech Produkte, A.G.
Embrach-Embraport, Switzerland

Dynatech Laboratories Ltd.
Billingshurst, West Sussex, England

Laboratoire Dynatech S.A.R.L.
Marnes la Coquette, France

Dynatech Deutschland GmbH
Denkendorf, West Germany

Dynatech Communications GmbH
Friedrichsdorf, West Germany

Dynatech GmbH
Friedrichsdorf, West Germany

Interkom GmbH
Munich, West Germany

Dynatech Video Communications Europe
Reading, Berkshire, England

Dynatech Communications A/S
Oslo, Norway

Dynatech Communications Svenska A.B.
Taby, Sweden

Dynatech Communications S.A.R.L.
Fresnes, France

Nihon Dynatech K.K.
Tokyo, Japan

Datatel S.A.
Boulogne-Billancourt, France

Datatech Communications S.R.L.
Milan, Italy

Dynatech Systems Ltd.
Waltham Cross, Hertfordshire, England

Dynatech Systems S.A.
Boulogne-Billancourt, France

Dynatech Test Instruments
Fresnes, France

Dynatech Communications Ltd.
Waltham Cross, Hertfordshire, England

Dynatech Hong Kong Ltd.
Wanchai, Hong Kong

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DYTC (NASDAQ)

Number of Employees:

1987	3,100	1984	N.A.
1986	2,550	1983	1,606
1985	2,400		

N.A. - Not Available.

Sales and Earnings ‡

	Net Sales +	Net Income
1987	$ 304,693,000	$ 23,205,000
1986	270,754,000	21,216,000
1985	228,951,000	19,521,000
1984	165,911,000	11,602,000
1983	137,503,000	9,971,000

	No. of Com. Shares	Earn. per Share #
1987	11,057,741	$ 2.10
1986	11,037,879	1.93
1985	10,928,500	1.80
1984	10,678,741	1.10
1983	N.A.	0.96

N.A. - Not Available.
+ Including contract revenue.
‡ Restated to include operations of companies acquired on a pooling of interests basis.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1987	1986
Communications prods.	$ 233,339,000	$ 206,399,000
Diagnostic prods.	23,394,000	20,336,000
Scientific instruments	47,960,000	44,019,000
Total	$ 304,693,000	$ 270,754,000

Common Stock Equity †

	Total Equity	Equity Per Share
1987	$ 123,339,000	$ 11.15
1986	97,263,000	8.81
1985	72,986,000	6.68
1984	54,510,000	5.10
1983	42,243,000	4.06

† Restated.

Income Account *
(000's)

Year ended March 31	1987	1986 ‡
Net sales	$ 304,693	$ 270,754
Cost of sales	134,854	120,461
Expenses	100,000	87,874
Prod. develop. exp.	27,336	23,631
Interest expense	1,777	2,921
Other income	(946)	(723)
Income before taxes	$ 41,672	$ 36,590
Income taxes	18,467	15,374
Net Income	$ 23,205	$ 21,216

* Included in Costs and Expenses, Depreciation and Amortization: $10,607,000 in 1987 and $8,143,000 in 1986.
‡ Restated.

Assets
(000's)

As of March 31	1987	1986 ‡
Cash & cash equiv.	$ 15,313	$ 8,407
Accts. receiv., net	62,984	52,147
*Inventories	66,350	51,839
Other assets	5,646	3,839
Current Assets	$ 150,293	$ 116,232
#Fixed assets	33,522	26,502
Other assets	1,007	4,556
Intangibles	30,111	13,128
Total Assets	$ 214,933	$ 160,418

Liabilities
(000's)

Long-term debt, curr.	$ 2,546	$ 4,464
Accts. payable	14,611	12,682
Accrued payroll	7,884	6,784
Profit sharing	2,651	1,957
Other accruals	10,830	9,607
Income taxes	6,188	5,036
Curr. Liabilities	$ 44,710	$ 40,530
Long-term debt	41,567	18,202
Def. inc. taxes	5,317	4,423
+Common stock	2,212	2,208
Add. paid-in capital	6,014	5,846
Retained earnings	112,512	89,307
Cum. for. curr. trans.	2,601	(98)
Total Liabilities & Shareholders' Equity	$ 214,933	$ 160,418

‡ Restated.
* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.68	13.51
%Net Income to Sales	7.62	7.84
%Net Income to Equity	18.81	21.81
Sales to Inventories	4.59	5.22
Debt to Equity	0.36	0.23
Working Capital	$105,583,000	$75,702,000
Current Ratio	3.36	2.87
Shareholders' Equity	$123,339,000	$97,263,000

EAC Industries, Inc.

224 South Michigan Avenue
Suite 220
Chicago, Illinois 60604
(312) 922-7111

Officers: Peter B. Fritzsche, chairman of the board & president; Paul Fritzsche, v.p.-operations and administration & secretary; Arthur L. Goldberg, v.p.-finance & treasurer; Peter O. Fetzer, asst. secretary.

Directors: George J. Dunn, Paul Fritzsche*, Peter B. Fritzsche*, Philip H. Geier, Jr., James F. Peil*, Daniel E. Virnich*, Paul E. Price*, James M. Baisley.

* Member of the Executive Committee.

Areas of Work: Manufactures hardware products for screen and storm doors and security locks; electrical equipment such as compressors, electrical controllers, fans, pumps, electric motors, collector rings and uninterruptible and standby power supplies; jet engine components; point-of-purchase advertising such as in-store sales aids, wall decorations and metallized plastic; manufactured housing for dealers and developers.

Subsidiaries:

Welco Industries, Inc.
Cincinnati, Ohio

Ideal Security Hardware Corporation
St. Paul, Minnesota

Goodren Products Corporation
Englewood, New Jersey

The Stalker Corporation
Essexville, Michigan

Sterling Manufactured Homes, Inc.
Albemarle, North Carolina

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: EAC

Number of Employees:

1987 1,110

Plant Footage:

1987 ..... 433,000 sq. ft.

Sales and Earnings

	Revenues +	Net Income
1986	$ 113,424,000	$ (987,000)
1985	76,589,000	59,000
1984	55,063,000	(144,000)
1983	38,845,000	2,009,000
1982	32,120,000	1,891,000

	No. of Com. Shares #	Earn. per Share #
1986	1,969,000	$ —
1985	1,941,000	0.03
1984	1,924,000	—
1983	1,796,000	1.12
1982	1,578,000	1.20

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Hardware	$ 23,153	$ 21,942
Aircraft & defense	23,786	16,965
Point-of-purchase adv.	4,758	4,908
Manufactured housing	61,727	32,774
Total	$ 13,424	$ 76,589

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.30	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—
1982	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 15,695,000	$ 8.06
1985	17,129,000	8.82
1984	17,684,000	9.19
1983	18,627,000	9.70
1982	14,957,000	9.25

Income Account *
(000's)

Year ended Jan. 31	1987	1986
Net sales	$ 113,424	$ 76,589
Cost of sales	95,308	62,944
Expenses	17,294	12,371
Restruc. charges	—	2,904
Eq. in inc. of affil. cos.	(120)	(162)
Interest expense	2,161	1,784
Non-recurr. exp.	1,176	241
Loss before taxes	$ (2,395)	$ (3,493)
Tax credit	(1,108)	(1,611)
Loss - cont. oper.	$ (1,287)	$ (1,882)
Inc. - discont. oper.	300	1,941
Net Income (Loss)	$ (987)	$ 59

* Included in Costs and Expenses, Depreciation and Amortization: $2,688,000 in 1987 and $1,688,000 in 1986.

Assets
(000's)

As of Jan. 31	1987	1986
Cash & marketable securities	$ 1,575	$ 744
Accts. receiv., net	11,925	9,200
*Inventories	15,408	13,226
Prepaid expenses	1,462	1,671
Refund inc. taxes	152	562
Current Assets	$ 30,522	$ 25,403
Investments	1,313	1,397
#Fixed assets	21,901	18,905
Net assets of discont. oper.	—	2,659
Other assets	1,109	3,707
Intangibles	1,086	1,880
Total Assets	$ 55,931	$ 53,951

Liabilities
(000's)

Long-term debt, curr.	$ 1,588	$ 1,027
Accts. payable	5,917	6,174
Accruals	5,626	5,403
Curr. Liabilities	$ 13,131	$ 12,604
Long-term debt	24,191	21,389
Other liab.	285	608
Deferred inc. taxes	2,629	2,221
+Common stock	232	232
Add. paid-in capital	12,817	12,817
Cum. trans. adjust.	(205)	(220)
Retained earnings	5,324	6,893
Treasury stock	(2,473)	(2,593)
Total Liabilities & Shareholders' Equity	$ 55,931	$ 53,951

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	7.36	5.79
Debt to Equity	1.64	1.31
Working Capital	$17,391,000	$12,799,000
Current Ratio	2.32	2.02
Shareholders' Equity	$15,695,000	$17,129,000

Eagle-Picher Industries, Inc.

580 Walnut Street
P.O. Box 779
Cincinnati, Ohio 45202
(513) 721-7010

Officers: Thomas E. Petry, president & chief executive officer; John W. Painter, exec. v.p.; Jack D. Grinton, group v.p.; James M. Dines, v.p.; John E. Powers, sr. v.p.; James A. Ralston, v.p. & general counsel; James G. Baird, J. Rodman Nall, Ernest H. Hirsh, v.p.'s; Charles S. Dautel, v.p. & secretary; David N. Hall, v.p. & treasurer; Joshua E. Adams, asst. treasurer; Carroll D. Curless, v.p. & controller; David W. Matthews, Corinne M. Faris, asst. secretaries.

Directors: William D. Atteberry, Paul W. Christensen, Jr., Wickliffe Jones, Daniel W. LeBlond, John W. Painter, Charles S. Mechem, Jr., V. Anderson Coombe, Thomas E. Petry, Sidney J. Weinberg, Jr., Lloyd I. Miller, Richard T. Farmer, Roger L. Howe.

Areas of Work: The Company's electronic activities include the development of special purpose battery systems for electrical vehicles, utility load leveling, and world-wide communications satellites; development of a data terminal system for industrial computers; new crystalline materials for semiconductor and infrared applications.

Divisions:

Electronics Division
Joplin, Missouri
Special purpose batteries; high-precision metal products.

Specialty Materials Division
Quapaw, Oklahoma
Produces high-purity germanium, gallium, lithium, and boron materials for the nuclear and electronic industries.

Transfer Agent(s):

The First National Bank of Cincinnati
Cincinnati, Ohio

Stock Exchange(s): New York, Cincinnati

Ticker Symbol: EPI

Number of Employees:

1986	7,900	1983	8,100
1985	8,200	1982	7,000
1984	8,700		

Sales and Earnings

	Net Sales	Net Income
1986	$ 648,337,000	$ 38,808,000
1985	641,736,000	(119,899,000)
1984	663,929,023	28,142,115
1983	532,652,965	15,348,059
1982	531,452,143	11,389,982

	No. of Com. Shares	Earn. per Share ‡
1986	10,668,000	$ 3.80
1985	9,491,000	—
1984	9,543,000	2.91
1983	9,529,000	1.58
1982	9,543,000	1.17

(Loss)
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Basic materials & chemicals	$ 194,800	$ 189,300
Machinery & allied products	205,200	210,800
Transportation products	248,300	241,600
Total	$ 648,300	$ 641,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.04	—	—
1985	1.04	—	—

Eagle-Picher Industries, Inc.

1984	1.02	—	—
1983	0.96	—	—
1982	0.96	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 179,476,000	$ 16.82
1985	107,702,000	11.35
1984	239,158,247	25.06
1983	221,662,628‡	23.26
1982	217,027,329‡	22.74

‡ After allowing for preference stock at a stated value of $33 per share.

Income Account *

Year ended Nov. 30	1986	1985
Net sales	$ 648,337,000	$ 641,736,000
Cost of sales	521,613,000	523,315,000
Expenses	55,202,000	57,089,000
Interest expense	8,758,000	8,023,000
Provision for losses on dispos. of prop.	—	14,825,000
Asbestos litigation	—	270,032,000
Other income	(6,344,000)	(7,349,000)
Inc. (loss) bef. taxes	$ 69,108,000	$ (224,199,000)
Income taxes (credit)	30,300,000	(104,300,000)
Net Income (Loss)	$ 38,808,000	$ (119,899,000)

* Included in Costs and Expenses, Depreciation and Amortization: $23,738,000 in 1986 and $21,628,000 in 1985.

Assets

As of Nov. 30	1986	1985
Cash	$ 78,937,000	$ 12,723,000
Receiv., net	87,799,000	89,858,000
Income taxes receiv.	9,200,000	26,059,000
Due from insur. carriers	12,905,000	16,547,000
*Inventories	75,100,000	75,644,000
Prepaid expenses	10,484,000	8,492,000
Current assets	$ 274,425,000	$ 229,323,000
#fixed assets	141,050,000	139,727,000
Other assets	19,399,000	30,741,000
Deferred inc. taxes	42,204,000	68,463,000
Total Assets	$ 477,078,000	$ 468,254,000

Liabilities

Long-term debt, curr.	$ 14,956,000	$ 29,721,000
Accts. payable	45,578,000	37,733,000
Accruals	25,118,000	25,672,000
Comp. & empl. benefits	8,346,000	8,275,000
Income taxes	4,930,000	2,836,000
Asbestos reserve	10,000,000	—
Curr. Liabilities	$ 108,928,000	$ 104,237,000
Long-term debt	54,626,000	68,123,000
Other long-term liabilities	614,000	3,192,000
Asbestos reserve	133,434,000	185,000,000
+Common stock	13,906,000	12,500,000
Add. paid-in capital	43,295,000	2,500,000
For. curr. trans.	(84,000)	(391,000)
Retained earnings	131,978,000	103,670,000
Treasury stock	(9,619,000)	(10,577,000)
Total Liabilities & Shareholders' Equity	$ 477,078,000	$ 468,254,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.66	—
%Net Income to Sales	5.99	—
%Net Income to Equity	21.62	—
Sales to Inventories	8.63	8.48
Debt to Equity	0.39	0.91
Working Capital	$165,497,000	$125,086,000
Current Ratio	2.52	2.20
Shareholders' Equity	$179,476,000	$107,702,000

Eastman Kodak Company

343 State Street
Rochester, New York 14650
(716) 724-4000

Officers: Colby H. Chandler, chairman of the board & chief executive officer; Kay R. Whitmore, president; J. Phillip Samper, vice chairman; Dennis M. Deleo, v.p. & director-corporate commercial affairs; David J. Metz, v.p. & dir.-corp. communications & public affairs; Robert L. Long, v.p. & dir.-corp. planning; Toy F. Reid, exec. v.p. & gen. mgr.-Eastman Chemicals Div.; Leo J. Thomas, sr. v.p. & gen. mgr.-Life Sciences Div.; Cecil D. Quillen, Jr. sr. v.p. & general counsel; Paul L. Smith, sr. v.p. & dir.-finance & adm.; Donald E. Snyder, treasurer; George D. Long, v.p. & dir.-financial planning; Lowrie G. Piercy, general comptroller; William L. Sutton, sr. v.p. & dir.-corp. relations; John R. McCarthy, v.p.-corp. relations; Andrew Donovan, secretary; Edwin P. Przybylowitz, sr. v.p. & dir.-research; William F. Fowble, sr. v.p. & gen. mgr.-mfg.; Frank P. Strong, group v.p. & gen. mgr.-diversified technologies; Lawrene J. Matteson, group v.p. & gen. mgr.-commercial and information systems; Wilbur J. Prezzano, group v.p. & gen. mgr.-photographic products; Cornelius J. Murphy, sr. v.p. & gen. mgr.-customer and marketing support operations.

Directors: Colby H. Chandler*, chairman; Walter A. Fallon, Juanita M. Kreps, Roger E. Anderson, Cecil D. Quillen, Jr., Charles T. Duncan, Toy F. Reid*, John G. Smale, William L. Sutton*, Kay R. Whitmore*, J. Phillip Samper*, David S. Saxon, Paul L. Smith*, John F. Burlingame.

* Member of the Executive Committee.

Areas of Work: Develops, manufactures and markets still and motion picture cameras and projectors, lenses, microfilming units, and professional photographic equipment; photographic films, papers, plates and chemicals; business equipment and related products, including copier-duplicators; radiographic products; light-sensitive materials for scientific use, positive-working photoresists for fabricating circuit boards, duplicating plates for making negative copies of printed circuits; man-made fibers, industrial chemicals and plastics.

Divisions and Subsidiaries:

Photographic and Information Management Division

Life Sciences Division
Bio-Products Division
Laboratory & Research Products Division
Pharmaceuticals Division

Clinical Products Division

Health Sciences Division

Mass Memory Division

Kodak Park Division
1669 Lake Avenue
Rochester, New York 14650
(716) 458-1000

Kodak Apparatus Division
901 Elmgrove Road
Rochester, New York 14650
(716) 724-4000

Business Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Motion Picture and Audiovisuals Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Consumer Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Graphics Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Photofinishing Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Eastman Technology, Inc.
343 State Street
Rochester, New York 14650
(716) 724-4000

Professional Photography Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Customer Equipment Services Division
800 Lee Road
Rochester, New York 14650
(716) 724-4000

Eastman Chemicals Division
343 State Street
Rochester, New York 14650
(716) 325-2000

Arkansas Eastman Company
P.O. Box 2357
Batesville, Arkansas 72501
(501) 698-1811

Carolina Eastman Company
P.O. Box 1782
Columbia, South Carolina 29202
(803) 794-9200

Tennessee Eastman Kodak
P.O. Box 511
Kingsport, Tennessee 37662
(615) 246-2111

Texas Eastman Company
P.O. Box 7444
Longview, Texas 75601
(214) 757-6611

Eastman Gelatine Corporation
227 Washington Street
Peabody, Massachusetts 01960
(617) 531-1700

Atex, Inc.
Bedford, Massachusetts

Kodak Canada Inc.
3500 Eglinton Avenue West
Toronto, Ontario, M6M 1V3 Canada
(416) 766-8233

Kodak Limited
P.O. Box 66
Kodak House
Station Road, Hemel Hempstead
Hertfordshire, HP1 1JU, England

Kodak-Pathe
8-26 rue Villiot
75008-Paris, Cedex 12
France

Kodak A.G.
Postfach 368
7000 Stuttgart 60, Germany

Kodak (Australasia) Pty. Ltd.
173-3058 Elizabeth Street
Coburg, Victoria, Australia

Kodak Brasileira C.I.L.
Av. Brigadeiro Faria Limia, 1815, 7th Floor
Caixa Postal 225
Sao Paulo, 01000 Brazil

Eastman Kodak International Sales Corporation
Torrey Pines Realty Company, Inc.
Garlic Development Corporation
Kodak Programs, Inc.
Cyclotomics, Inc.
Diconix, Inc.
Ektron Applied Imaging, Inc.
Qualis Photofinishing Company
Eastman Chemical Products, Inc.
Holston Defense Corporation
Mustang Pipeline Company
Pinto Pipeline Company of Texas
Kodak International Management Corp.
Kodak Processing Laboratory, Inc.
Eastman Kodak Communications, Inc.
Eastman Chemical International Ltd.
Eastman Chemical Brasileira Ltda.
Eastman Chemical International, A.G.

Ectona Fibres Limited
Kodak Argentina, Ltd.
American Photo, S.A.
Kodak Chilena S.A.F.
Foto Interamericana de Colombia, Ltd.
Kodak Mexicana, Ltd.
Kodak Panama, Ltd.
Kodak Export Limited
Laboratorios Kodak Limitada
Foto Interamericana de Peru, Ltd.
Kodak Caribbean, Limited
Kodak Uruguaya, Ltd.
Foto Interamericana de Venezuela, S.A.
Verbatim Corporation
Manufacturer and marketer of flexible disks for use in computers and word processing systems.

Eikonix Corporation
Designs and manufactures digital image-processing equipment.

Datatape Inc.
Manufactures high-technology, digital & analog recording equipment.

Acquisition(s):

Fox Photo, Inc.
A photofinisher which operates wholesale photo labs and mini labs in 23 states.

Transfer Agent(s):

Chase Lincoln First Bank
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Boston, Phila-Balt-Wash, Paris, London, 70K40

Ticker Symbol: EK

Number of Employees:

	U.S.	Worldwide
1986	83,600	121,450
1985	89,200	128,950
1984	88,600	123,900
1983	86,000	125,500
1982	93,300	136,500

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 11,550,00	$ 374,000
1985	10,631,000	332,000
1984	10,600,000	923,000
1983	10,170,000	565,000
1982	10,815,000	1,162,000

	No. of Com. Shares +	Earn. per Share #
1986	225,800,000	$ 1.66
1985	225,700,000	1.46
1984	233,400,000	3.80
1983	248,400,000	4.75
1982	248,300,000	4.75

+ Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$2.44	—	—
1985	2.43	—	3-for-2
1984	2.40	—	—
1983	2.37	—	—
1982	2.37	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1986	$ 6,388,000	$ 28.29
1985	6,562,000	29.07
1984	7,137,000	30.58
1983	7,520,000	30.27
1982	7,541,000	30.37

Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/28/86	12/19/86
Net sales	$ 11,550,000	$ 10,631,000
Cost of sales	7,613,000	7,129,000
Expenses	2,693,000	2,378,000
Unusual charges	520,000	563,000
Oper. profit	$ 724,000	$ 561,000
Investment income	129,000	129,000
Total	$ 853,000	$ 690,000
Interest exp.	200,000	183,000
Other expense (income)	55,000	(23,000)
Income before taxes	$ 598,000	$ 530,000
Income taxes	224,000	198,000
Net Income	$ 374,000	$ 332,000

* Included in Costs and Expenses, Depreciation and Amortization: $975,000,000 in 1986 and $838,000,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 145,000	$ 161,000
Marketable securities	468,000	652,000
Receiv., net	2,563,000	2,346,000
*Inventories	2,072,000	1,940,000
Deferred inc. taxes	348,000	397,000
Prepaid expenses	215,000	181,000
Current Assets	$ 5,811,000	$ 5,677,000
#Fixed assets	6,276,000	5,977,000
Other assets	815,000	488,000
Total Assets	$ 12,902,000	$ 12,142,000

Liabilities
(000's)

Payables	$ 3,440,000	$ 2,989,000
Dividends payable	142,000	180,000
Income & other taxes	209,000	156,000
Curr. Liabilities	$ 3,791,000	$ 3,325,000
Long-term borrowings	911,000	988,000
Other liabilities	603,000	219,000
Deferred inc. taxes	1,209,000	1,048,000
+Common stock	622,000	621,000
Add. paid-in capital	314,000	312,000
Retained earnings	6,533,000	6,710,000
Treasury stock	(1,081,000)	(1,081,000)
Total Liabilities & Shareholders' Equity	$ 12,902,000	$ 12,142,000

* At cost (LIFO) which is not in excess of market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.18	4.99
%Net Income to Sales	3.24	3.12
%Net Income to Equity	5.85	5.06
Sales to Inventories	5.57	5.48
Debt to Equity	0.14	0.15
Working Capital	$2,020,000	$2,352,000
Current Ratio	1.53	1.71
Shareholders' Equity	$ 6,388,000	$6,562,000

Eaton Corporation

Eaton Center
1111 Superior Avenue, N.E.
Cleveland, Ohio 44114
(216) 523-5000

Officers: James R. Stover, chairman of the board & chief executive officer; Stephen R. Hardis, vice chairman & chief financial & administrative officer; Alfred M. Rankin, Jr., vice chairman & chief operating officer; Mellon C. Baird, president-Defense and Electronics Group; William E. Butler, president-Automotive Components Group; Robert W. Gillison, president-Truck Components Group; Alexander M. Cutler, president-Industrial Group; John M. Carmont, v.p. & treasurer; John D. Evans, v.p.-human resources; Gerald L. Gherlein, v.p. & general counsel; Herbert Hubben, v.p.-international; John W. Hushen, v.p.-government relations; William R. Kiessel, v.p.-manufacturing services; Ronald L. Leach, v.p.-accounting; John L. Forbis, v.p.-strategic planning; Brock Hattox, v.p. & controller; Warren B. Offutt, v.p.-technical management; Mark O. Hooton, v.p.-automotive marketing; Richard T. Sadler, v.p. & secretary; Floyd M. Wilkerson, v.p.-administration; Marshall Wright, v.p.-corporate affairs.

Directors: James R. Stover*, chairman of the board; Arthur Dole, III, Charles E. Hugel, Furman C. Moseley, Hooper G. Pattillo, Nicholas R. Petry, Samuel K. Scovil, Neil A. Armstrong, Stephen R. Hardis*, Virginia A. Dwyer, John R. Miller, Alfred M. Rankin, Jr.*.

* Member of the Executive Committee.

Operating Units:

Vehicle Powertrain:

Truck Components:
Mechanical transmissions, drive and trailer axles, brakes, locking differentials, engine valves, hydraulic valve lifters, tire valves, leaf springs, viscous fan drives, power steering pumps.

Off-Highway Vehicle Components Group:
Mechanical and hydrostatic transmissions, forgings, drive axles, brakes, engine valves, hydraulic valve lifters, hydraulic motors.

Passenger Car Components:
Engine valves, hydraulic valve lifters, emission control valves, viscous fan drives, differentials, tire valves.

Electronics and Controls:

Defense Systems
Avionics and defense electronics; electronic countermeasures; air traffic/vessel traffic control systems; radar systems and information management systems.

Control Products
Electromechanical and electronic control systems, devices and assemblies; semiconductor wafer fabrication equipment; sensors and human interface devices; programmable controllers; switches; relays; counters; electrical adjustable speed drives; low-voltage power distribution equipment; aerospace power controls; fasteners and thermostats.

Acquisition(s):

Controls Company of America
Produces controls for automotive and appliance manufacturers.

Consolidated Controls Corporation
Produces controls for the aerospace, marine and defense industries.

American Nucleonics Corporation
Manufactures microwave systems for the defense industry.

Transfer Agent(s):

AmeriTrust Company
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: ETN

Number of Employees:

1986	43,438	1983	38,883
1985	41,134	1982	37,485
1984	42,709		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	$ 3,811,600	$ 137,600
1985	3,674,500	230,900

1984	3,509,800	254,400
1983	2,674,100	93,311
1982	2,452,600	(189,600)

	No. of Com. Shares	Earn. per Share #
1986	29,228,000	$ 4.29
1985	32,829,000	7.01
1984	32,580,000	7.85
1983	32,020,359	3.06
1982	28,771,656	—

(Loss)
‡ Of continuing operations only.
# Based on the monthly average number of shares outstanding during each year.

Revenues By Line of Business
(000's)

	1986	1985
Electronic & controls	$ 2,308,000	$ 2,130,000
Vehicle powertrain	1,504,000	1,545,000
Total	$ 3,812,000	$ 3,675,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.60	—	—
1985	1.35	—	—
1984	1.10	—	—
1983	0.80	—	—
1982	1.72	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1986	$1,244,900,000	$ 42.59
1985	1,383,000,000	42.13
1984	1,188,600,000	36.48
1983	973,341,000	30.40
1982	789,460,275	27.44

† After allowing for preferred stock at liquidation values.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 3,811,600	$ 3,674,500
Cost of sales & expenses	3,576,900	3,309,000
Interest expense	64,200	58,500
Interest income	(38,400)	(49,200)
Other income	(11,200)	(30,300)
Income bef. taxes	$ 220,100	$ 386,500
Income taxes	82,500	155,600
Net Income	$ 137,600	$ 230,900

* Included in Costs and Expenses, Depreciation and Amortization: $103,900,000 in 1986 and $96,100,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 11,400	$ 10,600
Short-term securities	179,400	565,900
Accts. receiv., net	834,500	696,400
*Inventories	484,700	448,200
Other curr. assets	166,500	122,000
Current Assets	$ 1,675,500	$ 1,843,100
Investments in finance subsid.	33,800	47,800
#Fixed assets	854,500	749,900
Other assets	4,600	85,200
Intangibles	375,700	88,200
Total Assets	$ 3,025,100	$ 2,814,200

Liabilities
(000's)

Long-term debt, curr.	$ 14,700	$ 11,000
Short-term debt	16,300	23,900
Accts. payable	212,900	172,300
Payrolls & other accruals	380,000	323,500
Taxes	22,400	41,400
Curr. Liabilities	$ 646,300	$ 572,100
Long-term debt	632,700	436,200
Other liab.	218,300	207,900
Deferred inc. taxes	272,200	202,700
+ Serial pref. stock	200	200
+ + Common stock	14,600	16,400
Add. paid-in capital	298,900	327,400
Retained earnings	984,700	1,128,700
For. curr. trans. adj.	(42,800)	(77,400)
Total Liabilities & Shareholders' Equity	$ 3,025,100	$ 2,814,200

* At lower of cost (FIFO; LIFO for certain domestic inventories) or market.
# Less accumulated depreciation and amortization.
+ $0.50 stated value.
+ + $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.77	10.52
%Net Income to Sales	3.61	6.28
%Net Income to Equity	10.96	16.55
Sales to Inventories	7.86	8.20
Debt to Equity	0.50	0.34
Working Capital	$1,030,200,000	$1,271,000,000
Current Ratio	2.59	3.22
Shareholders' Equity	$1,255,600,000	$1,395,300,000

Echlin Inc.

100 Double Beach Road
Branford, Connecticut 06405
(203) 481-5751

Officers: Frederick J. Mancheski, chairman of the board, president & chief exec. officer; Rdward D. Toole, Jr., v.p., secretary & general counsel; Carmen J. Matti, v.p.-manufacturing; Richard B. Patterson, v.p.-finance; Charles W. O'Connor, asst. secretary; Richard A. Wisot, treasurer; Robert F. Tobey, v.p.-corp. development; Andrew J. Mazzarella, corp. controller; Early F. Lind, staff v.p.-materials management; Ralph F. Manning, asst. secretary, Kenneth T. Flynn, Jr., asst. corp. controller; Joseph A. Onorato, asst. treasurer.

Directors: Frederick J. Mancheski, chairman of the board; J. William Jaspersen, John E. Echlin, John E. Echlin, Jr., Milton P. DeVane, Eugene J. Muldoon, Raymond G. Dowsett, John F. Gustafson, Phillip S. Myers, John F. Creamer, Jr., Richard C. Curran.

Areas of Work: Manufactures parts and supplies used to maintain or improve the efficiency and safety of motor vehicles including automotive electronic, electro-mechanial, cooling system and fuel system parts. Safety products include hydraulic brake parts, air brake parts, controllers for electric brakes, and additional safety-related products.

Divisions and Subsidiaries:

Ace Electric Company, Inc.
Kansas City, Missouri
Columbus, Kansas

Automotive Controls Corp.
Branford, Connecticut
Independence, Kansas

Blackstone Manufacturing Company
Chicago, Illinois

Lift Parts Mfg. Co.
Des Plaines, Illinois

Echlin of Puerto Rico, Inc.
Ponce, Puerto Rico

Echlin-Ponce, Inc.
Ponce, Puerto Rico

Midland Brake, Inc.
Kansas City, Missouri
Paris, Tennessee
Owosso, Michigan

Iola, Kansas
Broken Arrow, Oklahoma
Marion, North Carolina

Sensor Engineering Company
Hamden, Connecticut

Tekonsha Engineering Company
Tekonsha, Michigan

Buchanan Metalform Products, Inc.
Buchanan, Michigan

Distex Ind. Inc.
Montreal, Quebec, Canada

Distex New Jersey, Inc.
Bellmawr, New Jersey

ITAPSA, S.A. de C.V. (69%-owned)
Los Reyes La Paz, Mexico

Prattville Mfg., Inc.
Prattville, Alabama

Lipe Corporation
Syracuse, New York

Lipe Limited
Naslingden, England

Grau Girling GmbH (70%-owned)
Heidelberg, West Germany

Grau Girling Limited (70%-owned
Tredegar, Wales
Blackburn, England

Quinton Mazell PLC
Nuneaton, England
Redditch, England
Colwyn Bay, Wales
Dublin, Ireland
Lille, France
Milan, Italy

EPE, Inc.
Irvine, California
Fredericksburg, Virginia
Dallas, Texas

BWD Automotive of Puerto Rico, Inc. (70%-owned)
San Juan, Puerto Rico

BWD International
Elmhurst, Illinois

Echlin Charger Manufacturing Company (Pty.) Limited (92%-owned)
Johannesburg, South Africa

Echlin Mexicana S.A. de C.V. (69%-owned)
Mexico City, Mexico

Echlin de Venezuela, C.A. (50%-owned)
Caracas, Venezuela

Echlin do Brasil, S.A.
Sao Paulo, Brazil

Echlin Australia (Pty.) Ltd.
Melbourne, Australia

Echlin Canada Inc.
Toronto, Canada
Peterborough, Ontario, Canada

Ristance Corporation
Mishawaka, Indiana
Manufactures wire and cable products.

Sierra Supply Company
Litchfield, Illinois

BWD Automotive Corporation
Franklin Park and Ottawa, Illinois

Echlin Sales/International
Branford, Connecticut

Pacer Industries, Inc.
Pensacola, Florida
Washington, Missouri
Indianapolis, Indiana

Pacer K.S., Inc.
Ronkonkoma, New York

Brake Systems, Inc.
Stratford, Connecticut
Compton, California

Continental Hydraulic Hose Corp.
Upper Sandusky, Ohio

Transfer Agent(s):

The Connecticut Bank and Trust Company
Hartford, Connecticut

Stock Exchange(s): New York, Pacific

Ticker Symbol: ECH

Number of Employees:

1986	13,200	1984	9,200
1985	10,100	1983	7,800

Plant Footage:

1986	4,768,000 sq. ft.	1984	3,400,000
1985	4,644,000	1983	3,280,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 901,890,000	$ 48,844,000
1985	771,390,000	45,603,000
1984	688,971,000	43,820,000
1983	564,497,000	30,732,000
1982	490,567,000	26,532,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	44,123,000	$ 1.11
1985	41,609,000	1.10
1984	41,393,000	1.06
1983	41,072,000	0.75
1982	40,932,000	0.65

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.47	—	—
1985	0.41	—	2-for-1
1984	0.35	—	—
1983	0.30	—	—
1982	0.27	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 423,043,000	$ 8.79
1985	289,721,000	6.95
1984	260,855,000	6.28
1983	232,073,000	5.63
1982	211,915,000	5.18

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Aug. 31	1986	1985
Net sales	$ 901,890	$ 771,390
Cost of sales	613,606	533,195
Expenses	195,186	155,233
Interest expense	12,335	11,155
Interest income	(7,565)	(7,770)
Eq. in loss of Raymark	4,359	2,931
Income before taxes	$ 83,969	$ 76,646
Income taxes	35,125	31,043
Net Income	$ 48,844	$ 45,603

* Included in Costs and Expenses, Depreciation and Amortization: $20,836,000 in 1986 and $16,612,000 in 1985.

Assets
(000's)

As of Aug. 31	1986	1985
Cash	$ 11,155	$ 17,416
Accts. receiv.	108,659	91,215
*Inventories	283,608	224,691
Other assets	9,924	9,437
Current Assets	$ 413,346	$ 342,759
#Fixed assets	168,355	137,869
Market. secur.	60,418	48,847
Other assets	43,631	44,571
Total Assets	$ 685,750	$ 574,046

Liabilities
(000's)

Notes payable	$ 3,273	$ 7,775
Long-term debt, curr.	4,293	3,503
Accts. payable	45,180	47,724
Accrued payroll	19,893	19,472
Other accruals	41,774	41,466
Income taxes	30,279	27,594
Curr. Liabilities	$ 144,692	$ 147,534
Long-term debt	93,983	117,573
Deferred inc. taxes	24,032	19,218
+Common stock	48,391	41,955
Add. paid-in capital	163,662	65,988
Retained earnings	218,698	190,317
For. curr. trans. adj.	(4,713)	(5,544)
Treasury stock	(2,995)	(2,995)
Total Liabilities & Shareholders' Equity	$ 685,750	$ 574,046

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.31	9.94
%Net Income to Sales	5.42	5.91
%Net Income to Equity	11.55	15.74
Sales to Inventories	3.18	3.43
Debt to Equity	0.24	0.44
Working Capital	$268,654,000	$195,225,000
Current Ratio	2.86	2.32
Shareholders' Equity	$423,043,000	$289,721,000

EDO Corporation

14-04 111th Street
College Point, New York 11356-1434
(718) 445-6000

Officers: William R. Ryan, chairman of the board; Gerald Albert, president & chief exec. officer; Michael J. Hegarty, v.p.-finance, secretary & treasurer; Robert L. Richards, v.p.-corp. development.

Directors: Earl D. Osborn, William R. Ryan, Michael J. Hegarty, Robert A. Lapetina, H. Struve Hensel, James T. Pyle, Richard Rachals, Gerald Albert, James S. Coles, John H. Meyn, Ralph O. Romaine, Frank Fariello.

Areas of Work: Produces electronic systems and equipment, electro-mechanical devices and fiber reinforcad composites for civil and military aviation, ocean navigation and underwater detection, surveillance and exploration.

Divisions:

Government Systems Division
14-04 111th Street
College Point, New York 11356-1434
(718) 445-6000

Washington Office
2001 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 521-5260

Encompasses an integrated capability for total system development from initial concept through research and engineering, manufacturing and life cycle logistic support; shipboard sonar products, such as the variable depth sonar; the helicopter towed hydrofoil sea sled, and other products in the fields of antisubmarine warfare, airborne mine countermeasures systems, aircraft ejection release units, and seaplane floats.

Western Division
2645 South 300 West
Salt Lake City, Utah 84115-2968
(801) 486-7481

Oceanographic and marine navigation instrumentation; sonar doppler navigation equipment; graphic recorders, piezoelectric ceramics, acoustic devices, underwater video systems and equipment.

Fiber Science Division
P.O. Box 535227
506 North Billy Mitchell Road
Salt Lake City, Utah 84116-5227
(801) 537-1800

Engaged in the filament winding of reinforced plastic composites for commercial aircraft water and waste system tanks, ducting and fitting; the development of hardware for military helicopters and aircraft; plastic products such as chemical tanks, fish farming equipment and molded fiberglass building units.

Almondbury, Ltd.
England
Mine countermeasure systems.

Transfer Agent(s):

Fidata Trust Company of New York
675 Broad Street
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: EDO

Number of Employees:

1985	1,330	1982	1,397
1984	1,442	1981	1,855
1983	1,417		

Plant Footage:

1985	652,000 sq. ft.	1982	899,000
1984	672,000	1981	805,000
1983	672,000		

Sales and Earnings

	Net Sales +	Net Income
1985	$ 116,152,000	$ 8,061,000
1984	122,877,000	11,835,000
1983	110,550,000	10,067,000
1982	101,794,000	(1,678,000)
1981	92,478,000	3,292,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	8,000,000	$ 1.01
1984	8,600,000	1.38
1983	8,225,000	1.22
1982	7,650,000	—
1981	8,807,000	0.37

+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1985	1984
Military systems	$ 85,530,000	$ 84,563,000
Marine systems & spec. prod	30,622,000	38,314,000
Total	$ 116,152,000	$ 122,877,000

EDO Corporation

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.27	—	—
1984	0.23	—	—
1983	0.19	50%&50%‡	—
1982	0.15	50%	—
1981	0.11	10%	—

+ Adjusted to reflect stock dividends.
‡ Paid Feb. 23, 1984.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 58,694,000	$ 7.34
1984	68,962,000	8.49
1983	62,751,000	7.52
1982	22,031,000	3.27
1981	36,435,000	4.19

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 116,152,000	$ 122,877,000
Interest income	6,676,000	10,173,000
Other income	140,000	159,000
Total income	$ 122,968,000	$ 133,209,000
Cost of sales	94,719,000	95,496,000
Expenses	8,055,000	10,138,000
Research & devel.	3,195,000	3,205,000
Pension plans	2,374,000	2,687,000
Interest expense	465,000	507,000
Income before taxes	$ 14,160,000	$ 21,176,000
Income taxes	6,099,000	9,341,000
Net Income	$ 8,061,000	$ 11,835,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,453,000 in 1985 and $3,134,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 66,596,000	$ 96,706,000
Income taxes	—	1,937,000
Accts. receiv., net	19,486,000	17,256,000
*Inventories	19,804,000	18,261,000
Prepaid expenses	298,000	306,000
Current Assets	$ 106,184,000	$ 134,466,000
#Fixed assets	28,627,000	22,539,000
Defer. charges & other assets	4,087,000	1,225,000
Total Assets	$ 138,898,000	$ 158,230,000
Liabilities		
Notes payable	$ 2,149,000	$ —
Long-term debt, curr.	642,000	625,000
Accts. payable & accruals	15,154,000	12,670,000
Contract advances & deposits	37,243,000	56,276,000
Income taxes	1,655,000	—
Curr. Liabilities	$ 56,843,000	$ 69,571,000
Long-term debt	4,464,000	3,710,000
Deferred inc. taxes	18,897,000	15,987,000
+Common stock	8,454,000	8,454,000
Add. paid-in capital	33,474,000	33,981,000
Retained earnings	37,444,000	31,426,000
Treasury stock	(20,678,000)	(4,593,000)
Long-term incent. plan	—	(306,000)
Total Liabilities & Shareholders' Equity	$ 138,898,000	$ 158,230,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.19	17.23
%Net Income to Sales	6.94	9.63
%Net Income to Equity	13.73	17.16
Sales to Inventories	5.87	6.73
Debt to Equity	0.09	0.06
Working Capital	$49,341,000	$64,895,000
Current Ratio	1.87	1.93
Shareholders' Equity	$58,694,000	$68,962,000

EECO Incorporated

P.O. Box 659
1601 East Chestnut Avenue
Santa Ana, California 92702
(714) 835-6000

Officers: Robert C. Milo, president & chief exec. officer; Robert B. Bonney, chairman of the board; A.W. Finamore, v.p., chief financial officer & secretary; Robert W. Allen, v.p.-administration; Carl Jeremias, v.p. & president-EECO Computer, Inc.; John M. Ludutsky, v.p. & gen. mgr.-Convergence Corporation; Edward F. Sidor, v.p.-marketing; Vincent G. Smedes, v.p.-operations; George W. Bates, v.p.-engineering.

Directors: Robert B. Bonney, chairman; John F. Bishop, Robert C. Milo, Ruel C. Mercure, Jr., J.J. Shelton, William J. Bowers, John R. Stahr.

Areas of Work: Develops and manufactures passenger entertainment controls for airlines; thumbwheel and membrane switches; electronic packaging hardware, programming "software" and panel wiring services, modular socket assemblies and companion card files; punched tape readers; electronic video/audio editing equipment; editing equipment; telecommunications equipment; hotel computer systems.

Divisions and Subsidiaries:

The Maxi-Switch Company
9697 East River Road
Minneapolis, Minnesota 55433
(612) 755-7660
Manufactures keyboards for use with computers, communications equipment and electronic cash registers.

Maxi-Switch Keyboard
5436 West Latham Street
Phoenix, Arizona 85043
(602) 272-5645
Manufacture of membrane switch panels.

EECO Computer, Inc.
1441 East Chestnut Avenue
Santa Ana, California 92702
(714) 835-600
Designs, markets and services computer systems for hotels, resorts and convention centers.

EECO Ltd.
Trafalgar Way Bar Hill, Cambridge
CB3 8SQ, England
Assembly of Maxi[illegible]eyboards for sale in the European market.

EECO Foreign Sales Company, Inc.
Sells company products to foreign customers.

EnELCO S.A. de C.V. (49%-owned)
P.O. Box 6039
Nogales, Arizona 85628
(602) 281-9697
Assembles products for EECO Incorporated and other companies in a Magdalena, Sonora, Mexico, facility.

Components Products Division
Video Products Division

Acquisition(s):

Convergence Corporation
Irvine, California
Provides computerized editing and control systems to the television and professional video communications industry.

Transfer Agent(s):
U.S. Stock Transfer Corp.
1745 Gardena Avenue
2nd Floor
Glendale, California 91204

Stock Exchange(s): American

Ticker Symbol: EEC

Number of Employees:

1986	880	1983	643
1985	748	1982	702
1984	778		

Plant Footage:
1986 . . . . . 288,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 62,583,000	$ 2,385,000
1985	54,315,000	1,621,000
1984	46,418,000	1,244,000
1983	35,284,000	1,055,000
1982	35,282,000	(659,000)

	No. of Com. Shares #	Earn. per Share #
1986	3,939,000	$ 0.61
1985	3,819,000	0.42
1984	3,855,000	0.32
1983	3,840,235	0.27
1982	3,795,933	—

(Loss)
Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 ($000's)	%	1985 ($000's)	%
Switch prods.	$32,110	51%	$24,748	45%
Air transport prods.	11,053	18	13,987	26
Mini-computer	13,633	22	13,508	25
Video prods.	5,787	9	2,072	4
Total	$62,583	100%	$54,315	100%

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.23	—	3-for-2
1985	0.21	—	—
1984	0.21	—	—
1983	0.19	—	—
1982	0.19	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 23,750,000	$ 6.03
1985	21,772,000	5.70
1984	20,535,000	5.33
1983	20,065,000	5.23
1982	19,531,000	5.15

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 62,583,000	$ 54,315,000
Cost of sales	37,338,000	33,396,000
Res. and develop.	2,978,000	3,385,000
Expenses	16,790,000	14,175,000
Interest expense	1,060,000	682,000

Income before taxes	$ 4,417,000	$ 2,677,000
Income taxes	2,032,000	1,056,000
Net Income	$ 2,385,000	$ 1,621,000

*Included in Costs and Expenses. Depreciation: $2,478,000 in 1986 and $2,347,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,451,000	$ 804,000
Accts. receiv., net	13,800,000	8,257,000
*Inventories	12,662,000	11,098,000
Prepaid expenses	857,000	329,000
Deferred taxes	679,000	720,000
Current Assets	$ 29,449,000	$ 21,208,000
#Fixed assets	13,204,000	13,058,000
Intangibles	5,718,000	2,788,000
Other assets	3,624,000	1,075,000
Total Assets	$ 51,995,000	$ 38,129,000

Liabilities

Long-term debt, curr.	$ 135,000	$ 273,000
Accts. payable	3,135,000	2,785,000
Notes payable	7,694,000	1,497,000
Income taxes	—	1,275,000
Accrued payroll	1,769,000	1,486,000
Accrued group insur.	224,000	246,000
Other liabilities	2,232,000	1,305,000
Curr. Liabilities	$ 15,189,000	$ 8,867,000
Long-term debt	11,753,000	6,123,000
Deferred inc. taxes	1,303,000	1,367,000
+Common stock	6,493,000	6,059,000
Retained earnings	17,320,000	15,812,000
Eq. adjust. from for. curr. trans.	(63,000)	(99,000)
Total Liabilities & Shareholders' Equity	$ 51,995,000	$ 38,129,000

* At lower of average cost or market (net realizable value).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.06	4.93
%Net Income to Sales	3.81	2.98
%Net Income to Equity	10.04	7.45
Sales to Inventories	4.94	4.89
Debt to Equity	0.49	0.36
Working Capital	$14,260,000	$12,341,000
Current Ratio	1.94	2.39
Shareholders' Equity	$23,750,000	$21,772,000

EG&G, Inc.

45 William Street
Wellesley, Massachusetts 02181
(617) 237-5100

Officers: Dean W. Freed, chairman, president & chief exec. officer; John M. Kucharski, president & chief operating officer; David J. Beaubien, Charles C. Francisco, Joseph Giuffrida, Donald M. Kerr, Samuel Rubinovitz, sr. v.p.'s; John R. Dolan, sr. v.p. & chief financial officer; William T. Barrett, Arthur Bisberg, Philip C. Kautt, Daniel F. Riley, Charles M. Williams, Peter H. Zavattaro, James O. Zane, Louis P. Valente, v.p.'s; Leo M. Kelly, v.p., general counsel & clerk; Peter A. Broadbent, treasurer; Richard P. Delio, controller.

Directors: Bernard J. O'Keefe, Dean W. Freed, Kent F. Hansen, Roderick M. MacDougall, Joseph F. Turley, Robert F. Goldhammer, John B. Gray, G. Robert Tod, John M. Kucharski, William F. Pounds, John L. Thompson.

Divisions and Subsidiaries:

INSTRUMENTS

EG&G ORTEC
100 Midland Road
P.O. Box C
Oak Ridge, Tennessee 37830
(615) 482-4411

Radiation detectors and associated electronics for nuclear research, radiation monitoring, materials analysis, and industrial quality control.

EG&G Princeton Applied Research
7 Roszel Road
P.O. Box 2565
Princeton, New Jersey 08540
(609) 452-2111

Electronic signal detectors and analyzers for plasma research, fiberoptic measurements, laser diagnostics and quality control in the manufacture of semiconductors and magnetic recording media. Electrochemical instruments for analysis of wastewater, foods and medicine, and corrosion rates.

EG&G Geometrics
395 Java Drive
P.O. Box 497
Sunnyvale, California 94086
(408) 734-4616

Geophysical survey instrumentation. Specifically, airborne and marine magnetometers, gammaray spectrometers, seismographs, and related recording equipment. Slim-hole logging instruments for natural resource exploration. Airborne surveys for mineral and energy-resource exploration.

EG&G Environmental Equipment Division
Burlington, Massachusetts
Tulsa, Oklahoma

Side-scan sonar systems and related instruments for the military and for academic institutions involved in oceanography and geophysics. Dewpoint hygrometers used by industry to monitor moisture in gases.

EG&G Chandler Engineering Company
7707 East 38th Street
Tulsa, Oklahoma 74145
(918) 627-1740

High-pressure, high-temperature testers for oil well cement and drilling fluids used in energy production. Precision pressure calibration instruments.

EG&G Ocean Products
Cataumet, Massachusetts

Oceanography instruments. Specifically, acoustic releases, conductivity-temperature-depth systems, current meters, transponer navigation systems, and laboratory standards equipment for the military, academic institutions, and industry.

EG&G Gamma Scientific
San Diego, California

Instruments and systems for detecting and measuring optical radiation.

EG&G Mount Sopris Instruments
Delta, California

Logging instruments for natural resource exploration.

EG&G Wakefield Systems
Wakefield, Massachusetts

Testing equipment for integrated-circuit devices.

COMPONENTS

EG&G Rotron
7 Hasbrouck Lane
Woodstock, New York 12498
(914) 679-2401

Fans and blowers for cooling electronic equipment and for industrial applications. Motors and related drive systems for computer peripherals and industrial machinery. Power supplies for military and industrial uses. Protective enclosures for printed cicuit boards. Heat-transfer devices for semiconductor cooling and systems for testing integrated-circuit devices.

EG&G Fluid Components Technology Group
Warwick, Rhode Island

Seals and bellows devices from EG&G Sealol used in systems involving engines, motors, gearboxes, pumps, and compressors. Applications in aerospace, marine, military, petrochemical, chemical processing, and other industrial markets. Tensioner systems for manway covers in nuclear plants. Solenoid and mechanical valves from EG&G Wright Components for aerospace and defense applications. Precision metal gaskets for jet engines and flexible ducting for the aircraft industry from EG&G Pressure Science. Formed metal components and assemblies for the aircraft industry from EG&G Aerofab.

EG&G Electron Devices Group

EG&G Electro-Optics
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200

Flashtubes and power supplies for phototypesetters, office copiers, laser scribers, and microfilm equipment and for use in stroboscopy, material curing, beaconry and laser-fusion research. Silicon photodiodes and instruments for detecting and measuring light. Instruments and systems to measure optical radiation. Precision timers. Automate light-sensing switches.

EG&G Frequency Products
Salem, Massachusetts

Precision frequency-control devices for military and some commercial applications. Specifically, rubidium atomic frequency standards, crystals and crystal-based oscillators, precision filters, discriminators, and equalizers.

EG&G Reticon
345 Potrero Avenue
Sunnyvale, California 94086
(408) 738-4266

Signal processing devices for communications, computer, musical-instrument, and speech-recognition applications. Modem filters for data communications. Photodiode arrays for optical character recognition and facsimile transmission and image sensors for industrial quality, and process control. Camera sensor systems for industrial automation, robotics, and noncontact measurement inspection, and control.

EG&G Vactec
St. Louis, Missouri

Custom, commercial optoelectronic components for street light controls, television brightness controls, and slide projectors. Photodiodes used in smoke detectos, cameras, and medical and chemical instruments. Sensing devices used in photocopiers, computer peripherals, and industrial controls.

EG&G Almond Instruments
Covina, California

Power supplies.

EG&G Frank Hill Associates
National City, California

Heat exchangers and air movers for cooling electronics equipment.

EG&G CEA Berkleonics
San Luis Obispo, California

Power supplies.

EG&G Cirtech
Shawnee Mission, Kansas

Frequency-control components, including precision filters, discriminators, and equalizers.

EG&G Photon Devices
Salem, Massachusetts

Silicon photodiodes to detect and measure optical radiation.

EG&G Birtcher Industrial Products
El Monte, California

Printed circuit board card guides, accessories, and racks and enclosures.

EG&G CINOX
Cincinnati, Ohio

Quartz crystals and crystal-based oscillators.

EG&G Wakefield Components
Wakefield, Massachusetts

Heat exchangers and other heat-transfer units.

ENVIRONMENTAL AND BIOMEDICAL TESTING SERVICES

EG&G Automotive Research, Inc.
5404 Bandera Road
San Antonio, Texas 78238
(512) 684-2310

Service to the automotive and petroleum industries and to the federal government by means of mobile and stationary testing of passenger cars, trucks, motorcycles, fuels, lubricants, automotive components, and vehicle emissions.

EG&G Mason Research Institute, Inc.
57 Union Street
Worcester, Massachusetts 01608
(617) 791-9831

Biomedical research support services. Commercial toxicology and studies in reproductive physiology and drug abuse. *In vivo* testing to evaluate the effectiveness of products developed for cancer treatment.

CUSTOM SERVICES AND SYSTEMS

EG&G Florida, Inc.
Kennedy Space Center

EG&G, Inc.

Management of technical operations, administrative services, utilities, facilities, and health and security services at NASA's Kennedy Space Center.

EG&G Washington Analytical Services Center, Inc.
1396 Piccard Drive
Rockville, Maryland 20850
(301) 840-3000
Planning, engineering, management support to U.S. defense, energy, and s[illegible] programs. Scientific instrumentation and field support on [illegible] programs being conducted by the U.S. and by foreign [illegible]ments.

EG&G, Inc.
Electronic Components Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-32[illegible]
High-reliability electronic components (thyratrons, sprytrons, krytrons, spark gaps, and over-voltage gaps) and associated assemblies for defense and energy programs and for industrial applications.

EG&G Services
Knoxville, Tennessee
Electronic security systems for government and industry; security services in risk assessment, technical support, testing, training and evaluation.

EG&G Special Projects, Inc.
2755 E. Desert Inn Road
P.O. Box 15110 (Zip 89114)
Las Vegas, Nevada 89121
(702) 369-3000
Technical and field support to Department of Defense agencies.

DEPARTMENT OF ENERGY SUPPORT

EG&G Idaho, Inc.
PO Box 1625
Idaho Falls, Idaho 83415
(208) 526-0111
Support to nuclear and non-nuclear energy programs at the Idaho National Engineering Laboratory. Management and operation of facilities for research and development in reactor safety, materials irradiation, fusion safety, and nuclear-waste management.

EG&G Energy Measurements, Inc.
Las Vegas Operations
2621 N. Losee Road (North Las Vegas)
P.O Box 1912
Las Vegas, Nevada 89125
(702) 295-5511
Technical and scientific support in nuclear weapons effects testing and in non-nuclear energy programs. Airborne radiation surveillance and remote sensing.

Reynolds Electrical & Engineering Co., Inc.
2501 Wyandotte Street
P.O. Box 14400
Las Vegas, Nevada 89114
(702) 295-3379
Management and support functions at DOE's Nevada Test Site. Services including electrical and architectural engineering facility and road construction and maintenance, nuclear-waste management, large-diameter and conventional drilling, mining and tunneling, radiation monitoring, medical and health care, communications, occupational safety, fire protection, and dosimetry and fall-out research.

Acquisition(s):

Structural/Kinematics
Troy, Michigan
Computer-aided engineering testing services, primarily for the U.S. automotive industry.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New Yor[illegible]

Ticker Symbol: EGG

Number of Employees:

1986	23,000	1983	19,900
1985	23,000	1982	15,700
1984	22,000		

Plant Footage:

1986	N.A.	1983	3,400,800
1985	N.A.	1982	3,570,945
1984	3,800,000 sq. ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales ‡	Net Income
1986	$1,167,118,000	$ 44,897,000
1985	1,177,117,000	55,708,000
1984	1,099,471,000	53,539,000
1983	928,340,000	46,645,000
1982	828,944,000	39,854,000

	No. of Com. Shares +	Earn. per Share +
1986	27,274,000	$ 1.65
1985	26,955,000	2.07
1984	28,541,000	1.88
1983	29,955,673	1.56
1982	29,411,074	1.36

‡ Includes contract revenues.
+ Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1986	1985
Instruments	$ 116,922,000	$ 119,755,000
Components	293,406,000	314,260,000
Environmental & biomedical service	36,806,000	45,078,000
Custom svcs. & systems	327,441,000	318,003,000
Dept. of energy tech. support	377,982,000	364,623,000
Investments	14,561,000	15,398,000
Total	$1,167,118,000	$1,177,117,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.52	—	—
1985	0.48	—	—
1984	0.40	—	—
1983	0.36	—	—
1982	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 236,331,000	$ 8.67
1985	203,401,000	7.55
1984	149,846,000	5.25
1983	215,208,000	7.18
1982	176,666,000	6.01

Based on the weighted average number of common shares outstanding.

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales & contract revenues	$ 1,167,118	$ 1,177,117
Cost of sales	951,664	943,025
Expenses	133,206	130,137
Other expense	9,950	15,390
Income before taxes	$ 72,298	$ 88,565
Income taxes	27,401	32,857
Net Income	$ 44,897	$ 55,708

* Included in Costs and Expenses, Depreciation and Amortization: $16,394,000 in 1986 and $15,124,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash & short-term invest.	$ 22,215	$ 17,374
Accts. receiv., net	160,121	161,755
*Inventories	71,698	75,757
Other curr. assets	10,157	13,505
Current Assets	$ 264,191	$ 268,391
#Fixed assets	46,046	40,059
Other assets	134,918	121,361
Total Assets	$ 445,173	$ 429,811

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 39,483	$ 62,265
Acct. payable	38,970	40,534
Accruals	63,834	60,725
Income taxes	19,650	20,713
Curr. Liabilities	$ 161,937	$ 184,237
Long-term debt	20,443	15,767
Deferred inc. taxes	18,029	17,976
Other liabilities	8,433	8,430
+Common stock	27,431	27,431
Add. paid-in capital	10,504	13,352
Retained earnings	201,901	173,378
Cum. trans. adjust.	(3,211)	(3,963)
Treasury stock	(294)	(6,797)
Total Liabilities & Shareholders' Equity	$ 445,173	$ 429,811

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.19	7.52
%Net Income to Sales	3.85	4.73
%Net Income to Equity	19.00	27.39
Debt to Equity	0.09	0.38
Working Capital	$102,254,000	$ 84,154,000
Current Ratio	1.63	1.46
Shareholders' Equity	$236,331,000	$203,401,000

E-H International, Inc.

696 East Trimble Road
San Jose, California 95131
(408) 435-2677

Officers: Reginald R. Kearton, chairman, chief executive & financial officer; George D. Rivers, president-MiniComputer Technology; Kenneth S. Carey, corporate secretary; John T. Sines, controller & asst. secretary.

Directors: Kenneth S. Carey, Reginald R. Kearton, William Lashlee.

Areas of Work: Through its subsidiary, Mini Computer Technology, designs and manufactures computer peripheral controllers which interface OEM minicomputers and microcomputers to a wide variety of disk and tape drives.

Subsidiary:

Mini Computer Technology, Inc.
696 East Trimble Road
San Jose, California 95131

Transfer Agent(s):

Bank of America
Corporate Agency Division
201 Mission Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	21	1984	238
1985	N.A.		

Plant Footage:

1986	8,000 sq. ft.	1984	83,250
1985	N.A.		

N.A.—Not Available.

Sales and Earnings

	Revenues +	Net Income †
1986	$ 1,161,000	$ (2,970,000)
1985	1,808,000	(1,579,000)
1984	2,515,000	2,222,000
1983	2,160,000	(829,000)
1982	1,868,000	(499,000)

	No. of Com. Shares #	Earn. per Share #†
1986	3,880,000	$ —
1985	3,243,000	—
1984	3,511,000	0.69
1983	3,154,000	—
1982	3,067,000	—

(Loss)
+ Of continuing operations only.
† Including extraodinary gain of $220,000 in 1986.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share#
1986	$ (1,693,000)†	$ —
1985	791,000	0.24
1984	2,358,000	0.67
1983	2,446,000	0.78
1982	2,944,000	0.96

(Deficiency)
† After allowing for preferred stock at stated value.
# Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net revenues	$ 1,161	$ 1,808
Cost of revenues	721	1,025
Expenses	2,216	2,892
Interest expense	195	555
Loss-cont. oper	$ (1,971)	$ (2,664)
Inc. (loss)-discont. oper.	(1,219)	1,085
Net Loss	$ (3,190)	$ (1,579)
Extraord. gain	220	-
Net Loss & extraord. gain	$ (2,970)	$ (1,579)

* Included in Costs and Expenses, Depreciation and Amortization: $209,000 in 1986 and $314,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 4	$ (10)
Proc. receiv. on sale of discont. oper.	70	—
Receiv., net	115	216
*Inventories	104	170
Prepaid expenses	23	27
Notes receivable	130	—
Current Assets	$ 446	$ 403
#Fixed assets	222	394
Notes receiv.	44	16
Other assets	15	67
Intangibles	182	219
Net assets of discont. oper.	—	2,012
Total Assets	$ 909	$ 3,111

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 37	$ 853
Accts. payable	480	243
Accrued payroll	34	45
Accrued expenses	204	171
Curr. Liabilities	$ 755	$ 1,312
Long-term debt	708	747
Net liab. of discont. oper.	285	261
+Preferred stock	854	—
++Common stock	5,394	4,908
Accumulated deficit	(7,087)	(4,117)
Total Liabilities & Shareholders' Equity	$ 909	$ 3,111

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ 10% redeemable convertible.
++ No par value.

EIP Microwave, Inc.

4500 Campus Drive, Suite 235
Newport Beach, California 92660
(714) 756-8171

Officers: John F. Bishop, chairman of the board & treasurer; Mark K. Howlett, vice chairman of the board; Jeffrey B. Bryant, president; Jonathan W. Clem, v.p.-finance & asst. secretary; Richard A. Bush, v.p.-sales; Stanley J. Brock, v.p.-marketing; Mark D. Roos, v.p.-engineering, research & development; Marietta G. Mundy, secretary.

Directors: John F. Bishop, Mark K. Howlett, J. Bradford Bishop, Robert D. Johnson, James J. Shelton, J. Sidney Webb.

Areas of Work: Develops, manufactures and markets electronic test instrumentation, including automatic microwave frequency counters and signal sources, for the defense and telecommunications industries.

Joint Venture:

EIP/Cushman, Inc. (50% owned)

Transfer Agent(s):

First Interstate Bank
Stock Transfer Department
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EIPM (NASDAQ)

Number of Employees:

1986	N.A.	1984	236
1985	201	1983	208

N.A. - Not Available.

Sales and Earnings

	Net Sales ‡	Net Income ‡+
1986	$ 20,163,000	$ 361,000
1985	20,293,000	759,000
1984	20,559,000	1,823,000
1983	18,369,000	1,528,000
1982	14,931,000	1,253,000

	No. of Com. Shares †	Earn. per Share # +
1986	2,183,187	$ 0.16
1985	2,182,329	0.34
1984	2,210,816	0.80
1983	2,263,866	0.66
1982	2,270,116	0.55

‡ Of continuing operations only.
+ Including extraordinary gain of $48,000 ($0.02 per share) in 1986.
† Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.12	—	—
1985	0.12	—	—
1984	0.10	—	—
1983	0.08	—	2-for-1
1982	0.06	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 6,217,000	$ 2.85
1985	6,137,000	2.81
1984	6,106,000	2.76
1983	5,218,000	2.30
1982	4,046,000	1.78

‡ Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 20,163,000	$ 20,293,000
Cost of sales	10,034,000	9,685,000
Expenses	9,563,000	9,047,000
Interest expense	188,000	252,000
Income before taxes	$ 378,000	$ 1,309,000
Income taxes	65,000	550,000
Net Income	$ 313,000	$ 759,000
Extraordinary gain	48,000	—
Net Income & extraord. gain	$ 361,000	$ 759,000

*Included in Costs and Expenses, Depreciation and Amortization: $911,000 in 1986 and $774,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 21,000	$ 313,000
Accts. receiv., net	4,35,000	4,143,000
*Inventories	3,703,000	4,456,000
Prepaid expenses	142,000	162,000
Current Assets	$ 8,261,000	$ 9,074,000
#Fixed assets	3,168,000	3,247,000
Other assets & investments	299,000	259,000
Total Assets	$ 11,728,000	$ 12,580,000

Liabilities

Short-term debt	$ 1,150,000	$ 2,450,000
Accounts payable	562,000	1,029,000
Accruals	1,253,000	1,421,000
Income taxes	505,000	368,000
Deferred income taxes	28,000	270,000
Curr. Liabilities	$ 3,498,000	$ 5,538,000
Long-term debt	1,500,000	534,000
Deferred income taxes	447,000	287,000
Deferred gain on sale	66,000	84,000

+Common stock	777,000	761,000
Retained earnings	5,440,000	5,376,000
Total Liabilities & Shareholders' Equity	$ 11,728,000	$ 12,580,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income before Taxes to Sales	1.87	6.45
%Net Income to Sales	1.55	3.74
%Net Income to Equity	5.03	12.37
Sales to Inventories	5.45	4.55
Debt to Equity	0.24	0.49
Working Capital	$4,763,000	$3,536,000
Current Ratio	2.36	1.64
Shareholders' Equity	$6,217,000	$6,137,000

Electro Audio Dynamics, Inc.

98 Cutter Mill Road
Great Neck, New York 11021
(516) 466-5100

Officers: Martin Bader, chairman of the board, president & chief exec. officer; H. Ridgely Bullock, chairman of the exec. committee; Robert P. Laino, sr. v.p.-finance & administration, treasurer & secretary; Andrew J. Bernardo, v.p. & controller.

Directors: Martin Bader*, chairman; Edward Brodsky, Monte R. Haymon*, Herbert M. Stein*, H. Ridgely Bullock*, Robert P. Laino, Irving L. Quitko, Harry T. Silverman.

* Member of the Executive Committee.

Areas of Work: Manufactures electrical products including indoor TV and FM antennas, sound measuring equipment and medical instrumentation.

Divisions and Subsidiaries:
Technodyne Inc. (81.5% owned)

American Electromedics Corp. (80% owned)
13 Sagamore Park Road
Hudson, New Hampshire 03051
(617) 263-3986
Manufactures and markets medical instruments, including impedance audiometers (diagnostic instruments used in the detection of ear diseases); precision power supply instruments, and sound measuring devices.

All Channel Products
98 Cutter Mill Road
Great Neck, New York 11021
(516) 482-9393
Produces indoor television and FM antennas marketed under the trade name "Rembrandt" as well as under the private name of certain customers.

Action Drug Company, Inc.
New Castle, Delaware
Distributes health and beauty aid products to retailers throughout the country.

Transfer Agent(s):
United States Trust Company of New York
45 Wall Street
New York, New York 10005

J. Henry Schroder Bank & Trust Company
1 State Street
New York, New York 10015

American Stock Transfer Company
New York, New York

Shawmut Worcester County Bank, N.A.

Stock Exchange(s): Boston

Ticker Symbol: EAD

Number of Employees:
1986 65

Plant Footage:
1976 . . . . . 387,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 5,563,000	$ (8,326,000)
1985	6,868,000	(6,582,000)
1984	6,834,000	169,000
1983	12,367,000	(759,000)
1982	11,509,000	(9,937,000)

	No. of Com. Shares #	Earn. per Share #†
1986	4,211,134	$ —
1985	2,989,557	—
1984	2,714,220	0.05
1983	2,027,628	—
1982	1,811,269	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $266,000 in 1985, $151,000 ($0.06 per share) in 1984 and $2,151,000 in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Medical instrumentation	$ 2,369,000	$ 3,082,000
Antenna & other prods.	3,194,000	3,786,000
Total	$ 5,563,000	$ 6,868,000

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ (5,793,000)‡	$ —
1985	1,445,000‡	0.48
1984	6,396,000‡	2.36
1983	5,853,000‡	2.89
1982	5,031,000	2.78

(Deficiency)
‡ After allowing for preferred stock at par value.
† Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	8/2/86	8/3/85
Net sales	$ 5,563	$ 6,868
Cost of sales	3,854	4,478
Expenses	4,744	4,195
Depreciation	98	104
Interest expense	2,218	2,159
Interest income	(67)	(371)
Los on sale of land	—	3,853
Loss before taxes	$ (5,284)	$ (7,550)
Income taxes	69	62
Minority interest	(1,293)	11
Loss - cont. oper.	$ (4,060)	$ (7,623)
Inc. (loss) - discont. oper.	(4,266)	775
Net (Loss)	$ (8,326)	$ (6,848)
Extraord. gain	—	266
Net Loss & extraord. gain	$ (8,326)	$ (6,582)

Assets
(000's)

As of	8/2/86	8/3/85
Cash	$ 560	$ 4,619
Accts. & notes receiv., net	1,228	5,019
Due from sale of subsid.	5,275	—
*Inventories	2,003	8,618
Prepaid expenses	398	264
Current Assets	$ 9,464	$ 18,520
Due from sale of subsid.	3,000	—
Notes receiv.	80	160
Est. realiz. value of discont. oper.	1,790	380
#Fixed assets	1,612	9,999
Other assets	544	1,478
Intangibles	1,863	2,127
Total Assets	$ 18,353	$ 32,664

Liabilities
(000's)

Notes payable	$ 206	$ 584
Long-term debt, curr.	9,393	420
Accts. payable	802	2,432
Accruals	923	1,321
Curr. Liabilities	$ 11,324	$ 4,757
Long-term debt	1,550	14,909
Notes payable	5,782	5,769
Sub. conv. deben.	1,752	1,748
Other liabilities	2,370	3,663
+Preferred stock	368	373
+ +Common stock	1,774	1,177
Add. paid-in capital	18,571	18,051
Retained earnings (deficit)	(22,229)	(13,874)
Treasury stock	(3,909)	(3,909)
Total Liabilities & Shareholders' Equity	$ 18,353	$ 32,664

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value; 8% cumulative convertible.
+ + $0.25 par value.

Statistical Summary

Sales to Inventories	2.78	0.80
Working Capital	—	$13,763,000
Current Ratio	—	3.89
Shareholders' Equity (Deficiency)	$(5,425,000)	$ 1,818,000

Electrohome Limited

809 Wellington Street North
Kitchener, Ontario, Canada N2G 4J6
(519) 744-7111

Officers: J.A. Pollock, chairman of the board, president & chief executive officer; H.H. LaPier, v.p.-operations; W.D. McGregor, v.p.-Electrohome & pres.-CAP Communications Limited; H.I. Eby, secretary-treasurer; W.A. Janci, v.p.-finance; J.G. Gingerich, corp. controller.

Directors: J.A. Pollock*, chairman; D.S. Sykes*, D.H. Frederick, Barbara L. Steele, G.S. Dembroski*, W.A. Moeser, R.J. Collins-Wright*, D.T. Wright, W.A. Bean.

* Member of the Executive Committee.

Areas of Work: Manufactures industrial electronics products, including data display monitors, professional color and black-and-white video surveillance monitors, high resolution color monitors, color computer graphics video displays, custom video displays, Earth/satellite receivers, amplifiers, large screen monochrome and color data/graphics video displays, and single- and double-sided printed circuit boards. Other industrial products include sub-fractional horsepower motors, packaged motor products, and metal stamping and fabricating. Manufactures and markets consumer furniture. Provides a variety of electronic services, including computer maintenance, video system installation and maintenance, and warranty and after-warranty service for consumer products. Also engaged in television advertising, television commercial production, radio advertising, radio commercial production and the production of "video only" commercials.

Divisions:
Electronics Division
Motor Division
Deilcraft Furniture Division
AABEX Electronic Services

Subsidiaries:

Electrohome Communications Limited
809 Wellington Street North
Kitchener, Ontario, Canada
(519) 744-7111

CAP Communications Limited
864 King Street West
Kitchener, Ontario, Canada
(519) 578-1313

Video-Q Marketplace Television
Kitchener, Ontario, Canada

Transfer Agent(s):

Montreal Trust Company (common shares)
Toronto, Montreal & Winnipeg, Canada

National Trust Company Limited (preferred shares)
Toronto, Montreal, Winnipeg & Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: EL

Number of Employees:

1986	2,185	1983	2,148
1985	2,190	1982	2,347
1984	2,269		

Sales and Earnings

	Net Sales †	Net Income #
1986	$ 160,605,000	$ (1,872,000)
1985	154,375,000	3,988,000
1984	134,832,000	1,180,000
1983	142,121,000	(3,298,000)
1982	162,520,000	(885,000)

	No. of Com. Shares +	Earn. per Share + #
1986	5,427,000	$ —
1985	5,409,000	0.73
1984	5,400,000	0.17
1983	5,400,000	—
1982	5,400,000	—

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of Class X, Class Y and common shares outstanding.
# Including extraordinary gains of $1,387,000 ($0.26 per share) in 1985 and $1,350,000 ($0.21 per share) in 1984.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.10	—	—
1982	0.20	—	—

Common Stock Equity ×

	Total Equity ‡	Equity Per Share
1986	$ 32,444,000	$ 5.98
1985	34,822,000	6.44
1984	31,425,000	5.81
1983	30,784,000	5.71
1982	35,330,000	6.54

× Restated to reflect reassessment for income taxes.
‡ After allowing for preferred stock at par value.

Income Account
(000's)

Year ended	12/26/86	12/27/85
Net sales	$ 160,605	$ 154,375
Cost of sales & expenses	149,157	138,484
Res. & develop.	5,144	4,492
Depreciation and amortization	3,891	3,506
Interest expense	1,274	1,428
Other interest	847	1,419
Writedown of invest.	—	139
Royalty income	(662)	(548)
Inc. bef. taxes	$ 854	$ 5,455
Income taxes	2,726	2,854
Net Income (Loss)	$ (1,872)	$ 2,601
Extraord. gain	—	1,387
Net Income (Loss) & extraord. gain	$ (1,872)	$ 3,988

Assets
(000's)

As of	12/26/86	12/27/85 ‡
Accts. receiv., net	$ 25,291	$ 27,201
*Inventories	22,637	25,347
Prepaid expenses	2,823	3,320
Recov. inc. taxes	—	1,869
Current Assets	$ 50,751	$ 57,737
#Fixed assets	23,309	22,392
Deferred income taxes	690	537
Intangibles	1,477	1,620
Deferred foreign exch.	121	141
Total Assets	$ 76,348	$ 82,427

Liabilities
(000's)

Long-term debt, curr.	$ 2,227	$ 1,581
Accts. pay. & accruals	15,605	18,598
Bank advances	11,322	11,880
Deferred income	2,120	2,485
Prov. for warranty exp.	701	652
Inc. taxes payable	132	—
Curr. Liabilities	$ 32,107	$ 35,196
Long-term debt	9,216	10,623
Prov. for warranty exp.	—	4
Def. revenue	1,791	952
+Preferred stock	790	830
++Class X & Class Y	6,558	6,453
Retained earnings	25,886	28,369
Total Liabilities & Shareholders' Equity	$ 76,348	$ 82,427

‡ Restated.
* At lower of cost & replacement cost or net realizable value.
# Less accumulated depreciation.
+ $100 par value; 5¾% cumulative.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	0.53	3.53
%Net Income to Sales	—	1.68
%Net Income to Equity	—	7.30
Sales to Inventories	7.09	6.09
Debt to Equity	0.34	0.34
Working Capital	$18,644,000	$22,541,000
Current Ratio	1.58	1.64
Shareholders' Equity	$33,234,000	$35,652,000

Electromagnetic Sciences, Inc.

125 Technology Park/Atlanta
Norcross, Georgia 30092
(404) 448-5770

Mailing Address:
P.O. Box 80508
Atlanta, Georgia 30366

Officers: John E. Pippin, president; William K. Alverson, v.p.-special programs; Joseph W. Simon, senior v.p.-research & development; Thomas E. Sharon, exec. v.p.-advanced development; William F. Evans, sr. v.p.-adm.; W. Douglas McDowell, v.p.-operations; Bruce R. Savage, v.p.-engineering programs; Don T. Scartz, v.p.-finance, treasurer & secretary; Gordon R. Harrison, v.p.-components & new technology programs; Barton L. Hinkle, v.p.-human resources; F. Lane Mobley, asst. secretary.

Directors: John E. Pippin, Joseph W. Simon, Henry A. Bronner, William L. Davenport, Richard V. Holsinger, Jerry H. Lassiter, John B. Mowell, Thomas E. Sharon, William F. Evans.

Areas of Work: Designs and produces microwave components, microwave subsystems, and radio-linked data terminals for the communications and related industries. These products are sold primarily to manufacturers of communications, radar, electronic countermeasures, surveillance, or similar electronic systems, and to companies using computer-controlled materials handling systems.

Divisions and Subsidiaries:

Gamma-f Corporation
Torrance, California

LXE Division

Transfer Agent(s):

Trust Company Bank
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELMG (NASDAQ)

Number of Employees:

1986 750

Plant Footage:

1986 . . . . . 277,000 sq. ft. 1985 177,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 47,952,000	$ 5,478,592
1985	33,344,294	4,291,278
1984	25,258,501	3,397,345
1983	18,545,920	2,664,644
1982	15,055,616	1,571,768

	No. of Com. Shares #	Earn. per Share #
1986	7,290,754	$ 0.75
1985	7,150,824	0.60
1984	7,050,431	0.48
1983	7,090,085	0.38
1982	6,083,489	0.26

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	4-for-3
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	4-for-3

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 30,159,778	$ 4.14
1985	24,465,075	3.42
1984	19,815,695	2.81
1983	16,370,535	2.31
1982	13,701,848	2.25

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 47,952,305	$ 33,344,294
Cost of sales	30,052,267	20,250,420
Expenses	8,199,151	6,404,655
Interest income	(946,219)	(1,098,552)
Interest expense	207,514	196,493

Electromagnetic Sciences, Inc.

Income before taxes	$ 10,439,592	$ 7,591,278
Income taxes	4,961,000	3,300,000
Net Income	$ 5,478,592	$ 4,291,278

* Included in Costs and Expenses, Depreciation and Amortization: $1,985,759 in 1986 and $1,347,517 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,171,343	$ 1,588,828
Marketable securities	10,287,136	8,148,070
Receiv., net	11,674,168	8,726,398
Accrued int. income	52,418	144,502
*Inventories	1,626,434	1,426,417
Current Assets	$ 24,811,499	$ 20,034,215
#Fixed assets	22,167,144	11,586,861
Other assets	611,369	378,284
Total Assets	$ 47,590,012	$ 33,005,923
Liabilities		
Long-term debt, curr.	$ 114,108	$ 103,455
Accts. payable	2,301,075	1,346,250
Accruals	3,583,697	2,501,833
Income taxes	1,079,700	683,145
Curr. Liabilities	$ 7,078,580	$ 4,634,683
Long-term debt	8,191,147	2,405,326
Deferred inc. taxes	2,013,217	1,370,217
Other Liabilities	147,290	130,622
+Common stock	707,826	467,656
Add. paid-in capital	11,207,923	11,231,982
Retained earnings	18,244,029	12,765,437
Total Liabilities & Shareholders' Equity	$ 47,590,012	$ 33,005,923

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	21.77	22.77
%Net Income to Sales	11.43	12.78
%Net Income to Equity	18.17	17.54
Sales to Inventories	29.48	23.38
Debt to Equity	0.27	0.10
Working Capital	$17,732,919	$15,399,532
Current Ratio	3.51	4.32
Shareholders' Equity	$30,159,778	$24,465,075

Electronic Associates, Inc.

185 Monmouth Parkway
West Long Branch, New Jersey 07764
(201) 229-1100

Officers: William R. Smart, chairman of the board; Robert G. Finney, president & chief exec. officer; Richard K. Stanislaw, v.p.-finance, treasurer & secretary; Robert J. Welle, v.p.-field service; Otis C. Wright, Jr., v.p.-simulation computers; Gary L. Long, v.p.-contract mfg.

Directors: Robert G. Finney, John L. Helm, Hilliard W. Paige, William R. Smart, Herbert I. Fusfeld, Kenneth P. Johnson, Fred L. Martinson.

Areas of Work: Develops and manufactures computer systems used in dedicated and general-purpose simulation applications for training and advanced research and development studies. Products and services include computers used for real-time simulation contract manufacturing.

Divisions and Subsidiaries:

EAI-Electronic Associates (Japan), Inc.
9th Mori Building
1-3 Shiba-Atago-cho-, Minato-Ku
Tokyo, Japan 105

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: EA

Number of Employees:

1986	408	1983	952
1985	492	1982	949
1984	719		

Plant Footage:

1986	174,000 sq. ft.	1983	338,000
1985	174,000	1982	347,000
1984	174,000		

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 28,130,000	$ 535,000
1985	33,707,000	1,641,000
1984	38,620,000	(10,508,000)
1983	40,848,000	(12,181,000)
1982	53,408,000	3,697,000

	No. of Com. Shares	Earn. per Share †#
1986	2,862,640	$ 0.19
1985	2,845,565	0.58
1984	2,844,565	—
1983	2,838,315	—
1982	2,805,327	1.30

(Loss)
+ Of continuing operations; includes income from sales, service and rentals.
† Including extraordinary gains of $1,291,000 ($0.46 per share) in 1985 and $1,486,000 ($0.52 per share n 1982.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Computers & systems	47%	42%	31%	27%
Field service	34	27	21	16
Utility & energy measure systems	0	13	29	34
Flight trainers	0	0	0	2
Mfg. subcontracts	19	18	19	21
Total	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 10,433,000	$ 3.64
1985	9,434,000	3.32
1984	(763,000)	—
1983	9,733,000	3.43
1982	21,824,000	7.78

(Deficiency)

Income Account *
(000's)

Year ended	12/31/86	12/31/85
Net sales, service & rentals	$ 28,130	$ 33,707
Cost of sales, service & rentals	20,970	25,483
Expenses	6,335	7,541
Interest expense	125	70
Other income	(305)	(342)
Inc. bef. taxes	$ 1,005	$ 955
Income taxes	470	605
Net Income	$ 535	$ 350
Extraord. gain	—	1,291
Net Income & extraord. gain	$ 535	$ 1,641

* Included in Costs and Expenses, Depreciation: $638,000 in 1986 and $876,000 in 1985.

Assets
(000's)

As of	12/31/86	12/31/85
Cash	$ 1,257	$ 876
Marketable securities	800	1,550
Receivables, net	7,300	6,998
*Inventories	5,259	3,980
Prepaid expenses	494	324
Other current assets	—	184
Current Assets	$ 15,110	$ 13,912
#Fixed assets	2,457	2,094
Other assets	330	608
Total Assets	$ 17,897	$ 16,614
Liabilities (000's)		
Long-term debt, curr.	$ 531	$ 395
Accts. payable	2,023	1,332
Accruals	3,674	4,038
Other liabilities	47	359
Curr. Liabilities	$ 6,275	$ 6,124
Long-term debt	1,189	1,056
+Common stock	2,863	2,846
Add. paid-in capital	7,035	6,588
Retained earnings	535	—
Total Liabilities & Shareholders' Equity	$ 17,897	$ 16,614

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.57	2.83
%Net Income to Sales	1.90	1.04
%Net Income to Equity	5.13	3.71
Sales to Inventories	5.35	8.47
Debt to Equity	0.11	0.15
Working Capital	$ 6,835,000	$7,788,000
Current Ratio	2.41	1.99
Shareholders' Equity	$10,433,000	$9,434,000

Electronic Control Systems, Inc.

Post Office Box 1232
Fairmont, West Virginia 26554
(304) 363-8690

Officers: Michael E. Basile, president; Robert E. Harkins, vice president; Leo F. Modi, secretary and treasurer.

Directors: Michael E. Basile, Leo F. Modi, Robert E. Harkins, Paul L. Layman, William R. Newlin, Paul L. Bourdeau.

Areas of Work: Manufactures a line of temperature and power controls from a simple control loop to fabrication of complete panel systems, with all necessary instrumentation including controllers, power units, switchgear, alarm functions, computer back-up, recorders, and annunciators engineered and/or custom designed to customer's specifications. Major markets are manufacturers of electric furnaces, electric ovens, synthetic fibers, glass, fiber glass, semi-conductor, plastic extruding and molding machinery.

Subsidiaries:

MiLo Technology, Inc. (83.94% owned)
Pittsburgh, Pennsylvania
Designs and markets computer interface equipment for use in the control of, and communication in, industrial processes.

Fairmont Building and Investment Company (55% owned)

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELCS (NASDAQ)

Number of Employees:

1986	85	1985	85

Plant Footage:

1986	35,500 sq. ft.	1985	35,500

Sales and Earnings

	Net Sales +	Net Income
1986	$ 3,639,327	$ 12,256
1985	4,737,869	266,774
1984	4,001,934	120,043
1983	2,577,040	24,419
1982	2,388,950	(105,708)

	No. of Com. Shares	Earn. per Share #
1986	900,711	$ 0.01
1985	892,227	0.28
1984	885,250	0.13
1983	889,310	0.03
1982	896,809	—

(Loss)
+ Includes other operating revenues.
# Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Temp. control devices	38%	43%	32%	51%
SCR power supply devices	31	40	45	34
Alarm systems	19	14	23	14
Spare parts	12	3	—	—
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,224,702	$ 2.47
1985	2,244,021	2.52
1984	1,998,761	2.26
1983	1,884,825	2.12
1982	1,871,290	2.09

‡ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 3,577,319	$ 4,434,338
Commissions	—	258,719
Other income	72,504	37,827
Loss on eq. in subsid.	(10,496)	(11,790)
Inc. - liq. subsid.	—	2,151
Minority interest	—	16,624
Total income	$ 3,639,327	$ 4,737,869
Cost of sales	2,499,003	2,938,649
Expenses	1,095,388	1,378,649
Interest expense	66,227	58,212
Income (loss) bef. taxes	$ (21,291)	$ 362,359
Income taxes (credit)	(33,547))	95,585
Net Income	$ 12,256	$ 266,774

* Included in Costs and Expenses, Depreciation and Amortization: $84,191 in 1986 and $91,172 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 136,448	$ 40,554
Marketable securities	181,683	235,447
Accts. receiv., net	367,750	891,168
Income taxes	110,942	—
Due from affiliates	61,067	61,329
*Inventories	1,296,356	1,310,315
Prepaid expenses	51,947	45,324
Current Assets	$ 2,206,193	$ 2,584,137
Investments	251,106	261,602
#Fixed assets	476,784	421,838
Intangibles	4,167	6,127
Other assets	78,700	57,154
Total Assets	$ 3,016,950	$ 3,330,858

Liabilities

Notes payable	$ 440,886	$ 557,794
Accts. payable	196,863	217,653
Inc. taxes payable	8,000	110,422
Accruals	80,146	124,932
Other liabilities	6,616	10,493
Curr. Liabilities	$ 732,511	$ 1,021,294
Notes payable	34,314	50,500
Deferred compensation	31,134	20,754
Deferred inc. taxes	(5,711)	(5,711)
+Common stock	98,036	98,036
Add. paid-in capital	1,381,940	1,379,389
Retained earnings	891,490	701,502
Treasury stock	(100,595)	(119,822)
Amts. receiv. from officers	(46,169)	(46,169)
Total Liabilities & Shareholders' Equity	$ 3,016,950	$ 3,330,858

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	8.17
%Net Income to Sales	0.34	6.02
%Net Income to Equity	0.55	11.89
Sales to Inventories	2.76	3.38
Debt to Equity	0.02	0.27
Working Capital	$1,473,682	$1,562,843
Current Ratio	3.01	2.53
Shareholders' Equity	$2,224,702	$2,244,021

Electronics, Missiles & Communications, Inc.

Susquehanna Street Extension
P.O. Box 68
White Haven, Pennsylvania 18661
(717) 443-9575

Officers: James P. May, president & chief exec. officer; Leonard S. Teven, exec. v.p; Edward A. Kadler, v.p. & comptroller; Robert G. Nash, v.p.-engineering; Lee Van Gordon, Jr., v.p. & chief financial officer; John Saul, Perry Spooner, v.p.'s; H.P. Chalmers, treasurer; Martin D. Cohn, secretary; Kay Krull, asst. secretary.

Directors: Shirley Chalmers, H.P. Chalmers, Paul Mancuso, Leonard S. Teven.

Areas of Work: Manufactures television broadcast equipment for commercial, educational and private television systems. Principal products are low and medium power television transmitters for VHF, UHF and microwave television transmission; translators, and down-converters.

Subsidiaries:

Del's Tower Service, Inc.
Tower and antenna erection and repair.

Laser Surgical Systems, Inc.
Manufacture and sale of laser surgical instruments.

Pro-Community TV, Inc.

Transfer Agent(s):

Harris Savings & Trust Company
311 West Monroe, 11th Floor
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ECIN (NASDAQ)

Number of Employees:

1986	65	1983	120
1985	65	1982	140
1984	80		

Plant Footage:

1986	27,000 sq. ft.	1983	27,000
1985	27,000	1982	74,300
1984	27,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 7,176,170	$ 550,222
1985	3,821,491	(2,352,432)
1984	3,917,814	(1,929,959)
1983	5,724,753	(591,987)
1982	6,806,308	482,308

	No. of Com. Shares	Earn. per Share + †
1986	4,107,771	$ 0.13
1985	4,108,328	—
1984	2,869,695	—
1983	2,867,712	—
1982	2,760,512	0.17

(Loss)
† Including extraordinary gain of $275,000 ($0.06 per share) in 1986.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 901,989	$ 0.22
1985	358,112	0.09
1984	1,473,174	0.51
1983	3,381,848	1.18
1982	2,769,435	1.00

Income Account *

Year ended March 31	1986	1985
Net sales	$ 7,176,170	$ 3,821,491
Cost of sales	4,748,118	3,054,859
Expenses	1,611,510	1,941,517
Research & development	51,526	23,240
Interest expense	280,991	333,429
Write-down of inven.	—	441,000
Other expenses (income)	(66,197)	(33,357)
Income (loss) bef. taxes	$ 550,222	$ (1,939,197)
Income taxes	275,000	—
Inc. (loss) bef. taxes	$ 275,222	$ (1,939,197)
Loss—discont. oper.	—	(413,235)
Net Income (Loss)	$ 275,222	$ (2,352,432)
Extraord. gain	275,000	—
Net Income (Loss) & extraord. gain	$ 550,222	$ (2,352,432)

* Included in Costs and Expenses, Depreciation: $201,980 in 1986 and $197,159 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 934,119	$ 432,687
Accts. & notes receiv., net	1,293,278	637,149
*Inventories	1,426,500	1,790,000
Prepaid inc. taxes & other expenses	108,957	173,345
Current Assets	$ 3,762,854	$ 3,033,181

#Fixed assets	684,876	678,788
Other assets	—	110,494
Total Assets	$ 4,447,730	$ 3,822,463
Liabilities		
Notes payable	$ 225,000	$ 225,000
Long-term debt, curr.	256,553	121,267
Oblig. under cap. leases, curr.	67,284	65,593
Accts. payable	548,841	524,552
Accruals	370,140	353,218
Curr. Liabilities	$ 1,467,818	$ 1,289,630
Long-term debt	1,826,945	2,057,437
Long-term loan from shareholder	200,000	—
Oblig. under cap. leases	50,978	117,284
+Common stock	68,904	68,904
Add. paid-in capital	3,301,909	3,301,909
Ret. earnings (deficit)	(2,451,084)	(3,001,306)
Treasury stock	(17,740)	(11,395)
Total Liabilities & Shareholders' Equity	$ 4,447,730	$ 3,822,463

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	7.67	—
%Net Income to Sales	3.84	—
%Net Income to Equity	30.51	—
Sales to Inventories	5.03	1.96
Debt to Equity	2.91	7.22
Working Capital	$2,295,036	$1,743,551
Current Ratio	2.56	2.35
Shareholders' Equity	$ 901,989	$ 358,112

Electro-Nucleonics, Inc.

350 Passaic Avenue
Fairfield, New Jersey 07006
(201) 227-6700

Officers: Vincent V. Abajian, chairman of the board & chief executive officer; Herbert M. Appleton, president & chief operating officer; Richard M. Mandle, Alan M. Fishman, sr. v.p.'s; Ernest Maclin, v.p.-research & development; Richard Abajian, v.p. & secretary-treasurer; Paul Plunkett, v.p. & controller; Joseph J. Cardillo, v.p.; Nicholas E. Curtiss, v.p. & general counsel.

Directors: Richard Abajian, Vincent V. Abajian, John J. Astor, Carl Pacifico, Robert Fennell, George T. Maloney, J. George Harris, Richard Mandle, Harvey H. Segal, Nolan B. Sommer, Herbert M. Appleton, William V. Beshlian.

Areas of Work: Manufactures the ALTAIRE, FLEXIGEM, GEMENI, GEMSTAR and GEM PROFILER blood chemistry analyzer systems, research and production-scale liquid ultracentrifuges, diagnostic reagents and test kits; processes purified viruses, antigens and antibodies for research; conducts immunological testing through the VIRGO line of Indirect Fluorescent Antibody (IFA) tests, which consist of tests related to the body's immune response system, including the RIAUSURE II test for serum hepatitis and the HTLV-III antibodies test for AIDS (acquired immune deficiency syndrome).

Transfer Agent(s):
Continental Stock Transfer & Trust Company
30 Montgomery Street
Jersey City, New Jersey 07302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ENUC (NASDAQ)

Number of Employees:

1986	700	1983	750
1985	N.A.	1982	700
1984	750		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income +
1986	$ 62,993,000	$ 1,533,000
1985	56,882,000	1,630,000
1984	45,487,000	(2,363,000)
1983	42,862,000	2,300,000
1982	37,730,947	1,590,755

	No. of Com. Shares	Earn. per Share +#
1986	3,828,411	$ 0.40
1985	3,808,836	0.43
1984	3,830,722	—
1983	3,830,022	0.67
1982	3,155,343	0.51

(Loss)
+ Including extraordinary gains of $161,000 ($0.04 per share) in 1984, $161,000 ($0.05 per share) in 1983 and $161,000 ($0.05 per share) in 1982.
# Based on the average number of shares outstanding during each period.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 31,555,000	$ 8.24
1985	28,867,000	7.58
1984	27,577,000	7.20
1983	30,186,000	7.88
1982	18,435,786	5.84

Income Account *

Year ended June 30	1986	1985
Net sales	$ 62,993,000	$ 56,882,000
Cost of sales	41,463,000	37,543,000
Expenses	19,784,000	17,445,000
Interest expense	728,000	771,000
Other income	(880,000)	(697,000)
Income before taxes	$ 1,898,000	$ 1,820,000
Income taxes	365,000	190,000
Net Income	$ 1,533,000	$ 1,630,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,370,000 in 1986 and $2,249,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,107,000	$ 1,695,000
Preferred stocks	1,916,000	—
Accts. receiv., net	13,702,000	12,453,000
Inc. taxes receiv.	—	178,000
*Inventories	17,094,000	15,500,000
Prepaid expenses & other assets	505,000	398,000
Current Assets	$ 34,324,000	$ 30,224,000
Investment securities	232,000	232,000
#Fixed assets	14,018,000	14,698,000
Intangibles	644,000	812,000
Other assets	401,000	448,000
Total Assets	$ 49,619,000	$ 46,414,000
Liabilities		
Long-term debt, curr.	$ 1,073,000	$ 849,000
Accts. payable	3,074,000	4,199,000
Inc. taxes payable	302,000	156,000
Accruals	2,951,000	2,483,000
Advance under research contract	2,210,000	—
Curr. Liabilities	$ 9,610,000	$ 7,687,000
Long-term debt	7,298,000	9,323,000
Deferred income	961,000	498,000
Def. inc. taxes	195,000	39,000
+Common stock	96,000	95,000
Add. paid-in capital	27,550,000	27,356,000
Retained earnings	3,509,000	1,976,000
For. curr. trans. adjust.	400,000	(560,000)
Total Liabilities & Shareholders' Equity	$ 49,619,000	$ 46,414,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.01	3.20
%Net Income to Sales	2.43	2.87
%Net Income to Equity	4.86	5.65
Sales to Inventories	3.69	3.67
Debt to Equity	0.23	0.31
Working Capital	$24,714,000	$22,537,000
Current Ratio	3.57	3.93
Shareholders' Equity	$31,555,000	$28,867,000

Electrospace Systems, Inc.

P.O. Box 831359
1301 East Collins Boulevard
Richardson, Texas 75083
(214) 470-2000

Officers: James R. Lightner, chairman of the board & president; Robert L. Carrel, exec. v.p. & secretary; Milton W. Holcombe, v.p. & asst. treasurer; Richard C. Fenwick, v.p. & asst. secretary; Donald E. Heitzman, v.p.-marketing; Lonnie B. Roberts, v.p.-finance & treasurer; Cecil C. Harvell, asst. v.p.-marketing.

Directors: James R. Lightner, chairman; Robert L. Carrel, Milton W. Holcombe, Richard C. Fenwick, John Adel, William H. Bowen.

Areas of Work: Communication and navigation system analysis, integration and testing, antenna research and development, mechanical/structural engineering analysis, electronic warfare systems and solid state switching, servo control systems and telephone central office switches.

Subsidiaries:
Electrojet, Inc.
P.O. Box 481
Ballinger, Texas 76821
(915) 365-2555

Transfer Agent(s):
BancTexas Dallas, N.A.
Dallas, Texas

Stock Exchange(s): New York, Midwest

Ticker Symbol: ELE

Number of Employees:

1987	2,580	1984	1,100
1986	1,974	1983	916
1985	1,609		

Plant Footage:

1987	932,600 sq. ft.	1984	386,900
1986	552,750	1983	386,900
1985	471,435		

Sales and Earnings

	Revenues	Net Income
1987	$ 190,718,171	$ 10,117,694
1986	145,035,806	13,376,852
1985	107,838,533	10,411,012
1984	79,503,117	7,988,266
1983	62,104,751	6,134,777

	No. of Com. Shares	Earn. per Share ‡
1987	13,458,870	$ 0.75
1986	13,347,653	0.98
1985	10,579,496	0.78
1984	8,418,883	0.61
1983	4,171,618	0.47

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.08	—	—
1986	0.08	25%	—
1985	0.08	25%	—
1984	0.08	100%	—
1983	0.12	25%	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 62,030,118	$ 4.61
1986	51,507,516	3.86
1985	37,565,214	3.55
1984	26,908,076	3.20
1983	18,823,171	4.51

Income Account *

Year ended	4/3/87	3/28/86
Revenues	$ 190,718,171	$ 145,035,806
Cost of revenues	171,781,821	121,406,516
Expenses	1,126,046	1,303,422
Interest expense	504,243	579,110
Oper. profit	$ 17,306,061	$ 21,746,758
Other income	444,280	1,502,371
Income before taxes	$ 17,750,341	$ 23,249,129
Income taxes	7,632,647	9,872,277
Net Income	$ 10,117,694	$ 13,376,852

* Included in Costs and Expenses, Depreciation and Amortization: $4,287,078 in 1987 and $3,376,200 in 1986.

Assets

As of	4/3/87	3/28/86
Cash	$ 6,118,764	$ 17,958,875
Accts. receiv., net	71,339,244	43,337,674
Costs on contracts in exc. of billing	10,720,109	7,245,348
*Inventories	977,207	570,129
Prepaid expenses	538,828	698,294
Current Assets	$ 89,694,152	$ 69,810,320
#Fixed assets	31,367,514	27,060,753
Other assets	1,513,258	1,618,391
Total Assets	$ 122,574,924	$ 98,489,464

Liabilities

Long-term debt, curr.	$ 428,146	$ 362,466
Accts. payable	8,642,580	5,663,649
Accruals	10,968,458	6,812,799
Income taxes	22,789,409	22,032,196
Curr. Liabilities	$ 41,828,593	$ 34,871,110
Notes payable	5,118,751	5,470,833
Mortgage payable	1,608,962	1,712,112
Inc. taxes	10,988,500	4,927,893
+Common stock	1,549,448	1,549,448
Add. paid-in capital	6,541,331	4,657,890
Retained earnings	55,440,723	46,396,057
Treasury stock	(1,501,384)	(1,095,879)
Total Liabilities & Shareholders' Equity	$ 122,574,924	$ 98,489,464

* Raw materials and purchased parts at average cost not in excess of net realizable value.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	9.31	16.03
%Net Income to Revenues	5.31	9.22
%Net Income to Equity	16.31	25.97
Debt to Equity	0.08	0.15
Working Capital	$46,865,559	$34,939,210
Current Ratio	2.09	2.00
Shareholders' Equity	$62,030,118	$51,507,516

Eli Lilly and Company

307 East McCarty Street
Indianapolis, Indiana 46285
(317) 261-2000

Officers: Richard D. Wood, chairman of the board, president & chief executive officer; C. Harvey Bradley, Jr., v.p. & general counsel; Vaughn D. Bryson, exec. v.p.; Eurelio M. Cavalier, group v.p., sales-Pharmaceutical Division; Marvin Cave, v.p.-Industrial Relations Division; James M. Cornelius, v.p.-finance & chief financial officer; Edgar G. Davis, v.p.-Corporate Affairs Division; Earl B. Herr, Jr., exec. v.p.; Irving S. Johnson, v.p.-Lilly Research Laboratories; Thomas A. Klingaman, sr. v.p.-production planning & corporate services; E. Walter Lange, group v.p.-marketing planning and development, Pharmaceutical Division; Mel Perelman, exec. v.p. & president-Lilly Research Laboratories; Joseph Ronchetti, president-Elizabeth Arden, Inc.; Eugene L. Step, exec. v.p. & president-Pharmaceutical Division; John G. Whitney, v.p.-Lilly Research Laboratories; E.R. Roberts, president-Elanco Products Company; Sidney A. Taurel, president-Eli Lilly International Corporation; Angelo J. Carnaghi, v.p.-Production Operations and Distribution Division.

Directors: Richard D. Wood*, chairman of the board; Thomas H. Lake, C. Harvey Bradley, Jr., Steven C. Beering, Earl B. Herr, Jr., Mel Perelman*, Robert C. Seamans, Jr., Eugene L. Step*, Alva O. Way, J. Clayburn LaForce, Jr., C. William Verity, Jr.; Vaughn D. Bryson*, James M Cornelius*, Randall L. Tobias.

* Member of the Executive Committee.

Areas of Work: Engaged in the discovery, development, manufacture and sale of products in three principal industries: human health, agriculture and cosmetics. The human health segment includes pharmaceuticals, electronic medical instrument systems, implantable cardiac pacemakers, empty gelatin capsules, packaging products, and bulk chemicals. Pharmaceuticals include analgesics, an antiarthritic agent, antibiotics, antidiabetic agents, hematinics, hormones, oncolytic agents, sedatives, vitamins, and other pharmaceuticals for human use. Electronic medical instrument systems include products for measuring patient temperatures and for administering and monitoring intravenous fluid infusions. The agriculture segment includes agricultural chemicals and animal health products. Agricultural chemicals are principally herbicides for controlling weeds in various crops. Animal health products include a nonhormonal cattle feed additive that improves feed efficiency; various antibiotics for promoting feed efficiency and growth in swine, and anti-coccidial agent for use in broilers and layer replacements, and other products for livestock, poultry, and pet animals. The cosmetics segment includes the Elizabeth Arden Line and Parfums Lagerfeld products. The Elizabeth Arden Line includes skincare preparations, make-up products, and fragrances. Parfums Lagerfeld products are marketed under the trademarks Chloe and Lagerfeld and include fragrance products.

Electronics Operations:

IVAC Corporation
Campus Point, California
(714) 453-4320
Worldwide manufacturing and marketing of electronic medical instrument systems, including intravenous infusion devices and electronic thermometers.

Cardiac Pacemakers, Inc.
St. Paul, Minnesota
Engaged in the business of designing, developing, manufacturing, and marketing implantable cardiac, external and implantable defibrillators, and cardiac monitors.

Physio-Control Corporation
11811 Willows Road
Redmond, Washington 98052
(206) 883-1181
Manufactures and distributes electronic products used in cardiovascular medicine, including defibrillators/monitors, peritoneal dialysis equipment, blood pressure monitoring devices, ultrasonic Doppler probes, in-vivo oximeters, and vascular implant products.

Advanced Cardiovascular Systems, Inc.
Designs, manufactures, and markets coronary angioplasty catheter systems.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Eli Lilly and Company
Indianapolis, Indiana

Stock Exchange(s): New York, Zurich, Basel, Geneva

Ticker Symbol: LLY

Number of Employees:

1986	29,100	1983	29,200
1985	28,000	1982	29,300
1984	28,700		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 3,720,400	$ 558,000
1985	3,270,600	518,000
1984	3,109,200	490,000
1983	3,033,700	457,000
1982	2,962,700	412,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	139,323,000	$ 4.01
1985	140,281,000	3.69
1984	145,710,000	3.36
1983	149,248,000	3.06
1982	151,868,000	2.71

‡ Based on the average number of common shares outstanding adjusted to reflect stock split

Revenues By Line of Business
(000's)

	1986	1985
Human Health	$ 2,624,000	$ 2,205,900
Agriculture	698,500	712,800
Cosmetics	397,900	351,900
Total	$ 3,720,400	$ 3,270,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.80	—	—
1985	1.60	—	2-for-1
1984	1.4875	—	—
1983	1.375	—	—
1982	1.30	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 2,739,600	$ 19.66
1985	2,387,700	17.02
1984	2,221,200	15.24
1983	2,121,000	14.21
1982	2,055,500	13.53

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 3,720,400	$ 3,270,600
Cost of sales	1,346,200	1,175,400
Expenses	1,513,900	1,330,800
Interest income	(71,600)	(71,200)
Interest expense	64,100	48,400
Other income	(8,500)	(9,400)
Income before taxes	$ 876,300	$ 796,600
Income taxes	318,000	279,000
Net Income	$ 558,300	$ 517,600

* Included in Costs and Expenses, Depreciation and Amortization: $177,700,000 in 1986 and $136,200,000 in 1985.

Eli Lilly and Company

Assets
(000's)

As of Dec. 31	1986	1985
Cash & secur.	$ 486,000	$ 406,100
Accts. receiv., net	690,900	604,800
Other receiv.	88,200	81,700
*Inventories	694,600	694,200
Prepaid exp.	112,500	153,400
Current Assets	$ 2,072,200	$ 1,940,200
Other assets	996,000	639,500
#Fixed assets	1,527,600	1,374,000
Total Assets	$ 4,595,800	$ 3,953,700

Liabilities
(000's)

Loans payable	$ 230,900	$ 302,400
Accts. payable	144,600	124,200
Accrued payroll	200,700	165,900
Dividends payable	69,500	62,800
Other liabilities	302,200	225,900
Income taxes	68,700	37,700
Deferred income taxes	145,900	126,900
Curr. Liabilities	$ 1,162,500	$ 1,045,800
Long-term debt	395,300	238,600
Deferred inc. taxes	298,400	281,600
+Common stock	91,300	91,300
Add. paid-in capital	181,800	124,200
Retained earnings	3,041,200	2,740,600
Curr. trans. adjust.	(89,100)	(118,200)
Treasury stock	(485,600)	(450,200)
Total Liabilities & Shareholders' Equity	$ 4,595,800	$ 3,953,700

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $0.625 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.55	24.36
%Net Income to Sales	15.00	15.83
%Net Income to Equity	20.38	21.68
Sales to Inventories	5.36	4.71
Debt to Equity	0.14	0.10
Working Capital	$ 909,700,000	$ 894,400,000
Current Ratio	1.78	1.86
Shareholders' Equity	$2,739,600,000	$2,387,700,000

Emerson Electric Co.

8000 West Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Officers: C.F. Knight, chairman, president & chief exec. officer; J.J. Adorjan, J.F. Hardymon, R.W. Staley, A.E. Suter, J.K. Ver Hagen, exec. v.p.'s; H.F. Faught, sr. v.p.-technology; A.A. Gilbert, v.p.-manpower development; C.W. Groennert, v.p.-financial services & asst. secretary; D.N. Farr, v.p.-planning & development; D.R. Perkins, asst. treasurer; C. Hansen, sr. v.p., secretary & general counsel; C.A. Dill, sr. v.p.; J.C. Rohrbaugh, sr. v.p.-industrial relations; W.J. Galvin, v.p.-finance & controller; W.C. Bousquette, sr. v.p. & chief financial officer; H.E. Johnson, v.p.-planning; P.A. Roberts, v.p.-public affairs; H.J. Yopp, v.p.-tax; R.M. Cox, Jr., v.p. & treasurer; W.E. Behrens, v.p.-corp. manufacturing; S.P. Cortinovis, v.p.-international; T.D. Hyde, asst. treasurer; H.M. Smith, asst. secretary.

Directors: W.R. Persons, J.A. Frates*, B.A. Schriever, L.L. Browning, Jr.*, R.D. Potts, Gene K. Beare, Charles F. Knight*, Eugene F. Williams, Jr.*, G.A. Lodge, L.J. Conti, E.L. Keyes, Jr.*, W.A. Rutledge*, J.J. Kerley*, V.R. Loucks, Jr., W.M. Van Cleve*, A.A. Busch, III*.

*Member of the Executive Committee.

Areas of Work: Government & Defense Group
Airborne fire control radar systems, airborne radio navigation systems, ammunition storage and feed systems, anechoic chambers, anti-submarine warfare detection & recording systems, automatic test equipment, electronically scanned antennas, magnetic tape recorders, intrusion detection systems, metallic and non-metallic detectors, guidance & control systems, low noise antenna feeds, naval surface armament systems, power supplies, research & development, rocket systems, rocket & missile launching systems, satellite communications & telemetry validation systems & tactical navigation systems & missile antenna development.

Consumer Group
Arc welders, band saws, ceiling systems, console humidifiers, door chimes, drain cleaning equipment, drill presses, electric baseboard heat, electric heating and cooling systems, electrostatic air cleaners, gas cutting & welding equipment, hand tools, hot water dispensers, intercom systems, ladders & scaffolding, lathes, planers and shapers, plastic pipe welders, point source illumination, power chain saws, power plumbing tools, security systems, lighting interconnect systems. Monofilament line lawn trimmer, pipe working tools, smoke detectors, ventilation and exhaust systems, waste disposers, hobbyist tools, water fountain valves, woodworking benches and radial saws.

Commercial & Industrial Components and Systems Group
Air conditioning and refrigeration compressor motors, dryers, expansion valves, fan motors, solenoid control valves, appliance electric heating elements and controls, appliance motors, automation systems, belt and chain components & drives, bimetallic control devices, cams and index equipment, controlled speed drives, eddy current controls and drives, electroaic variable speed drives, conveyor components, eddy current controls and drives, electronic power supplies, fluid flow instrumentation, fluid heat transfer systems, gears, gear motors, heating blower motors and controls, industrial electric heating elements, industrial electric heating products, irrigation flowmeter/control systems, liquid level measurement instrumentation, machine tool drives and controls, magnetic flowmeters, mechanical couplings, metal stampings, positive displacement meters, process control instrumentation, sealed terminals, special application motors, speed reducers, thermal limit devices, turbine meters, ultrasonic meters, uninterruptible power systems, vertical pump motors and drives, aviation instrumentation, and utilities equipment and tools.

Divisions and Subsidiaries:

Alco Controls Division
P.O. Box 12700
St. Louis, Missouri 63141
314) 432-6300

Beaird-Pouland Division
5020 Flournoy Lucas Road
Shreveport, Louisiana 71102
(318) 687-0100

Brooks Instrument Division
407 W. Vine Street
Hatfield, Pennsylvania 19440
(215) 368-2000

Browning Mfg. Division
1248 E. Second Street
P.O. Box 687
Maysville, Kentucky 41506
(606) 564-5541

Commercial Cam Division
400 N. Ashland
Chicago, Illinois 60622
(312) 243-6900

Day-Brite Lighting Division
1015 S. Green Street
Drawer 1687
Tupelo, Mississippi 38801

Fusite Division
6000 Fernview Avenue
Cincinnati, Ohio 45212
(513) 731-2020

Louisville Ladder Division
1161 Algonquin Parkway
Louisville, Kentucky 40208
(501) 636-2811

Ridge Tool Division
400 Clark Street
Elyria, Ohio 44035
(216) 323-5581

Special Products Division
5657 Campus Parkway
Hazelwood, Missouri 90051

ThermO Disc
1320 S. Main Street
Mansfield, Ohio 44907
(419) 756-5911

U.S. Electrical Motors Division
Old Gate Lane
Milford, Connecticut 06460
(203) 878-9311

WER Industrial Division
3036 Alt Boulevard
Grand Island, New York 14072
(716) 773-2321

White-Rodgers Division
9797 Reavis Road
St. Louis, Missouri 62123
(314) 631-9797

Edwin L. Wiegand Division
7500 Thomas Boulevard
Pittsburgh, Pennsylvania 15208
(412) 242-6400

Dremel Manufacturing Division
4915 Twenty-First Street
Racine, Wisconsin 53406
(414) 637-8831

Electronics & Space Division
8100 W. Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Emerson Motor Division
8100 W. Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Emerson Puerto Rico, Inc
Dorado Industrial Park
Highway 693, KM 7.3, P.O. Box 437
Dorado, Puerto Rico 00646
(809) 796-1195

Emerson Electric GmbH
Division Gustav Benz
Heerstrasse 111
Postfact 1229 West Germany
D 7050 Waiblingen

Emerson Electric Canada Limited
P.O. Box 150, Highway 48
Markham, Ontario, Canada
(416) 297-1030

ACDC Electronics Division
401 Jones Road
Oceanside, California 92054

Doric Scientific Division
3883 Ruffin Road
San Diego, California 92123

Emerson Electric Industrial Controls Division
P.O. Box 1679
Santa Ana, California 92702

Harris-Calorific Division
5501 Cass Avenue
Cleveland, Ohio 44102

A.B. Chance Company
210 North Allen Street
Centralia, Missouri 65240

Emerson Chromalox Division
8400 Pershall Road
St. Louis, Missouri 63136

In-Sink-Erator Division
4700 Twenty-First Street
Racine, Wisconsin 53406

Weed Eater Inc.
10515 Harwin Drive
Houston, Texas 77036

Statitrol Inc.
140 S. Union Boulevard
Lakewood, Colorado 80228

Rittenhouse Division

Rosemount Division

McPhilben Lighting Division

Urick Foundry Division

Tuttle Electric Division

Appleton Electric Company

Rantec Division

Electronic Navigation Industries

Branson, Inc.
Produces ultrasonic products for cleaning, metal testing and plastic welding.

Beckman Industrial, Inc.
Manufacturer of electronic components, test equipment and process control instrumentation.

Hurst, Inc.
Manufactures high performance stepper and permanent magnetic motors.

Micro Motion, Inc.
Produces mass flow measurement systems.

Computer Power Systems, Inc.
Manufactures power conditioning systems for computers.

Automatic Switch Company
50-60 Hanover Road
Florham Park, New Jersey 07932
Designs and manufactures industrial solenoid valves and products for the control of fluids and flow of electric power.

Kiowa Corporation
Manufactures electronic motion control products.

Acquisition(s):

Copeland Corporation
Manufactures compressors.

Transfer Agent(s):

Centerre Trust Company
(Common & Preferred Shares)
510 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York, Midwest

Ticker Symbol: EMR

Number of Employees:

1986	60,700	1983	52,500
1985	61,900	1982	55,100
1984	60,400		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 4,952,900	$ 408,900
1985	4,649,200	401,100
1984	4,355,100	369,000
1983	3,635,900	319,600
1982	3,660,100	316,300

	No. of Com. Shares ‡	Earn. per Share ‡
1986	72,795,000	$ 5.62
1985	73,913,000	5.43
1984	73,853,000	5.00
1983	73,895,000	4.32
1982	73,947,000	4.28

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Commercial & industrial	$ 3,101,000	$ 2,944,000
Consumer products	1,291,000	1,150,000
Government & defense	561,000	555,000
Total	$ 4,953,000	$ 4,649,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.76	—	—
1985	2.60	—	—
1984	2.30	—	—
1983	2.10	—	—
1982	2.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 2,374,000	$ 32.69
1985	2,222,200	30.08
1984	2,004,400	27.13
1983	1,830,700	24.79
1982	1,680,000	22.73

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 4,952,900	$ 4,649,200
Cost of sales	3,208,100	2,971,900
Expenses	987,900	937,800
Interest expense	49,100	36,800
Other expense (income)	(7,200)	8,600
Income before taxes	$ 715,000	$ 694,100
Income taxes	306,100	293,000
Net Income	$ 408,900	$ 401,100

* Included in Costs and Expenses, Depreciation and Amortization: $163,600,000 in 1986 and $148,000,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 4,800	$ 9,100
Short-term invest.	283,600	79,400
Accts. receiv., net	791,600	723,200
Costs on long-term contracts	80,800	30,800
*Inventories	1,144,800	1,155,700
Other curr. assets	126,700	87,200
Current Assets	$ 2,432,300	$ 2,085,400
#Fixed assets	896,400	843,600
Other assets	440,300	327,800
Total Assets	$ 3,769,000	$ 3,256,800

Liabilities
(000's)

Long-term debt, curr.	$ 183,700	$ 156,000
Acct. payable	268,600	229,700
Accruals	296,900	301,200
Income taxes	84,400	42,300
Adv. pay. on contracts	33,600	48,600
Curr. Liabilities	$ 867,200	$ 777,800
Long-term debt	328,300	114,600
Other liab.	199,500	142,200
+Common stock	74,500	74,500
Add. paid-in capital	96,900	100,400
Retained earnings	2,362,800	2,154,300
Cum. trans. adjust.	(31,200)	(73,000)
Treasury stock	(129,000)	(34,000)
Total Liabilities & Shareholders' Equity	$ 3,769,000	$ 3,256,800

* At lower of cost or market. Majority at standard costs; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.44	14.93
%Net Income to Sales	8.26	8.63
%Net Income to Equity	17.22	18.05
Sales to Inventories	4.33	4.02
Debt to Equity	0.33	0.12
Working Capital	$1,565,100,000	$1,307,600,000
Current Ratio	2.80	2.68
Shareholders' Equity	$2,374,000,000	$2,222,200,000

Emerson Radio Corp.

1 Emerson Lane
North Bergen, New Jersey 07047
(201) 854-6600

25117 SW Parkway
Wilsonville, Oregon 97070

Officers: William W. Lane, chairman; Stephen L. Lane, president; Donald Dvorkin, exec. v.p. & secretary; Saul Knazick, sr. v.p.-marketing; Harold Falik, sr. v.p.-finance; Kunio Takei, sr. v.p.-foreign operations; Hachiro Masuda, v.p.-design; Marino Andriani, v.p.-sales; Edward Bohn, treasurer; Edward Beller, v.p.-sales opertions; Kenneth Fournier, v.p.-domestic operations; Toshinori Ishii, v.p.-engineering; Rudolph Malacrida, v.p.-mgmt. info. systems.

Directors: William W. Lane, chairman; Stephen L. Lane, Jay M. Haft, John J. Cunningham.

Areas of Work: Designs and markets televisions, radios, tape players, video cassette recorders, clock radios, compact stereos, microwave ovens and compact refrigerators. The company's Cardiac Resuscitator Corporation subsidiary designs and manufactures devices which automatically diagnose and treat ventricular fibrillation, the leading cause of cardiac arrest. These products include external pacemakers and automated defibrillator-pacemakers.

Subsidiaries:

Cardiac Resuscitator Corporation (78% - owned)
12244 S.W. Garden Place
Portland, Oregon 97223
(503) 620-8612

Emerson Radio (Hong Kong) Limited
1009-1015 World Shipping Centre, 10th Floor
Harbour City Phase 1, No. 7 Canton Road
Tsimhasui, Kowloon, Hong Kong

Emerson Radio Canada, Ltd.
6335 Shawson Drive
Mississauga, Ontario, Canada L5T 1S7

H.H. Scott, Inc.
5601 West Side Avenue
North Bergen, New Jersey 07047
(201) 662-2000
Designs, manufactures, and markets a line of high fidelity audio and video equipment.

Transfer Agent(s):

United Jersey Bank
Hackensack, New Jersey

Stock Exchange(s): New York

Ticker Symbol: EME

Number of Employees:

1986 689

Plant Footage:

1986 ..... 438,000 sq. ft

Sales and Earnings

	Net Sales	Net Income
1986	$ 566,272,000	$ 12,907,000
1985	357,463,000	13,254,000
1984	183,029,000	9,084,000
1983	95,051,000	3,133,000
1982	87,781,000	256,000

	No. of Com. Shares	Earn. per Share #
1986	17,660,601	$ 0.74
1985	15,890,142	0.76

Emerson Radio Corp.

1984	14,359,603	0.53
1983	8,339,360	0.19
1982	4,969,917	0.02

Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split †
1986	—	10%	—
1985	—	10%	—
1984	—	—	5-for-3
1983	—	—	5-for-3
1982	—	—	5-for-3

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 61,447,000	$ 3.51
1985	46,589,000	2.67
1984	32,993,000	1.91
1983	21,523,000	1.28
1982	17,303,000	1.04

‡ Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended Mar. 31	1986	1985
Net sales	$ 566,272,000	$ 357,463,000
Cost of sales	502,454,000	307,149,000
Expenses	37,621,000	22,116,000
Interest expense	9,714,000	6,258,000
Gain from sale of Imatron stock	(1,810,000)	—
Eq. in loss of Imatron	—	1,008,000
Minority interest in loss of subsid.	—	(609,000)
Income before taxes	$ 18,293,000	$ 21,541,000
Income taxes	5,386,000	8,287,000
Net Income	$ 12,907,000	$ 13,254,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,150,000 in 1986 and $1,448,000 in 1985.

Assets

As of Mar. 31	1986	1985
Cash	$ 7,391,000	$ 3,524,000
Accts. receiv., net	72,391,000	48,800,000
*Inventories	68,163,000	78,660,000
Inc. taxes receiv.	23,051,000	13,364,000
Prepaid expenses & other curr. assets	—	—
Current Assets	$ 171,536,000	$ 144,348,000
Investment in Imatron	—	4,169,000
#Fixed assets	4,119,000	2,826,000
Other assets	3,722,000	3,386,000
Total Assets	$ 179,377,000	$ 154,729,000

Liabilities

Notes & accept. payable	$ 45,845,000	$ 40,979,000
Accts. payable & accruals	10,139,000	30,603,000
Income taxes	6,655,000	1,434,000
Curr. Liabilities	$ 62,639,000	$ 73,016,000
Long-term debt	48,400,000	28,486,000
Deferred inc. taxes	6,891,000	6,638,000
+Common stock	1,768,000	1,590,000
Add. paid-in capital	50,967,000	35,966,000
Retained earnings	12,356,000	12,407,000
Deferred comp.	(3,640,000)	(3,370,000)
Treasury stock	(4,000)	(4,000)
Total Liabilities & Shareholders' Equity	$ 179,377,000	$ 154,729,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.23	6.03
%Net Income to Sales	2.28	3.71
%Net Income to Equity	21.01	28.45
Sales to Inventories	8.31	4.54
Debt to Equity	0.79	0.61
Working Capital	$108,897,000	$71,332,000
Current Ratio	2.74	1.98
Shareholders' Equity	$ 61,447,000	$46,589,000

Emhart Corporation

426 Colt Highway
Farmington, Connecticut 06032
(203) 678-3000

Mailing Address:

P.O. Box 2730
Hartford, Connecticut 06101

Officers: Peter L. Scott, chairman of the board & chief exec. officer; William C. Lichtenfels, president & chief operating officer; Stephen J. Ruffi, vice chairman; Enos H. Arnold, controller; Ralph M. Branca, v.p.-development; John F. Budd, Jr., sr. v.p.-corp. communications; Dean M. Hennessy, sr. v.p. & general counsel; Robert M. Byrnes, sr. v.p.-human resources; Leo T. Hinkley, Jr., v.p.-operations staff; Richard L. Cote, v.p. & chief accounting officer; Gilbert O'Neil, v.p.-investor relations; David W. Dandro, v.p.-information systems; Carl A. Horne, v.p. & tax counsel; C. Morgan Hussey, secretary; Walter A. Jaeger, v.p.-manufacturing staff; Achim Knust, sr. v.p.-finance; John S. Rydz, v.p.-technology; J. Michael Stepp, treasurer; Raymond A. DeVita, Fred M. Hollfelder, Thomas T. Gately, Wayne Shelton, Richard H. Campbell, Robert R. Quackenbush, v.p.'s & group presidents.

Directors: Peter L. Scott*, chairman; Richard S. Bodman, William B. Ellis, James F. English, Jr.*, T. Mitchell Ford*, William C. Lichtenfels, Charles H. Kaman*, Michael Scott Morton, Wilson Wilde*, Stephen J. Ruffi, Marion S. Kellogg, John M. Toups.

*Member of the Executive Committee.

Areas of Work: The Company's Electrical/Electronic Group manufactures film and tantalum electrolytic capacitors, motor run capacitors and audible signal devices. Also produces electro-mechanical timing devices, synchronous motors, electronic assemblies and components; carbon and wire wound controls, and switches; solid state control systems; hydrocarbon detection systems; smoke, gas and burglary detection devices; industrial and commercial fire protection and monitoring systems; equipment for sequencing and inserting or mounting electronic components for printed circuit boards and ceramic substrates; vapor phase soldering systems. Other areas of work include hardware store equipment, shoe machinery and shoe materials, chemicals and fasteners, glass container making machinery, rubber and plastics machinery, metalworking machinery and gear manufacturing machinery.

Subsidiaries:

Esser Sicherheitstechnik, GmbH
Produces fire detection and alarm systems.

Dage Precima International, Limited
Manufactures chip placement machinery and equipment for semiconductor assembly.

Bermarflex S.p. A.
Manufactures insoles for footwear.

Manquinas Imacal Mohrbach, Ltda.
Shoe machinery manufacturer.

MITE Corporation
Manufacturer of highly engineered fasteners; also manufactures time stamps and recorders, precision spindles, document perforators and hydraulic control devices.

Acquisition:

Planning Research Corporation
McLean, Virginia
Provides technology-based professional services for information management and delivery systems, including the design, engineering, development, integration and life cycle support of computer-based systems.

Transfer Agent(s):

The Connecticut Bank & Trust Company, N.A.
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): New York, London, Frankfurt

Ticker Symbol: EMH

Number of Employees:

1986	34,173	1983	29,502
1985	30,422	1982	29,252
1984	28,944		

Plant Footage*:

1986	8,442,000 sq. ft.	1983	8,209,000
1985	8,442,000	1982	8,226,000
1984	7,823,000		

* Includes only owned domestic properties.

Sales and Earnings

	Revenues (000's)	Net Income (000's)
1986	$ 2,094,300	$ (10,200)
1985	1,775,400	80,500
1984	1,794,500	90,400
1983	1,685,600	84,300
1982	1,710,400	80,200

	No. of Com. Shares +	Earn. per Share #
1986	31,016,000	$ —
1985	27,696,000	2.90
1984	27,552,000	3.27
1983	27,408,000	3.06
1982	27,223,000	2.97

(Loss)
+ Adjusted to reflect stock dividend and stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business
(000's)

	1986	1985
Commercial	$ 515,400	$ 392,300
Fastening systems	634,700	528,200
Electronic & Electrical	301,300	238,500
Planning research corp.	39,300	—
Footwear	309,000	290,900
Industrial	294,600	325,500
Total	$ 2,094,300	$ 1,775,400

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$1.40	—	—
1985	1.40	—	—
1984	1.27	10%	—
1983	1.20	—	2-for-1
1982	1.12	—	—

Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 716,100,000	$ 23.09
1985	606,400,000	21.89
1984	529,500,000	19.22
1983	507,502,000	18.52
1982	478,232,000	17.57

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split and stock dividend.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 2,094,300	$ 1,775,400
Cost of sales	1,407,900	1,192,900
Expenses	493,400	435,800
Provision for restructuring	150,000	—
Interest expense	41,700	31,800
Other expense (income)	17,200	(22,000)
Income (loss) bef. taxes	$ (15,900)	$ 136,900
Income taxes (credit)	(5,700)	56,400
Net Income (Loss)	$ (10,200)	$ 80,500

* Included in Costs and Expenses, Depreciation and Amortization: $78,100,000 in 1986 and $56,100,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 18,600	$ 13,600
Short-term invest.	24,500	30,700
Receiv., net	416,600	351,500
*Inventories	384,900	410,600
Def. inc. tax benefits	39,000	23,000
Prepaid expenses	47,200	36,000
Current Assets	$ 930,800	$ 865,400
Depreciable assets	488,300	450,600
Intangibles and other assets	437,600	207,300
Total Assets	$ 1,856,700	$ 1,523,300

Liabilities
(000's)

Notes payable	$ 36,500	$ 94,300
Accts. payable	147,600	128,800
Accruals & other liab.	373,900	214,800
Income taxes	23,200	36,600
Curr. Liabilities	$ 581,200	$ 474,500
Long-term debt	457,000	326,100
Unfunded pension liab.	52,500	42,800
Deferred inc. taxes	19,700	47,000
Other liab.	29,200	23,500
+ Preferred stock	1,500	1,600
+ + Common stock	31,000	30,600
Add. paid-in capital	322,800	258,600
Retained earnings	391,000	443,600
Treasury stock	—	(49,800)
Curn. trans. adjust.	(29,300)	(75,200)
Total Liabilities & Shareholders' Equity	$ 1,856,700	$ 1,523,300

* At lower of cost (LIFO) or market.
+ No par value.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.71
%Net Income to Sales	—	4.53
%Net Income to Equity	—	13.21
Sales to Inventories	5.44	4.32
Debt to Equity	0.64	0.69
Working Capital	$349,600,000	$390,900,000
Current Ratio	1.60	1.82
Shareholders' Equity	$717,100,000	$609,400,000

Energy Conversion Devices, Inc.

1675 West Maple Road
Troy, Michigan 48084
(313) 280-1900

Officers: Ralph F. Leach, chairman of the board; Stanford R. Ovshinsky, president & chief exec. officer; Jack T. Conway, vice chairman; Nancy M. Bacon, v.p.-finance & treasurer; Stephen J. Hudgens v.p.-research & development; Rikuma Ito, exec. v.p.; Masatsugu Izu, v.p.-Photovoltaic Manufacturing; James J. Trebilcott, exec. v.p.; Iris M. Ovshinsky, Hellmut Fritzsche, v.p.'s; Momoko Ito, v.p.-int'l business relations; Lawrence G. Norris, v.p. & corporate counsel.

Directors: Hellmut Fritzsche, Iris M. Ovshinsky, Stanford R. Ovshinsky, Jack T. Conway, Richard H. Cummings, Ralph F. Leach, Stanley Stynes, Nancy M. Bacon, Momoko Ito, James J. Trebilcott, Edwin O. Reischauer, Arthur R. Seder, Jr.

Areas of Work: Develops amorphous materials technology for products in three areas: energy, information and synthetic materials. Applications include photovoltaics, thermoelectrics, batteries, flat-panel displays, optical memories, electrophotographic drums, wear-resistant coatings and X-ray mirrors.

Divisions and Subsidiaries:
Ovonic ThermoElectric Company
ThermOvonics Company, Ltd.
Ovonic Imaging Systems, Inc.
Ovonic Synthetic Materials Company
Japan-ECD Company, Ltd.
Ovonics, Inc.
Ovonic Battery Company
Sovonics Solar Systems
Sovonics Solar Technology

Joint Venture(s):
Sharp-ECD Solar, Inc.
Quartet Ovonics
Suryovonics, Ltd.

Transfer Agent(s):
National Bank of Detroit
Stock Transfer Department
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ENER (NASDAQ)

Number of Employees:

1986	435	1983	313
1985	460	1982	297
1984	393		

Plant Footage:

1986	203,140 sq. ft.	1983	120,310
1985	175,810	1982	106,030
1984	150,050		

Sales and Earnings

	Net Revenues	Net Income
1986	$ 21,079,580	$ (27,918,630)
1985	30,110,309	(14,888,486)
1984	29,227,768	(8,848,108)
1983	20,540,709	(5,116,186)
1982	22,626,973	(1,574,651)

	No. of Com. Shares #	Earn. per Share #
1986	4,584,557	$ —
1985	4,356,842	—
1984	4,051,586	—
1983	3,185,404	—
1982	2,957,458	—

(Loss)
Based on the monthly average number of Class A common and common shares combined.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 12,081,789	$ 2.64
1985	15,022,200	3.45
1984	25,916,082	6.40
1983	19,267,565	6.05
1982	8,539,274	2.89

‡ Based on the monthly average number of Class A common and common shares combined.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 21,079,580	$ 30,110,309
Cost of revenues	16,708,464	26,201,278
Cost of prod. sales	2,433,099	1,090,426
Product develop. exp.	13,550,231	8,156,654
Patent expenses	2,060,450	1,282,731
Oper. expenses	11,990,238	7,963,940
Interest expense	555,728	303,766
Repurch. of technology	1,700,000	—
Net Loss	$ (27,918,630)	$ (14,888,486)

* Included in Costs and Expenses, Depreciation and Amortization: $3,010,418 in 1986 and $2,463,115 in 1985.

Assets

As of June 30	1986	1985
Cash & short-term invest.	$ 17,093,999	$ 10,902,185
Accts. receiv., net	1,867,216	3,648,511
Inventories	722,766	—
Prepaid expenses & other assets	1,029,205	1,111,925
Current Assets	$ 20,713,186	$ 15,662,621
#Fixed assets	29,045,408	13,792,366
Other assets	501,253	587,148
Total Assets	$ 50,259,847	$ 30,042,135

Liabilities

Long-term debt, curr.	$ 1,248,533	$ 1,030,015
Accts. payable	5,690,010	5,475,374
Accrued payroll	1,213,673	890,636
Deferred prod. develop. revenues	1,591,891	5,545,302
Curr. Liabilities	$ 9,744,107	$ 12,941,327
Long-term debt	16,929,868	908,608
Long-term deferred rev.	4,230,000	1,170,000
Minority interest	7,274,083	—
+ Common stock, Class A	2,199	2,199
+ Common stock	49,506	42,425
Add. paid-in capital	99,480,533	74,509,395
Retained earnings (deficit)	(87,450,449)	(59,531,819)
Total Liabilities & Shareholders' Equity	$ 50,259,847	$ 30,042,135

Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	1.40	1.13
Working Capital	$10,969,079	$ 2,721,294
Current Ratio	2.13	1.21
Shareholders' Equity	$12,081,789	$15,022,200

EPSCO, Incorporated

411 Providence Highway
Westwood, Massachusetts 02090
(617) 329-1500

Officers: Wayne P. Coffin, president & chief executive officer; Edward Barton, v.p.-Systems & Division; David A. Fulton, president-NEACO Microwave Division; John B. Langley, II, v.p. & gen. mgr.-Microwave Division; Charles J. Dockendorff, v.p. & treasurer; Richard D. Posner, v.p. & gen. mgr.-RF Division; Sidney Werlin, clerk & secretary.

Directors: Robert Raymond, chairman; Walter W. Curcio, Richard N. Hokin, Kenneth F. Dietz, Sidney Werlin, James H. Furneaux, Samuel Labate.

Areas of Work: Designs and manufactures RF Microwave systems and components, special test and simulation equipment and navigation systems for both defense and commercial applications.

EPSCO, Incorporated

Divisions:
RF Division
31355 Agoura Road
Westlake Village, California 91361

NEICO Microwave Division
105 South Street
Hopkinton, Massachusetts 01748

Systems Division
Microwave Division

Transfer Agent(s):
Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EPSC (NASDAQ)

Number of Employees:

1986	N.A.	1983	175
1985	207	1982	175
1984	165		

Plant Footage:

1986	85,000 sq. ft.	1983	60,000
1985	85,000	1982	60,000
1984	60,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 15,016,400	$ 700,200
1985	12,029,100	550,500
1984	10,313,700	501,000
1983	12,010,300	(1,160,000)
1982	13,092,186	(1,275,000)

	No. of Com. Shares #	Earn. per Share #
1986	1,343,600	$ 0.52
1985	1,342,200	0.41
1984	1,342,000	0.37
1983	1,317,500	—
1982	1,299,100	—

(Loss)
Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 11,180,300	$ 8.32
1985	9,473,700	7.06
1984	8,919,500	6.65
1983	8,418,500	6.39
1982	9,535,705	7.34

Based on the average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 15,016,480	$ 12,029,100
Cost of sales	10,022,000	7,881,300
Expenses	4,025,600	3,648,300
Oper. Income	$ 968,800	$ 499,500
Interest income	(167,900)	(346,800)
Interest expense	127,500	160,800
Income before taxes	$ 1,009,200	$ 685,500
Income taxes	309,000	135,000
Net Income	$ 700,200	$ 550,500

* Included in Costs and Expenses, Depreciation and Amortization: $651,100 in 1986 and $519,200 in 1985.

Assets

As of Dec. 31	1986	1985
Cash and equivalents	$ 669,700	$ 3,100,100
Accts. & notes receiv., net	2,537,000	467,800
Long-term contracts	4,967,700	3,531,300
*Inventories	4,472,500	2,391,900
Prepaid expenses	221,200	66,500
Current Assets	$ 12,868,100	$ 9,557,600
#Fixed assets	6,961,000	2,035,500
Purchased technology	792,700	862,700
Total Assets	$ 20,622,100	$ 12,455,800

Liabilities

Short-term borrowings	$ 300,000	$ —
Long-term debt, curr.	365,000	250,000
Accts. payable	2,050,400	739,300
Accruals	1,246,200	600,900
Commissions	267,300	129,900
Curr. Liabilities	$ 4,228,900	$ 1,720,100
Long-term debt	4,654,600	1,000,000
Deferred income taxes	558,300	262,000
+Common stock	1,493,800	1,383,200
Add. paid in capital	10,342,400	9,446,700
Deficit	(566,700)	(1,267,000)
Treasury stock	(89,200)	(89,200)
Total Liabilities & Shareholders' Equity	$ 20,622,100	$ 12,455,800

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.72	5.70
%Net Income to Sales	4.66	4.58
%Net Income to Equity	6.26	5.81
Sales to Inventories	3.36	5.03
Debt to Equity	0.42	0.11
Working Capital	$ 8,639,200	$7,837,500
Current Ratio	3.04	5.56
Shareholders' Equity	$11,180,300	$9,473,700

Espey Mfg. & Electronics Corp.

Ballston and Congress Avenues
Saratoga Springs, New York 12866
(518) 584-4100

Officers: Sol Pinsley, president & chief exec. officer; Frieda Pinsley, v.p. & secretary; Herbert Potoker, treasurer & principal financial officer.

Directors: Albert K. Braim, Henry Breed, Frieda Pinsley, Sol Pinsley.

Area of Work: Develops, designs, manufactures and markets specialized electronic power supplies, a wide variety of transformers and other types of iron-core components, and electronic systems, principally for military use.

Transfer Agent(s):
Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: ESP

Number of Employees:

1986	239

Plant Footage:

1986	87,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 13,806,276	$ 1,726,618
1985	16,400,504	2,929,521
1984	16,423,999	3,843,448
1983	14,951,404	2,700,893
1982	11,654,056	2,047,440

	No. of Com. Shares †	Earn. per Share ‡
1986	1,216,902	$ 1.42
1985	1,216,902	2.41
1984	1,216,902	3.16
1983	1,216,902	2.23
1982	N.A.	1.71

N.A. - Not Available.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line Of Business

	1986	1985	1984	1983
Electronic power supplies	57%	49%	35%	30%
Iron-core components	24	19	16	26
Electronic systems	19	32	49	44
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.40	—	—
1984	0.33⅓	—	3-for-1
1983	0.30	—	—
1982	0.20	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 17,815,854	$ 14.64
1985	16,514,997	13.57
1984	14,012,737	11.52
1983	10,612,258	8.72
1982	8,178,701	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 13,806,276	$ 16,400,504
Cost of sales	9,959,060	10,521,064
Expenses	1,217,677	1,109,397
Interest income	(582,478)	(771,934)
Other income	(41,201)	(44,376)
Income before taxes	$ 3,253,218	$ 5,586,353
Income taxes	1,526,600	2,656,832
Net Income	$ 1,726,618	$ 2,929,521

* Included in Costs and Expenses, Depreciation and Amortization: $328,693 in 1986 and $299,279 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 248,800	$ 155,269
Marketable securities	6,325,858	6,600,290
Accts. receiv., net	1,565,459	1,120,693
Refundable taxes	377,984	—
Other receivables	14,880	10,424
*Inventories	6,435,048	5,755,993
Prepaid expenses	226,653	155,283
Current Assets	$ 15,194,682	$ 13,797,952
Marketable securities	1,214,452	1,153,452
#Fixed assets	2,872,535	2,779,172
Other assets	5,000	5,000
Total Assets	$ 19,286,669	$ 17,735,576

Liabilities

Accts. payable	$ 266,518	$ 280,700
Accrued salaries	226,879	107,712

Accrued payroll	146,509	118,851
Accrued income taxes	—	72,762
Other accruals	43,864	45,660
Curr. Liabilities	$ 683,770	$ 625,685
Deferred inc. taxes	787,045	594,894
+Common stock	504,979	504,979
Add. paid-in capital	2,772,979	2,772,979
Retained earnings	15,035,963	13,796,106
Treasury stock	(470,454)	(470,454)
Unreal. loss on equity secur.	(27,613)	(88,613)
Total Liabilities & Shareholders' Equity	$ 19,286,669	$ 17,735,576

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.33⅓ par value.

Statistical Summary

%Income bef. Taxes to Sales	23.56	34.06
%Net Income to Sales	12.51	17.86
%Net Income to Equity	9.69	17.74
Sales to Inventories	2.15	2.85
Working Capital	$14,510,912	$13,172,267
Current Ratio	22.22	22.05
Shareholders' Equity	$17,815,854	$16,514,997

Esquire Radio & Electronics, Inc.

4100 1st Avenue
Brooklyn, New York 11232
(718) 499-0020

Officers: A. Robert Lieberman, chairman of the board & president; Simon Lynn, executive v.p.; Paul Smith, v.p.-engineering; Nicholas Maffei, v.p.-sales; Harvey Lieberman, v.p.-operations; Gilbert Sherr, treasurer; Lloyd Frank, secretary & counsel; Jay M. Lieberman, v.p.-customer services.

Directors: A. Robert Lieberman, chairman; Simon Lynn, Paul Smith, Gertrude Lieberman, Monte Levin.

Areas of Work: Manufactures and imports consumer electronic products such as VCRs, color televisions, telephones and microwave ovens.

Subsidiaries:

Tangent Industries, Ltd.
Provides repair and factory refurbishing services.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: EE

Number of Employees:

1986	63	1983	55
1985	N.A.	1982	235
1984	44		

N.A.-Not Available.

Plant Footage:

1986	217,000 sq. ft.	1983	480,000
1985	217,000	1982	480,000
1984	440,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 16,134,871	$ 202,810
1985	3,970,528	(55,042)
1984	10,488,187	851,960
1983	67,567,898	2,261,483
1982	63,608,115	2,087,215

	No. of Com. Shares #	Earn. per Share #
1986	483,000	$ 0.42
1985	483,000	—
1984	483,000	1.76
1983	483,000	4.68
1982	483,000	4.32

(Loss)
Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.72	—	—
1985	0.72	—	—
1984	0.72	—	—
1983	0.72	—	—
1982	0.81	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 19,907,848	$ 41.22
1985	20,052,798	41.52
1984	20,455,600	42.35
1983	19,951,400	41.31
1982	18,037,677	37.35

Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 16,134,871	$ 3,970,528
Cost of sales	15,388,703	4,503,394
Expenses	2,096,847	1,761,397
Interest income	(1,836,111)	(2,174,438)
Interest expenses	136,498	—
Inc. (loss) bef. taxes	$ 348,934	$ (119,825)
Income taxes (credit)	146,124	(64,783)
Net Income (Loss)	$ 202,810	$ (55,042)

* Included in Costs and Expenses, Depreciation and Amortization: $237,195 in 1986 and $209,690 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 16,779,134	$ 20,814,940
Accts. receiv., net	3,541,832	1,276,783
*Inventories	4,950,800	2,775,330
Prepaid expenses	174,130	279,476
Current Assets	$ 25,445,896	$ 25,146,529
#Fixed assets	191,428	308,858
Deferred comp. fund	865,629	793,751
Total Assets	$ 26,502,953	$ 26,249,138
Liabilities		
Prov. for claims	$ 5,539,643	$ 5,096,380
Accts. payable & accruals	665,849	825,340
Curr. Liabilities	$ 6,205,492	$ 5,921,720
Deferred comp.	389,613	274,620
+Common stock	65,126	65,126
Add. paid-in capital	640,209	640,209
Retained earnings	21,140,677	21,285,627
Treasury stock	(1,938,164)	(1,938,164)
Total Liabilities & Shareholders' Equity	$ 26,502,953	$ 26,249,138

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.16	—
%Net Income to Sales	1.26	—
%Net Income to Equity	1.02	—
Sales to Inventories	3.26	1.43
Working Capital	$19,240,404	$19,224,809
Current Ratio	4.10	4.25
Shareholders' Equity	$19,907,848	$20,052,798

Esterline Corporation

CBT Plaza
1120 Post Road
Darien, Connecticut 06820
(203) 655-7651

Officers: Charles H. Dyson, chairman of the board; Thomas P. Howes, president & chief executive officer; John J. Kane, Theodore F. Brolund, v.p.'s & group executives; John H. MacDonald, v.p. & treasurer; Robert A. Goldschmidt, v.p. & chief financial officer; Robert D. Farley, v.p., secretary & general counsel; H.F. Doolittle, v.p.-corp. development; Thomas F. Gavin, v.p.-corp. relations; Stephen H. LaCourt, asst. gen. counsel & asst. secretary; Peter T. Taurchini, asst. controller.

Directors: Charles H. Dyson, chairman; Robert F. Goldhammer, Bushrod W. Burns, Donald J. Jones, Thomas P. Howes, Anne E. Dyson, Lee L. Davenport, Robert S. Ames.

Areas of Work: Manufactures products principally in the fields of automation, quality control and instrumentation.

Divisions and Subsidiaries:

Boyar-Schultz Corporation
702 South Main Street
Rockford, Illinois 61105
Manufactures surface and contour grinding machines for general manufacturing and tool room operations.

Equipment Sales Company, Inc.
150 Westford Road
Tyngsboro, Massachusetts 01879
Produces automated equipment for bareboard testing as well as shorts and opens testing of assembled printed circuit boards.

Hollis Automation, Inc.
15 Charron Avenue
Nashua, New Hampshire 03063
Automated systems for wave soldering and cleaning of printed circuit board assemblies and related equipment.

W.A. Whitney Corporation
650 Race Street
Rockford, Illinois 61105
(815) 964-6771

W.A. Whitney Italia, S.p.A.
Strada Del Francese 130/9
Turin 10156, Italy
Manufactures automated equipment for sheet metal, plate, and structural steel fabrication.

Excellon Industries, Inc.
24225 Garnier Street
Torrance, California 90509
(213) 352-8000

Excellon Automation
24225 Garnier Street
Torrance, California 90509
(213) 325-8000
Manufactures automated printed circuit board drilling and routing machinery and optical programming systems of such machinery.

Excellon Photonics
3000 Redhill Avenue
Costa Mesa, California 92626
Produces printed board imaging systems.

Excellon International
Dominion Way
Rustington, Littlehampton
West Sussex
England BN 163 HQ
Manufactures automated printed board production machinery, manual printed circuit board drilling and routing machinery.

Esterline Corporation

Excellon Europa GmbH
Justus-von-Liebig-Str. 19
D-6057 Dietzenbach/BRD
West Germany

Tulon, Inc.
15209 South Broadway
Gardena, California 90248
(213) 532-1040
Produces tungsten carbide printed circuit board drills and metal cutting tools.

Federal Products Corporation
1144 Eddy Street
Providence, Rhode Island 02901
(401) 781-9300
Produces analog and digital dimensional measurement and inspection instruments for industrial quality control applications.

Federal Gages Ltd. (70% owned by Federal Products Corp.)
Brick Knoll Park, Ashley Road
St. Albans, AL1 5PL
Herts, England

Esterline Angus Instrument Corporation
1201 Main Street
Indianapolis, Indiana 46224
(317) 244-7611
Manufactures analog and digital recording instruments, analytical process monitoring and control instrumentation.

Scientific Columbus, Inc.
1900 Arlingate Lane
Columbus, Ohio 43228
(614) 294-5671
Products include: Analog and digital electronic meters, transducers, and instruments for monitoring, billing, and controlling electric power.

Auxitrol S.A.
1, Rue d'Anjou BP241
92603 Asnieres, France

Auxitrol Iberico S.A.
C/Caucho s/n, Poligono-Industrial
Apartado num. 30
Torrejon de Ardoz,
(Madrid) Spain

Transfer Agent(s):
Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

The First Jersey National Bank
One Exchange Place
Jersey City, New Jersey 07302

Stock Exchange(s): New York

Ticker Symbol: ESL

Sales and Earnings

	Net Sales +	Net Income
1986	$ 235,940,000	$ 922,000
1985	254,252,000	2,163,000
1984	260,595,000	18,037,000
1983	187,677,000	7,685,000
1982	194,422,000	10,645,000

	No. of Com. Shares #	Earn. per Share #
1986	8,444,000	$ 0.11
1985	8,444,000	0.26
1984	8,446,000	2.14
1983	8,446,000	0.91
1982	8,461,000	1.26

+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Automation	$ 89,749	$ 108,702
Quality control	84,107	88,735
Instrumentation	62,084	56,815
Total	$ 235,940	$ 254,252

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.54	—	—
1985	0.72	—	—
1984	0.66	—	—
1983	0.64	—	—
1982	0.64	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 101,673,000	$ 11.97
1985	103,547,000	12.26
1984	106,336,000	12.59
1983	94,961,000	11.24
1982	93,628,000	11.07

Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1986	1985
Net sales	$ 235,940	$ 254,252
Cost of sales	151,166	159,582
Expenses	77,153	84,969
Interest expense	5,498	5,021
Interest income	(176)	(593)
Prov. for loss on divest.	—	2,899
Income before taxes	$ 2,299	$ 2,374
Income taxes	1,377	1,050
Net Income	$ 922	$ 1,324

* Included in Costs and Expenses, Depreciation and Amortization: $8,485,000 in 1986 and $7,060,000 in 1985.

Assets
(000's)

As of Oct. 31	1986	1985
Cash	$ 7,410	$ 5,181
Accts. & notes receiv., net	42,163	46,040
*Inventories	64,185	72,968
Assets of discont. oper.	4,536	—
Prepaid expenses	4,089	2,280
Deferred income taxes	2,521	5,542
Current Assets	$ 124,904	$ 132,011
#Fixed assets	45,050	46,698
Other assets	4,782	3,022
Intangibles	23,668	25,113
Total Assets	198,404	206,844

Liabilities
(000's)

Notes payable	$ 23,031	$ 26,188
Long-term debt, curr.	1,989	1,796
Accts. payable	16,250	17,037
Accruals	18,937	23,639
Income taxes	3,000	1,303
Curr. Liabilities	$ 63,207	$ 69,963
Long-term debt	29,218	30,661
Other liabilities	4,906	2,673
+Common stock	1,732	1,732
Add. paid-in capital	13,891	13,891
Retained earnings	90,482	94,120
Cumulative translation adjustments	(3,531)	(4,695)
Treasury stock	(1,501)	(1,501)
Total Liabilities & Shareholders' Equity	198,404	206,844

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.97	0.93
%Net Income to Sales	0.39	0.52
%Net Income to Equity	0.91	1.28
Sales to Inventories	3.68	3.48
Debt to Equity	0.29	0.57
Working Capital	$ 61,697,000	$ 62,048,000
Current Ratio	1.98	1.89
Shareholders' Equity	$101,073,000	$103,547,000

E-Systems, Inc.

6250 LBJ Freeway
P.O. Box 660248
Dallas, Texas 75266
(214) 661-1000

Officers: John W. Dixon, chairman of the board & chief exec. officer; David R. Tacke, president & chief operating officer; E. Gene Keiffer, sr. v.p.-electronics systems group; A. Lowell Lawson, sr. v.p.-aircraft systems group; Eugene E. Berg, v.p.-corporate planning; James W. Crowley, v.p., secretary & general counsel; Lee M. Crutchfield, v.p.-corporate administration; T.D. Kelly, v.p.-finance & chief financial officer; James W. Pope, v.p. & controller; Joe W. Russell, v.p.-corp. relations; Eaton Adams, Jr., v.p.-government & international operations; Harry L. Thurmon, v.p.-new business development; Charles R. Farmer, Jr., v.p. & gen. mgr.-Garland Division; John A. Farrington, treasurer.

Directors: John W. Dixon, chairman; E.F. Buehring, Duward L. Crow, LeVan Griffis, S. Lee Kling, Francine I. Neff, W.F. Raborn, D.R. Tacke, A. Lowell Lawson, E. Gene Keiffer.

Areas of Work: Engaged in the development and production of command and control systems and equipment primarily for defense applications on a worldwide basis. Complete systems include clear and secure communication systems, large-scale data processing systems, software, data-link terminals, displays, and related antennas. Produces and develops electronic warfare systems and electromagnetic support equipment; intelligence processing, which includes signal processing systems, computer systems, and modeling, and systems studies; intelligence collection, which includes signal collection systems and systems studies; tactical/security electronics which includes jamming and deception systems, electronic countermeasure systems, radar homing and warning systems, fuzing and timing devices, intrusion detection devices, and special-purpose devices. Engaged in the production of tactical radios and military communications systems and equipment, and guidance and navigation systems; also produces information handling and data-display systems, flight control systems, and electronic components, including resistors, rheostats and switches. Also engaged in aircraft overhaul, maintenance and modification.

Divisions and Subsidiaries:
Electronics Systems Group

Garland Division
P.O. Box 660023
Dallas, Texas 75266
(214) 272-0515

Melpar Division
7700 Arlington Boulevard
Falls Church, Virginia 22046
(703) 560-5000

Montek Division
2268 South 3270 West
Salt Lake City, Utah 84119
(801) 973-4300

Aircraft Systems Group

Greenville Division
P.O. Box 1056
Greenville, Texas 75401
(214) 455-3450

Serv-Air, Inc.
P.O. Box 1669
Greenville, Texas 75401
(214) 454-2000

Air Asia Company Limited
Tainan Airfield
Tainan, Taiwan 700
Republic of China

ECI Division
P.O. Box 12248
1501 72nd Street No.
St. Petersburg, Florida 33733
(813) 381-2000

Center for Advanced Planning and Analysis
1 Flint-Hill Office Park
10530 Rosehaven Street, Suite 200
Fairfax, Virginia 22030
(703) 352-0300

Communications Manufacturing Division
P.O. Box 33010
2501 72nd Street North
St. Petersburg, Florida 33733
(813) 381-1151

Transfer Agent(s):
MBank Dallas, N.A.
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): New York, London

Ticker Symbol: ESY

Number of Employees:

1986	14,932	1983	11,941
1985	13,405	1982	12,147
1984	11,984		

Plant Footage:

1986	5,375,000 sq. ft.	1983	5,000,000
1985	5,600,000	1982	5,000,000
1984	5,000,000		

Sales and Earnings

	Net Sales +	Net Income
1986	$1,135,072,000	$ 61,553,000
1985	926,753,000	44,982,000
1984	779,678,000	61,109,000
1983	776,969,000	55,246,000
1982	701,490,000	35,779,000

	No. of Com. Shares †	Earn. per Share ‡
1986	30,420,141	$ 2.00
1985	30,035,797	1.47
1984	29,687,373	2.02
1983	29,314,719	1.82
1982	28,808,262	1.21

+ Of continuing operations only.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Electronics warfare	$ 717,767	$ 599,295
Command, control & communications	231,665	158,482
Guidance, control & navigation	59,329	61,478
Aircraft maintenance & modification	126,311	107,498
Total	$ 1,135,072	$ 926,753

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.44	—	2-for-1
1982	0.33	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 376,971,000	$ 12.39
1985	320,989,000	10.69
1984	285,954,000	9.63
1983	238,333,000	8.13
1982	190,970,000	6.63

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,135,072	$ 926,753
Other income	10,411	4,678
Total Income	$ 1,145,483	$ 931,431
Cost of sales	946,633	759,330
Expenses	84,771	75,716
Interest expense	4,749	1,223
Income before taxes	$ 109,330	$ 95,162
Income taxes	47,777	35,686
Inc. - cont. oper.	$ 61,553	$ 59,476
Loss - discont. oper.	—	(14,494)
Net Income	$ 61,553	$ 44,982

* Included in Costs and Expenses, Depreciation and Amortization: $24,607,000 in 1986 and $18,188,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & securities	$ 5,842	$ 10,029
Short-term investments	77,273	39,707
Accts. receiv., net	163,284	108,187
Unreimbursed costs & fees	86,947	39,788
Fixed-price contracts	88,556	85,970
Raw materials & purch. parts	9,848	10,895
Other assets	5,701	8,243
Def. inc. tax charges	3,884	4,787
Current Assets	$ 441,331	$ 327,606
#Fixed assets	170,382	149,625
Prepaid pension costs	15,593	—
Defer. charges & other assets	495	1,571
Total Assets	$ 627,801	$ 478,802

Liabilities
(000's)

Accts. payable	$ 46,488	$ 40,829
Accruals	84,865	64,585
Income taxes	233	—
Curr. Liabilities	$ 131,586	$ 105,414
Long-term debt	66,494	19,316
Deferred items	50,750	30,083
+Common stock	30,420	30,036
Add. paid-in capital	70,918	64,282
Retained earnings	275,633	229,221
Def. employee benefit	—	(2,550)
Total Liabilities & Shareholders' Equity	$ 627,801	$ 478,802

Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.63	—
%Net Income to Sales	5.42	—
%Net Income to Equity	16.33	14.01
Debt to Equity	0.18	0.06
Working Capital	$309,745,000	$215,191,000
Current Ratio	3.35	2.91
Shareholders' Equity	$376,971,000	$320,989,000

Evans & Sutherland Computer Corporation

580 Arapeen Drive
P.O. Box 8700
Salt Lake City, Utah 84108
(801) 582-5847

Officers: David C. Evans, chairman of the board, president & chief executive officer; Rodney S. Rougelot, v.p. & pres.-Simulation Division; Richard F. Leahy, v.p. & secretary-treasurer; Gary E. Meredith, v.p. & pres.-Interactive Systems Division; Susan Mickelsen, v.p.; J. Robert Driggs, v.p. & chief financial officer; C. Grant Schultz, controller; Jean-Yves Leclerc, pres.-Computer Division.

Directors: David C. Evans, chairman; Ivan E. Sutherland, Peter O. Crisp, Rodney S. Rougelot, Stewart Carrell, Henry N. Christiansen.

Areas of Work: Designs, manufactures, markets and services special purpose digital computers and software systems used in various operations which are aided by or require visual presentation of a digital model stored in the computer memory. Applications include pilot training simulators, design engineering work stations, graphics art design work stations and scientific research.

Subsidiaries:

Evans & Sutherland
Cambridge, England
Develops, markets and services computer software products for use in geometric mechanical modeling and consulting services related to computer aided design.

Unicad, Inc. (92% owned)
Boulder, Colorado
Engaged in the development of specialized software for computer aided design.

Transfer Agent(s):
Zions First National Bank, N.A.
One South Main Street
Salt Lake City, Utah 84111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ESCC (NASDAQ)

Number of Employees:

1986	1,200	1983	850
1985	1,000	1982	775
1984	915		

Plant Footage:

1986	312,000 sq. ft.	1983	260,000
1985	308,000	1982	160,000
1984	260,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 109,264,000	$ 10,877,000
1985	79,588,000	6,191,000
1984	70,116,000	7,309,000
1983	60,585,000	10,827,000
1982*	53,736,000	9,812,000

	No. of Com. Shares #	Earn. per Share #
1986	8,192,434	$ 1.33
1985	8,638,698	0.72
1984	8,826,367	0.83
1983	8,918,265	1.21
1982*	8,916,812	1.10

* 53 weeks.
# Based on the weighted average number of common shares and common share equivalents outstanding fully diluted.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 76,664,000	$ 9.36
1985	65,238,000	7.55
1984	70,100,000	7.94
1983	62,031,000	6.96
1982	49,525,000	5.55

Based on the weighted average number of common shares and common share equivalents outstanding fully diluted.

Income Account *

Year ended	12/26/86	12/27/85
Net sales	$ 109,264,149	$ 79,588,316
Cost of sales #	51,409,692	39,904,641
Expenses	39,653,918	32,363,920

Evans & Sutherland Computer Corporation

Interest income	(1,655,971)	(2,100,230)
Interest expense	816,137	221,824
Other income	(744,637)	(753,868)
Minority interest	(865)	(76,375)
Income before taxes	$ 19,785,875	$ 10,028,404
Income taxes	8,908,626	3,837,828
Net Income	$ 10,877,249	$ 6,190,576

* Included in Costs and Expenses, Depreciation and Amortization: $6,245,950 in 1986 and $4,631,561 in 1985.

Assets

As of	12/26/86	12/27/85
Cash & temp. cash invest.	$ 26,080,149	$ 17,805,779
Receivables, net	24,260,214	27,719,669
Costs in exc. of billings	9,402,833	3,758,399
*Inventories	17,214,791	17,296,467
Prepaid expenses	4,379,256	4,591,951
Current Assets	$ 81,337,243	$ 71,172,265
Investments	5,583,121	4,805,740
#Fixed assets	37,616,992	32,948,450
Other assets	376,644	405,761
Total Assets	$ 124,914,000	$ 109,332,216

Liabilities

Notes payable	$ 723,459	$ 8,787,429
Long-term debt, curr.	204,152	227,343
Accts. payable	3,651,852	2,354,057
Accruals	10,373,271	6,646,629
Billings in exc. of costs	5,218,909	3,996,825
Cust. deposits	4,130,150	1,514,449
Income taxes	4,655,709	—
Deferred income taxes	10,766,002	12,241,781
Curr. Liabilities	$ 39,723,504	$ 35,768,513
Long-term debt	5,054,116	5,036,722
Deferred income taxes	3,472,113	3,288,719
+Common stock	1,620,940	1,615,338
Add. paid-in capital	9,485,473	8,930,030
Retained earnings	65,587,379	54,710,130
For. curr. trans. adjust.	(17,235)	(17,236)
Treasury stock	(12,289)	—
Total Liabilities & Shareholders' Equity	$ 124,914,000	$ 109,332,216

* Raw materials at lower of weighted average cost or market. Finished foods and work in progress stated at accum. mfg. costs, not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.11	12.60
%Net Income to Sales	9.96	7.78
%Net Income to Equity	14.19	9.49
Sales to Inventories	6.35	4.60
Debt to Equity	0.07	0.22
Working Capital	$41,613,739	$35,403,752
Current Ratio	2.05	1.99
Shareholders' Equity	$76,664,267	$69,238,262

Extek Microsystems, Inc.

6955 Haywenhurst Avenue
Van Nuys, California 91406
(818) 989-2630

Officers: Donald J. Farmer, president & treasurer; George M. Barr, v.p.-marketing & asst. secretary; James R. Modrall, v.p.-engineering; Bernard Shearer, secretary.

Directors: Donald J. Farmer, Bernard Shearer, Robert H. Webster.

Areas of Work: Designs, manufactures, and sells microfilm duplication products, and distributes microfilm equipment and film.

Transfer Agent(s):
City National Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Number of Employees:
1986 . . . . . 33 1985 26

Plant Footage:
1986 . . . . . 25,000 sq. ft. 1985 15,300

Sales and Earnings

	Net Sales	Net Income
1986	$ 4,100,297	$ 187,237
1985	3,171,580	138,745
1984	2,489,053	104,889
1983	2,251,198	104,199
1982	1,726,037	82,096

	No. of Com. Shares	Earn. per Share +
1986	149,260	$ 0.90
1985	149,260	0.66
1984	148,460	0.50
1983	148,460	0.50
1982	156,970	0.36

+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity ‡‡	Equity Per Share
1986	$ 1,523,745	$ 10.21
1985	1,338,908	8.97
1984	1,201,363	8.09
1983	1,098,874	7.40
1982	1,019,100	6.49

‡‡ After allowing for preferred stock at par value of $100 per share.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 4,100,297	$ 3,171,580
Other income	30,123	56,570
Total Income	$ 4,130,420	$ 3,228,150
Cost of sales	2,409,576	1,909,690
Expenses	1,095,013	879,406
Research & develop.	275,871	195,725
Interest expense	45,723	37,284
Income before taxes	$ 304,237	$ 206,045
Income taxes	117,000	67,300
Net Income	$ 187,237	$ 138,745

* Included in Costs and Expenses, Depreciation and Amortization: $82,325 in 1986 and $77,312 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 130,601	$ 89,665
Receiv., net	599,998	742,629
*Inventories	1,200,041	954,165
Prepaid expenses & other assets	71,049	68,400
Current Assets	$ 2,001,689	$ 1,854,859
#Fixed assets	243,447	185,184
Other assets	20,076	33,201
Total Assets	$ 2,265,212	$ 2,073,244

Liabilities

Note payable	$ 20,000	$ 125,000
Accts. payable & accruals	205,300	207,869
Accrued payroll	61,700	50,495
Income taxes	49,467	71,640
Long-term debt, curr.	84,000	64,000
Curr. Liabilities	$ 420,467	$ 519,004
Long-term debt	287,000	181,332
+Preferred stock	34,000	34,000
++Common stock	10,101	10,101
Add. paid-in capital	3,054,149	3,054,149
Deficit	(1,413,345)	(1,598,182)
Treasury stock	(127,160)	(127,160)
Total Liabilities & Shareholders' Equity	$ 2,265,212	$ 2,073,244

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 8% cumulative convertible.
++ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.42	6.50
%Net Income to Sales	4.57	4.37
%Net Income to Equity	12.02	10.11
Sales to Inventories	3.42	3.32
Debt to Equity	0.23	0.27
Working Capital	$1,581,222	$1,335,855
Current Ratio	4.76	3.57
Shareholders' Equity	$1,557,745	$1,372,908

Fairchild Industries, Inc.

Washington Dulles International Airport
300 West Service Road
P.O. Box 10803
Chantilly, Virginia 22021
(703) 478-5800

Officers: Emanuel Fthenakis, chairman of the board and chief executive officer; Paul E. Wright, president & chief operating officer; John J. McDowell, sr. v.p. & gen. counsel; John W. Townsend, exec. v.p.; Edward M. Murchie, sr. v.p. & chief financial officer; Richard G. Orr, Hal W. Howes, John W. Sandford, Thomas Spoehr, Harold Gruen, v.p.'s; John D. Jackson, secretary; James P. Allen, v.p. & controller; James M. Schell, v.p. & treasurer; John L. Flynn, v.p. & tax counsel; John D. Jackson, v.p. & secretary.

Directors: Emanuel Fthenakis*, chairman; Mortimer M. Caplin*, Charles A. Kuper, William T. Marx, Thomas H. Moorer*, Robert V. Hansberger, Edward G. Uhl, R. James Woolsey*, Paul E. Wright, E. Garrett Bewkes, Jr., Harvey L. Karp.

*Member of the Executive Committee.

Areas of Work: Manufacturers and markets military aircraft, major airframe subassemblies, executive and commuter aircraft, aerospace fluid systems and environmental controls, military avionics, spacecraft and space subsystems, aerospace fasteners, tooling for plastics, bladder accumulators, power transmission and pneumatic controls, computer enclosures, metal stamping, doorknobs and distribution of bathroom accessories and security hardware.

Divisions and Subsidiaries:

Fairchild Republic Company
Farmingdale, New York 11735
(516) 531-0105
Hagerstown, Maryland 21740
(301) 824-9500
Major airframe subassemblies, manned spacecraft subassemblies and subsystems.

Fairchild Industrial Products Company
1501 Fairchild Drive
Winston-Salem, North Carolina 27105
(919) 767-5010
Pneumatic, electropneumatic and mechanical power controls.

Fairchild Communications & Electronics Company
Sherman Fairchild Technology Center
Century Boulevard
Germantown, Maryland 20874
(301) 428-6000
Communications and avionics equipment.

Fairchild Control Systems Company
1800 Rosecrans Avenue
Manhattan Beach, California 92066
(213) 675-9111
Fluid systems hardware and environmental control systems.

Fairchild Communications Products Company
Scottsdale, Arizona 85257

Fairchild Communications Networks and Services Co.
Washington Dulles International Airport
Chantilly, Virginia 22021
Telecommunications systems.

Harco
El Segundo, California 90245
Aerospace locknuts.

VOI-SHAN/Screwcorp
Culver City, California 90230
Aerospace fastening systems.

Natter Manufacturing
Temple City, California 91780
Precision computer enclosures and telephone booths.

Fairchild Data Corporation
Satellite modems and other telecommunications equipment.

Fairchild Composites/Bonding Center
Hagerstown, Maryland 21740
Composites and bonded subassemblies.

Tubing Seal Cap. Co.
Azusa, California 91702
Seamless doorknobs and specialized stamped metal products.

D-M-E Company
Madison Heights, Michigan 48071
Standard mold bases and components for plastics and die casting industry.

Fairchild Space Company
Germantown, Maryland 20874
(301) 428-6000
Spacecraft and space subsystems.

Fairchild Aircraft Corporation
P.O. Box 32486
San Antonio, Texas 78284
(512) 824-9421
Crestview, Florida 32536
(904) 682-2746
Merlin corporate aircraft, Metro commuter airliner, and aerospace components.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: FEN

Number of Employees:

1986	11,230	1983	11,949
1985	12,380	1982	13,305
1984	12,726		

Plant Footage:

1986 . . . . . 5,847,969 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 643,292,000	$ (9,962,000)
1985	576,332,000	(167,095,000)
1984	511,851,000	1,382,000
1983	454,022,000	28,405,000
1982	460,754,000	35,280,000

	No. of Com. Shares	Earn. per Share #
1986	14,300,697	$ —
1985	13,717,988	—
1984	13,505,289	—
1983	13,423,009	1.16
1982	13,102,436	1.71

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Communications, electronics & space	$ 126,735	$ 124,674
Aerospace fasteners	163,085	132,712
Tooling for plastics	103,404	94,347
General industry	76,545	91,113
Commercial aerospace	133,380	91,466
Government aerospace	40,143	42,020
Total	$ 643,292	$ 576,332

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.35	—	—
1984	0.80	—	—
1983	0.80	—	—
1982	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 28,873,000	$ 2.02
1985	45,396,000	3.31
1984	222,999,000	16.51
1983	245,306,000	18.28
1982	237,359,000	18.12

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 643,292	$ 576,332
Other income	1,632	4,111
Eq. in earn. of affil. cos.	1,564	1,507
Total income	$ 646,488	$ 581,950
Cost of sales	490,272	438,097
Expenses	121,231	111,921
Interest expense	21,129	31,648
Income before taxes	$ 13,856	$ 284
Income taxes	6,257	567
Inc. (loss) - cont. oper.	$ 7,599	$ (283)
Loss - discont. oper.	(62,510)	(166,812)
Cum. effect of change in acctng. meth.	44,949	—
Net Loss	$ (9,962)	$ (167,095)

* Included in Costs and Expenses, Depreciation and Amortization: $20,237,000 in 1986 and $19,398,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 81,971	$ 39,085
Accts. & notes receiv., net	92,529	76,5342
Refund. inc. taxes	2,267	33,749
*Inventories	149,488	141,940
Prepaid expenses	6,741	2,165
Current Assets	$ 332,996	$ 293,473
Investments	23,248	19,380
#Fixed assets	98,913	99,395
Intangibles	68,542	71,631
Noncurr. inc. taxes	—	20,041
Other assets	6,600	6,596
Net assets-discont. oper.	13,955	40,706
Total Assets	$ 544,314	$ 551,222

Liabilities
(000's)

Long-term debt, curr.	$ 38,930	$ 9,285
Notes payable	—	3,233
Accts. payable	49,908	51,711
Accruals	76,045	68,738
Cust. advances	2,385	7,157
Income taxes	2,478	—
Curr. Liabilities	$ 169,746	$ 140,124
Long-term debt	129,797	164,001
Other liabilities	61,276	3,567
Deferred credits	—	43,512
+ Redeemable pref. stock	154,622	154,622
+ + Common stock	18,218	17,636
Add. paid-in capital	51,494	46,439
Retained earnings (deficit)	(37,342)	(12,160)
Cum. transl. adjust.	(3,493)	(6,500)
Treasury stock	(4)	(19)
Total Liabilities & Shareholders' Equity	$ 544,314	$ 551,222

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ No par value; $3.60 cumulative.
+ + $1 par value.

Statistical Summary

Sales to Inventories	4.30	4.06
Working Capital	$163,250,000	$153,349,000
Current Ratio	1.96	2.09
Shareholders' Equity	$ 28,873,000	$ 45,396,000

Fansteel Inc.

Number One Tantalum Place
North Chicago, Illinois 60064
(312) 689-4900

Officers: K.R. Garrity, chairman of the board & chief exec. officer; A.J. Wagner, president & chief operating officer; W.C. Herchenrider, exec. v.p.-operations; J.H. Fraser, secretary; J.B. Lambert, v.p. & technical director; S.W. Lindroth, v.p. & chief financial officer; R.W. McGinnis, v.p., director of corporate planning & operations analysis; J.A. Fries, treasurer.

Directors: Thomas M. Evans, Richard B. Ogilvie, Robert M. Drevs, Keith R. Garrity, C.J. Queenan, Jr., A.W. Dana, B.B. Evans, C.V. Emory, J.S. Petrik, A.J. Wagner, Jr., T.M. Evans, Jr.

Areas of Work: Manufactures refractory metals and fabricates high technology products for the automotive, appliance, metal working, mining, aerospace, recreational, electronic and chemical industries. Produces tantalum metal sheets, wire, foil, and powder. Other products lines include tungsten carbide cutting tools, refractory metal mill products, aerospace and aircraft engine components, chemical equipment, electronic materials and commercial castings.

Divisions:

Custom Technologies
Number One Tantalum Place
North Chicago, Illinois 60064
Manufactures high integrity products with particular expertise in large aluminum and magnesium sand castings used in helicopters, gas turbine engines and missile systems; manufactures investment castings and wire forms.

Escast
21 W. Church Street
Addison, Illinois 60101

Escast, Buckeye Plant
101 Park Drive
Waterville, Ohio 43566

Escast, Tool-It Plant
1980 Whitefield Avenue
Sarasota, Florida 33580

Washington Manufacturing
800 East 7th Street, P.O. Box 486
Washington, Iowa 52353

Wellman Dynamics
U.S. Route 34, P.O. Box 147
Creston, Iowa 50801

VR/Wesson
Plantsville

Fansteel Inc.

389 Marion Avenue
Plantsville, Connecticut 06479

Waukegan
800 Market Street
Waukegan, Illinois 60085

Lexington
Lisle Road, P.O. Box 11399
Lexington, Kentucky 40505

Hydro Carbide
P.O. Box 363
Latrobe, Pennsylvania 15650

Hydro Carbide
P.O. Box 2368
Gulfport, Mississippi 39503

VR/Wesson Industrial Supply
500 Industrial Drive
Beckley, West Virginia 25801

Metals Group
Tantalum, columbium and other special metals, electronic-grade tantalum powder, and wire.

Number One Tantalum Place
North Chicago, Illinois 60064

Muskogee, Plant
Number Ten Tantalum Place
Muskogee, Oklahoma 74401

V Tech-Fansteel, Inc.
2F Mita Maruhachi Building
1-10, 3-Chome, Mita
Minato-ku, Tokyo, 108, Japan

Aerospace
Products and services include special material structures and fabrications primarily for aerospace/aircraft, and forgings.

California Drop Forge
1033 Alhambra Avenue
Los Angeles, California 90012
(213) 221-1134

Precision Sheet Metal
5235 W. 104th Street
Los Angeles, California 90045
(213) 670-1030

International

Interturbine Fansteel B.V.
Industrieterrein Spikwelen
Spiktweg 13-5943 Lomm
The Netherlands

Transfer Agent(s):
Mellon Bank N.A.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FNL

Number of Employees:

1986	2,050	1983	1,886
1985	2,555	1982	1,856
1984	1,997		

Sales and Earnings

	Net Sales	Net Income
1986	$ 210,126,760	$ 2,773,855
1985	208,092,988	7,704,499
1984	180,450,015	11,155,336
1983	153,779,111	8,357,564
1982	176,852,028	8,413,828

	No. of Com. Shares †	Earn. per Share †
1986	8,598,858	$ 0.32
1985	8,598,858	0.90
1984	8,598,858	1.30
1983	8,599,102	0.97
1982	8,607,714	0.98

† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Metal Producers	$ 44,874,537	$ 56,753,329
Industrial Tools	48,044,343	57,809,303
Metal Fabrications	117,207,880	93,530,356
Total	$ 210,126,760	$ 208,092,988

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$0.60	—	—
1985	0.60	—	—
1984	0.60	—	—
1983	0.42	—	3-for-1 & 2-for-1
1982	0.52	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 78,876,378	$ 9.17
1985	80,796,791	9.40
1984	77,916,807	9.06
1983	72,068,455	8.38
1982	67,502,897	7.85

† Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 210,126,760	$ 208,092,988
Cost of sales	179,228,079	167,432,069
Expenses	23,608,744	25,774,797
Research & develop.	1,656,063	2,308,982
Interest expense	1,831,115	1,485,613
Interest income	(510,521)	(942,770)
Other income	(142,575)	(682,202)
Income before taxes	$ 4,455,855	$ 12,716,499
Income taxes	1,682,000	5,012,000
Net Income	$ 2,773,855	$ 7,704,499

* Included in Costs and Expenses, Depreciation: $10,834,421 in 1986 and $10,081,748 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 18,203,453	$ 12,046,829
Accts. receiv., net	30,066,532	31,376,664
*Inventories	38,308,595	40,616,643
Prepaid expenses	741,968	717,280
Current Assets	$ 87,320,548	$ 84,757,416
#Fixed assets	33,171,443	41,761,671
Other assets	2,248,482	647,629
Total Assets	$ 122,740,473	$ 127,166,716

Liabilities

Long-term debt, curr.	$ 153,338	$ 153,338
Accts. payable	10,911,313	7,774,742
Accruals	10,665,717	12,857,498
Income taxes	23,202	467,457
Dividends payable	1,289,829	—
Curr. Liabilities	$ 23,043,399	$ 21,253,035
Long-term debt	20,820,696	25,116,890
+Common stock	21,497,145	21,497,145
Retained earnings	56,836,345	59,221,805
For. curr. trans.	542,888	77,841
Total Liabilities & Shareholders' Equity	$ 122,740,473	$ 127,166,716

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.12	6.11
%Net Income to Sales	1.32	3.70
%Net Income to Equity	3.52	9.54
Sales to Inventories	5.49	5.12
Debt to Equity	0.26	0.31
Working Capital	$64,277,149	$63,504,381
Current Ratio	3.79	3.99
Shareholders' Equity	$78,876,378	$80,796,791

Federal Signal Corporation

1415 West 22nd Street
Oak Brook, Illinois 60521
(312) 920-2700

Officers: Karl F. Hoenecke, chairman & president; Charles R. Campbell, v.p. & chief financial officer; Joseph J. Ross, v.p., general counsel & secretary; Robert W. Racic, v.p. & treasurer; James W. Morrall, v.p.-corp. services; Richard L. Ritz, controller; Carol Vix, asst. secretary.

Directors: Karl F. Hoenecke, chairman; Gregg A. Hunter, Elmer W. Johnson, J. Patrick Lannan, Jr., James A. Lovell, Jr., Thomas N. McGowen, Jr.

Areas of Work: Company operations are divided into four major groups: Signal, Sign, Tool, and Vehicle. Principal products include sirens, emergency lights, fire alarm systems, security and parking control systems, signs, fire trucks, street sweepers, special vehicle chassis, precision punches and cutting tools.

Divisions and Subsidiaries:

Signal Group

Signal Products
2645 Federal Signal Drive
University Park, Illinois 60466
(312) 534-3400
Warning, signaling and communications products for municipalities and industry.

Autocall
41 East Tucker Avenue
Shelby, Ohio 44875
(419) 347-2400
Fire alarm and evacuation systems.

Federal APD Inc.
24700 Crestview Court
Farmington Hills, Michigan 48018
(313) 477-2700
Parking and access control systems.

CMI, Inc.
P.O. Box 40
Minturn, Colorado 81645
(303) 949-4440
Speed detection radar and blood alcohol analyzers.

Federal Construction Products
2645 Federal Signal Drive
University Park, Illinois 60466
(313) 534-3400
Directional arrow boards, construction light towers and blowers.

Sign Group

Burr Ridge, Illinois
Houston, Texas
Ft. Worth, Texas
Arlington, Texas
Dublin, California
Knoxville, Tennessee
Custom identification, sign displays and electronic message centers.

Tool Group

Dayton Progress Corporation
500 Progress Road
Dayton, Ohio 45449
(513) 859-5111
Precision punches and die components.

Bassett Rotary Tool Company
710 West Fisher Street
Monticello, Indiana 47960
(219) 583-7166
Carbide cutting tools.

Jamestown Perforators Inc.
1914 Washington Street
Jamestown, New York 14701
(716) 664-7575
Metal punches, dies, and small tooling components.

Vehicle Group

Emergency One, Inc.
1701 S.W. 37th Avenue
Ocala, Florida 32678
(304) 237-1122
Aluminum-bodied fire trucks and rescue vehicles.

Federal Motors, Inc.
3611 S.W. 20th Street
Ocala, Florida 32674
(904) 237-6215
Custom chassis and special vehicles.

Elgin Sweeper Company
1300 West Bartlett Road
Elgin, Illinois 60121
(312) 741-5370
Street sanitation equipment including sweepers and vacuums.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: FSS

Number of Employees:

1986	3,388	1983	3,118
1985	3,422	1982	2,827
1984	3,236		

Plant Footage:

1986 . . . . . 979,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 283,500,000	$ 11,800,000
1985	278,300,000	11,700,000
1984	258,700,000	9,400,000
1983	226,000,000	7,100,000
1982	191,300,000	11,800,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	8,589,000	$ 1.37
1985	8,326,000	1.41
1984	8,330,000	1.13
1983	8,396,000	0.85
1982	8,347,000	1.42

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Signal	$ 82,394,000	$ 83,431,000
Vehicle	103,766,000	104,728,000
Sign	46,066,000	42,468,000
Tool	51,238,000	47,712,000
Total	$ 283,464,000	$ 278,339,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.80	—	—
1982	0.73	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 102,400,000	$ 11.92
1985	91,100,000	10.94
1984	85,300,000	10.24
1983	84,700,000	10.09
1982	81,800,000	9.80

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 283,464	$ 278,339
Cost of sales	183,872	180,543
Expenses	77,142	77,674
Interest expense	3,181	3,524
Other expense (income)	(1,233)	260
Income before taxes	$ 20,502	$ 16,338
Income taxes	8,700	6,781
Cum. effect of change in acctng. meth.	—	(2,155)
Net Income	$ 11,802	$ 11,712

* Included in Costs and Expenses, Depreciation and Amortization: $5,405,000 in 1986 and $5,404,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 4,672	$ 2,244
Accts. receiv., net	61,193	64,686
*Inventories	52,466	53,177
Prepaid expenses	2,922	1,149
Current Assets	$ 121,253	$ 121,256
#Fixed assets	42,477	42,474
Deferred charges & other assets	13,659	10,772
Total Assets	$ 177,389	$ 174,502

Liabilities
(000's)

Notes payable	$ —	$ 2,000
Long-term debt, curr.	1,350	2,539
Accts. payable	9,063	11,012
Accrued payroll	8,178	9,099
Accrued pension plan	3,047	3,551
Other accruals	14,752	14,224
Dividends payable	1,733	1,665
Income taxes	6,596	2,740
Curr. Liabilities	$ 44,719	$ 46,830
Long-term debt	21,922	28,875
Deferred inc. taxes	8,386	7,726
+Common stock	8,664	8,527
Add. paid-in capital	70,321	67,279
Retained earnings	23,606	19,167
Treasury stock	—	(3,400)
Deferred stock awards	(432)	(328)
For. curr. trans. adjust.	203	(174)
Total Liabilities & Shareholders' Equity	$ 177,389	$ 174,502

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.23	5.87
%Net Income to Sales	4.16	4.21
%Net Income to Equity	11.53	12.86
Sales to Inventories	5.40	5.23
Debt to Equity	0.23	0.37
Working Capital	$ 76,534,000	$74,426,000
Current Ratio	2.71	2.59
Shareholders' Equity	$102,362,000	$91,071,000

Federated Purchaser, Inc.

50 Lafayette Place
Kenilworth, New Jersey 07033
(201) 272-0505

825 Union Blvd.
Allentown, Pennsylvania 18103
(215) 437-4481

Officers: Arthur C. Kammerman, chairman; Harry J. Fallon, president; Steven J. Jordan, v.p.-industrial marketing; Jane A. Christy, v.p.-operations, Marie Santasiri, secretary, William Hall, treasurer.

Directors: Arthur C. Kammerman, chairman; Edmund L. Hoenet, Harry J. Fallon, John Rudder.

Areas of Work: Engaged in the marketing of electronic parts, components and equipment to industrial and retail customers. To its industrial customers the company sells a broad range of products including semi-conductors, wire, transformers, relay systems, capacitors and electronic tubes. The principal products marketed by the company to retail customers are home entertainment equipment including stereo systems, tape recorders, speakers, radios and related accessories. The company markets its retail products through two stores located in Kenilworth, New Jersey and Allentown, Pennsylvania. Industrial products are marketed directly by Federated's sales personnel from both locations and in the field.

Transfer Agent(s):

The National State Bank
Elizabeth, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EFDP (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	$ 5,864,255	$ 110,963
1985	6,970,733	216,296
1984	7,305,216	281,654
1983	6,318,917	229,286
1982	6,128,054	199,768

	No. of Com. Shares +	Earn. per Share +
1986	1,720,385	$ 0.06
1985	1,720,053	0.13
1984	1,715,906	0.16
1983	1,709,926	0.13
1982	1,713,161	0.12

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.06	—	—
1985	0.06	—	5-for-4
1984	0.06	—	—
1983	0.06	—	—
1982	0.05	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 2,330,901	$ 1.35
1985	2,342,963	1.36
1984	2,227,764	1.30
1983	2,063,695	1.21
1982	1,930,043	1.13

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended October 31	1986	1985
Net sales	$ 5,864,255	$ 6,970,733
Cost of sales	4,411,223	5,261,970

Federated Purchaser, Inc.

Expenses	1,303,172	1,359,906
Depreciation	60,402	21,884
Other income	(63,705)	(80,223)
Income before taxes	$ 153,163	$ 407,196
Income taxes	42,200	190,900
Net Income	$ 110,963	$ 216,296

Assets

As of October 31	1986	1985
Cash	$ 44,433	$ 69,172
Cert. of deposit	950,000	1,097,408
Accts. receiv., net	683,603	687,043
*Inventories	660,770	778,063
Prepaid expenses	54,867	64,824
Current Assets	$ 2,393,673	$ 2,696,510
#Fixed assets	200,018	52,387
Other assets	34,100	25,330
Total Assets	$ 2,627,791	$ 2,774,227

Liabilities

Accts. payable	$ 193,916	$ 298,995
Accruals	94,974	114,869
Curr. Liabilities	$ 288,890	$ 413,864
Deferred income taxes	8,000	17,400
+Common stock	171,976	171,601
Add. paid-in capital	1,651,795	1,650,406
Retained earnings	530,670	522,722
Treasury stock	(23,540)	(1,766)
Total Liabilities & Shareholders' Equity	$ 2,627,791	$ 2,774,227

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.61	5.84
%Net Income to Sales	1.89	3.10
%Net Income to Equity	4.76	9.23
Sales to Inventories	8.87	8.96
Working Capital	$2,014,783	$2,282,646
Current Ratio	8.29	6.52
Shareholders' Equity	$2,330,901	$2,342,963

Ferronics Incorporated

(As of October 15, 1986, the company became a privately-held corporation.)

52 North Main Street
Fairport, New York
(716) 388-1020

Officers: Samuel J. Reeder, chairman, chief exec. officer & treasurer; Charles J. Reeder, vice chairman & secretary; Roger Woodward, asst. to the chairman; Mark Northrup, president; Frank Shepard, controller & asst. treasurer; Stephen Waite, asst. secretary.

Directors: Samuel J. Reeder, chairman; Charles J. Reeder, Roger Woodward.

Areas of Work: Engaged in the manufacture of ceramic magnetic materials known as ferrites and in the shaping of these materials into devices used in electronic circuitry. Also manufactures transducers for rotating memory devices.

Number of Employees:

1986	21	1983	80
1985	32	1982	80
1984	80		

Plant Footage:

1986	25,000 sq. ft.	1983	40,000
1985	25,000	1982	40,000
1984	40,000		

Sales and Earnings

	Revenues †	Net Income +
1986	$ 1,445,123	$ (76,423)
1985	1,855,372	35,995
1984	1,913,000	(351,515)
1983	1,516,000	101,401
1982	1,316,000	14,000

	No. of Com. Shares	Earn. per Share +
1986	3,000,000	$ —
1985	1,788,508	0.02
1984	1,788,508	—
1983	1,733,508	0.06
1982	1,685,780	0.01

(Loss)
† Of continuing operations only.
+ Including extraordinary gains of $8,100 in 1985 and $22,000 (0.01 per share) in 1983.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 284,670	$ 0.09
1985	238,953	0.13
1984	203,000	0.11
1983	500,000	0.29
1982	356,000	0.21

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 1,445,123	$ 1,855,372
Cost of sales	923,01558	1,308,131
Expenses	504,966	450,625
Interest expense	35,007	60,321
Merger expense	39,536	—
Other income	(978)	—
Income (loss) bef. taxes	$ (76,423)	$ 36,295
Income taxes	—	8,400
Net Income (Loss)	$ (76,423)	$ 27,895
Extraord. gains	—	8,100
Net Income (Loss) & extraord. gains	$ (76,423)	$ 35,995

* Included in Costs and Expenses, Depreciation and Amortization: $88,484 in 1986 and $103,666 in 1985.

Assets

	1986	1985
Cash	$ 7,703	$ 1,132
Accts. receiv., net	302,034	215,473
*Inventories	221,266	279,034
Prepaid expenses	12,802	13,856
Other receivables	1,229	—
Current Assets	$ 545,034	$ 509,495
#Fixed assets	187,879	243,155
Other assets	1,811	4,554
Total Assets	$ 734,724	$ 757,204

Liabilities

Demand notes	$ 228,670	$ 262,008
Long-term debt, curr.	48,888	32,214
Accts. payable	62,214	159,414
Accrued expenses	32,950	17,863
Accrued payroll	36,557	22,031
Accrued interest	2,310	4,543
Accrued income taxes	965	1,290
Curr. Liabilities	$ 412,554	$ 499,363
Long-term debt	37,500	18,888
+Common stock	300,000	178,851
Add. paid-in capital	764,962	763,971
Retained earnings (deficit)	(780,292)	(703,869)
Total Liabilities & Shareholders' Equity	$ 734,724	$ 757,204

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.96
%Net Income to Sales	—	1.50
%Net Income to Equity	—	11.67
Sales to Inventories	6.53	6.65
Debt to Equity	1.11	1.31
Working Capital	$132,480	$10,132
Current Ratio	1.32	1.02
Shareholders' Equity	$284,670	$238,953

Fifth Dimension Inc.

801 New York Avenue
Trenton, New Jersey 08638
(609) 393-8350

Officers: Sheldon Bitko, president; Alfred R. Senni, exec. v.p. & chief exec. officer; Elaine H. Cain, secretary & treasurer.

Directors: Frederick J. Grunwald, Charles Wohlstetter, Charles Davidoff, Frederick C. Scherer, Lee R. Marks.

Areas of Work: The Company's business falls into three broad groups: manufacture of telemetry equipment, industrial components and glass metal seals. The principal products of the telemetry group include electronic and electromechanical signal commutators, sometimes coupled with analog to digital converters. The primary markets for this type of equipment are the defense and the aerospace industries; secondary markets are the Atomic Energy Commission and other private industries. The principal products of the components group include a family of mercury film switches and relays (sold under the name LOGCELL, or more specifically LC1, LC2 and LC3), sold mostly to industrial users. Other components include tilt switches for military and industrial applications and slip rings used by the military and aerospace manufacturers. Glass-metal seals are hermetic seals which allow electric signals into a chamber without allowing in the outside atmosphere or any contamination. These seals are used in light bulbs, transistors, tubes, relays and a myriad of other components.

Transfer Agent(s):
American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	59	1983	50
1985	57	1982	43
1984	53		

Plant Footage:

1986	18,000 sq. ft.	1983	18,000
1985	18,000	1982	18,000
1984	18,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 2,996,353	$ 194,007
1985	2,589,359	187,911
1984	2,686,616	157,665
1983	1,658,712	153,386
1982	1,361,266	(87,878)

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	729,122	$ 0.27
1985	729,122	0.26
1984	729,122	0.22
1983	692,315	0.22
1982	654,495	—

(Loss)
† Including extraordinary gain of $42,582 ($0.06 per share) in 1983.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 1,013,993	$ 1.39
1985	819,986	1.12

1984	632,075	0.87
1983	474,410	0.69
1982	173,803	0.27

† Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 2,996,353	$ 2,589,359
Cost of sales	2,085,959	1,821,619
Expenses	582,066	465,991
Other income	(9,825)	(13,421)
Income before taxes	$ 338,153	$ 315,170
Income taxes	144,146	127,259
Net Income	$ 194,007	$ 187,911

* Included in Cost and Expenses, Depreciation and Amortization: $73,776 in 1986 and $66,793 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 153,468	$ 258,866
Accts. receiv., net	821,992	438,980
*Inventories	401,648	434,630
Prepaid expenses	37,337	15,556
Current Assets	$ 1,414,445	$ 1,148,032
#Fixed assets	539,960	577,799
Total Assets	$ 1,954,405	$ 1,725,831

Liabilities

Notes payable	$ 80,464	$ 77,781
Accts. payable	58,907	81,946
Accrued compens. & vac.	130,748	111,904
Accrued commissions & other	33,038	20,032
Income taxes payable	71,971	14,448
Deferred income taxes	196,405	168,774
Curr. Liabilities	$ 571,533	$ 474,885
Notes payable	320,979	398,565
Deferred income taxes	47,900	32,395
+Common stock	364,936	364,936
Add. paid-in capital	403,663	403,663
Retained earnings	245,722	51,715
Treasury stock	(328)	(328)
Total Liabilities & Shareholders' Equity	$ 1,954,405	$ 1,725,831

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.29	12.17
%Net Income to Sales	6.47	7.26
%Net Income to Equity	19.13	22.92
Sales to Inventories	7.46	5.96
Working Capital	$ 842,912	$673,147
Current Ratio	2.47	2.42
Shareholders' Equity	$1,013,993	$819,986

Figgie International Inc.

1000 Virginia Center Parkway
Richmond, Virginia 23295
(804) 264-5600

Officers: Harry E. Figgie, Jr., chairman of the board & chief executive officer; Mike Trbovich, sr. v.p.; William G. Gilmore, sr. v.p.; James S. Anderson, vice president-industrial relations; John M. Fitzpatrick, v.p.-govt. relations; L.A. Harthun, sr. v.p.-international, general counsel & secretary; Charles B. Miner, group v.p.; Joseph J. Skadra, v.p. & controller; Charles C. Rieger, Jr., group v.p.; Woodson S. Carlish, Jr., v.p. & treasurer; Mary C. Cleary, v.p. & asst. to chairman; Richard A. Foster, v.p.

Directors: Harry E. Figgie, Jr., Dale S. Coenen, Ewing T. Boles, Alfred V. Gangnes, Gerald K. Rugger, Walter M. Vannoy, Russell W. McFall, Harrison Nesbit, II, Hans Ulrich Rinderknecht, Harold B. Scott, Robert A. Weaver, Jr., Harry E. Figgie, III, John S. Lanahan, F. Rush McKnight, C.B. Robertson, III, A.A. Sommer, Jr.

Areas of Work: Comprised of over 35 principal divisions and subsidiaries, the Company's business can be grouped into five areas: consumer and recreation products; fire protection/safety; technical products; machinery & products; and services.

Divisions and Subsidiaries:

Technical Group

Interstate Electronics
1001 East Ball Road
Anaheim, California 92803
(714) 758-0500
Voice data entry computer terminals; Plasma display terminals; Function and pulse generators; Military command and control display systems; Signal processing systems; Off shore oil platform data systems; Environmental surveys and services; Instrumentation and missile tracking systems.

Hartman Electrical Manufacturing
175 North Diamond Street
Mansfield, Ohio 44902
(419) 524-1411
Electrical power switching and solid state controls. Contactors, relays and protective devices.

Hartman Systems
360 Wolf Hill Road
Huntington Station, L.I., New York 11746
(516) 427-7500
Fully integrated electronic systems and products for government and industry; Military display systems; Command and control systems; Telecommunication systems; Telephone management system.

Interstate Voice Products
1849 W. Sequoia Avenue
Orange, California 92668
(714) 937-9010
Speech recognition and speech response products, including chips, boards and complete turnkey systems for commercial, consumer and military markets.

RES/Runco Electronic Systems
1840 Victory Boulevard
Glendale, California 91201
(818) 240-2540
Electronic Cardentry access controls, copy machine and fuel-control monitoring systems; time and attendance data collection, elevator-control and parking-control systems; badge and identification cards.

Consumer Group

Figgie Licensing Division
Richmond, Virginia 23295
(804) 264-5600
Worldwide trademark licensing of consumer products, principally Fred Perry and Rawlings Sportswear, activewear and hard goods.

Rawlings Sporting Goods
2300 Delmar Boulevard
St. Louis, Missouri 63126
(314) 349-3500
Full line of sports equipment for baseball, football, basketball, soccer, boxing, badminton, golf, hockey, tennis and wrestling. Uniforms, jackets and shoes.

Interstate Engineering
522 East Vermont Avenue
Anaheim, California 92805
(714) 778-5700
Residential smoke detectors and fire alarms, compact home vacuum cleaners. Wireless IEC Security System; aluminum and zinc die castings.

Fred Perry Sportswear (U.K.) Ltd.
Bridport Road
London N 18, 1SN England
01-807-1010
Designer, manufacturer and worldwide marketer of high-fashion sports and leisure clothing for men, women and children.

Thermometer Corporation of America
567 East Pleasant Street
Springfield, Ohio 45505
(513) 325-0456
Thermometers, hydrometers, humidity and weather instruments, Tru-Temp and Taylor thermometers and cooking instruments.

Sherwood-Drolet Corp. Ltd.
2745 Sherwood Boulevard
Sherbrooke, Quebec J1K 1E1
Canada
(819) 563-2202
Designs and markets hockey sticks.

Industrial Group/Fire Protection and Safety

Advance Security
3330 Peachtree Road
Atlanta, Georgia 30305
(404) 231-1210
Security consultation, uniformed security guards, fire, safety, security systems and equipment, industrial and business investigative service, large area protection.

"Automatic" Sprinkler Corp. of America
P.O. Box 180
Cleveland, Ohio 44147
(216) 526-9900
Sprinkler systems; control valves; sprinkler heads; spray nozzles; "Rate-of-Rise" and electric detection systems; electric control panels; alarms; hydraulically calculated and special hazards fire protection systems. Fabrication, inspection and maintenance services; Range Guard fire extinguishing systems.

Badger-Powhatan
P.O. Box 7346
Charlottesville, Virginia 22906
(804) 973-4361
Portable water, carbon dioxide, and dry chemical fire extinguishers, Halon systems, range hoods, "Blaze Guard" fire hose and couplings, brass products for fire protection, industrial and municipal applications.

Scott Aviation
225 Erie Street
Lancaster, New York 14086
(716) 683-5100
Oxygen and air breathing systems, light aircraft accessories, gas masks and respiratory devices, gas analyzers and alarms, air pollution detection and control equipment, safety and first aid equipment.

Snorkel
P.O. Box 65-Stockyards Station
St. Joseph, Missouri 64504
(913) 989-4481
Aerial type water delivery systems for fire fighting apparatus, articulated and telescopic booms, extendable ladders and aerial platforms.

Machinery and Products

Consolidated Packaging Machinery
11980 Waldron Drive
Alden, New York 14004
(716) 937-3361
High-speed automatic capping equipment for bottles, cans and other containers; crimpers; cotton stuffers; scales; bagclosers; gravity paper bag fillers and closers.

Geo. J. Meyer Manufacturing
Charleston, South Carolina 29411
(803) 572-6640
Packaging and bottling equipment, labeling machinery, case palletizers, bottle rinsing and inspection equipment.

Scott Huber Essick
P.O. Box 10263
Charleston, South Carolina 29411
(803) 797-5300
Road building and construction equipment. Huber motor graders, rollers and maintainers; Scott hydraulic cranes; Smith truck-mounted turbine and tilter concrete mixers.

Kersey/American LaFrance
600 Mountain Lane
Bluefield, Virginia 24605
(703) 326-1121
Battery-powered tractors, scoops, supply cars, coal cars, hydraulic self-unloading cars, battery chargers; batteries and motors for underground coal mining.

Logan Co.
P.O. Box 6107
Louisville, Kentucky 40206
(502) 587-1361
Conveyor equipment and material handling systems; wire partitions and window guards, folding gates; spiral stairs and ornamental iron-work; automated package and parcel sorting systems.

Safway Steel Products
6228 West State Street
Milwaukee, Wisconsin 53213
(414) 258-2700
Steel scaffolding and shoring systems; portable bleachers; powered mobile platforms and swing stages.

Figgie Hydraulic Products
1777 Morgantown Ave
Fairmont, West Virginia 26554
(304) 366-4730
Hydraulic pumps, motors and parts; blowers; hydralic valves, snow plow rams and precision machine products; custom gears for mining, construction and hydraulic equipment.

Akron Packaging Machinery
Akron, Ohio 44313
(216) 923-0491
Case packers, uncasers, container dividers, and combiners.

Kline Foundries
P.O. Box 444
Alburtis, Pennsylvania 18011
(215) 966-3966
Gray, ductile and malleable iron castings for transportation, heating, refrigeration, power transmission and construction.

Western Reserve Container
P.O. Box 193
Painesville, Ohio 44077
(216) 946-8464
Corrugated shipping containers; die cut corrugated inserts for product protection; point-of-sale corrugated floor and counter-top displays; protective inserts.

Stallman Gear
527 W. Rich Street
Columbus, Ohio 43215
(614) 224-3394
Manufactures gears and sprockets for mining machinery, construction equipment, hydraulic pump, agriculture equipment, overhead crane and other machinery markets.

Other Services

Waite Hill Holdings Inc.
Waite Hill Assurance Ltd.
Hamilton 5, Bermuda
(809) 292-6667
Diversified underwriting.

Figgie Insurance Company Ltd.
Hamilton 5, Bermuda
(809) 292-6667
Diversified underwriting.

Colony Insurance Company
Warwick, Rhode Island 02886
(401) 732-0890
Property/casualty underwriting.

Cardinal Casualty Company
Cleveland, Ohio 44130
(216) 826-0335
Property/casualty underwriting.

Waite Hill Services, Inc.
Richmond, Virginia 23295
(804) 261-7000
Insurance services.

Figgie Acceptance Corporation
Richmond, Virginia 23295
(804) 264-5830
Financing subsidiary.

Figgie Properties Inc.
Richmond, Virginia 23295
(804) 264-5840
Real estate management and development.

Figgie Systems Management Group, Inc.
4420 Sherwin Road
Willoughby, Ohio 44094
(216) 946-9000
Data processing and systems services; facility services; minicomputer hardware and software; CAD/CAM time sharing; microcomputer systems and training.

Figgie Natural Resources Inc.
Richmond, Virginia
(804) 264-5600
Oil and gas investments.

Hawthorne Aviation
Sandston, Virginia 23150
(804) 222-7256
Fixed base operations.

Figgie Systems Support Division
Richmond, Virginia 23295
(804) 264-5750
Government services, contracting operations, maintenance and logistics services.

International Operations Group

Geo. J. Meyer (Australia) Pty. Ltd.
Figgie International Pty Ltd.
Australia

"Automatic" Sprinkler Belgium N.V.
Belgium

Figgie do Brasil Industria e Comercio Ltda.
Brazil

Geo. J. Meyer Mfg. Canada, Ltd.
Thermometer Corporation of Canada Ltd.
Adirondack-Sherwood, Inc.
"Automatic" Sprinkler of Canada, Ltd.
Canada

ASCOA "Automatic" Sprinkler G.m.b.H.
Logan Fenamec Transportation G.m.b.H.
Germany

Rusco Automatismes Et Systemes Sarl
France

Figgie International Sports, Ltd. S.A.
Haiti

Rawlings Japan Co., Ltd.
Japan

Geo. J. Meyer de Mexico S.A. de C.V.
Mexico

ASCOA "Automatic" Sprinkler Nederland B.V.
"Automatic" Sprinkler Europe B.V.
Meyer Dumore International B.V.
The Netherlands

Anasco Sports Co. Inc.
Chemetronics Caribe, Inc.
Overseas Sports Co., Inc.
Rawlings Sales Co., Inc.
Puerto Rico

Geo. J. Meyer (South Africa) Pty. Ltd.
South Africa

Fred Perry Sportswear Ltd.
Meyer Dumore International Ltd.
Figgie (G.B.) Ltd.
Fred Perry Sportswear (UK) Ltd.
Logan Fenamec (UK) Ltd
Wimbledon Shirt Company, Ltd.
Fred Perry & Paynes Ltd.
W. Payne & Company, Ltd.
United Kingdom

Transfer Agent(s):
The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIGIA and FIGI (NASDAQ)

Number of Employees:

1986	16,300	1983	12,500
1985	15,970	1982	12,600
1984	13,300		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 919,818,000	$ 42,426,000
1985	803,412,000	29,238,000
1984	720,686,000	17,413,000
1983	642,319,000	21,355,000
1982	673,834,000	26,058,000

	No. of Com. Shares	Earn. per Share #
1986	7,077,401	$ 6.31
1985	5,991,491	5.03
1984	5,560,481	3.00
1983	5,579,738	3.62
1982	5,901,438	4.18

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Consumer	$ 122,863	$ 112,076
Fire Protection/Safety	369,438	321,809
Machinery & Products	176,847	154,524
Technical	240,819	208,396
Services	9,851	6,607
Total	$ 919,818	$ 803,412

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.49	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.68	—	—
1982	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 292,766,000	$ 41.37
1985	218,472,000	36.46
1984	187,231,000‡	33.67
1983	179,845,000‡	32.23
1982	177,348,000‡	30.05

‡ After allowing for all preferred stock at their stated value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 919,818	$ 803,412
Other Income	10,415	2,623
Total income	$ 930,233	$ 806,035
Cost of sales	703,576	612,637
Expenses	134,046	125,329
Interest expense	10,925	18,221
Income before taxes	$ 81,686	$ 49,848
Income taxes	39,260	20,610
Net Income	$ 42,426	$ 29,238

* Included in Costs and Expenses, Depreciation and Amortization: $19,809,000 in 1986 and $19,986,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 11,352	$ 17,815
Accts. & notes receiv., net	152,560	147,974

*Inventories	128,247	124,827
Prepaid expenses	5,415	4,124
Marketable securities	8,308	5,537
Current Assets	$ 305,882	$ 300,277
#Fixed assets	174,729	167,436
Other assets	102,346	86,938
Leased prop. under cap. leases	4,988	6,857
Total Assets	$ 587,945	$ 561,508
Liabilities (000's)		
Notes payable	$ 16,438	$ 7,376
Curr. maturities of long-term debt	4,881	13,912
Accts. payable	48,387	38,643
Accruals	48,142	51,781
Income taxes	2,290	320
Net liabilities - discont. oper.	29	572
Curr. Liabilities	$ 120,167	$ 112,604
Long-term debt	92,279	168,068
Deferred liabilities	26,733	23,264
Deferred inc. taxes	56,000	39,100
+Common stock:		
Class A	457	—
Class B	249	599
Add. paid-in capital	73,002	3,959
Retained earnings	230,553	226,761
Less unearned compen. rel. to restricted stock pur. plan	(1,736)	(2,940)
Cumulative translation adjustment	(9,761)	(9,907)
Total Liabilities & Shareholders' Equity	$ 587,945	$ 561,508

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.88	6.20
%Net Income to Sales	4.61	3.64
%Net Income to Equity	14.49	13.38
Sales to Inventories	7.17	6.44
Debt to Equity	0.39	0.87
Working Capital	$185,715,000	$187,673,000
Current Ratio	2.55	2.67
Shareholders' Equity	$292,766,000	$218,472,000

Finnigan Corporation

355 River Oaks Parkway
San Jose, California 95134
(408) 433-4800

Officers: T.Z. Chu, chairman of the board & president; Robert E. Finnigan, vice chairman & sr. v.p.; John R. Hearn, exec. v.p.; Henry P. Massey, Jr., general counsel & secretary; Edward J. McGonagle, v.p.-information and administrative systems; Steven R. Wade, v.p., chief financial officer & treasurer; Philip L. Warren, v.p. & gen. mgr.-field operations; Ernest Weber, v.p. & gen. mgr.-Bremen operations; Frank B. Williams, v.p.-human resources; Leonard J. Zanoni, asst. treasurer; Brenda E. Webb, asst. secretary.

Directors: T.Z. Chu, chairman of the board; Alexander D. Cross, Robert E. Finnigan, Henry E. Riggs, Roger W. Sant, R.C. Mercure, Jr., Peter H. Hengel.

Areas of Work: Manufactures and sells high-technology products, which include: gas chromatography/mass spectrometry analytical instruments; shaft encoders and precision mechanical subsystems for scientific instruments. Products are used in pharmaceutical and biomedical, pollution measurement, forensic science and industrial process control fields.

Subsidiaries:

Finnigan MAT GmbH
Barkhausenstrasse 2
Postfach Box 14 40 62
D-2800 Bremen 14
Federal Republic of Germany

Finnigan MAT Ltd.
Paradise
Hemel Hempstead, Herts. HP2 4TG
United Kingdom

Finnigan MAT Institute
4450 Carver Woods Drive
Cincinnati, Ohio 45242
(513) 891-2100

Finnigan MAT S.a.r.l.
69, Rue de Paris
F-91400 Orsay, France

Finnigan MAT S.r.l.
Via Valadier, 37B
00193 Rome
Italy

Finnigan MAT Instruments, Inc.
Shiozaki Building
2-7-1 Hirakawa-cho
Chiyoda-Ku, Tokyo
Japan 102

Finnigan MAT China, Inc.
Room 3702, Friendship Hotel
Beijing
People's Republic of China

Finnigan MAT Benelux
Landjuweel 7
3905 PE Veenendaal
The Netherlands

Finnigan MAT AB
Arstaangsvagen 1 C, 1
117 43 Stockholm
Sweden

Finnigan MAT AG (Switzerland)
Finnigan MAT, Inc. (Nevada)
Finnigan Domestic International Sales Corporation (California)
Finnigan Properties, Inc. (California)

Transfer Agent(s):
Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FNNG (NASDAQ)

Number of Employees:

1986	1,005	1983	805
1985	969	1982	805
1984	879		

Plant Footage:

1986	366,000 sq. ft.	1983	368,000
1985	368,000	1982	350,000
1984	368,000		

Sales and Earnings

	Revenues +	Net Income †
1986	$ 87,795,000	$ (1,470,000)
1985	80,591,000	4,408,000
1984	65,093,000	2,629,000
1983	55,063,000	(890,000)
1982	55,204,000	329,000

	No. of Com. Shares #	Earn. per Share #†
1986	4,841,000	$ —
1985	4,403,000	1.00
1984	4,230,000	0.62
1983	4,165,000	—
1982	4,096,000	0.08

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $398,000 ($0.09 per share) in 1985, $771,000 ($0.18 per share) in 1984 and $340,000 in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 40,913,000	$ 8.45
1985	32,975,000	6.63
1984	22,000,000	4.57
1983	20,080,000	4.82
1982	22,300,000	5.44

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 87,795,000	$ 80,591,000
Cost of sales	52,078,000	44,397,000
Expenses	33,326,000	25,541,000
Prov. for early retirement	3,200,000	—
Interest expense	1,641,000	2,745,000
Income (loss) bef. taxes	$ (2,450,000)	$ 7,908,000
Income taxes (credit)	(980,000)	3,898,000
Net Income (Loss)	$ (1,470,000)	$ 4,010,000
Extraordinary gain	—	398,000
Net Income (Loss) & extraord. gain	$ (1,470,000)	$ 4,408,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,813,000 in 1986 and $2,112,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,242,000	$ 5,229,000
Accts. receiv., net	24,658,000	19,004,000
*Inventories	28,351,000	24,554,000
Deferred tax benefit	1,130,000	175,000
Prepaid expenses	699,000	531,000
Current Assets	$ 56,080,000	$ 49,493,000
#Fixed assets	31,967,000	29,502,000
Other assets	1,625,000	783,000
Total Assets	$ 89,672,000	$ 79,778,000
Liabilities		
Notes payable	$ 4,135,000	$ 616,000
Convert. notes	—	5,891,000
Accts. payable	5,270,000	4,889,000
Accrued payroll	5,516,000	2,817,000
Accrued income taxes	658,000	1,996,000
Reserve for warranty	3,623,000	3,579,000
Cust. deposits	6,125,000	4,295,000
Other accruals	2,471,000	2,307,000
Curr. Liabilities	$ 27,798,000	$ 26,390,000
Long-term debt	14,948,000	14,890,000
Deferred employee benefits	3,972,000	2,754,000
Deferred inc. taxes	2,041,000	2,769,000
+Common stock	26,912,000	20,362,000
Accumulated translation adjustments	1,557,000	(1,301,000)
Retained earnings	12,444,000	13,914,000
Total Liabilities & Shareholders' Equity	$ 89,672,000	$ 79,778,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	9.81
%Net Income to Sales	—	4.98
%Net Income to Equity	—	12.16
Sales to Inventories	3.10	3.28
Debt to Equity	0.47	0.47
Working Capital	$28,282,000	$23,103,000
Current Ratio	2.02	1.88
Shareholders' Equity	$40,913,000	$32,975,000

Fischer & Porter Company

County Line Road
Warminster, Pennsylvania 18974
(215) 674-6000

Officers: Jay H. Tolson, chairman of the board & president; Laurence P. Finnegan, Jr., sr. v.p.-finance & chief financial officer; David J. Nessim, pres.-int'l. operations; Hubert A. Riester, sr. v.p.-engineering; Joseph T. DeLago, secretary; Geoffrey H. Sayer, sr. v.p.-marketing; Joseph A. Gaudiosi, asst. treasurer; Nathan T. Schelle, asst. treasurer & asst. secretary.

Directors: Jay H. Tolson, chairman; Gloria T. Chisum, David J. Nessim, Louis G.L. Thomas, Julius H. Tolson, Ram Charan, Joseph D. Brenner, William L. Mobraaten, Stuart J. Northrup.

Areas of Work: Designs, engineers, manufactures and sells process control instruments equipment and systems, including maintenance services and replacement parts for the measurement, recording and control of the flow of liquids and gases for municipal and industrial water, waste water, and sewage treatment and distribution; and for industrial process control in the petrochemical, pulp and paper, food, metal, mining, electrical power generation, marine and aerospace industries. Products include flow measurement instruments and instruments of a mechanical, electronic and pneumatic type; analytical instruments and chlorinators; analog, digital and microprocessor-based distributed control systems.

Subsidiaries:

Fischer & Porter Pty., Limited
Melbourne, Australia

Fischer & Porter (Canada) Limited
134 Norfinch Drive
P.O. Box 135
Toronto, Ontario, Canada

Fischer & Porter Limited
Salterbeck Trading Estate
Workington, Cumberland, England

OTIC-Fischer & Porter
151 Fis Avenue de la Libération
Clermont-Ferrand, France

Fischer & Porter GmbH
Postfach 701
34 Goettingen, West Germany

Fischer & Porter Italiana, S.p.A.
Via G. de Vittorio 3072
20099 Sesto San Giovanni
Milan, Italy

Fischer & Porter Research, Inc.
Horsham, Pennsylvania

Fischer & Porter European Operations
Antwerp, Belgium

Fischer & Porter B.V.
Gorinchem, Netherlands

Fischer & Porter Iberica, S.A.
Saturmino Celleja 1
Madrid, Spain

Fischer & Porter Ges.m.b.H.
Vienna, Austria

Fischer & Porter Belgium N.V.
Antwerp, Belgium

Fischer & Porter AB
Stockholm, Sweden

Fischer & Porter Oy
Helsinki, Finland

Fispo, S.A.
Mexico City, Mexico

Transfer Agent(s):
Mellon Bank (East)
Philadelphia, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: FP

Number of Employees:

1986	2,650	1983	3,050
1985	2,753	1982	3,382
1984	2,909		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 176,670,000	$ 2,438,000
1985	170,546,000	5,085,000
1984	158,803,000	4,791,000
1983	165,193,000	583,000
1982	182,434,000	721,000

	No. of Com. Shares +	Earn. per Share ‡ +
1986	4,343,000	$ 0.46
1985	4,164,000	1.11
1984	4,099,000	1.06
1983	4,001,000	0.14
1982	3,928,000	0.18

‡ Including extraordinary gains of $2,156,000 ($0.53 per share) in 1984 and $236,000 ($0.06 per share) in 1983.
+ Based on the monthly weighted average number of common and Class B common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 69,374,000‡	$ 15.84
1985	60,725,000‡	14.53
1984	52,001,000‡	12.71
1983	49,858,000‡	12.43
1982	51,624,000	13.08

‡ After allowing for preferred stock at liquidation value.
+ Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 176,670	$ 170,546
Cost of sales	113,230	109,433
Expenses	54,750	49,724
Oper. profit	$ 8,690	$ 11,389
For. exch. gain	(222)	(267)
Interest expense	1,839	2,682
Income before taxes	$ 7,073	$ 8,974
Income taxes	4,635	3,889
Net Income	$ 2,438	$ 5,085

* Included in Costs and Expenses, Depreciation and Amortization: $4,407,000 in 1986 and $4,027,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 11,773	$ 5,090
Receiv., net	44,832	41,766
*Inventories	51,928	52,448
Prepaid expenses	1,809	1,214
Current Assets	$ 110,342	$ 100,518
#Fixed assets	21,601	19,767
Other assets	2,458	2,589
Total Assets	$ 134,401	$ 122,874

Liabilities
(000's)

Notes payable	$ 4,704	$ 6,563
Long-term debt, curr.	2,901	3,529
Accts. payable	14,387	11,122
Accruals	4,747	4,619
Accrued payroll	12,682	11,246
Income taxes	2,500	2,121
Curr. Liabilities	$ 41,921	$ 39,200
Long-term debt	7,860	9,895
Other liab.	10,246	8,054
+ Preferred stock	5,000	5,000
+ + Common stock	3,708	3,348
+ + Class B	464	442
Add. paid-in Capital	48,781	43,906
Retained earnings	20,549	21,621
Cumulative trans. adjustment	(3,790)	(8,567)
Treasury stock	(338)	(25)
Total Liabilities & Shareholders' Equity	$ 134,401	$ 122,874

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value; 9% convertible.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.00	5.26
%Net Income to Sales	1.38	2.98
%Net Income to Equity	3.28	7.74
Debt to Equity	0.11	0.30
Working Capital	$68,421,000	$61,318,000
Current Ratio	2.63	2.56
Shareholders' Equity	$74,374,000	$65,725,000

Fleet Aerospace Corporation

P.O. Box 1506
Glendale Avenue & The Queen Elizabeth Way
St. Catherines, Ontario
Canada L2R 7J9
(416) 684-9477

Officers: A. George Dragone, president & chief executive officer; Bruce W. Gowan, v.p.-finance & secretary.

Directors: A.G. Dragone, John M. Marsh, Robert T. Ruggles, Gerald M. Soloway.

Areas of Work: Designs and manufactures components for the aerospace, marine and communications industries. Products include composite bonded and metal-to-metal bonded structural components for commercial and military aircraft, helicopter blades, high-temperature brazed components for jet engines, satellite and radar structures, missile components, specialized anti-submarine defense systems, space engineering and satellite communications.

Divisions:

Fleet Industries Division
P.O. Box 400
Gilmore Road
Ft. Erie, Ontario
Canada L2A 5N3
(416) 871-2100

Techwest Division
7680 River Road
Suite 200
Richmond, British Columbia
Canada V6S 1X6
(604) 273-6336

Subsidiaries:

Fathom Oceanology Limited
Mississauga, Ontario, Canada

Aeronca, Inc.
Middletown, Ohio

SED Systems, Inc.
Saskatoon, Saskatchewan, Canada

H.I. Thompson Canada
Guelph, Ontario, Canada

Fathom Atlantic
Dartmouth, Nova Scotia, Canada

Transfer Agent(s):
Guaranty Trust Company of Canada
Toronto, Ontario

Stock Exchange(s): Toronto

Ticker Symbol: FLT

Number of Employees:

1986	1,700	1983	675
1985	1,000	1982	N.A.
1984	650		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 91,796,000	$ 4,648,000
1985	55,960,000	3,106,000
1984	39,065,000	1,905,000
1983	35,264,000	690,000
1982	34,904,000	290,000

	No. of Com. Shares #	Earn. per Share #
1986	7,068,000	$ 0.66
1985	5,260,000	0.59
1984	5,042,000	0.38
1983	5,042,000	0.14
1982	5,042,000	0.06

+ Includes other income; of continuing operations only.
# Based on the weighted average number of shares common and Class A non-voting shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividends	Stock Dividends	Stock Split
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 55,006,000	$ 7.78
1985	27,183,000	5.17
1984	13,255,000	2.63
1983	11,242,000	2.23
1982	10,552,000	2.09

‡ Based on the weighted average number of common and Class A non-voting shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 91,796,000	$ 55,960,000
Cost of sales	74,255,000	45,029,000
Adm. & gen. expenses	10,135,000	5,824,000
Amort. of goodwill	68,000	—
Interest and debt expense	364,000	613,000
Interest income	(951,000)	(361,000)
Gain on issues of shares by subsid.	—	(122,000)
Income before taxes	$ 7,925,000	$ 4,977,000
Income taxes	3,069,000	1,811,000
Minority interest	208,000	60,000
Net Income	$ 4,648,000	$ 3,106,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,716,000 in 1986 and $865,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 7,982,000	$ 1,794,000
Accts. receiv., net	18,710,000	15,643,000
Proceeds on discont. oper.	3,547,000	—
*Inventories	39,653,000	21,569,000
Mortgage receiv.	85,0000	140,000
Long-term receivable, curr.	209,000	468,000
Prepaid expenses	692,000	383,000
Current Assets	$ 70,878,000	$ 39,997,000
Long-term receiv.	450,000	395,000
Investments	5,033,000	2,250,000
#Fixed assets	18,655,000	6,717,000
Goodwill	37,199,000	650,000
Other assets	619,000	64,000
Total Assets	$ 132,834,000	$ 50,073,000

Liabilities

Bank indebtedness	$ 26,194,000	$ 6,832,0000
Long-term debt, curr.	3,830,000	754,000
Accts. payable & accruals	24,289,000	9,066,000
Income & other taxes	2,522,000	757,000
Def. inc. taxes	338,000	751,000
Curr. Liabilities	$ 57,173,000	$ 18,160,000
Long-term debt	13,433,000	3,654,000
Deferred inc. taxes	747,000	320,000
Minority interest	962,000	756,000
Preferred shares of subsid.	5,513,000	—
+Common stock	2,408,000	2,436,000
+Class A non-voting stock	35,410,000	11,418,00
Retained earnings	17,188,000	13,329,000
Total Liabilities & Shareholders' Equity	$ 132,834,000	$ 50,073,000

* Work in progress at lower of cost and realizable value; materials and supplies at lower of average cost and replacement cost.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.63	8.89
%Net Income to Sales	5.06	5.55
%Net Income to Equity	8.45	11.43
Debt to Equity	0.79	0.41
Working Capital	$13,705,000	$21,837,000
Current Ratio	1.24	2.20
Shareholders' Equity	$55,006,000	$27,183,000

Ford Motor Company

The American Road
Dearborn, Michigan 48121
(313) 322-3000

Officers: Donald E. Petersen, chairman of the board & chief executive officer; William C. Ford, vice chairman; Harold A. Poling, president & chief operating officer; Allan D. Gilmour, exec. v.p. & chief financial officer; Philip E. Benton, Jr., exec. v.p.-Ford International Automotive Operations; Louis R. Ross, exec. v.p.-Ford North American Automotive Operations; John A. Betti, exec. v.p.-technical affairs & operating staffs; James K. Bakken, v.p.-operations support services; Louis Latnif, v.p.-sales operations; William E. Scollard, v.p.-manufacturing operations; Clinton D. Lauer, v.p.-purchasing & supply; James W. Ford, v.p. & chairman-finance & insurance subsidiaries; Stuart M. Frey, v.p.-engineering & manufacturing; L. Lindsey Halstead, v.p.-Latin American automotive operations; William J. Hayden, v.p.-manufacturing-Ford of Europe, Inc.; Donald B. Rassier, v.p. & president-Ford Aerospace & Communications Corporation; Edward E. Hagenlocker, v.p. & gen. mgr.-truck operations; Max L. Juroaek, v.p.-car product development; Donald F. Kopka, v.p.-design; Robert L. Rewey, v.p. & gen mgr.-Ford Division; Robert F. Moglia, v.p. & pres.-Ford New Holland Inc.; David N. McCammon, v.p. & controller; Henry R. Nolte, Jr., v.p. & general counsel; Peter J. Pestillo, v.p.-employee & external affairs; Helen O. Petrauskas, v.p.-environmental & safety engineering; Thomas J. Wagner, v.p. & gen. mgr.-Lincoln Mercury Division; Stanley A. Seneker, v.p. & treasurer; Wayne H. Smithey, v.p.-Washington Affairs; Alexander J. Trotman, v.p. & president-Ford of Europe Inc.; Kenneth Whipple, v.p. & chairman-Ford of Europe Inc.; Lewis C. Veraldi, v.p.-car programs mgmt.; Edson P. Williams, v.p.-Ford diversified products operations; Walter Hayes, v.p. & vice chairman-Ford of Europe Inc.; Frederick Z. Herr, v.p.-product assurance; Kenneth K. Kohrs, v.p.-product development, Ford of Europe Inc.; Mervyn H. Manning, v.p. & pres.-Ford Asia-Pacific, Inc.; John P. McTague, v.p.-research; David W. Scott, v.p.-public affairs.

Directors: Donald E. Petersen, chairman of the board; Philip Caldwell, Henry Ford, II, Carter L. Burgess, Kenneth H. Olsen, Harold A. Poling, William C. Ford, Clifton R. Wharton, Jr., Marian S. Heiskell, Colby H. Chandler, Roberto C. Goizueta, John B. Connally, Michael D. Dingman, Philip E. Benton, Jr., John A. Betti, Louis R. Ross, Allan D. Gilmour, Carl E. Reichardt, Drew Lewis.

Areas of Work: Engaged in the manufacture of cars, trucks, tractors and their parts; also manufactures and sells electronic products, industrial and chemical products, architectural glass, and defense-space products for the government, as well as engaged in finance and insurance operations.

Subsidiaries:

Ford Aerospace & Communications Corporation
Detroit, Michigan
Manufactures communications and electronic systems and equipment for industrial and governmental use. Products sold to governmental agencies include communications services, missiles, ammunition, satellites, ground stations, control systems for missiles and air defense systems.

Ford International Capital Corporation
Hamilton, Bermuda

Ford Motor Credit Company (unconsolidated)
Dearborn, Michigan

The American Road Insurance Company (unconsolidated)
Dearborn, Michigan

Ford Leasing Development Company (unconsolidated)
Dearborn, Michigan

Ford Motor Land Development Corporation (unconsolidated)
Dearborn, Michigan

Rouge Steel Comany
Ford Electronics and Refrigeration Corporation
Ford International Finance Corporation
Parker Chemical Company
First Nationwide Financial Corporation
First Nationwide Bank
Ford New Holland, Inc.

Ford of Europe, Incorporated
Brentwood, Essex, England

Henry Ford & Son, Limited
Cork, Ireland

Ford Motor Credit Company Limited (unconsolidated)
Brentwood, Essex, England

Ford Motor Company (Belgium) N.V.*
Antwerp, Belgium

Ford Motor Company (Switzerland) S.A.
Zurich, Switzerland

Ford Motor Argentina, S.A.
Buenos Aires, Argentina

Ford Motor Company, S.A. de C.V.
Mexico City, Mexico

Ford Motor de Venezuela S.A.
Valencia, Venezuela

Ford Motor Company of Canada, Limited*
Oakville, Ontario, Canada

Ford Motor Company

Ford Motor Company of Australia Limited
Campbellfield, Australia

Ensite Limited
Windsor, Ontario, Canada

Ford Brasil S.A.*
Sao Bernardo do Campo, Brazil

Ford-Werke AG
Cologne, Germany

Ford Credit Bank AG (unconsolidated)
Cologne, Germany

Ford France S.A.
Rueil-Malmaison, France

Ford Italiana, S.p.A.
Rome, Italy

Ford Motor Company A/S*
Copenhagen, Denmark

Ford Nederland B.V.*
Amsterdam, The Netherlands

Ford Credit S.A. (unconsolidated)
Madrid, Spain

Ford Financiadora S.A. (unconsolidated)
Sao Paulo, Brazil

Ford Motor Company (Japan) Ltd.
Tokyo, Japan

Ford Espana S.A.
Madrid, Spain

Ford Lio Ho Motor Company, Ltd.*
Taipei, Taiwan

Transcon Insurance Limited (unconsolidated)
Hamilton, Bermuda

Ford Asia-Pacific, Inc.
Melbourne, Australia

Ford Motor Company Limited
Brentwood, Essex, England

Ford Motor Company of New Zealand Limited
Lower Hutt, New Zealand

Ford Direct Market Operations, Incorporated
Dearborn, Michigan

Ford Glass Limited
Canada

Ford Credit N.V.
Belgium

Ford Credit S.p.A.
Italy

Ford Leasing S.p.A.
Italy

Ford Credit A/S
Denmark

Ford Credit B.V.
The Netherlands

Ford Leasing S.A.
Spain

Ford Credit A.B.
Sweden

Ford Credit S.A.
Switzerland

Mazda Motor Corporation
Japan

* Subsidiaries in which there is an outstanding minority interest.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Bank of America National Trust and Savings Association
Corporate Agency
P.O. Box 37002
San Francisco, California 94137

Continental Illinois National Bank and Trust Company of Chicago
180 North LaSalle Street (sixth floor)
Chicago, Illinois 60601

Manufacturers National Bank of Detroit
100 Renaissance Center
Detroit, Michigan 48243

Montreal Trust Company
P.O. Box 1900, Station B
Montreal, Quebec, Canada H3B 3L6

National Trust Company
4 King Street West
Toronto, Ontario, Canada M5H 3W7

Stock Exchange(s): New York, Midwest, Pacific, Boston, Philadelphia, Toronto, Montreal

Ticker Symbol: F

Number of Employees:

1986	382,274	1983	380,100
1985	369,314	1982	379,200
1984	389,900		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 62,715,800	$ 3,285,100
1985	52,774,400	2,515,400
1984	52,366,400	2,906,800
1983	44,454,600	1,866,900
1982	37,067,200	(657,800)

	No. of Com. Shares ‡	Earn. per Share ‡
1986	266,600,000	$ 12.32
1985	276,800,000	9.09
1984	276,200,000	10.53
1983	272,100,000	6.86
1982	270,900,000	—

(Loss)
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Automotive	$58,271	93%	$48,879	93%
Non-automotive	4,445	7	3,895	7
Total	$62,716	100%	$52,774	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$2.22	—	3-for-2
1985	1.60	—	—
1984	1.33	—	—
1983	0.33	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 14,859,500	$ 55.36
1985	12,268,600	43.95
1984	9,837,700	35.24
1983	7,545,300	27.49
1982	6,077,500	22.40

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 62,715,800	$ 52,774,400
Cost of sales	51,866,200	44,435,400
Expenses	3,122,100	2,525,200
Depreciation	1,666,400	1,444,400
Amort. of special tools	1,293,200	948,400
Emp. retire. plan	711,400	691,300
Interest income	(195,000)	(302,500)
Eq. in inc. of subsid.	(816,900)	(598,100)
Income before taxes	$ 5,069,300	$ 3,630,300
Income taxes	1,774,200	1,103,100
Minority interest	10,000	11,800
Net Income	$ 3,285,100	$ 2,515,400

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 3,459,400	$ 2,014,200
Marketable securities	5,093,700	3,889,600
Receiv., net	3,487,800	2,851,900
*Inventories	5,792,600	4,601,900
Other curr. assets	624,500	656,600
Current Assets	$ 18,458,000	$ 14,014,200
Eq. in assets of unconsol. subsid.	5,088,400	4,176,400
#Fixed assets	13,200,700	12,421,400
Other assets	1,185,900	991,600
Total Assets	$ 37,933,000	$ 31,603,600

Liabilities
(000's)

Long-term debt, curr.	$ 73,900	$ 318,000
Short-term debt	1,230,100	956,600
Accts. payable	8,298,400	6,577,500
Income taxes	737,500	446,600
Accruals	5,285,700	4,478,700
Curr. Liabilities	$ 15,625,600	$ 12,777,400
Long-term debt	2,137,000	2,157,200
Other liabilities	3,877,000	3,071,900
Deferred inc. taxes	1,328,100	1,214,100
Minority interests	105,700	114,400
+Common stock	498,200	344,600
+Class B stock	38,600	27,600
Add. paid-in capital	605,500	754,300
For. curr. trans. adjust.	(450,000)	(970,500)
Retained earnings	14,167,200	12,112,600
Total Liabilities & Shareholders' Equity	$ 37,933,000	$ 31,603,600

* At lower of cost (domestic inventories at LIFO; foreign at FIFO) or market.
# Less accumulated depreciation.
+ $2.00 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.08	6.88
%Net Income to Sales	5.24	4.77
%Net Income to Equity	22.11	20.50
Sales to Inventories	10.83	11.47
Debt to Equity	0.23	0.28
Working Capital	$ 2,832,400,000	$ 1,236,800,000
Current Ratio	1.18	1.10
Shareholders' Equity	$14,859,500,000	$12,268,600,000

The Foxboro Company

Bristol Park
Foxboro, Massachusetts 02035
(617) 543-8750

Officers: Earle W. Pitt, chairman of the board & chief exec. officer; Gary K. Willis, president & chief operating officer; Gerald H. Gleason, James W. Graham, Charles E. Jordan, Peter F. McCrea, Michael W. Powell, Richard J. Kornblum, Richard L. McAllister, vice presidents; Howard L. Osler, v.p., secretary, controller & chief accounting officer; Gerald F. Morris, v.p., treasurer & chief financial officer; John C. Fuller, v.p., asst. secretary & clerk.

Directors: Bristol B. Crocker, Robert F. Jenkins, John Jeppson II, James R. Nichols*, Earle W. Pitt*, Paul W. Murrill, G. Richard Westin, Michael R. Corboy, John R. Rockwell, Charles A. McKay, Richard W. Sonnenfeldt, Gary K. Willis, John C. Fuller.

* Member of the Executive Committee.

Areas of Work: Designs, manufactures and sells mechanical, pneumatic and electronic products for process and energy control. Products measure such production variables as flow, pressure, temperature levels; records, indicators, controllers, transmitters, valves and control panel and complete analog and digital systems.

Divisions and Subsidiaries:

Foxboro/Jordon Inc.
5607 West Douglas Avenue
Milwaukee, Wisconsin
(414) 461-9200

Foxboro Far East Private Ltd.
P.O. Box 52
Farrer Road
Singapore

Foxboro (Malaysia) Sendirian Berhad
130 Jalan Kasah
Medan Damansara
Kuala Lumpur, 23-10, Malaysia

Foxboro-Argentina, S.A.
Avendia R S. Pena 570
Buenos Aires, Argentina
33-7585

Foxboro Controles, S.A.
P.R. Testing Building
Dr. Mario Julia Industrial Development
Macadero Road
Puerto Nuevo, Puerto Rico 00920
(809) 782-8033

Foxboro Intertrade, Inc.
110 West Tenth Street
Wilmington, Delaware 19801
(617) 543-8750

Foxboro International Limited
Wiggie House
Redhill
Surrey, England RH1 2HL

Foxboro Canada, Inc.
707 Dollard Avenue
La Salle, Quebec, Canada
(514) 366-4210

Foxboro-Yoxall
Division of Foxboro Great Britain Ltd.
Redhill
Surrey, England RH1 2HL

Foxboro (Nederland) NV
Koningsweg, 30
Soest, Netherlands

Foxboro S.A.
Avena 410 and 410-A
Mexico 8, DF, Mexico

Foxboro, France, S.A.
B.P. 741
95004 Cergy Pontoise Cedex
France

Foxboro, KK
7, Kojimachi
Chiyoda-Ku
Tokyo, Japan
1048

Foxboro Proprietary Limited
Maroondah Highway
Lilydale 3140 Victoria, Australia

Foxboro Italia, SpA
Via Fabio Filzi, 27
Milan, Italy

Foxboro Deutschland GmbH
4000 Dusseldorf 11
West Germany

Foxboro/I.T.C., Inc.
1750 Junction Avenue
San Jose, California
(408) 998-8720

Foxboro Trading, Inc.
100 West Tenth Street
Wilmington, Delaware 19801

Foxboro Intercontinental Ltd.
P.O.Box 3361
Amman, Jordan

Foxboro Analytical Division
Armstrong Road
Plymouth Industrial Park
Plymouth, Massachusetts 02360

151 Woodward Avenue
South Norwalk, Connecticut 06856

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1681
Boston, Massachusetts 02105

Stock Exchange(s): New York, London

Ticker Symbol: FOX

Number of Employees:

1986	7,850	1983	10,218
1985	8,700	1982	11,150
1984	10,250		

Plant Footage:

1986 . . . . . 2,692,786 sq. ft.

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	$ 543,986	$ 9,272
1985	572,175	(34,154)
1984	515,856	4,272
1983	533,102	7,977
1982	603,437	34,849

	No. of Com. Shares +	Earn. per Share †
1986	12,336,869	$ 0.75
1985	12,353,253	—
1984	12,352,834	0.35
1983	12,346,671	0.65
1982	12,422,479	2.81

(Loss)
+ Based on the average number of shares outstanding.
† Including extraordinary gain of $2,200,000 ($0.18 per share) in 1986.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.25	—	—
1985	0.78	—	—
1984	1.04	—	—
1983	1.04	—	—
1982	1.04	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 274,785	$ 22.27
1985	259,911	21.04
1984	291,985	23.64
1983	310,591	25.16
1982	322,222	25.94

‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 543,986	$ 572,175
Cost of sales	334,305	360,498
Expenses	196,119	205,099
Other income	(8,917)	(4,315)
Interest expense	5,629	6,447
Restructuring costs	—	43,632
Other charges	2,578	868
Inc. (loss) bef. taxes	$ 14,272	$ (40,054)
Inc. taxes (credit)	7,200	(5,900)
Net Income (Loss)	$ 7,072	$ (34,154)
Extraord. gain	2,200	—
Net Income (Loss) & extraord. gain	$ 9,272	$ (34,154)

* Included in Costs and Expenses, Depreciation and Amortization: $20,911,000 in 1986 and $24,977,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 2,900	$ 4,688
Short-term investments	6,378	4,485
Accts. receiv., net	139,027	141,047
Refundable taxes	24,234	25,230
*Inventories	153,561	186,931
Prepaid expenses	9,506	8,325
Current Assets	$ 335,606	$ 370,706
#Fixed assets	106,793	110,345
Other assets	10,482	7,944
Intangibles	6,286	6,298
Total Assets	$ 459,167	$ 495,293

Liabilities
(000's)

Bank loans	$ 22,797	$ 45,098
Long-term debt, curr.	200	2,834
Accts. payable	24,299	26,794
Accruals	30,336	34,455
Advances	45,228	55,895
Income taxes	10,685	4,298
Curr. Liabilities	$ 133,545	$ 169,374
Long-term debt	6,000	16,968
Other liabilities	1,545	1,696
Deferred inc. taxes	13,432	14,958
Deferred pension costs	29,860	32,386
+Common stock	12,570	12,570
Add. paid-in capital	71,916	71,907
Cum. trans. adjust	(4,377)	(14,028)
Retained earnings	201,669	195,475
Treasury stock	(6,993)	(6,013)
Total Liabilities & Shareholders' Equity	$ 459,167	$ 495,293

* At lower of cost or market. Domestic inventories at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.62	—
%Net Income to Sales	1.30	—
%Net Income to Equity	2.57	—
Sales to Inventories	3.54	3.06
Debt to Equity	0.02	0.04
Working Capital	$202,061,000	$201,332,000
Current Ratio	2.51	2.19
Shareholders' Equity	$274,785,000	$259,911,000

Frequency Electronics, Inc.

55 Charles Lindbergh Boulevard
Mitchel Field, New York 11553
(516) 794-4500

Officers: Martin B. Bloch, chairman & president; Abraham Lazar, exec. v.p.; John C. Ho, v.p.-research & development; Marvin Meirs, v.p.-engineering; Alfred Vulcan, v.p.-systems engineering; Harry Newman, treasurer & secretary; Markus Hechler, v.p.-manufacturing & asst. secretary; Charles S. Stone, v.p.-low noise development.

Directors: Martin B. Bloch, chairman; John C. Ho, Abraham Lazar, E. John Rosenwald, Jr.

Areas of Work: Operates principally in two industries — frequency and time control products, and microwave integrated circuit components. Operations in the frequency and time control area consist of the research, design and manufacture of systems, instruments and equipment that operate on frequency control. These systems are used in guidance, navigation communications, surveillance and electronic countermeasure and timing systems. Operations in the microwave integrated circuit component industry consist of the design and manufacture of metallized substrates, having application with radar, communications and navigation equipment. Products include: quartz crystals, quartz crystal oscillators and discriminators, and cesium beam resonators.

Divisions and Subsidiaries:

Tek-wave, Inc. (100% owned)
Manufacturer of devices, components and sub-systems for Microwave Integrated Circuit (MIC) applications. Products include hermetic and non-hermetic connectors and circuit frames, metallized substrates and thin film circuit fabrication, and sub-system packages which incorporate these various components.

Brightline Corporation
Designs, develops, and manufactures low noise oscillators, synthesizers, and frequency sources.

Joint Ventures:

Time and Frequency, Ltd.
Manufactures time and frequency products in Europe and Israel.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: FEI

Number of Employees:

1986	500	1983	359
1985	430	1982	314
1984	400		

Plant Footage:

1986	101,090 sq. ft.	1983	116,035
1985	97,230	1982	134,750
1984	100,980		

Sales and Earnings

	Net Sales	Net Income
1986	$ 32,034,000	$ 5,086,000
1985	25,008,000	3,996,000
1984	17,188,000	3,110,000
1983	17,169,000	3,039,000
1982	15,157,000	3,984,000

	No. of Com. Shares #	Earn. per Share #
1986	4,598,087	$ 1.11
1985	4,564,293	0.88
1984	4,577,335	0.68
1983	4,577,652	0.66
1982	4,550,564	0.87

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Frequency & time control devices:		
Components	$ 7,520,000	$ 6,498,000
Instruments	11,971,000	11,519,000
Systems	12,125,000	6,234,000
Microwave integrated circ. compon.	418,000	757,000
Total	$ 32,034,000	$ 25,008,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 41,410,000	$ 9.01
1985	36,254,000	7.94
1984	32,406,000	7.08
1983	29,257,000	6.39
1982	26,245,000	5.77

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended April 30	1986	1985
Net sales	$ 32,034,000	$ 25,008,000
Cost of sales	21,605,000	17,430,000
Expenses	2,925,000	2,450,000
Interest & other income	(1,408,000)	(1,588,000)
Income before taxes	$ 8,912,000	$ 6,716,000
Income taxes	3,826,000	2,720,000
Net Income	$ 5,086,000	$ 3,996,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,023,000 in 1986 and $863,000 in 1985.

Assets

As of April 30	1986	1985
Cash & cash equiv.	$ 14,592,000	$ 12,908,000
Accts. receiv., net	18,949,000	12,009,000
*Inventories	12,353,000	10,889,000
Prepayments and other	784,000	284,000
Current Assets	$ 46,678,000	$ 36,090,000
#Fixed assets	8,522,000	8,383,000
Other assets	1,838,000	1,333,000
Total Assets	$ 57,038,000	$ 45,806,000

Liabilities

Long-term debt, curr.	$ 458,000	$ 369,000
Accts. payable	1,763,000	1,520,000
Accruals:	962,000	499,000
Accrued payroll	937,000	488,000
Accrued taxes	115,000	154,000
Income taxes pay.	1,294,000	257,000
Def. inc. taxes	1,705,000	797,000
Curr. Liabilities	$ 7,234,000	$ 4,084,000
Long-term debt	6,095,000	3,554,000
Deferred compensation	296,000	267,000
Rent security deposits	105,000	88,000
Deferred taxes payable	1,898,000	1,559,000
+Common stock	4,617,000	3,078,000
Add. paid-in capital	14,773,000	16,245,000
Retained earnings	22,288,000	17,202,000
Treasury stock	(268,000)	(271,000)
Total Liabilities & Shareholders' Equity	$ 57,038,000	$ 45,806,000

* At lower of cost (specific and average) or market.
# Less accumulated depreciation and amortization.
+ $1 per value.

Statistical Summary

%Income bef. Taxes to Sales	27.82	26.86
%Net Income to Sales	15.88	15.98
%Net Income to Equity	12.28	11.02
Sales to Inventories	2.59	2.30
Debt to Equity	0.16	0.11
Working Capital	$39,444,000	$32,006,000
Current Ratio	6.45	8.84
Shareholders' Equity	$41,410,000	$36,254,000

GAP Instrument Corp.

40 Oser Avenue
Hauppauge, New York 11788
(516) 273-0909

Officers: Alan G. Binnie, chairman and chief executive officer; Joseph J. Langford, president & treasurer; Henry R. Hess, secretary; Henry J. Torti, v.p.

Directors: Alan G. Binnie, Joseph J. Langford, Fred A. Vernon, Richard M. Goldfrank.

Areas of Work: Manufactures electromechanical and solid-state systems, electronic components and servo mechanisms, and test and simulation equipment for military and commercial purposes.

Transfer Agent(s):

Registrar & Transfer Co.
P.O. Box 436
Jersey City, New Jersey 07303

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	32	1983	30
1985	30	1982	29
1984	31		

Plant Footage:

1986	17,000 sq. ft.	1983	27,500
1985	17,000	1982	27,500
1984	27,500		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 1,576,376	$ 59,725
1985	1,858,942	101,215
1984	1,535,003	115,351
1983	1,332,566	81,779
1982	1,321,474	27,292

	No. of Com. Shares	Earn. per Share ‡ +
1986	2,034,353	$ 0.03
1985	2,034,353	0.05
1984	1,614,454	0.07
1983	1,614,454	0.05
1982	1,614,454	0.01

‡ Including extraordinary credits of $19,999 ($0.01 per share) in 1984, $3,750 in 1983 and $4,897 in 1982.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 288,629	$ 0.14
1985	229,004	0.11
1984	(124,251)	—
1983	(239,602)	—
1982	(321,381)	—

(Deficiency)

Income Account *

Year ended Dec. 31	1984	1985
Net sales	$ 1,576,376	$ 1,858,942
Cost of sales	1,013,367	1,145,683
Expenses	468,856	539,560
Interest expense	9,684	19,830
Income before taxes	$ 84,469	$ 153,869
Income taxes	24,744	52,654
Net Income	$ 59,725	$ 101,215

* Included in Costs and Expenses, Depreciation: $9,910 in 1986 and $9,473 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 74,000	$ 48,184
Accts. receiv., net	215,209	289,358
*Inventories	327,002	296,978
Prepaid expenses	11,324	4,747
Current Assets	$ 627,535	$ 639,267
Other assets	34,155	36,822
Total Assets	$ 661,690	$ 676,089

Liabilities

Long term debt, curr.	$ 207,325	$ 207,325
Accts. payable	61,080	116,174
Income taxes	1,671	19,089
Accruals	10,675	5,959
Accrued payroll & taxes	27,836	34,164
Curr. Liabilities	$ 308,587	$ 382,711
Deferred salaries	64,474	64,474
+Common stock	203,435	203,435
Add. paid-in capital	2,804,493	2,804,493
Accumulated deficit	(2,719,299)	(2,779,024)
Total Liabilities & Shareholders' Equity	$ 661,690	$ 676,089

* At lower of current cost or market.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.36	8.28
%Net Income to Sales	3.79	5.44
Sales to Inventories	4.82	6.26
Debt to Equity	0.72	0.91
Working Capital	$318,948	$256,556
Current Ratio	2.03	1.67
Shareholders' Equity	$288,629	$228,904

Gates Learjet Corporation

(64.8% owned subsidiary of The Gates Corporation)

Mid-Continent Airport
P.O. Box 7707
Witchita, Kansas 67277
(316) 946-2000

Officers: Charles C. Gates, chairman of the board; James B. Taylor, president & chief exec. officer; Donald J. O'Mara, exec. v.p. & chief operating officer; Robert P. Anderson, president, Combs-Gates Denver Inc.; D.H. Coley, asst. treasurer & corp. controller; W.J. Patrigo, secretary & general counsel; W.R. Edgar, v.p.-government relations; E.R. Miller, v.p.-human resources; W.G. Robinson, asst. secretary & v.p.-public affairs; M.I. Berger, v.p.-resale marketing; W.A. Boettger, v.p. & general manager-commercial aircraft; D.J. Grommesh, v.p.-engineering & quality assurance; R.W. Lloyd, v.p.-marketing services; T. Sullivan, v.p.-Eastern Region; W.L. Chadfelty, v.p.-Western Region; R.M. Mooney, v.p. & general mgr.-Aerospace Division; M.K. Lowry, treasurer & chief financial officer; N.S. Kuzo, v.p.-Central Region; R.C. Williams, v.p. & general sales manager; G.T. Wolin, v.p.-marketing-Combs-Gates Denver, Inc.; R.N. Fitzgerald, exec. v.p. & general manager-Combs-Gates Bradley, Inc.; M. Sinker, v.p. & general manager-Combs-Gates Florida, Inc.; T.B. Winget, president & general manager-Combs-Gates Indianapolis, Inc.; H. Harris, v.p. & general manager-Combs-Gates Palm Springs, Inc.; L.R. Flynn, exec. v.p. Combs-Gates Denver, Inc.; L. Jordan, v.p. & gen. mgr.-Combs-Gates Arapahoe; D.B. Norton, president-Gates Learjet Aircraft Services Corp.

Directors: Charles C. Gates, chairman; Robert G. Bonham, Harry B. Combs, Frederic C. Hamilton, Albert B. Fay, H. Benjamin Duke, Jr., James B. Taylor.

Areas of Work: Manufactures and markets jet aircraft; refurbishment of aircraft; maintains airplance service and sales operations; and serves as a subcontractor for major aircraft and aerospace companies.

Facilities:

Aerospace Division & Wichita Operations
Mid-Continent Airport
8220 W. Harry Street
Wichita, Kansas 67209
(316) 946-2000

Corporate Headquarters & Aircraft Division
Tucson International Airport
P.O. Box 11186
Tucson, Arizona 85734
(602) 746-5100
(602) 294-4422 (Marketing)

Divisions and Subsidiaries:

Fixed Base Operations:
Combs-Gates Denver, Inc.
Stapleton International Airport
Denver, Colorado

Combs Gates Arapahoe
Centennial Airport
Englewood, Colorado

Combs-Gates Bradley, Inc.
Bradley International Airport
Windsor Locks, Connecticut

Combs-Gates Florida, Inc.
Ft. Lauderdale/Hollywood International Airport
Ft. Lauderdale, Florida

Combs-Gates Indianapolis, Inc.
Indianapolis International Airport
Indianapolis, Indiana

Combs-Gates Palm Springs, Inc.
Palm Springs Municipal Airport
Palm Springs, California

Gates Learjet Aircraft Services Corporation
Mid-Continent Airport
Wichita, Kansas

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

The Fourth National Bank and Trust Company
200 East Douglas
Wichita, Kansas 67202

Stock Exchange(s): American

Ticker Symbol: GLJ

Number of Employees:

1986	2,553	1983	3,756
1985	2,289	1982	3,169
1984	3,473		

Plant Footage:

1986 . . . . . 1,493,000 sq. ft. 1985 1,394,000

Sales and Earnings

	Net Sales	Net Income (Loss)
1986	$ 259,045,000	$ (21,720,000)
1985	317,282,000	(22,968,000)
1984	406,622,000	(10,626,000)
1983	350,507,000	449,000
1982	548,461,000	14,649,000

	No. of Com. Shares #	Earn. per Share #
1986	12,100,198	$ —
1985	12,100,198	—
1984	12,100,198	—
1983	12,100,198	0.04
1982	12,100,198	1.21

Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.05	—	—
1983	0.14	5%	—
1982	0.19	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 69,027,000	$ 5.70
1985	90,747,000	7.50
1984	113,715,000	9.40
1983	124,946,000	10.33
1982	126,245,000	10.43

† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended April 30	1986	1985
Net sales	$ 289,045	$ 317,282
Pension plan settlement	17,399	—
Other income	8,726	1,237
Total Income	$ 285,170	$ 318,519
Cost of sales	222,575	258,307
Expenses	57,916	67,843
Interest expense	16,652	16,396
Write-off of Avanti prog.	—	11,664
C-21A sale	5,631	—
Loss before taxes	$ (17,604)	$ (35,691)
Income taxes (credit)	4,116	(12,723)
Net Loss	$ (21,720)	$ (22,968)

* Included in Costs and Expenses, Depreciation and Amortization: $16,335,000 in 1986 and $15,818,000 n 1985.

Assets
(000's)

As of April 30	1986	1985
Cash	$ 23,441	$ 12,502
Notes & accts. receiv., net	22,792	26,068
Refundable income taxes	1,356	15,060
*Inventories	82,052	89,096
Prepaid expenses	1,495	8,329
Current Assets	$ 131,136	$ 151,055
#Fixed assets	56,617	185,180
Other assets	4,071	12,940
Total Assets	$ 191,824	$ 349,175

Liabilities
(000's)

Long-term debt, curr.	$ 2,702	$ 11,406
Accts. payable	19,673	13,392
Accrued liabilities	18,735	18,913
Employee compens.	8,663	10,601
Customer deposits	11,110	11,641
Revolv. credit agree	—	20,000
Curr. Liabilities	$ 60,883	$ 85,953

Long-term debt	38,079	153,022
Deferred liabilities	23,835	19,453
+Common Stock	12,100	12,100
Add. paid-in capital	72,593	72,593
Retained earnings (def.)	(15,666)	6,054
Total Liabilities & Shareholders' Equity	$ 191,824	$ 349,175

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.16	3.56
Debt to Equity	0.55	1.81
Working Capital	$70,253,000	$65,102,000
Current Ratio	2.15	1.76
Shareholders' Equity	$69,027,000	$90,747,000

GCA Corporation

7 Shattuck Road
Andover, Massachusetts 01810
(617) 975-0000

Officers: [illegible] Simone, president; John H. Bruning, exec. v.p. chief [illegible] officer & pres.-GCA/Tropel Division; Philip J. Ablove, sr. [illegible] & chief financial officer; James E. Gallagher, sr. v.p.; Roger M. Barzun, v.p., secretary & gen. counsel; John H. Hastings, treasurer; Thomas E. Brew, Jr., v.p. & controller; Ellery R. Buchanan, Albert B. Cerand, Michael C. King, Graham J. Siddall, Michael F. Werner, vice presidents.

Directors: Philip J. Ablove, John H. Bruning, James G. Cairns, Jr., Charles A. Crocco, Jr., Anthony J. Gumbiner, Richard L. Karpen, Robert L. Lynch, Raj Reddy, Peter J. Simone, J. Thomas Talbot, Brian M. Troup.

Areas of Work: Designs, manufactures and markets highly automated capital equipment to integrated circuit manufacturers, and manufactures and markets related precision optical systems and lenses.

Divisions:

Tropel Division
Fairport, New York
Designs and manufactures high-quality, precision industrial lenses used in photolithography, in graphic arts production systems, and in optical storage retrieval systems.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1889
Boston, Massachusetts 02105

Stock Exchange(s): New York

Ticker Symbol: GCA

Number of Employees:

1986	1,050	1983	2,700
1985	2,200	1982	2,200
1984	3,500		

Plant Footage:

1986	544,250 sq. ft.	1984	825,000
1985	544,250		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 123,147,000	$ (24,920,000)
1985	156,484,000	(145,472,000)
1984	240,097,000	28,569,000
1983	136,520,000	1,378,000
1982	69,280,000	(14,780,000)

	No. of Com. Shares #	Earn. per Share #
1986	14,077,000	$ —
1985	13,899,000	—
1984	13,584,000	2.10
1983	13,304,000	0.10
1982	12,521,000	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—
1982	0.067	—	—

Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ (37,534,000)	$ —
1985	(14,027,000)	—
1984	127,685,000	9.40
1983	90,458,000	6.80
1982	82,366,000	6.58

(Deficiency)
‡ Based on the weighted average number of common shares and common share equivalents outsta[illegible] adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 123,147	$ 156,484
Cost of sales	96,255	132,318
Expenses	45,473	74,305
Interest expense	13,115	11,600
Prov. for realign. of oper.	—	46,613
Loss bef. taxes	$ (31,696)	$ (108,352)
Tax credit	—	(14,112)
Loss - cont. oper.	$ (31,696)	$ (94,240)
Inc. (loss) - discont. oper.	6,776	(51,232)
Net Loss	$ (24,920)	$ (145,472)

* Included in Costs and Expenses, Depreciation and Amortization: $11,142,000 in 1986 and $9,871,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 5,511	$ 2,907
Accts. receiv., net	27,021	29,037
*Inventories	47,172	72,979
Prepaid expenses	8,345	1,643
Net assets of disc. oper.	—	26,964
Current Assets	$ 88,049	$ 133,530
#Fixed assets	46,232	53,327
Other assets	1,096	13,072
Total Assets	$ 135,377	$ 199,929

Liabilities
(000's)

Long-term debt , curr.	$ 112,232	$ 108,844
Accts. payable	20,501	30,632
Accruals	33,073	63,457
Curr. Liabilities	$ 165,806	$ 202,933
Long-term debt	210	231
Oblig. under cap. leases	6,710	6,818
Other liabilities	185	3,974
+Common stock	8,419	8,403
Add. paid-in capital	54,784	55,252
Retained earnings (deficit)	(100,417)	(75,497)
Restricted stock	(320)	(2,185)
Total Liabilities & Shareholders' Equity	$ 135,377	$ 199,929

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.60 par value.

Statistical Summary

Sales to Inventories	2.61	2.14
Debt to Equity	—	8.26
Shareholders' Equity (Deficiency)	$(37,534,000)	$(14,027,000)

GenCorp

(Formerly The General Tire & Rubber Company)

One General Street
Akron, Ohio 44329
(216) 798-3000

Officers: A. William Reynolds, chairman & chief exec. officer; Jack L. Heckel, president & chief operating officer; Gilbert H. Neal, v.p. & president-General Tire; George W. Leisz, pres.-Aerojet General; Shane O'Neil, v.p. & president-RKO General; Samuel Salem, v.p. & president-DiversiTech General; Sundar L. Aggarwal, v.p. & director-Research; Charles R. Ennis, v.p., secretary & gen. counsel; Joseph M. Leyden, asst. to president-Shareholder Relations; Robert L. Malcolm, v.p.-Human Resources; W. Allen Mays, v.p.-Customer Relations; Steven G. Ellis, v.p.-communications; Gary W. Meader, v.p. & chief financial officer; David L. Harbert, v.p. & controller; D. Michael Steuert, v.p. & treasurer; Charles N. Nye, v.p.-Planning & Development; Edward R. Dye, Frank C. Rote, asst. secretaries.

Directors: A. William Reynolds*, chairman; John O'Neil, David S. Henkel, Richard B. Tullis*, James T. Morley, William B. Walsh, James J. Kerley, William F. Spitznagel*, Thomas F. O'Neil, A.J. Moccia, Richard D. DeLauer, Jack L. Heckel, Gerald O'Neil.

*Member of the Executive Committee

Subsidiaries:

RKO General, Inc.
1440 Broadway
New York, New York 10018
(212) 764-7000
Broadcasting operations of 6 FM and 6 AM radio stations and 3 television stations; 10 soft drink bottling franchises; motion pictures and TV programming material.

General Tire
One General Street
Akron, Ohio 44329
(216) 798-3000
Bias and radial construction passenger tires, light truck tires, medium and heavy truck tires, bias construction special purpose tires, farm tires, industrial tires and tire fabrics, international technical services, export tire sales and tire plant design and construction.

DiversiTech General
One General Street
Akron, Ohio 44329
(216) 798-3000
Vinyl-coated fabrics, fiberglass-reinforced plastic components and assemblies, extruded and molded rubber products and rubber-to-metal assemblies, commercial and residential wallcoverings, tennis balls and racquetballs, gaskets, seals, moldings and magnetic polymer materials, plastic film and sheeting, latex and synthetic rubber, single-ply roofing systems.

Aerojet-General
10300 North Torrey Pines Road
La Jolla, California 92037
(619) 455-8500
Solid rocket and propulsion systems, tactical rocket motors, liquid propellant systems, advanced munition systems, sensor and satellite systems.

Transfer Agent(s):

Harris Trust Company of New York
(Preference Stock)
New York, New York

GenCorp, Inc.
(Common and Preference Stock)
Akron, Ohio

Morgan Shareholder Services Trust Company
(Common Stock)
New York, New York

Stock Exchange(s): New York, Midwest

Ticker Symbol: GY

Number of Employees:

1986	26,700	1983	34,000
1985	27,000	1982	32,000
1984	27,800		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 3,099,000	$ 130,000
1985	3,021,000	75,000
1984	2,798,000	7,000
1983	2,579,000	65,000
1982	2,418,000	19,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	22,335,682	$ 5.82
1985	22,313,814	3.36
1984	22,309,485	0.32
1983	24,021,964	2.71
1982	25,487,802	0.72

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business
(000's)

	1986	1985
Tires & related products	$ 1,118,000	$ 1,158,000
Plastics & indust. products	676,000	697,000
Aerospace & defense products	861,000	760,000
Soft drink bottling	205,000	193,000
Entertainment & other	239,000	213,000
Total	$ 3,099,000	$ 3,021,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.50	2%	—
1985	1.50	2%	—
1984	1.50	—	—
1983	1.50	2%	—
1982	1.50	2%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,048,000,000	$ 46.91
1985	951,000,000	43.43
1984	910,000,000	42.39
1983	938,000,000	43.72
1982	1,013,000,000	42.14

‡ Adjusted to reflect stock dividends.

Income Account
(000's)

Year ended Nov. 30	1986	1985
Net sales	$ 3,099,000	$ 3,021,000
Cost of sales	2,277,000	2,258,000
Expenses	507,000	497,000
Depreciation	104,000	98,000
Interest income	(43,000)	(39,000)
Interest expense	26,000	32,000
Prov. for plant clos.	—	78,000
Prov. for non-oper. losses	3,000	21,000
Inc. bef. taxes	$ 225,000	$ 76,000
Income taxes	95,000	27,000
Inc.—cont. oper.	$ 130,000	$ 49,000
Inc.—discont. oper.	—	26,000
Net Income	$ 130,000	$ 75,000

Assets
(000's)

As of Nov. 30	1986	1985
Cash	$ 23,000	$ 22,000
Marketable securities	169,000	231,000
Accts. & notes receiv., net	531,000	464,000
*Inventories	298,000	323,000
Prepaid expenses	75,000	90,000
Current Assets	$ 1,096,000	$ 1,130,000
#Fixed assets	788,000	710,000
Investments & other assets	235,000	233,000
Total Assets	$ 2,119,000	$ 2,073,000

Liabilities
(000's)

Notes payable	$ —	$ 4,000
Long-term debt, curr.	10,000	15,000
Accts. payable	146,000	131,000
Accruals	337,000	362,000
Income taxes	108,000	18,000
Checks pending bank clear.	42,000	43,000
Curr. Liabilities	$ 643,000	$ 573,000
Long-term debt	198,000	255,000
Deferred credits	160,000	147,000
Deferred inc. taxes	70,000	144,000
+ Redeem. pref. stock	—	3,000
+ +Common stock	7,000	7,000
Add. paid-in capital	269,000	236,000
Retained earnings	779,000	715,000
Cum. curr. trans. adjust.	(7,000)	(7,000)
Total Liabilities & Shareholders' Equity	$ 2,119,000	$ 2,073,000

* At lower of cost or market. Tire &: Plastics at LIFO; remainder at FIFO or average cost.
# Less accumulated depreciation.
+ $100 par value; cumulative.
+ + $0.30 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.26	—
%Net Income to Sales	4.19	—
%Net Income to Equity	12.40	7.89
Sales to Inventories	10.40	9.35
Debt to Equity	0.20	0.29
Working Capital	$ 453,0000,000	$557,000,000
Current Ratio	1.70	1.97
Shareholders' Equity	$1,048,0000,000	$951,000,000

General Automation, Inc.

1045 S. East Street
Anaheim, California 92805
(714) 778-4800

Officers: Leonard N. Mackenzie, chairman of the board, president & chief exec. officer; John D. Murray, v.p.-finance, treasurer & chief financial officer; Dennis H. Nystrom, secretary; James C. Tung, v.p.-businesss development; Larry D. Womack, controller; Jordan H. Davis, asst. treasurer & asst. secretary.

Directors: Leonard N. Mackenzie,. chairman of the board; John B. Conlan, Jr., Dennis H. Nyystrom, John D. Murray, William Lucas, John C. Ball.

Areas of Work: Produces mini and mmicrocomputers for industrial and financial automation and commercial data processing.

Transfer Agent(s):
Bank of America
Corporate Agency Division
555 So. Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GENA (NASDAQ)

Number of Employees:

1986	370	1983	842
1985	420	1982	1,428
1984	931		

Plant Footage:

1986	115,000 sq. ft.	1984	257,000
1985	115,000		

Sales and Earnings

	Net Sales	Net Income ‡
1986*	$ 29,141,000	$ 2,140,000
1985	52,847,000	(8,029,000)
1984	75,510,000	(3,294,000)
1983	65,718,000	(11,359,000)
1982	98,748,000	(4,903,000)

	No. of Com. Shares	Earn. per Share +‡
1986*	3,296,336	$ 0.74
1985	2,692,930	—
1984	2,685,630	—
1983	2,648,456	—
1982	2,581,820	—

(Loss)
* 11 months.
‡ Including extraordinary credits of $10,329,000 ($3.29 per share) in 1986, $80,000 in 1984, $330,000 in 1983 and $400,000 in 1982.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 130,000	$ 0.04
1985	(5,244,000)	—
1984	2,786,000	1.04
1983	6,726,000	2.54
1982	17,805,000	6.90

(Deficiency)

Income Account *

Year ended	6/30/86 (11 months)	7/31/85
Net sales	$ 29,141,000	$ 52,847,000
Cost of sales	18,861,000	37,566,000
Expenses	13,530,000	18,003,000
Interest expense	1,683,000	2,624,000
Other expense	869,000	1,170,000
Prov. for loss on dispos.	1,687,000	833,000
Loss before taxes	$ (7,489,000)	$ (7,349,000)
Income taxes	700,000	680,000
Net Loss	$ (8,189,000)	$ (8,029,000)
Extraordinary gain	10,329,000	—
Net Income (loss) & extraord. gain	$ 2,140,000	$ (8,029,000)

* Included in Costs and Expenses, Depreciation and Amortization: $768,000 in 1986 and $1,577,000 in 1985.

Assets

As of	6/30/86	7/31/85
Cash	$ 1,084,000	$ 1,018,000
Accts. receiv., net	6,346,000	8,207,000
*Inventories	6,747,000	9,002,000
Prepaid expenses	1,079,000	695,000
Current Assets	$ 15,256,000	$ 18,922,000
#Fixed assets	2,982,000	3,289,000
Other assets	750,000	792,000
Total Assets	$ 18,988,000	$ 23,003,000

Liabilities

Notes payable & long-term debt, curr.	$ 2,951,000	$ 1,283,000
Accts. payable	4,409,000	4,494,000

Advance from customers	1,461,000	1,224,000
Accrued payroll	1,625,000	1,124,000
Accruals	4,958,000	4,666,000
Income taxes	2,336,000	1,721,000
Curr. Liabilities	$ 17,740,000	$ 14,512,000
Long-term debt	80,000	12,404,000
Deferred income taxes	248,000	232,000
Deferred income	790,000	1,099,000
+Common stock	330,000	269,000
Add. paid-in capital	28,990,000	26,693,000
Deficit	(29,095,000)	(31,235,000)
Translation adjustment	(95,000)	(971,000)
Total Liabilities & Shareholders' Equity	$ 18,988,000	$ 23,003,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.32	5.87
Working Capital	—	$ 4,410,000
Current Ratio	—	1.30
Shareholders' Equity (Deficiency)	$130,000	$(5,244,000)

General Binding Corporation

(55.7% owned by Lane Industries, Inc.)

One GBC Plaza
Northbrook, Illinois 60062
(312) 272-3700

Officers: William N. Lane, III, chairman; Rudolph Grua, president & chief exec. officer; Elliott L. Smith, sr. v.p.-international; George M. Durkin, v.p.-domestic sales; Joseph J. LaPorte, v.p.-corporate relations; Edward J. McNulty, v.p. & chief financial officer; Govi C. Reddy, sr. v.p.-operations; Walter M. Hebb, v.p.-market development; Steven Rubin, v.p., secretary & general counsel; John A. Janes, v.p.-dealer sales.

Directors: Rudolph Grua, Victor L. Lewis, Arthur C. Nielsen, Jr., Warren R. Rothwell, Thomas V. Kalebic, William N. Lane, III, Leslie R. Graham, James M. Denny.

Areas of Work: Engaged in the design, manufacture, and distribution of a broad line of business machines and related supplies which bind, laminate and shred printed materials. Also manufactures and distributes photo identification systems, label printing presses and ring elements for looseleaf binders.

Divisions and Subsidiaries:

U.S. RingBinder Corp.
New Bedford, Massachusetts

GBC Deutschland GmbH
Konigsbrunn, West Germany

GBC Australia Pty. Ltd.
Castle Hill, Australia

GBC Canada Inc.
Don Mills, Ontario, Canada

GBC United Kingdom Limited
Camberley, Surrey, England

GBC France S.A.
Aulnay, France

GBC Nederland B.V.
Hoofddorp, The Netherlands

General Binding Corp. Italia S.p.A.
Tornaco, Italy

GBC Japan K.K.
Noda, Japan

Grupo GBC S.A. de C.V. (Mexico)
Mexico City, Mexico

GBC Schweiz A.G.
Wollerau, Switzerland

Webtron Corp.
Fort Lauderdale, Florida

Webtron GmbH
Darmstadt, West Germany

GBC New Zealand Ltd.
New Zealand

U.S. Ringbinder (Singapore) Pte Ltd.
Singapore

Marmo, S.A.
Mexico City, Mexico
Processor and distributor of embossed and coated millboard and paper.

Transfer Agent(s):

Harris Trust and Savings Bank
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GBND (NASDAQ)

Number of Employees:

1986	3,049	1983	2,728
1985	3,056	1982	2,484
1984	2,833		

Plant Footage:

1986	N.A.	1983	730,000
1985	N.A.	1982	730,000
1984	750,000 sq. ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales †	Net Income ‡
1986	$ 200,001,000	$ 6,030,000
1985	174,624,000	3,606,000
1984	163,251,000	6,403,000
1983	145,700,000	236,000
1982	143,081,000	4,110,000

	No. of Com. Shares	Earn. per Share ‡+
1986	4,765,054	$ 1.25
1985	4,903,709	0.74
1984	4,920,696	1.30
1983	4,921,826	0.05
1982	4,919,275	0.83

† Of continuing operations only.
‡ Including extraordinary gain of $427,000 ($0.08 per share) in 1983.
+ Based on the average number of common shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Business machines	31%	30%	30%	29%
Related supplies & other products	69	70	70	71
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.37	—	—
1984	0.34	—	—
1983	0.32	—	—
1982	0.29	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 71,516,000	$ 15.01
1985	67,511,000	13.77
1984	64,641,000	13.14
1983	61,478,000	12.49
1982	63,485,000	12.91

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 200,001	$ 174,624
Cost of sales	109,380	97,438
Expenses	77,208	68,129
Interest expense	2,729	3,094
Other income	(513)	(915)
Income before taxes	$ 11,197	$ 6,878
Income taxes	5,167	3,272
Net Income	$ 6,030	$ 3,606

* Included in Costs and Expenses, Depreciation and Amortization: $5,034,000 in 1986 and $4,447,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 5,355	$ 4,523
Receiv., net	38,584	32,517
*Inventories	38,392	39,076
Prepaid expenses	8,274	5,926
Current Assets	$ 90,605	$ 82,042
#Fixed assets	37,469	35,030
Other assets	5,206	7,019
Total Assets	$ 133,280	$ 124,091

Liabilities
(000's)

Loans payable	$ 3,252	$ 5,279
Long-term debt, curr.	916	658
Accts. payable	13,266	11,254
Accruals	9,602	7,583
Accrued payroll	6,207	5,372
Income taxes	4,465	2,084
Other taxes	1,902	1,626
Reserve for discont. oper.	—	249
Curr. Liabilities	$ 39,610	$ 34,105
Long-term debt	17,029	18,577
Other liab.	1,193	1,164
Deferred inc. taxes	3,932	2,734
+Common stock	661	659
Add. paid-in capital	5,496	5,222
Retained earnings	73,132	69,035
Cum. trans. adjust.	(1,386)	(3,458)
Treasury stock	(6,377)	(3,947)
Total Liabilities & Shareholders' Equity	$ 133,280	$ 124,091

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.60	3.94
%Net Income to Sales	3.01	2.07
%Net Income to Equity	8.43	5.34
Sales to Inventories	5.21	4.47
Debt to Equity	0.24	0.28
Working Capital	$50,995,000	$47,937,000
Current Ratio	2.29	2.41
Shareholders' Equity	$71,516,000	$67,511,000

General Ceramics, Inc.

(fomerly National Beryllia Corp.)

Greenwood Avenue
Haskell, New Jersey 07420
(201) 839-1600

Officers: Melvin Eisenberg, president & chief executive officer; Fedia R. Charvat, v.p. & gen. mgr.-National Beryllia Division; Krishna V. Agnihotri, v.p. & dir. of technology; Robert J. Sisolak, v.p. & gen. mgr.-Ceramic Systems Div.; Harry S. Axt, v.p., secretary, treasurer & chief financial officer; M. Paul Davis, Jr., v.p.-marketing; Charles L. Carpenter, v.p. & gen. mgr.-Tekform Products Division.

Directors: Henry H. Arnhold*, Melvin Eisenberg*, Herman Fialkov, Bruce A. MacNaughton*, Stanford S. Warshawsky, Charles J. Lawson*.

* Member of the Executive Committee.

Areas of Work: Engaged in the manufacture and sale of ceramic and metal components used for discrete power transistors and diodes, integrated circuit and hybrid circuit devices, electrical insulation, etc.

Divisions:

Ceramic Systems Division
2780 Coronado Street
Anaheim, California 92806
(714) 630-6108

National Beryllia Division
Haskell, N.J. 07420

Tekform Products Division
2770 Coronado Street
Anaheim, California 92806

Transfer Agent(s):

Mellon Securities Transfer Services
One Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GCER (NASDAQ)

Number of Employees:

1986	380	1983	N.A.
1985	N.A.	1982	160
1984	340		

N.A. - Not Available.

Plant Footage:

1986 . . . . . N.A. 1985 . . . . . 125,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 25,910,959	$ 3,285,820
1985	23,029,985	2,485,453
1984	12,260,480	1,772,356
1983	10,068,935	1,040,485
1982	9,150,758	923,769

	No. of Com. Shares +	Earn. per Share †
1986	2,806,560	$ 1.13
1985	2,692,238	0.87
1984	2,679,580	0.63
1983	2,644,440	0.37
1982	2,843,804	0.315

+ Adjusted to reflect stock splits.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.07	—	—
1985	0.05	—	2-for-1
1984	0.04	—	5-for-4
1983	0.02½	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 14,149,531	$ 5.04
1985	10,573,393	3.93
1984	8,204,382	3.06
1983	6,502,879	2.46
1982	5,972,938	2.10

† Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 25,910,959	$ 23,029,985
Cost of sales	15,683,165	14,743,705
Expenses	3,422,473	3,077,292
Depreciation	679,090	535,759
Interest expense	53,315	67,048
Interest income	(246,904)	(189,272)
Income before taxes	$ 6,319,820	$ 4,795,453
Income taxes	3,034,000	2,310,000
Net Income	$ 3,285,820	$ 2,485,453

Assets

As of June 30	1986	1985
Cash	$ 1,188,302	$ 846,054
Marketable securities	1,200,000	2,174,877
Accts. receiv., net	4,576,317	3,824,006
*Inventories	3,013,471	3,222,724
Loan due from officer	137,186	—
Prepaid expenses & other current assets	216,432	380,368
Current Assets	$ 10,331,708	$ 10,448,029
#Fixed assets	6,343,742	3,216,853
Defer. charges	16,976	283,809
Defer. inc. taxes	119,900	—
Total Assets	$ 16,812,326	$ 13,948,691

Liabilities

Long-term debt, curr.	$ 125,000	$ 475,000
Accts. payable	659,700	674,221
Accruals	991,305	854,911
Inc. taxes pay.	699,072	550,556
Other curr. liab.	187,718	123,510
Curr. Liabilities	$ 2,662,795	$ 2,678,198
Long-term debt	—	556,000
Deferred inc. taxes	—	141,109
+Common stock	2,812,036	2,692,238
Add. paid-in capital	1,579,108	1,122,316
Retained earnings	9,850,874	6,758,839
Treasury stock	(92,487)	—
Total Liabilities & Shareholders' Equity	$ 16,812,326	$ 13,948,691

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	24.39	20.82
%Net Income to Sales	12.68	10.79
%Net Income to Equity	23.22	23.51
Sales to Inventories	8.60	7.15
Debt to Equity	0.01	0.10
Working Capital	$ 7,668,913	$ 7,769,831
Current Ratio	3.88	3.90
Shareholders' Equity	$14,149,531	$10,573,393

General DataComm Industries, Inc.

Middlebury, Connecticut 06762
(203) 574-1118

Officers: Charles P. Johnson, chairman of the board; John C.W. Taylor, president-General DataComm, Inc.; Frederick R. Cronin, v.p.-technology; Robert S. Smith, v.p.-corporate planning; William S. Lawrence, v.p.-finance; James R. Arcara, v.p.-corporate operations; Dennis J. Nesler, treasurer; Howard S. Modlin, secretary; Hubert J. Tremblay, v.p.-sales; Arthur R. Braun, v.p.-engineering; Paul W. DeLacey, v.p.-mfg. operations; Roger E. Grinstead, v.p.-human resources.

Directors: Charles P. Johnson, chairman; Howard S. Modlin, Frederick R. Cronin, Gerald J. Fischer, Lee M. Paschall.

Areas of Work: Designs, produces, markets, installs, and services data communications equipment and networks that transmit data via telephone lines, microwave, satellites, fiber optics and other telecommunications media between computers and terminals or other data processing equipment.

Subsidiaries:

General DataComm, Inc.
DataComm Leasing Corporation
DataComm Service Corporation
General DataComm Ltd.
General DataComm International Corporation
General DataComm Systems, Inc.
DataComm Rental Corporation
DataComm Foreign Sales Corporation
GDC Realty Inc.
GDC Naugatuck, Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: GDC

Number of Employees:

1986	2,517	1983	1,469
1985	2,629	1982	1,171
1984	2,029		

Sales and Earnings

	Net Sales	Net Income
1986	$ 178,024,000	$ 3,926,000
1985	183,933,000	10,800,000
1984	145,669,000	11,313,000
1983	85,579,000	3,516,000
1982	60,714,000	(1,224,000)

	No. of Com. Shares #	Earn. per Share #
1986	15,335,000	$ 0.26
1985	15,289,000	0.71
1984	14,213,000	0.80
1983	13,926,000	0.25
1982	13,388,000	—

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 84,739,000	$ 5.53
1985	81,725,000	5.35
1984	51,139,000	3.60
1983	38,507,000	2.77
1982	34,273,000	2.56

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 178,024,000	$ 183,933,000
Cost of sales	107,827,000	104,071,000
Expenses	73,694,000	66,126,000
Inc. of leasing subsid.	(2,554,000)	(5,437,000)
Non-recurring gain	(3,975,000)	—

Interest expense	5,384,000	5,914,000
Gain on real est. trans.	(3,422,000)	—
Other income	(408,000)	(1,549,000)
Income before taxes	$ 1,478,000	$ 14,808,000
Income taxes (credit)	(2,448,000)	4,008,000
Net Income	$ 3,926,000	$ 10,800,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,268,000 in 1986 and $6,622,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 2,277,000	$ 1,093,000
Accts. receiv., net	39,756,000	38,789,000
*Inventories	55,543,000	68,190,000
Prepaid expenses & other assets	11,814,000	7,480,000
Current Assets	$ 109,390,000	$ 115,552,000
Investments & advances	9,904,000	8,663,000
#Fixed assets	59,137,000	51,956,000
Other assets	7,501,000	11,634,000
Total Assets	$ 185,932,000	$ 187,805,000
Liabilities		
Cap. lease oblig., curr.	$ 4,984,000	$ 3,899,000
Accts. payable	10,773,000	10,452,000
Accruals	5,198,000	4,869,000
Inc. taxes payable	2,075,000	962,000
Due to subsidiaries	463,000	912,000
Other curr. liab.	6,503,000	4,751,000
Curr. Liabilities	$ 29,996,000	$ 25,845,000
Revolv. credit notes	32,537,000	36,608,000
Cap. lease oblig.	13,172,000	11,249,000
Mortgages payable	17,868,000	19,644,000
Deferred income	4,708,000	7,976,000
Deferred inc. taxes	2,912,000	4,758,000
+Common stock	1,538,000	1,522,000
Add. paid-in capital	45,502,000	43,585,000
Retained earnings	40,911,000	36,985,000
Treasury stock	(3,113,000)	(282,000)
Notes receivable	(99,000)	(85,000)
Total Liabilities & Shareholders' Equity	$ 185,932,000	$ 187,805,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.83	6.53
%Net Income to Sales	2.21	5.87
%Net Income to Equity	4.63	13.22
Sales to Inventories	3.21	2.70
Debt to Equity	0.81	0.87
Working Capital	$79,394,000	$89,707,000
Current Ratio	3.65	4.47
Shareholders' Equity	$84,739,000	$81,725,000

General Defense Corporation

(A wholly owned subsidiary of Clabir Corporation)

3350 Whiteford Road, E-22
York, Pennsylvania 17402
(717) 755-0755

Officers: Henry D. Clarke, Jr., chairman & chief exec. officer; Robert A. Zummo, president & chief operating officer; Kenneth R. Bernhardt, sr. v.p.; Donald W. Royston, sr. v.p.; Daniel J. Burchstead, v.p. & treasurer; James A. Wild, v.p. & chief financial officer; Craig Schnee, secretary & gen. counsel; John E. Fischer, controller; Mose E. Lewis, III, v.p.-gov't relations; Kilbert E. Lockwood, v.p. & sr. adviser-new systems programs.

Directors: (Clabir Corporation) Henry D. Clarke, Jr., chairman of the board; Robert H. Clarke, Ralph R.M. Ehrmann, Donald A. Karas, Gaylord M. LaMond, Wilmot L. Harris, Jr.

Areas of Work: The Precision Components Segment manufactures ordnance ammunition, mechanical time fuzes, and turbine jet engine components. The Electromechanical Systems Segment is engaged in the design and manufacture of precision positioning pedestals (for radar and communications antennas and optical tracking systems) and automated target and weapons training systems.

Divisions and Subsidiaries:

Ordnance Division
3350 Whiteford Road, E-22
York, Pennsylvania 17402

Flinchbaugh Division
East High Street
Red Lion, Pennsylvania 17356

Hamilton Technology, Inc.
101-121 North Queen Street
Lancaster, Pennsylvania 17604

International Division
Washington, D.C.
London, England
Hong Kong

Tactical Systems Division
St. Petersburg, Florida

Number of Employees:
1987 ..... N.A. 1986 2,442

Plant Footage:
1987 ..... N.A. 1986 ..... 638,500 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1987	$ 275,851,000	$ 6,522,000
1986	241,502,000	11,434,000
1985	168,132,000	14,180,000
1984	121,909,000	12,084,000
1983	77,979,000	9,468,000

	No. of Com. Shares †	Earn. per Share ‡
1987	1,000*	$ —
1986	8,540,516	1.35
1985	7,858,453	1.74
1984	8,329,703	1.45
1983	8,330,439	1.14

+ Of continuing operations only.
* All shares held by Clabir Corp.
† Adjusted to reflect stock dividends.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1987	1986
Precision components:		
Military ordnance	$ 238,291,000	$ 207,962,000
Industrial & commercial prods.	24,253,000	21,532,000
Electromechanical systems	13,307,000	12,008,000
Total	$ 275,851,000	$ 241,502,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.88	—	—
1985	0.84	—	—
1984	0.66	50% & 5%	—
1983	0.51	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 132,13 ,000	$ —
1986	42,011,000	4.92
1985	27,317,000	3.48
1984	27,961,000	3.36
1983	21,033,000	2.52

‡ Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Jan. 31	1987	1986
Net sales	$ 275,851	$ 241,502
Cost of sales	217,435	177,826
Expenses	26,978	26,078
Income from invest.	(2,421)	(3,064)
Interest expense	24,213	23,290
Minority interest	—	(61)
Income before taxes	$ 9,646	$ 17,433
Income taxes	3,124	5,999
Net Income	$ 6,522	$ 11,434

* Included in Costs and Expenses, Depreciation and Amortization: $11,851,000 in 1987 and $10,203,000 in 1986.

Assets
(000's)

As of Jan. 31	1987	1986
Cash & cash equivalents	$ 19,698	$ 23,536
Marketable securities	31,279	56,445
Accts. receiv., net	44,693	56,321
*Inventories	38,598	32,502
Adv. to suppliers	651	19,133
Prepaid inc. taxes	4,633	4,150
Current Assets	$ 139,552	$ 192,087
#Fixed assets	42,255	37,955
Other assets	3,359	7,327
Goodwill & other intangibles	203,536	96,121
Net adv. to Clabir	9,177	—
Total Assets	$ 397,879	$ 333,581

Liabilities
(000's)

Long-term debt, curr.	$ 2,036	$ 1,032
Securities margin acct.	15,000	30,849
Accts. payable	22,100	28,316
Accruals	44,137	60,941
Dividends payable	—	2,352
Income taxes	3,668	821
Curr. Liabilities	$ 86,941	$ 124,311
Long-term debt	175,309	159,900
Deferred inc. taxes	3,492	7,359
+Common stock	—	1,084
Add. paid-in capital	126,484	58,911
Retained earnings	5,653	14,278
Treasury stock	—	(32,262)
Total Liabilities & Shareholders' Equity	$ 397,879	$ 333,581

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.50	7.22
%Net Income to Sales	2.36	4.73
%Net Income to Equity	4.94	27.22
Sales to Inventories	7.15	7.43
Working Capital	$ 52,611,000	$67,776,000
Current Ratio	1.61	1.55
Shareholders' Equity	$132,137,000	$42,011,000

General Dynamics Corporation

Pierre Laclede Center
St. Louis, Missouri 63105
(314) 889-8200

Officers: Stanley C. Pace, chairman of the board & chief exec. officer; Oliver C. Boileau, president; Herbert F. Rogers, exec. v.p.-Aerospace; Lester Crown, exec. v.p. & chairman-Material Service Corporation; Standley H. Hoch, exec. v.p.-finance; James R. Mellor, exec. v.p.-Marine, Land Systems & International; Leonard F. Buchanan, v.p.-engineering & business development; James J. Cunnane, v.p. & controller; William H.L. Mullins, v.p.-government relations; Sterling V. Starr, v.p. & general manager-Pomona; Alan M. Lovelace, v.p. & general manager-space systems; Robert H. Duesenberg, v.p. & general counsel; John P. Maguire, v.p. & secretary; Charles A. Anderson, v.p. & gen. mgr.-Fort Worth Division; Arch H. Rambeau, v.p.-human resources; Fritz G. Tovar, v.p. & gen. mgr.-Electric Boat; C. Robert Stoker, v.p. & treasurer; Frederick S. Wood, exec. v.p.-contracts, pricing & international offset; B. Edward Ewing, v.p.-operations & production engineering; Gary S. Grimes, v.p. & gen. mgr.-Quincy Shipbuilding; John E. McSweeny, v.p. & gen. mgr.-Valley Systems Division; Robert W. Truxell, v.p. & gen. mgr.-Land Systems; Robert A. Morris, v.p.-communications.

Directors: Stanley C. Pace, chairman; Thomas G. Ayers, Oliver C. Boileau, Lester Crown, Milton Falkoff, Standley H. Hoch, Albert E. Jenner, Jr., Harvey Kapnick, Donald P. Kelly, James R. Mellor, Russell W. Moyer, Jr., Herbert F. Rogers, Elliot H. Stein.

Areas of Work: Military and civil aircraft, submarines, marine systems, strategic systems, guided missiles, space launch vehicles, electronic and communication equipment, electric motors, building materials, coal, lime, armored vehicles.

Divisions:

Convair Division
5001 Kearny Villa Road
San Diego, California 92123
(619) 277-8000

Data Systems Division
12101 Woodcrest Executive Drive
St. Louis, Missouri 63141
(314) 851-8900

Electric Boat Division
75 Eastern Point Road
Groton, Connecticut 06340
(203) 441-1000

Electronics Division
5011 Kearny Villa Road
San Diego, California 92123
(619) 573-6111

Fort Worth Division
General Dynamics Boulevard
Fort Worth, Texas 76108
(817) 777-2000

Land Systems Division
P.O. Box 1743
Warren, Michigan 48090
(313) 583-5859

Pomona Division
1675 West Mission Boulevard
Pomona, California 91766
(714) 868-1000

Space Systems Division
5001 Kearny Villa Road
San Diego, California 92123
(619) 573-8000

Valley Systems Division
11000 East Fourth Street
Rancho Cucamonga, California 91730
(714) 945-7000

Subsidiaries:

Marblehead Lime Company
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 263-4490

Material Service Corporation
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 372-3600

Freeman United Coal Mining Company
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 263-2800

General Dynamics Services Co.
12101 Woodcrest Executive Drive
St. Louis, Missouri 63141
(314) 851-4050

Cessna Aircraft Company
5800 East Pawnee Road
Wichita, Kansas 67218
(316) 685-9111
Manufacture of general aviation aircraft.

Transfer Agent(s):

General Dynamics Corporation
(common & preferred)
Pierre Laclede Center
St. Louis, Missouri 63105

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: GD

Number of Employees: (at fiscal year end)

1986	105,400	1983	89,300
1985	103,300	1982	82,900
1984	92,809		

Sales and Earnings

	Net Sales + ($000's)	Net Income ($000's)
1986	$ 8,892,000	$ (52,500)
1985	7,952,300	383,300
1984	7,291,300	381,700
1983	6,799,000	286,600
1982	5,890,000	132,800

	No. of Com. Shares	Earn. per Share #
1986	42,926,657	$ —
1985	42,453,846	9.05
1984	43,206,113	8.08
1983	52,720,817	5.30
1982	54,489,361	2.41

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
($000's)

	1986	1985
Gov't aerospace	$ 4,999,700	$ 4,473,500
Marine	1,659,200	1,644,700
Land systems	1,128,300	1,136,600
General aviation	539,500	162,300
Material serv. & resources	475,600	477,500
Other	89,700	57,700
Total	$ 8,892,000	$ 7,952,300

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	0.93	—	—
1982	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$1,264,000,000	$ 29.45
1985	1,336,000,000	31.46
1984	1,062,100,000	24.58
1983	1,260,600,000	23.91
1982	1,175,000,000	21.56

Income Account *
($000's)

Year ended Dec. 31	1986	1985
Net sales	$ 8,892,000	$ 7,953,300
Cost of sales	8,242,800	7,298,900
Cessna Aircraft purch. price write-off	420,200	—
Int. expense	54,700	19,000
Other income	(23,300)	(1,200)
Income before taxes	197,600	635,600
Income taxes	$ 260,200	$ 274,500
Inc. (loss) - cont. oper.	$ (62,600)	$ 361,100
Inc. - discont. oper.	10,100	22,200
Net Income (Loss)	$ (52,500)	$ 383,300

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $270,100,000 in 1986 and $220,200,000 in 1985.

Assets
($000's)

As of Dec. 31	1986	1985
Cash	$ 195,300	$ 12,800
Accts. receiv., net	407,200	358,400
Gov't contracts in progress	1,540,300	1,181,400
*Inventories	379,900	487,100
Prepaid expenses	57,200	44,300
Assets of discont. oper.	66,400	33,600
Current Assets	$ 2,646,300	$ 2,117,600
#Fixed assets	1,364,300	1,163,200
Invest. in unconsol. subsid.	184,100	451,100
Other assets	213,200	201,200
Acq. cost of MI Tank Prog.	144,600	178,700
Intangibles	—	250,800
Total Assets	$ 4,552,500	$ 4,362,600

Liabilities
($000's)

Short-term borrowings	$ —	$ 333,100
Accts. payable	563,000	577,500
Accrued salaries	256,800	225,500
Other accruals	412,500	452,900
Def. income taxes	1,006,700	201,700
Curr. Liabilities	$ 2,239,000	$ 1,790,700
Long-term debt	432,900	28,200
Product liability	168,400	134,400
Deferred inc. taxes	222,300	911,600
Other liabilities	225,500	161,900
+Common stock	55,400	55,400
Add. paid-in capital	24,700	24,700
Retained earnings	1,885,000	1,981,600
Treasury stock	(700,700)	(725,900)
Total Liabilities & Shareholders' Equity	$ 4,552,500	$ 4,362,600

* At lower of average cost or market. Aviation inventories at LIFO.
# Less accumulated depreciation, depletion and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	28.69
Sales to Inventories	23.41	16.33
Debt to Equity	0.34	0.27
Working Capital	$ 407,300,000	$ 326,900,000
Current Ratio	1.18	1.18
Shareholders' Equity	$1,264,400,000	$1,335,800,000

General Electric Company

3135 Easton Turnpike
Fairfield, Connecticut 06431
(203) 373-2431

Officers: John F. Welch, Jr., chairman of the board & chief executive officer; Lawrence A. Bossidy, vice chairman of the board and executive officer; Edward E. Hood, Jr., vice chairmen & exec. officer; Charles V. Sheehan, corporate exec. v.p.; David C. Genever-Watling corporate exec. office v.p.; Paul W. Van Orden, corporate exec. office exec. v.p.; Robert W. Spoetzen, corp. exec. v.p.; Jack O. Peiffer, sr. v.p.-exec. management staff; Walter A. Schlotterbeck, sr. v.p., general counsel & secretary; Walter L. Robb, sr. v.p.-research & development; Walter W. Williams, sr. v.p.-marketing & sales; Dennis D. Dammerman, sr. v.p.-finance; Frank P. Doyle, sr. v.p.-corp. relations staff; Dale F. Frey, v.p. & treasurer; Thomas R. Casey, v.p. & medical director; James J. Costello, v.p. & comptroller; Fred W. Garry, v.p.-corporate engineering & mfg.; Phillips S. Peter, v.p.-corp. government relations; Arthur V. Puccini, v.p.-employee relations; Roland W. Schmitt, sr. v.p. & chief scientist; Leonard Vickers, v.p.-corp. marketing; Mark J. D'Arcangelo, v.p.-marketing & sales-customer development; R. Howard Annin, Jr., v.p.-western regional relations; Joyce Hergenhan v.p.-corporate public relations; Edward J. Skiko, v.p.-corporate information technology; W. Roger Strelow v.p.-corp. environ. programs; Joseph Hasdros, v.p. & deputy general counsel; Nigel D. T. Andrews, v.p.-business development & planning; Dennis J. Carey, v.p.-audit staff; Jacques A. Robinson, v.p.-int'l business development; Edward L. Scanlon, sr. v.p.-employee relations-RCA; Henry J. Singer, v.p.-marketing & sales-northeast.

Directors: Lawrence A. Bossidy, Robert E. Mercer, Frank H.T. Rhodes, Andrew C. Sigler, Edward E. Hood, Jr., John F. Welch, Jr., Walter B. Wriston, Charles D. Dickey, Jr., Henry L. Hillman, Silas S. Cathcart, Henry H. Henley, Jr., Gertrude G. Michelson, Lewis T. Preston, Richard T. Baker, Lawrence E. Fouraker, Barbara Scott Preiskel, Thorton F. Bradshaw, David C. Jones, William F. Smith.

Area of Work: Aerospace products and services span space sciences, radar systems, electronics and microelectronics, ordnance systems, avionics, computer software, space satellites, and simulation and control systems. Most aerospace sales are to agencies of the United States government, principally the Department of Defense and NASA.

Aircraft engines and replacement parts are manufactured and sold by GE for use in military and commercial aircraft, for use in naval ships and for use as industrial power sources. GE's military engines are used in a wide variety of aircraft that includes fighters, bombers, transports and helicopters. GE also produces jet engines for executive aircraft and regional commuter airlines.

Consumer products include video, audio and lighting products. Video products include black-and-white and color television receivers and video cassette recorders and cameras sold under both the GE and RCA brand names. Audio products include radios, tape recorders, citizens band radios and household telephone products using GE brand names. Lighting products include a wide variety of lamps; incandescent, fluorescent, high-intensity, halogen and specialty as well as wiring devices, lighting fixtures and ballasts, rechargeable batteries and quartz products.

The Industrial segment includes factory automation products, comprised of electrical and electronic products, including drive systems; semiconductor operations, including an affiliate, Intersil, which is a supplier of advanced integrated circuits and data acquisition products; motors and motor-related products, consisting mainly of appliance motors and controls; electrical distribution and circuit protection equipment needed for installation in commercial, industrial and residential buildings; the GE Supply Company Division, which operates a nationwide network of electrical supply houses; transportation systems, which include diesel-electric and electric locomotives, transit propulsion equipment, motorized wheels for off-highway vehicles, and drilling drives.

The major appliance segment includes both GE and Hotpoint brands of kitchen and laundry equipment, such as refrigerators, ranges, microwave ovens, freezers, dishwashers, clothes washers and dryers, and room air conditioners.

The materials segment includes high-performance engineering plastics, silicones, industrial cutting materials, laminates and ceramics. This segment also includes Ladd Petroleum Corporation, an oil and natural gas developer and supplier.

The power systems segment provides products for the generation, transmission and distribution of electricity; industrial drives; and related construction, installation, engineering and repair services.

Technical products and services include medical systems and services, communications and information services, and the Calma Company. Medical systems include magnetic resonance (MR) scanners, computer tomography (CT) scanners, x-ray, nuclear imaging, ultrasound, and other diagnostic equipment and supporting services; principal communications operations involve the furnishing of domestic satellite communications services by RCA Americom and the furnishing of international communications services by RCA Globcom; mobile communications products consist mainly of mobile and hand-carried two-way and one-way radio equipment and cellular telephones; the Calma Company designs, manufactures and sells interactive graphics systems for computer-aided design and manufacturing.

GE is also involved in network television through the National Broadcasting Company, and in financial services through the General Electric Credit Corporation, Employers Reinsurance Corporation, and the 80%-owned Kidder, Peabody Group Inc.

Principal Subsidiaries:

RCA Corporation
- RCA American Communications (Americom)
- RCA Global Communications (Globcom)

General Electric Financial Services, Inc.
- General Electric Credit Corporation
- Employers Reinsurance Corporation
- Kidder, Peabody Group Inc. (80% owned)

National Broadcasting Company
GE Computer Service
GE Information Services Company
GE Consulting Services
Calma Company
Ladd Petroleum Corporation

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New Yok 10015

Stock Exchange(s): New York, Midwest*, Pacific*, Paris, Cincinnati, Philadelphia*, Boston, London

* Unlisted trading privileges.

Ticker Symbol: GE

Number of Employees:

1986	359,000	1983	340,000
1985	304,000	1982	367,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings ×

	Net Sales ('000's)	Net Income ('000's)
1986	$ 36,725,000	$ 2,492,000
1985	29,252,000	2,277,000
1984	28,931,000	2,239,000
1983	27,677,000	2,002,000
1982	27,189,000	1,790,000

	No. of Com. Shares †	Earn. per Share †
1986	456,297,000	$ 5.46
1985	455,381,000	5.00
1984	453,680,000	4.94
1983	454,768,000	4.40
1982	454,078,000	3.94

× Restated to reflect change in accounting for oil and gas properties.
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

('000's)

Aerospace	$ 4,318,000	$ 3,085,000
Aircraft engines	5,977,000	4,712,000
Consumer products	4,654,000	3,220,000
Financial services	585,000	499,000
Industrial	4,711,000	4,762,000
Major appliances	4,107,000	3,617,000
Materials	2,331,000	2,119,000
N.B.C.	1,817,000	—
Power systems	5,262,000	5,824,000
Technical prods. & serv.	3,266,000	2,317,000
Other	238,000	—
Eliminations	(1,077,000)	(903,000)
Total	$ 36,725,000	$ 29,252,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$2.37	—	—
1985	2.23	—	—
1984	2.05	—	—
1983	1.875	—	2-for-1
1982	1.675	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ('000's)	Equity Per Share †
1986	$ 15,109,000	$ 33.11
1985	13,671,000	30.02
1984	12,398,000	27.33
1983	11,137,000	24.49
1982	10,086,000	22.21

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *
('000's)

Year ended Dec. 31	1986	1985 ‡
Net sales & services	$ 35,211,000	$ 28,286,000
Net earn. of Gen. Elec. fin. serv.	504,000	413,000
Other income	1,010,000	553,000
Total income	$ 36,725,000	$ 29,252,000
Cost of sales	26,187,000	20,843,000
Expense	5,963,000	4,594,000
Other expense	625,000	361,000
Unusual items	261,000	22,000
Income before taxes	$ 3,689,000	$ 3,432,000
Income taxes	1,200,000	1,143,000
Minority interest	(3,000)	12,000
Net Income	$ 2,492,000	$ 2,277,000

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $1,460,000,000 in 1986 and $1,249,000,000 in 1985.
‡ Restated.

Assets
('000's)

As of Dec. 31	1986	1985 ‡
Cash	$ 1,698,000	$ 1,606,000
Marketable securities	221,000	951,000
Receiv., net	7,208,000	6,040,000
*Inventories	5,161,000	3,949,000
Current Assets	$ 14,288,000	$ 12,546,000
Funds held for bus. devp.	397,000	726,000
Investments	3,914,000	3,150,000
#Fixed assets	9,841,000	7,900,000
Intangibles	3,581,000	222,000
Other assets	2,570,000	1,618,000
Total Assets	$ 34,591,000	$ 26,162,000

Liabilities
('000's)

Notes payable	$ 1,813,000	$ 1,297,000
Accts. payable	2,594,000	2,204,000
Accruals	3,341,000	2,146,000
Prog. collection	2,273,000	2,257,000
Dividends payable	287,000	264,000
Accrued taxes	1,153,000	751,000
Curr. Liabilities	$ 11,461,000	$ 8,919,000
Long-term debt	4,351,000	753,000
Other liabilities	3,481,000	2,693,000
Minority interest	189,000	126,000
+Common stock	579,000	579,000
Add. paid-in capital	733,000	641,000
Retained earnings	14,172,000	12,761,000
Treasury stock	(375,000)	(310,000)
Total Liabilities & Shareholders' Equity	$ 34,591,000	$ 26,162,000

‡ Restated.
* At LIFO, not in excess of realizable values.
# Less accumulated depreciation.
÷ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.48	12.13
%Net Income to Sales	7.08	8.05
%Net Income to Equity	16.49	16.66
Debt to Equity	0.41	0.45
Working Capital	$ 2,827,000,000	$ 3,627,000,000
Current Ratio	1.25	1.41
Shareholders' Equity	$15,109,000,000	$13,671,000,000

General Instrument Corporation

Executive Offices:

767 Fifth Avenue
New York, New York 10153-0082
(212) 207-6200

Administrative Offices:

125 Chubb Avenue
Lyndhurst, New Jersey 07071
(201) 507-3000

Officers: Frank G. Hickey, chairman, president and chief executive officer; John A. DeVries, sr. v.p.; Rein Narma, exec. v.p.-corp. development; Frank M. Drendel, exec. v.p.; Frederick Shuh, sr. v.p.; George E. Safiol, sr. exec. v.p. & chief operating officer; Christopher F. Sutphin, sr. v.p.; Richard M. Hoffman, v.p., general counsel & secretary; Gerard G. Johnson, v.p.-finance & chief financial officer; Cornelius F. Sullivan, v.p.-risk mgmt. & customs; Edward R. Kearney, v.p.-investor relations & communications; Stephen A. Davidson, v.p.-personnel & organization; Roger L. Heffernan, v.p.-mfg.; Thomas C. DeFazio, v.p. & controller; Richard S. Friedland, v.p. & treasurer; Lemuel A. Tarshis, v.p.-technology.

Directors: Martin C. Barell*, John C. Archibald, Thomas L. Kempner*, Moses Shapiro*, R.S. Rosenbloom, R.N. Rosett, Frank G. Hickey*, Joe B. Cordell, Jacob E. Goldman, Frank M. Drendel, George E. Safiol.

* Member of the Executive Committee.

Areas of Work: The Company's major business segments are Broadband Communications, Data Systems, and Component Products. Broadband Communications offers a variety of products and services for the cable television industry including active and passive electronics, subscriber terminals and industrial broadband communications. The primary products and services of Data Systems are data processing systems and services for the wagering and retail industries, payment processing equipment and government systems. Component Products include power supplies, relays, lamps, and discrete semiconductors.

Divisions and Subsidiaries:

Component Products

Clare Division
Chicago, Illinois (Headquarters)
Guadalajara, Mexico
Taipei, Taiwan
Tongeren, Belgium

Lamp Division
Bury St. Edmunds, England (Headquarters)
Chicago, Illinois
Chesham, England

Computer Products Division
El Paso, Texas (Headquarters)
Juarez, Mexico
Taipei, Taiwan

Power Semiconductor Division
Hicksville, New York (Headquarters)
Taipei, Taiwan

Broadband Communications

Jerrold Distribution Systems Division
Hatboro, Pennsylvania (Headquarters)
Nogales, Mexico
Tucson, Arizona
Slough, England
Toronto, Ontario, Canada

Jerrold Subscriber Systems Division
Hatboro, Pennsylvania (Headquarters)
Taipei, Taiwan

TOCOM Division
Dallas, Texas (Headquarters)
Matamoros, Mexico

Comm/Scope Division
Hickory, North Carolina (Headquarters)
Catawba, North Carolina

VideoCipher Division
San Deigo, California (Headquarters)
Hickory, North Carolina
Barceloneta, Puerto Rico

Data Systems

Worldwide Wagering
Hunt Valley, Maryland (Headquarters)

AmTote Division
Sparks, Maryland

Lottery Division
Hunt Valley, Maryland

Government Systems Division
Hicksville, New York (Headquarters)
Westwood, Massachusetts
Fairfield, New Jersey
Norfolk, Virginia

Transfer Agent(s):
Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: GRL

Number of Employees:
1987 16,300

Plant Footage:
1987 ..... 2,828,500 sq. ft.

Sales and Earnings

	Revenues † ('000's)	Net Income ('000's)
1987	$ 787,862	$ (80,377)
1986	612,400	(66,543)
1985	727,985	(9,600)
1984	680,753	36,030
1983	690,809	102,181

	No. of Com. Shares #	Earn. per Share #
1987	32,255,000	$ —
1986	32,105,000	—
1985	31,851,000	—
1984	31,065,000	1.16
1983	30,694,000	3.34

(Loss)
† Of continuing operations only.
# Based on the weighted average number of common shares outstanding.

Revenues By Line of Business
('000's)

	1987	1986
Broadband Comm.	$ 401,898	$ 276,958
Data Systems	154,862	136,404
Component Products	231,102	199,038
Total	$ 787,862	$ 612,400

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.25	—	—
1986	0.25	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 467,522,000	$ 14.35
1986	550,387,999	16.98
1985	615,911,750	19.01
1984	629,267,887	19.97
1983	602,561,287	19.22

Income Account *

Year ended Feb. 28	1987	1986
Revenues	$ 787,862,000	$ 612,400,000
Cost of sales & services	653,289,000	536,201,000
Expenses	105,605,000	95,628,000
Unusual charges	—	19,823,000
Invest. income	(8,410,000)	(10,245,000)
Interest expense	7,694,000	2,658,000
Inc. (loss) bef. taxes	$ 29,684,000	$ (31,665,000)
Income tax (credit)	11,200,000	(13,200,000)
Inc. (loss) - cont. oper.	$ 18,484,000	$ (18,465,000)
Loss - discont. oper.	(98,861,000)	(48,078,000)
Net Loss	$ (80,377,000)	$ (66,543,000)

* Included in Costs and Expenses, Depreciation and Amortization: $50,628,000 in 1987 and $56,928,000 in 1986.

Assets

As of Feb. 28	1987	1986
Cash & temp. invest.	$ 86,097,000	$ 69,736,852
Accts. receiv., net	194,935,000	165,028,038
*Inventories	112,685,000	128,819,800
Assets of discont. oper.	24,324,000	—
Deferred inc. taxes	15,096,000	19,403,034
Prepaid expenses	10,002,000	9,739,411
Income taxes	761,000	53,357,793
Current Assets	$ 443,900,000	$ 446,084,933
Investments, advances & receivables	35,786,000	43,356,367
#Fixed assets	204,242,000	230,649,978
Other assets	137,342,000	5,573,113
Intangibles	68,183,000	38,422,173
Assets held for sale	50,838,000	14,880,543
Total Assets	$ 940,291,000	$ 778,967,107

Liabilities

Accounts payable	$ 92,724,000	$ 61,796,873
Long-term debt, cur.	2,178,000	2,244,467
Accruals	166,310,000	101,244,841
Short-term borrowings	9,250,000	2,024,441
Curr. Liabilities	$ 270,462,000	$ 167,310,622
Long-term debt	183,200,000	33,449,961
Deferred income taxes	7,336,000	16,823,492
Other liabilities	11,771,000	10,995,033
÷Common stock	32,575,000	32,411,863
Add. paid-in capital	209,182,000	206,026,529
Cum. trans. adjust.	(1,872,000)	(4,005,313)
Emp. notes for stock purch.	(2,603,000)	(2,850,314)
Retained earnings	230,240,000	318,805,234
Total Liabilities & Shareholders' Equity	$ 940,291,000	$ 778,967,107

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
÷ $1 par value.

Statistical Summary

Debt to Equity	0.40	0.06
Working Capital	$173,438,000	$278,774,311
Current Ratio	1.64	2.67
Shareholders' Equity	$467,522,000	$550,387,999

General Kinetics Incorporated

12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044

Officers: Stephen P. Goldman, chairman; Louis R. Schap, president & chief exec. officer; Stanley J. Sarnowski, v.p.-finance & treasurer; Ann K. Pugh, secretary.

Directors: David L. Cohn, Stanley J. Sarnowski, Louis R. Schap, Stephen P. Goldman, John B. Gunter, Thomas L. Herb, S. Goran Stackig.

Areas of Work: Manufactures, sells and rents magnetic tape equipment; also manufactures electronic enclosures, sheet metal components, and food testing and processing systems.

Divisions:

GKI Media Division
12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044
Provides equipment and service for testing, winding, degaussing and certifying magnetic tape (including high-density tape) and other media.

Allo Metal Products Division
668 North Sheridan Street
Johnstown, Pennsylvania 15906
(814) 255-6891

DESSA Division
Chesapeake, Virginia

110 Sunray Drive
Johnstown, Pennsylvania 15905
(814) 255-6891

Numerifab Division
11205 Satellite Boulevard
Orlando, Florida 32821

Subsidiaries:

Food Technology Corporation
12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044
Manufactures testing, quality-control and automated processing equipment for the food and related industries.

Transfer Agent(s):

Maryland National Bank
B&O Building, 4th floor
Baltimore & Charles Streets
Baltimore, Maryland 21202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GKIE (NASDAQ)

Number of Employees:

1986	202	1983	203
1985	201	1982	186
1984	162		

Plant Footage:

1986	100,000 sq. ft.	1983	100,000
1985	100,000	1982	100,000
1984	100,000		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 10,402,570	$ 520,275
1985	10,030,744	955,228
1984	8,004,766	(52,126)
1983	7,091,154	(251,294)
1982	6,748,935	75,839

	No. of Com. Shares	Earn. per Share #‡
1986	930,427	$ 0.57
1985	869,427	1.13
1984	800,439	—
1983	802,559	—
1982	820,685	0.09

(Loss)
‡ Including extraordinary gain of $155,099 ($0.18 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,868,441	$ 3.08
1985	2,322,304	2.67
1984	1,351,972	1.68
1983	1,406,227	1.75
1982	1,668,578	2.03

Income Account *

Year ended May 31	1986	1985
Net sales	$ 10,402,570	$ 10,030,744
Cost of sales	7,602,694	6,897,510
Expenses	1,495,223	1,431,338
Interest expense	154,364	117,805
Other expense	115,517	73,927
Inc. bef. taxes	$ 1,034,772	$ 1,510,164
Income taxes	514,497	710,035
Net Income	$ 520,275	$ 800,129
Extraordinary gain	—	155,099
Net Income & extraord. gain	$ 520,275	$ 955,228

* Included in Costs and Expenses, Depreciation and Amortization: $261,379 in 1986 and $246,750 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 412,068	$ 207,508
Accts. receiv., trade	1,795,390	1,872,441
*Inventories	1,594,366	1,663,866
Prepaid expenses & other receiv.	45,601	36,677
Current Assets	$ 4,489,778	$ 3,780,492
#Fixed Assets	1,288,485	619,537
Deposits	18,696	101,901
Cash value of life ins.	73,890	66,758
Bond issue	50,363	—
Total Assets	$ 5,921,212	$ 4,568,688

Liabilities

Notes payable	$ 221,302	$ 164,740
Accts. payable	483,999	466,636
Accruals	86,590	95,315
Accrued payroll	115,354	141,136
Inc. taxes pay.	—	554,669
Accrued vacations	179,522	158,171
Accrued payroll taxes	72,267	69,903
Deposits on contracts	34,165	6,750
Curr. Liabilities	$ 1,193,199	$ 1,657,320
Notes payable	1,639,876	436,091
Accrued vacations	112,743	88,479
Other liab.	106,953	64,494
+Common stock	273,061	257,561
Add. paid-in capital	1,196,042	1,181,992
Retained earnings	1,601,884	1,081,609
Treasury stock	(202,546)	(198,858)
Total Liabilities & Shareholders' Equity	$ 5,921,212	$ 4,568,688

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.95	15.06
%Net Income to Sales	5.00	7.98
%Net Income to Equity	18.14	34.45
Sales to Inventories	6.52	6.03
Debt to Equity	0.57	0.26
Working Capital	$3,296,579	$2,123,172
Current Ratio	3.76	2.28
Shareholders' Equity	$2,868,441	$2,322,304

General Microwave Corporation

5500 New Horizons Boulevard
Amityville, New York 11701
(516) 226-8900

Officers: Sherman A. Rinkel, president; Bernard Grand, v.p.-engineering; Howard Cohen, v.p.-manufacturing; Moe Wind, sr. v.p., treasurer & asst. secretary; Michael Stolzar, secretary & asst. treasurer; Eliezer Jeselsohn, v.p. & gen. mgr.-General Microwave Israel Corporation; Michael Lioz, pres.-General Microcircuits Corporation.

Directors: Frederick Zisau, chairman; Allan Bernstein, Winton Charlop, Sherman A. Rinkel, Moe Wind, Edmond D. Franco, Leo C. Cunniff.

Areas of Work: The Company produces and sells microwave measuring and control component devices for use in radar systems and in point-to-point communication as used in aircraft, air traffic control, missiles and telephone and telemetry systems, as well as its own line of precision measuring and testing equipment for use in laboratories and production lines by manufacturers of microwave components and systems.

Division:

Microwave Division
Amityville, New York
Develops and manufactures PIN diode products, RF power measuring equipment, and radiation detectors.

Subsidiaries:

Micro-El Patent Corporation
Wilmington, Delaware

General Microware Foreign Sales Corporation
Amityville, New York

General Microwave Israel Corporation
Jerusalem, Israel

General Microcircuits Corp. (70% owned)
Billerica, Massachusetts
Development and manufacture of high reliability hybrid circuits and thin-film resistor networks, largely for military applications.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: GMW

Number of Employees:

1986	N.A.	1984	210
1985	270		

Plant Footage:

1986	N.A.	1984	37,000
1985	60,000 sq. ft.		

N.A.- Not Available.

Sales and Earnings

	Net Sales	Net Income
1987	$ 20,496,612	$ 817,593
1986	16,003,097	1,414,757
1985	13,480,960	1,620,832
1984	11,875,928	1,341,098
1983	9,467,795	649,060

	No. of Com. Shares ‡	Earn. per Share ‡
1987	1,485,989	$ 0.55
1986	1,474,980	0.96
1985	1,472,737	1.10
1984	1,318,741	1.02
1983	986,851	0.66

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.10	—	—
1986	0.10	5% & 5%	—

1985	0.10	—	—
1984	0.09	—	—
1983	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 14,175,974	$ 9.54
1986	13,453,393	9.12
1985	12,008,744	8.15
1984	10,490,819	7.96
1983	3,479,911	3.52

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Feb. 28	1987	1986
Net sales	$ 20,496,612	$ 16,003,097
Cost of sales	13,859,781	10,193,764
Expenses	4,907,562	4,080,961
Interest expense	491,086	280,945
Other income	(219,210)	(464,830)
Income before taxes	$ 1,457,393	$ 1,912,257
Income taxes	639,800	497,500
Net Income	$ 817,593	$ 1,414,757

* Included in Costs and Expenses, Depreciation and Amortization: $1,013,383 in 1987 and 583,095 in 1986.

Assets

As of Feb. 28	1987	1986
Cash and cash equivalent	$ 495,983	$ 667,275
Accts. receiv., net	6,816,553	5,316,545
*Inventories	4,511,241	4,388,915
Prepaid expenses	1,000,385	133,688
Refund. inc. taxes	523,447	55,280
Current Assets	$ 13,347,609	$ 10,561,703
#Fixed assets	9,539,912	8,523,554
Other assets	3,780,184	4,426,395
Total Assets	$ 26,667,705	$ 23,511,652

Liabilities

Notes payable	$ 2,142,099	$ 1,521,279
Long-term debt, curr.	300,000	300,000
Accts. payable	728,839	735,843
Accruals	1,093,559	795,427
Deferred income tax	502,000	656,000
Curr. Liabilities	$ 4,766,497	$ 4,008,549
Long-term debt	7,175,000	5,700,000
Deferred credits	436,710	222,710
Other liab.	90,168	27,000
Minority interest	23,356	100,000
+ Capital stock	15,641	15,584
Add: paid-in capital	8,935,802	8,921,360
Retained earnings	5,399,334	4,694,598
Treasury stock	(174,803)	(178,149)
Total Liabilities & Shareholders' Equity	$ 26,667,705	$ 23,511,652

* At cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.11	11.95
%Net Income to Sales	3.99	8.84
%Net Income to Equity	5.77	10.52
Sales to Inventories	4.54	3.65
Debt to Equity	0.51	0.56
Working Capital	$ 8,581,112	$ 6,553,154
Current Ratio	2.80	2.63
Shareholders' Equity	$14,175,974	$13,453,393

General Motors Corporation

3044 West Grand Boulevard
Detroit, Michigan 48202
(313) 556-5000

General Motors Building
767 Fifth Avenue
New York, New York 10153
(212) 486-5000

Officers: Roger B. Smith, chairman of the board & chief executive officer; F. James McDonald, president & chief operating officer; Howard H. Kehrl, vice chairman; Donald J. Atwood, F. Alan Smith, Lloyd E. Reuss, Robert C. Stempel, exec. v.p.'s; v.p.'s & group executives: Edward P. Czapor-Quality & Reliability & Service Parts Operations, Elmer W. Johnson-Operating Staffs Group & general counsel, Charles Katko-Truck & Bus Group, Robert J. Eaton-Technical Staffs Group, John D. Debbink-Chassis and Transmission Components Group, Robert J. Schultz-Chevrolet-Pontiac-GM of Canada Group, William E. Hoglund-Buick-Oldsmobile-Cadillac Group, W. Blair Thompson-Automotive Components Group, James F. Waters, Jr.-Overseas Group, Robert T. O'Connell-Finance Group, E. Michael Mutchler-Body and Engine Components Group, Marina V.N. Whitman-Public Affairs Staffs Group; v.p.'s: Betsy Ancker-Johnson-environmental activities staff, Ferdinand P.J. Beickler, president-General Motors Europe-Passenger Cars, Charles J. Brady, current engineering & mfg. services staff, Barton Brown-Asian, African and International export operations; Robert D. Burger, gen. mgr.-Chevrolet Motor Division, David D. Campbell, group dir.-operations, Chevrolet, Pontiac, GM of Canada, Charles S. Chapman-managing director-Holden's Motor Company, Patrick J. Colletta-group dir.-Truck & Bus Operations, Donald A. Pais, materials mgmt. staff, Robert A. Frosch-research laboratories, John O. Grettenberger-gen. mgr.-Cadillac Motor Car Division, Donald E. Hackworth-product mgr.-Lansing product team, Buick, Oldsmobile, Cadillac group, Eugene L. Hartwig-associate general counsel, Peter K. Hoglund-gen. mgr.-Electro-Motive Division, James D. Johnston-industry-government relations staff, Ludvik F. Kocigen. mgr.-Detroit Diesel Allison Division, William W. Lane, gen. mgr.-Oldsmobile Div., Richard G. LeFauve, president-Saturn Corporation, J. Michael Losh, gen. mgr.-Pontiac Motor Div., William P. MacKinnon-personnel admin. & development staff, John W. McNulty-public relations staff, marketing & product planning staff, Gary W. Dickinson, group dir.-engineering, Chevrolet, Pontiac, GM of Canada Group, George A. Peapples-president & gen. mgr.-General Motors of Canada Limited, John F. Smith, Jr.-exec. v.p.-operations & engineering General Motors Europe-passenger cars, Robert B. Stone-managing dir.-General Motors de Mexico S.A. de C.V., W. Gordon Binns, Jr. chief investment funds officer, George C. Eads, economics staff & chief economist, Ronald H. Haas, advanced engineering staff, Charles M. Jordan, design staff, Clofford J. Vaughan, managing dir.-General Motors do Brasil S.A., Alfred S. Warren, Jr.-industrial relations staff, Paul H. Zalecki, associate general counsel; Edward H. Mertz, general mgr.-Buick Motor Division, Leon J. Krain, treasurer, John E. Rhame, comptroller, Roderick D. Gillum, secretary.

Directors: Anne L. Armstrong, Donald J. Atwood*, Catherine B. Cleary, James H. Evans, Walter A. Fallon, Charles T. Fisher, III, Marvin L. Goldberger, John J. Horan, Howard H. Kehrl, F. James McDonald*, Thomas A. Murphy, Ross Perot, Edmund T. Pratt, Jr., Lloyd E. Reuss*, James D. Robinson, III, John G. Smale, F. Alan Smith*, Roger B. Smith*, Robert C. Stempel*, Leon H. Sullivan, Dennis Weatherstone, Thomas H. Wyman.

* Member of the Executive Committee.

Areas of Work: Engaged primarily in the manufacture, assembly and distribution of motor driven products, most of which relate to transportation equipment, which are classified as automotive, nonautomotive and defense and space.

Electronic and Related Divisions:

AC Spark Plug Division
Flint, Michigan
Spark plugs; oil filters; instrument panels; fuel pumps; fuel filters; air cleaners, emission control systems; cruise control systems.

Delco Electronics Division
Kokomo, Indiana
Automotive electronics; entertainment systems; heater-air conditioning controls; military electronics; semiconductor devices; analog and digital systems; integrated circuits.

Delco Systems Operations
Santa Barbara, California
Military electronics; navigation and control systems and components for aircraft, defense, spacecraft, and commercial vehicles.

Delco Moraine Division
Dayton, Ohio
Automotive brake systems; engine bearings; powdered metal products; automatic transmission components.

Harrison Radiator Division
Lockport, New York
Car and truck radiators, defrosters, heaters, thermostats and air-conditioners; heat exchangers.

Packard Electric Division
Warren, Ohio
Automotive, appliance, marine and farm equipment, wiring systems and components; fiber optics; magnetic wire.

Delco Products Division
Dayton, Ohio
Shock absorbers; windshield wiper systems; energy-absorbing bumper devices; automotive electric motors and actuators; fan clutches; emission control devices; industrial and hermetic motors and generators.

Delco Remy Division
Anderson, Indiana
Starting, generating and ignition systems switches; vacuum controls; batteries for passenger cars, trucks, buses, farm tractors and off-highway equipment.

Electronic Data Systems
Development of computer software that controls automated manufacturing systems; integration and updating of information management and telecommunication systems; military personnel identification and tracking systems.

Fisher Guide Division
Anderson, Indiana
Car, truck and tractor lamps; mirrors, finished die castings; molded plastic parts; lighting controls; stampings.

Rochester Products Division
Rochester, New York
Carburetors; steel tubing; cigarette lighters; locks, keys; emission control divises; diverter valves; fuel injectors; hydraulic and mechanical valve lifters; jet fuel nozzles; cold formed precision parts.

Hughes Aircraft Company
Provides a broad array of advanced electronic components and systems to the automotive, military and space industries. Some of these are weapons control systems, radar systems, commercial and military communications satellites, automated manufacturing and test equipment, weapon delivery systems, large-scale integrated circuits, image sensing, storage and display devices.

Stock Transfer Offices:

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

National Trust Company Limited
21 King Street, East
Toronto, Ontario, M5C 1B3 Canada

National Trust Company Limited
1350 Sherbrooke Street, West
Montreal, Quebec, H3G 1J1 Canada

Stock Exchange(s): New York, Boston, Cincinnati, Midwest, Philadelphia, Pacific, Montreal, Toronto, Tokyo.

Ticker Symbol: GM

Number of Employees:

1986	876,000	1983	91,000
1985**	811,000	1982	657,000
1984	748,000		

** Figure excludes Hughes Aircraft subsidiary.

Sales and Earnings

	Net Sales ('000's)	Net Income ('000's)
1986	$ 102,813,700	$ 2,944,700
1985	96,371,700	3,999,000

General Motors Corporation

1984	83,889,900	4,516,500
1983	74,581,600	3,730,200
1982	60,025,600	962,700

	No. of Com. Shares	Earn. per Share ‡
1986	319,383,830	$ 8.21
1985	318,853,315	12.28
1984	317,504,133	14.27
1983	315,711,299	11.84
1982	312,363,657	3.09

‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
U.S. operations	$ 82,977,000	$ 80,204,700
Canadian operations	5,600,1000	5,283,700
European operations	10,675,800	7,671,600
Latin American operations	1,798,700	1,841,900
Other	1,762,100	1,369,800
Total	$ 102,813,700	$ 96,371,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$5.00	—	—
1985	5.00	—	—
1984	4.75	—	—
1983	2.80	—	—
1982	2.40	—	—

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share
1986	$ 30,443,600	$ 83.09
1985	29,274,000	79.13
1984	23,958,700	72.16
1983	20,483,000	64.88
1982	18,003,500	57.64

‡ After allowing for preferred stock at stated value.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 102,813,700	$ 96,371,700
Cost of sales	88,298,000	81,654,600
Expenses	5,203,500	4,294,200
Depreciation & amortization	6,593,700	6,208,500
Restructuring cost	1,287,600	—
Other income	(983,100)	(1,299,200)
Interest expense	953,700	892,300
Income bef. taxes	$ 1,460,300	$ 4,621,300
Income taxes (credit)	(300,300)	1,630,300
Minority interest	(1,184,100)	(1,008,000)
Net Income	$ 2,944,700	$ 3,999,000

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 150,700	$ 179,100
Securities & deposits	3,868,100	4,935,300
Accts. & notes receiv., net	11,304,300	7,282,000
*Inventories	7,235,100	8,269,700
Contracts in process	1,590,600	1,453,800
Prepaid expenses	2,619,600	2,136,100
Current Assets	$ 26,768,400	$ 24,256,000
Eq. in assets of nonconsol subsid.	7,232,300	5,718,500
Other invest. & assets	2,308,400	3,069,800
Stock held for incentive	190,300	190,200
#Fixed assets	27,582,700	22,942,100
‡Other assets	2,793,700	1,710,900
Intangibles	5,717,200	5,945,300
Total Assets	$ 72,593,000	$ 63,832,800

Liabilities
(000's)

Accts., drafts and losses payable	$ 6,368,000	$ 7,322,200
Accruals	13,416,900	12,078,000
Loans payable	2,730,100	2,655,200
Inc. taxes payable	333,100	243,100
Curr. Liabilities	$ 22,848,100	$ 22,298,500
Long-term debt	4,007,300	2,500,200
Capitalized leases	318,000	367,000
Other liabilities	12,491,700	7,179,800
Deferred credits	2,249,900	1,962,600
+Preferred stock	234,400	250,700
++Common stock	532,300	531,400
+++Class E Common Stock	5,400	6,600
+++Class H Common stock	6,600	6,600
Add. paid-in capital	6,332,600	6,667,800
Retained earnings	23,888,700	22,606,600
For. curr. trans.	(322,000)	(545,000)
Total Liabilities & Shareholders' Equity	$ 72,593,000	$ 63,832,800

* At lower of cost (domestic inventories at LIFO; foreign and GMHE at FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated amortization.
+ No par value, $100 stated value.
++ $1⅔ par value.
+++ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	1.42	4.80
%Net Income to Sales	2.86	4.15
%Net Income to Equity	9.60	13.54
Sales to Inventories	14.21	11.65
Debt to Equity	0.13	0.19
Working Capital	$ 3,920,300,000	$ 1,957,500,000
Current Ratio	1.17	1.09
Shareholders' Equity	$30,678,000,000	$29,524,700,000

General Signal Corporation

High Ridge Park
Box 10010
Stamford, Connecticut 06904
(203) 357-8800

Officers: David T. Kimball, chairman & chief executive officer; John E. Halter, Joel S. Friedman, Peter A. Laing, sr. v.p.'s-operations; Edward C. Prellwitz, v.p.-planning; Edgar J. Smith, Jr., v.p., secretary & general counsel; Theodore J. Wiedemann, sr. v.p.-administration; J. Robert Hipps, v.p. & controller; Michael R. Jacqmin, v.p. & treasurer; Erwin Kantor, v.p.-taxes; George Falconer, v.p.-human resources.

Directors: Nathan R. Owen*, John P. Horgan*, Reginald H. Jones*, Samuel A. Casey, David T. Kimball*, Ralph E. Bailey, N. Bruce Hannay, Robert A. Plane, Ronald E. Ferguson, John R. Selby.

* Member of the Executive Committee.

Electronic Controls & Systems

Products include equipment for each major segment of semiconductor manufacture, from crystal growing furnaces, and wafer polishers, through deposition and spin-brake equipment, wafer steppers, washer and dicing systems, to testing and packaging equipment. For the telecommunications industry, products include voice, data, digital microwave radio, and fiber optic signal processing and transmission equipment, test and measurement systems, central office power sources, and land-based mobile radio systems. For the process industries, products include computer-directed central control systems, distributed control systems, electronic instrumentation, and electronically controlled feeders and scales. Products for electric utilities include management systems, coal metering equipment, boiler and scrubber controls, and remote-controlled radioactive-waste handling systems. For railroad systems, products include highly engineered systems and controls, including cab, wayside, and centralized traffic control components and systems,and push-button interlocking controls. For bus mass transit, products include central control systems and electronic fareboxes. For civil and defense air traffic control and navigation, included are radar navigation, identification and ground weather monitoring systems. Shipboard communication systems and propulsion controls are provided to the marine industry; power conditioning equipment is produced for numerous markets to safeguard vital or sensitive electronic equipment.

Electrical Controls & Equipment

Products for the construction market include such electrical controls and components for power distribution as transformers and switchgear, fire protection and building signaling systems, electric metering equipment, and automatic time recording and parking lot control systems. For the cogeneration and refining fields, self-contained, unitized powerhouses are manufactured. Hazardous-location power distribution equipment is produced for the petroleum industry, and heat processing equipment is manufactured for the primary and fabricated metals and electronics industries.

Fluid Controls & Equipment

Products include specialty, telemetry, and supervisory control systems, valves and actuators, mechanical mixers, and aerators; centrifugal, turbine, high-vacuum, and wastewater pumps; instruments for measuring pressure, flow, and temperature; biological waste-treatment systems; specialty air pollution control equipment; and corrosion control materials manufactured for the chemical, petrochemical, petroleum, food and beverage, primary and fabricated metals, pulp and paper, industrial and municipal water and waste-water processing, agriculture and construction industries. For the railroad industry, pneumatic and hydraulic braking systems and related controls are manufactured. Such control products as hydraulic gear pumps and directional control valves, piston pumps and motors, hydrostatic transmissions, advanced fluid power systems, and cold-forged components for vehicular steering and suspension are manufactured for the heavy-duty mobile construction, aerospace and defense, mining, materials-handling, agricultural, auto and truck markets.

Divisions and Subsidiaries:

Axel Electronics
Jamaica, New York

General Railway Signal
Rochester, New York

Henschel
Newburyport, Massachusetts

Edwards
Farmington, Connecticut

O-Z/Gedney
Terryville, Connecticut

Kinney Vacuum
Canton, Massachusetts

DeZurik
Sartell, Minnesota

Marsh Instrument
Skokie, Illinois

Mixing Equipment Company
Rochester, New York

Metal Forge
Columbus, Ohio

GS Electric
Carlisle, Pennsylvania

New York Air Brake
Watertown, New York

Kayex
Rochester, New York

Stock Equipment Company
Chagrin Falls, Ohio

Advanced Mechanization, Inc.
Horsham, Pennsylvania

Circuits Processing Apparatus
Fremont, California

Leeds & Northrup Instruments
Leeds & Northrup International
Leeds & Northrup Systems
all at:
North Wales, Pennsylvania

Metallurgical Products
Warrendale, Pennsylvania

Semiconductor Systems, Inc.
San Jose, California

Telecommunications Technology, Inc.
Milpitas, California

Aurora Pump
North Aurora, Illinois

BIF
West Warwick, Rhode Island

Blue M Electric
Blue Island, Illinois

Dynapower/Stratopower
Watertown, New York

Dowzer Electric
Mt. Vernon, Illinois

Hevi-Duty Electric
Goldsboro, North Carolina

Lindberg
Chicago, Illinois

Nelson Electric
Tulsa, Oklahoma

Sola Electric
Elk Grove Village, Illinois

Xynetics
Santa Clara, California

Tau-tron
Westford, Massachusetts

Ultratech Stepper
Santa Clara, California

Dielectric Communications
Raymond, Maine

Drytek
Wilmington, Massachusetts

Karkar Electronics
San Francisco, California

Telenex
Mt. Laurel, New Jersey

Transfer Agent(s):
The Bank of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: GSX

Number of Employees:

1986	20,180	1983	22,530
1985	22,312	1982	23,049
1984	24,129		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 1,583,368	$ 74,622
1985	1,800,878	49,267
1984	1,786,883	108,510
1983	1,574,948	89,698
1982	1,622,136	107,775

	No. of Com. Shares #	Earn. per Share #
1986	28,730,000	$ 2.60
1985	28,706,000	1.72
1984	28,568,000	3.80
1983	28,414,000	3.16
1982	28,013,000	3.84

Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronic controls & systems	$ 754,326	$ 867,483
Electronic controls & equipment	325,595	373,739
Fluid controls & equipment	503,447	559,656
Total	$ 1,583,368	$ 1,800,878

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.80	—	—
1985	1.80	—	—
1984	1.71	—	—
1983	1.68	—	—
1982	1.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 927,354,000	$ 32.28
1985	903,989,000	31.49
1984	901,703,000	31.56
1983	845,972,000	29.77
1982	804,075,000	28.70

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,583,368	$ 1,800,878
Cost of sales & exp.	1,114,564	1,278,648
Expenses	348,656	372,703
Interest income	(9,422)	(11,706)
Interest expense	12,023	9,044
Prov. for restructuring	—	72,000
Income before taxes	$ 117,547	$ 80,189
Income taxes	42,925	30,922
Net Income	$ 74,622	$ 49,267

* Included in Costs and Expenses, Depreciation and Amortization: $60,623,000 in 1986 and $54,969,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cert. of deposit	$ 43,601	$ 30,333
Short-term invest.	80,133	47,362
Accts. receiv., net	296,305	324,036
Contracts in progress	66,640	62,142
*Inventories	360,382	426,677
Prepaid expenses	40,197	36,446
Current Assets	$ 887,258	$ 926,996
#Fixed assets	345,557	361,495
Intangibles	180,827	153,822
Other assets	44,464	40,919
Total Assets	$ 1,458,106	$ 1,483,232

Liabilities
(000's)

Short-term borrowing	$ 8,379	$ 8,184
Accts. payable	94,786	111,166
Accruals	154,261	203,928
Income taxes	93,559	83,070
Curr. Liabilities	$ 350,985	$ 406,348
Long-term debt	124,270	124,023
Other liabilities	14,599	15,177
Deferred income taxes	40,898	33,695
+Common stock	40,527	40,436
Add. paid-in capital	229,227	225,391
Retained earnings	712,323	689,436
Foreign currency translation adj.	(25,247)	(27,657)
Treasury stock	(29,476)	(23,617)
Total Liabilities & Shareholders' Equity	$ 1,458,106	$ 1,483,232

* At lower of cost (LIFO or standard costs that approximate average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.42	4.45
%Net Income to Sales	4.71	2.74
%Net Income to Equity	8.05	5.45
Sales to Inventories	4.39	4.22
Debt to Equity	0.13	0.14
Working Capital	$536,273,000	$520,648,000
Current Ratio	2.53	2.28
Shareholders' Equity	$927,354,000	$903,989,000

GENICOM Corporation

GENICOM Drive
Waynesboro, Virginia 22980
(703) 949-1000

Officers: Don E. Ackerman, chairman; Curtis W. Powell, president & chief exec. officer; John V. Harker, exec. v.p.; Michael L. Nargi, Jr., sr. v.p.-operations; Robert C. Bowen, v.p. & chief financial officer; W. Douglas Drumheller, v.p.-manufacturing, components; Charles A. Ford, v.p.-relay operations; James Jamfrey, v.p.-int'l sales & marketing; Jay H. Jarrett, v.p.-engineering; Craig J. Ringuette, v.p.-marketing; Raymond A. Rosewall, v.p.-manufacturing, assembly operations; James B. Towell, v.p.-North & South American sales.

Directors: Don E. Ackerman, chairman; Curtis W. Powell, Bruce K. Anderson, Charles G. Moore, III.

Areas of Work: Designs, manufactures and markets a wide range of medium to high performance computer printers for general business applications. Also produces hermetically sealed electromechanical relays used in aerospace, defense, automatic test equipment and other applications which require high product quality and reliability.

Subsidiaries:
Datacom de Mexico, S.A. de C.V.
Reynosa, Mexico

GENICOM International Ltd.
Farnborough, England

GENICOM Canada, Inc.
Toronto, Canada

GENICOM Ltd.
Farnborough, England

GENICOM S.A.R.L.
Velizy, France

GENICOM S.p.A.
Milan, Italy

GENICOM GmbH
Eschborn, West Germany

GENICOM (Australia) Pty. Ltd.
Chatswood, Australia

Transfer Agent(s):
Sovran Bank, N.A.
Eighth & Main Streets
Suite 325
Richmond, Virginia 23219

GENICOM Corporation

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GECM (NASDAQ)

Number of Employees:

1986	2,507

Plant Footage:

1986	688,000 sq. ft.

Sales and Earnings

	Revenues	Net Income
1986	$ 157,463,000	$ 8,608,000
1985	126,456,000	1,805,000
1984	136,661,000	6,090,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,397,000	$ 0.83
1985	9,246,000	0.20
1984	9,645,000	0.93

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Printer sales	$ 93,221,000	$ 64,766,000
Customer service rel. activities	44,263,000	43,038,000
Relay sales	19,979,000	18,652,000
Total	$ 157,463,000	$ 126,456,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-3

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 45,664,000	$ 4.39
1985	18,735,000	2.03
1984	15,135,000	2.28

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Sales of products	$ 137,671	$ 103,769
Lease & service	19,792	22,687
Total income	$ 157,463	$ 126,456
Cost of revenues	103,222	88,894
Selling, gen. & adm. exp.	29,095	24,149
Eng., research & product develop. exp.	6,138	5,999
Interest expense	2,997	4,245
Income before taxes	$ 16,011	$ 3,169
Income taxes	7,403	1,364
Net Income	$ 8,608	$ 1,805

* Included in Costs and Expenses, Depreciation and Amortization: $6,206,000 in 1986 and $5,345,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 2,588	$ 2,321
Accts. receiv., net	31,221	19,210
Refundable taxes	—	907
*Inventories	36,006	28,043
Prepaid expenses	2,145	1,784
Current Assets	$ 71,960	$ 52,265
#Fixed assets	25,696	27,541
Other assets	134	168
Total Assets	$ 97,790	$ 79,974

Liabilities
(000's)

Long-term debt, curr.	$ 4,400	$ 4,534
Accts. payable & accruals	23,457	15,628
Income taxes	2,031	—
Deferred income	2,271	2,122
Curr. Liabilities	$ 32,159	$ 22,284
Long-term debt	16,621	36,500
Deferred inc. taxes	3,346	2,455
+ Common stock	100	77
Add. paid-in capital	29,330	11,715
Retained earnings	16,234	7,626
Treasury stock	—	(683)
Total Liabilities & Shareholders' Equity	$ 97,790	$ 79,974

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.63	3.05
%Net Income to Sales	6.25	1.74
%Net Income to Equity	18.85	9.63
Sales to Inventories	3.82	3.70
Debt to Equity	0.46	2.19
Working Capital	$39,801,000	$29,981,000
Current Ratio	2.24	2.35
Shareholders' Equity	$45,664,000	$18,735,000

Genisco Technology Corporation

18435 Susana Road
Rancho Dominguez, California 90221
(213) 537-4750

Officers: Phillip G. Halamandaris, president & chief exec. officer; William R. Esser, v.p. & president-Electronics Division; Richard P. Shively, v.p. & president-Memory Products Division; John A. Calfas, secretary; David A. Phipps, asst. secretary.

Directors: Martin S. Locke, Alan J. Brown, Donn L. Williams, Walter E. Lotz, Jr., Wendell B. Sell, Phillip G. Halamandaris, Robert N. Parker.

Divisions:

Electronics Division
18435 Susana Road
Rancho Dominguez, California 90221
(213) 537-4750
Manufactures Elderly indicator lights, EMI filter products, transducers and rotating test equipment; performs electromagnetic interference testing.

Memory Products Division
10874 Hope Street
Cypress, California 90630
(714) 220-0720
Manufactures cartridge type recorders for use in extreme environments.

Subsidiaries:

Genisco Computers Corporation
3545 Cadillac Avenue
Costa Mesa, California 92626
(714) 556-4916
Manufactures computer graphic display and imaging systems.

Transfer Agent(s):

Security Pacific National Bank
561 South Spring Street
Los Angeles, California 90054

Stock Exchange(s): American

Ticker Symbol: GES

Number of Employees:

1986	456	1983	445
1985	446	1982	489
1984	422		

Plant Footage:

1986	226,000 sq. ft.	1983	240,000
1985	240,000	1982	224,000
1984	240,000		

Sales and Earnings

	Net Sales †	Net Income
1986	$ 40,264,576	$ 292,844
1985	36,467,502	139,396
1984	33,900,971	(1,017,198)
1983	30,196,167	1,006,762
1982	29,288,782	1,511,021

	No. of Com. Shares	Earn. per Share #‡
1986	2,669,406	$ 0.11
1985	2,667,391	0.05
1984	2,657,941	—
1983	2,635,969	0.40
1982	1,908,834	0.77

(Loss)
† Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Computer graphic displays	$ 9,981	$ 11,703
Memory products	16,702	13,062
Electronics	13,451	11,564
Other income	131	139
Total	$ 40,265	$ 36,468

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 15,804,600	$ 5.92
1985	15,472,601	5.80
1984	15,272,506	5.75
1983	16,311,859	6.18
1982	7,242,917	3.79

+ Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 40,264,576	$ 36,467,502
Cost of sales	28,406,254	26,791,790
Expenses	10,634,129	9,101,780
Interest expense	766,660	562,910
Income bef. taxes	$ 457,533	$ 11,022
Income taxes (credit)	164,689	(128,374)
Net Income	$ 292,844	$ 139,396

* Included in Costs and Expenses, Depreciation and Amortization: $1,892,447 in 1986 and $1,476,566 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 605,647	$ 852,444
Short-term invest.	1,000,000	501,875
Accts. receiv., net	11,764,319	9,379,410
Income taxes recv.	32,927	—
*Inventories	8,707,174	9,305,856
Prepaid expenses	695,293	810,648
Current Assets	$ 22,805,360	$ 20,850,233
#Fixed assets	4,947,335	5,206,037
Other assets	2,346,893	2,841,988
Total Assets	$ 30,099,588	$ 28,898,258

Liabilities

Long-term debt, curr.	$ 691,351	$ 972,315
Accts. Payable	3,014,862	2,446,513
Accruals	617,722	648,566
Accrued payroll	2,028,695	1,857,664
Income taxes payable	—	270,085
Curr. Liabilities	$ 6,352,630	$ 6,195,143
Long-term debt	7,230,156	6,796,488
Deferred income taxes	712,202	434,026
+Common stock	1,505,327	1,504,320
Add. paid-in capital	9,686,979	9,675,940
Retained earnings	4,586,143	4,293,299
Currency trans. adj.	26,151	(958)
Total Liabilities & Shareholders' Equity	$ 30,099,588	$ 28,898,258

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.14	0.03
%Net Income to Sales	0.73	0.38
%Net Income to Equity	1.85	0.90
Sales to Inventories	4.62	3.92
Debt to Equity	0.46	0.50
Working Capital	$16,452,730	$14,655,090
Current Ratio	3.59	3.37
Shareholders' Equity	$15,804,600	$15,472,601

GenRad, Inc.

300 Baker Avenue
Concord, Massachusetts 01742
(617) 369-4400

Officers: William R. Thurston, pres. & chief exec. officer; Charles E. Peters, Jr., sr. v.p. & chief financial officer; Richard G. Rogers, exec. v.p. & chief operating officer; J. Robert Held, v.p. & gen. mgr.-Massachusetts operations; Constantine J. Lahanas, sr. v.p. & secretary-corporate development; Eric L. Mudama, v.p. & gen. mgr.-Arizona operations; Robert E. Anderson, sr. v.p.-Semiconductor Test Group; Vincent L. Carolan, controller; D. Wayne Peters, treasurer; Richard J. Faubert, v.p.-new product development; Richard C. Tippett, v.p. & gen. mgr.-semiconductor test products.

Directors: Paul Penfield, Jr., Earle W. Pitt, W. Hardie Shepard, William R. Thurston, Wilson Wilde, James H. Wright, Lawrence L. Mayhew.

Areas of Work: Manufactures test equipment for the electronic equipment, mechanical equipment and semiconductor industries. The company's computer-based test systems are used by electronics manufacturers to test printed circuit boards and isolate faults down to the individual component level. Electronic component test instruments indicate whether capacitors, resistors, inductors, or integrated circuits are functioning properly. Digital signal processors analyze structures and machinery. Acoustic instrumentation products analyze and measure noise, and are widely used to test compliance with industrial and environmental noise regulations.

Divisions:

Electronic Manufacturing Test Group
Concord, Massachusetts
Bolton, Massachusetts
Phoenix, Arizona

Sales, Service and Marketing Group
Concord, Massachusetts

Semiconductor Test Group
Milpitas, California
Bolton, Massachusetts

Subsidiaries:

GenRad Ltd.
Toronto, Ontario, Canada

GenRad Ltd.
Maidenhead, Berkshire, United Kingdom

GenRad
Paris, France

GenRad GmbH
Munich, Germany

GenRad SpA
Milan, Italy

GenRad (Schweiz) AG
Zurich, Switzerland

GenRad/Benelux B.V.
Best, Netherlands

GenRad Fareham Limited
Fareham, Hants, United Kingdom

Cirrus Designs Ltd.
Cheadle, Ches[illegible] United Kingdom

Joint Venture:

Tel-GenRad Ltd.
Nirasaki, Japan

Transfer Agent(s):

Bank of Boston
Stockholder Services Division
Box 1865
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: GEN

Number of Employees:

1986	2,240	1983	3,059
1985	2,867	1982	2,613
1984	3,404		

Plant Footage:

1986 . . . . . 612,000 sq. ft. 1985 680,000

Sales and Earnings

	Net Sales †	Net Income
1986	$ 204,316,000	$ (29,895,000)
1985	218,304,000	(52,254,000)
1984	249,451,000	10,990,000
1983	226,611,000	19,630,000
1982	188,020,000	8,190,000

	No. of Com. Shares +	Earn. per Share +
1986	16,255,000	$ —
1985	16,062,000	—
1984	16,253,000	0.68
1983	15,758,000	1.25
1982	12,951,000	0.63

(Loss)
† Includes service revenues; of continuing operations only.
+ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.08	—	—
1982	0.07	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 105,654,000	$ 6.45
1985	132,414,000	8.22
1984	181,941,000	11.47
1983	170,345,000	10.93
1982	98,948,000	7.37

+ Adjusted to reflect stock split.

Income Account °
(000's)

Year ended	1/3/87	12/28/85
Net sales & service revenues	$ 204,316	$ 218,304
Cost of sales & services	110,481	123,640
Expenses	117,645	133,572
Other expense (income)	(4,567)	686
Interest expense	6,364	4,018
Interest income	(970)	(202)
Reorganization expense	4,435	13,952
Loss bef. taxes	$ (29,072)	$ (57,362)
Income taxes (credit)	823	(5,108)
Net Loss	$ (29,895)	$ (52,254)

° Included in Costs and Expenses, Depreciation and Amortization: $16,290,000 in 1986 and $16,204,000 in 1985.

Assets
(000's)

As of	1/3/87	12/28/85
Cash	$ 19,202	$ 1,635
Accts. receiv., net	52,972	45,284
°Inventories	51,970	69,050
Refund inc. tax benefits	1,167	1,716
Other curr. assets	4,451	5,343
Current Assets	$ 129,762	$ 123,028
#Fixed assets	78,846	97,266
Property held for sale	8,285	—
Other assets	5,986	6,883
Total Assets	$ 222,879	$ 227,177

Liabilities
(000's)

Notes payable	$ 11,927	$ 16,313
Long-term debt, curr.	1,369	3,106
Accts. payable	8,761	8,952
Accruals	23,905	28,413
Income taxes	1,591	1,226
Curr. Liabilities	$ 47,553	$ 58,010
Long-term debt	59,675	30,569
Deferred inc. taxes	1,433	1,096
Accrued pensions	8,564	5,088
+Common stock	16,391	16,116
Add. paid-in capital	98,275	96,316
Retained earnings (deficit)	(5,685)	24,210
Foreign curr. trans. adj	(3,327)	(4,228)
Total Liabilities & Shareholders' Equity	$ 222,879	$ 227,177

° At lower of cost (FIFO) [illegible]
Less accumulated depr[illegible]
+ $1 par value.

Statistical S[illegible]

Sales to Inventories	[illegible]	.16
Debt to Equity	[illegible]	0.38
Working Capital	$ 82,[illegible]	$ [illegible]018,000
Current Ratio	[illegible]	2.12
Shareholders' Equity	$105,654,00[illegible]	$132,414,000

George Risk Industries, Inc.

GRI Plaza
Kimball, Nebraska 69145
(308) 235-4645

Officers: George Risk, chairman, chief exec. officer & president; Mary Ann Br[illegible]ners, v.p.-operations & gen. mgr.; Dan Douglas, v.p.-manufacturing; Ken Risk, treasurer & secretary; Donna Debowey, asst. secretary; Eileen M. Risk, asst. secretary.

George Risk Industries, Inc.

Directors: George Risk, chairman; Ken Risk, Jerry Anderson, William Batterton.

Areas of Work: Manufactures high technology computer keyboards for the military and Federal Aviation Administration (FAA), intelligent pay telephones and electronic security products.

Subsidiaries:

Richlieu Corporation
GRI Research and Development Laboratories, Inc.
GRI Telemark Corp.

Transfer Agent(s):

George Risk Industries, Inc.
Kimball, Nebraska

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RISKA (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1986	$ 2,683,106	$ (562,946)
1985	1,911,150	133,525
1984	2,001,177	318,969
1983	1,647,630	123,019

	No. of Com. Shares ‡	Earn. per Share †‡
1986	6,234,888	$ —
1985	6,234,888	0.02
1984	6,234,888	0.05
1983	5,527,305	0.02

(Loss)
† Including extraordinary gain of $5,024 in 1984 and extraordinary loss of $78,154 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 665,403	$ 0.11
1985	1,225,195	0.20
1984	1,100,907	0.18
1983	841,197	0.15

† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Apr. 30	1986	1985
Net sales	$ 2,683,106	$ 1,911,150
Cost of sales	1,400,746	1,121,807
Res. & develop. income	(2,853)	(1,144,248)
Oper. expenses	925,366	764,903
Interest expense	50,157	81,700
Interest income	(319,195)	(314,234)
Prof. for doubtful accts.	1,346,882	1,161,020
Other expenses	9,946	55,478
Income (loss) before taxes	$ (727,943)	$ 194,011
Income taxes(credit)	(79,632)	49,389
Minority interest	(85,365)	11,097
Net Income (Loss)	$ (562,946)	$ 133,525

* Included in Costs and Expenses, Depreciation and Amortization: $68,393 in 1986 and $69,305 in 1985.

Assets

As of Apr. 30	1986	1985
Cash	$ 28,984	$ 11,237
Accts. receiv., net	324,136	274,996
Factors' reserves	9,442	8,776
Escrow funds	10,000	10,000
*Inventories	290,106	293,924
Prepaid expenses	19,040	6,748
Current Assets	$ 681,708	$ 605,681
#Fixed assets	229,256	212,240
Other assets	842,769	1,858,831
Total Assets	$ 1,753,733	$ 2,676,752
Liabilities		
Notes payable	$ 232,526	$ 308,420
Long-term debt, curr.	75,303	67,321
Accts. payable	131,433	189,921
Accruals	105,952	104,020
Curr. Liabilities	$ 545,214	$ 669,682
Deferred inc. taxes	—	79,632
Long-term debt	218,772	294,379
Minority interest	67,344	150,864
+ Preferred stock	257,000	257,000
+ + Common stock:		
Class A	658,238	658,238
Class B	83,910	83,910
Add. paid-in capital	(1,433,260)	1,430,106
Accum. deficit	(1,457,445)	(894,499)
Treasury stock	(52,560)	(52,560)
Total Liabilities & Shareholders' Equity	$ 1,753,733	$ 2,676,752

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
+ + $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	10.15
%Net Income to Sales	—	6.99
%Net Income to Equity	—	9.01
Sales to Inventories	9.25	6.50
Debt to Equity	0.57	0.45
Working Capital	$136,494	—
Current Ratio	1.25	—
Shareholders' Equity	$922,403	$1,482,195

Geotel, Inc.

185 Dixon Avenue
Amityville, New York 11701
(516) 842-2300

Officers: Robert J. Sanator, president & chief exec. officer; Joseph E. Link, v.p. & chief financial officer; Seymour B. Goldfeld, secretary; William J. Waymack, assistant secretary.

Directors: Herman Fialkov, Benjamin V. Wright, Jr., Eugene F. Murphy, Bernard Schniebolk, Richard L. Geiger, Robert J. Sanator.

Divisions:

Flight Research Division
5210 Charles City Road
Richmond, Virigina 23231
(804) 222-0163

Manufactures precision photo-instrumentation equipment and analog-to-digital converters. The photo-instrumentation products include systems for industrial and banking surveillance, aerial mapping, CRT and radar recordings, time lapse photographic instruments, photo-logging systems, as well as industrial viewers and projectors. Analog-to-digital instrumentation includes encoders that convert analog output into digital signals that can be fed directly into computers or printers. Applications include weighing scales, pipeline flow meters and aggregate batch mixing equipment.

Geotel/Matec Division
Hauppauge, New York 11788

Applications software for automatic test sets.

Telemet Division
185 Dixon Avenue
Amityville, New York 11701
(516) 842-2300

Designs, manufactures and sells solid-state video and audio signal processing, testing and switching instrumentation. Communication equipment manufactured by the Company includes video distribution amplifiers, multi-function test sets, test signal generators, differential phase and gain systems, sideband analyzers, modulators, precision demodulators, chroma keyers, routing switchers, video transmission cable equalizing for both short and long haul, and fiber optic transmission and receiver links.

Acquisition:

Test Technology, Incorporated
Hauppauge, New York 11788

Engaged in the development of automatic test systems application software and related products for the military and industry.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GETE (NASDAQ)

Number of Employees:

1986	98	1983	84
1985	N.A.	1982	90
1984	85		

Plant Footage:

1986	78,350 sq. ft.	1983	110,000
1985	N.A.	1982	110,000
1984	110,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 4,594,000	$ (1,050,027)
1985	2,705,000	812,813
1984	3,260,000	236,182
1983	3,432,000	256,014
1982	4,226,000	377,322

	No. of Com. Shares	Earn. per Share ‡
1986	3,731,919	$ —
1985	3,525,176	0.24
1984	3,025,176	0.08
1983	3,025,176	0.08
1982	3,017,915	0.13

(Loss)
+ Of continuing operations only.
‡ Based on the number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 4,004,075	$ 1.07
1985	4,731,488	1.34
1984	3,418,675	1.13
1983	3,182,493	1.05
1982	2,922,848	0.97

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 4,593,899	$ 2,705,237
Cost of sales	3,318,694	1,831,238
Expenses	1,947,204	1,156,363
Interest expense	84,799	75,958
Other income	(52,242)	(25,161)
Interest income	(74,776)	(98,310)
Loss on unauthorized transactions	946,247	—
Income before taxes	$ (1,576,027)	$ (234,851)
Tax credit	(526,000)	(75,000)
Loss - cont. oper.	$ (1,050,027)	$ (159,851)
Inc. - discont. oper.	—	972,664
Net Income (Loss)	$ (1,050,027)	$ 812,813

* Included in Costs and Expenses, Depreciation and Amortization: $119,612 in 1986 and $61,455 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,455,466	$ 4,266,346
Marketable securities	—	119,349
Due from stock brokerage firm	369,707	—

Accts. receiv., net	662,677	155,407
Costs in exc. of billings on contracts	110,791	—
*Inventories	1,085,439	756,868
Tax refunds receiv.	546,224	—
Prepaid expenses	181,611	26,688
Current Assets	$ 4,411,915	$ 5,324,658
#Fixed assets	1,118,668	955,484
Other assets	723,034	25,909
Total Assets	$ 6,253,617	$ 6,306,051
Liabilities		
Note payable	$ 400,000	$ —
Long-term debt, curr.	122,631	45,000
Accts. payable	317,443	131,665
Accruals	354,676	80,121
Accrued payroll	207,688	127,409
Income taxes	489	327,118
Curr. Liabilities	$ 1,402,927	$ 711,313
Long-term debt	834,615	851,250
Deferred inc. taxes	12,000	12,000
+Common stock	373,918	353,244
Add. paid-in capital	4,230,154	3,928,214
Retained earnings (deficit)	(599,997)	450,030
Total Liabilities & Shareholders' Equity	$ 6,253,617	$ 6,306,051

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Sales	—	17.18
%Net Income to Equity	4.23	3.57
Sales to Inventories	0.24	0.19
Working Capital	$3,008,988	$4,613,345
Current Ratio	3.14	7.49
Shareholders' Equity	$4,004,075	$4,731,488

Gerber Scientific, Inc.

83 Gerber Road West
South Windsor, Connecticut 06074
(203) 644-1551

P.O. Box 305
Hartford, Connecticut 06141

Officers: H. Joseph Gerber, president; Stanley Leven, sr. v.p., general counsel & secretary; David J. Logan, sr. v.p.-engineering; Robert J. Maerz, sr. v.p.-marketing & operations; George M. Gentile, sr. v.p.-finance & treasurer.

Directors: H. Joseph Gerber, Stanley Leven, Belmont Towbin, Stanley Simon, Roger B. McCormick.

Areas of Work: Specializes in the design, manufacture, sale and service of computer-aided design and computer-aided manufacturing (CAD/CAM) products in computer-controlled drafting and photoplotting, low-cost interactive design, computerized marker making, material nesting, cutting and handling, and sophisticated turnkey interactive graphic production systems which integrate several design and manufacturing processes, and microprocessor-controlled production systems. Gerber automation systems are used by a wide range of industries, including aerospace, apparel, automotive, electronics, tool die, printing, graphic arts, sign-making and optical lens manufacturing.

Subsidiaries:

The Gerber Scientific Instrument Company
83 Gerber Road West
South Windsor, Connecticut 06074
(203) 644-1551

Designs and manufactures task-oriented, turnkey interactive systems which are used in high precision drafting and photoplotting. These computer-controlled systems are used to automate the production of critical engineering drawings and artwork and other documentation for printed circuit boards and film page layouts for the graphic arts industry.

Gerber Garment Technology, Inc.
24 Industrial Park Road
Tolland, Connecticut
(203) 871-8082

Designs and manufactures CAD/CAM systems for the layout and cutting of flexible materials such as fabrics, textiles, leather, vinyls, plastics, fiberglass and advanced composite materials. The computer-aided design (CAD) systems automate sizing and arranging of pattern pieces to maximize material usage. The computer-aided manufacturing systems use the data generated by the design systems to cut the materials. The computer-controlled material handling system for the apparel industry delivers sequentially fabricated apparel parts between sewing room operators.

Gerber Systems Technology (84% owned)
425 Sullivan Avenue
South Windsor, Connecticut 06074
(203) 282-1478

Manufactures interactive design and data management systems used in computer-aided design and manufacturing (CAD/CAM) for a wide range of mechanical, electronic and manufacturing applications.

Gerber Scientific-Europe, S.A.
Boulevard du Souverain
100 BTE 2
B-1170 Brussels, Belgium

Gerber Scientific-U.K. Limited
Cumberland House
Greenside Lane
Bradford, West Yorkshire
BD89TQ England

Gerber Scientific GmbH
Oskar-Messter Strasse 15
D-8045 Ismaning
Munich, West Germany

Gerber Scientific Italia S.R.L.
Via San Francisco 22
1-20020 Lainate
Milano, Italy

Gerber Scientific France S.A.R.L.
19, Avenue LeonGambetta
F-92120 Montrouge, France

Gerber Scientific Scandinavia A.B.
P.O. Box 4080
S17104 Solna, Sweden

Gerber Scientific Leasing, Inc.
P.O. Box 305
Hartford, Connecticut 06141

Gerber Scientific Products, Inc.
151 Batson Drive
Manchester, Connecticut 06040
(203) 643-1515

Designs and manufactures low-cost microprocessor controlled production systems principally for the sign-making, graphics arts, and optical lens manufacturing industries.

Affiliates:

Boston Digital Corporation (21.2% owned)
Holliston, Massachusetts

Manufactures numerically controlled machine tools.

Beta Engineering and Development, Ltd. (37% owned)
P.O. Box 98
Beer Sheeva, Israel

Designs, manufactures and markets CAD/CAM systems for sewing and decorative stitching. Also manufactures intrusion detection systems for industry and government use.

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Hartford, Connecticut 06115

Stock Exchange(s): New York

Ticker Symbol: GRB

Number of Employees:

1986	1,700	1984	1,750
1985	1,800		

Plant Footage:

1986	877,000 sq. ft.	1983	543,000
1985	764,000	1982	500,000
1984	578,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 191,786,000	$ 18,190,000
1985	224,158,000	25,059,000
1984	173,593,000	14,677,000
1983	117,247,000	4,517,000
1982	114,756,000	3,373,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	17,325,000	$ 1.05
1985	17,292,000	1.45
1984	15,496,000	0.95
1983	14,262,000	0.32
1982	14,117,000	0.24

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.12	—	—
1985	0.10	—	3-for-2
1984	0.073	—	3-for-2
1983	0.053	—	—
1982	0.053	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 141,479,000	$ 8.17
1985	122,440,000	7.08
1984	99,315,000	6.41
1983	42,163,000	2.96
1982	38,456,000	2.72

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended April 30	1986	1985
Prod. sales	$ 154,848,000	$ 191,547,000
Service	36,938,000	32,611,000
Total revenues	$ 191,786,000	$ 224,158,000
Cost of sales	91,206,000	105,371,000
Expenses	72,470,000	77,233,000
Interest expense	3,441,000	3,333,000
Other income	(4,925,000)	(5,486,000)
Income before taxes	$ 29,594,000	$ 43,707,000
Income taxes	11,500,000	18,800,000
Minority interest	(96,000)	(152,000)
Net Income	$ 18,190,000	$ 25,059,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,263,000 in 1986 and $6,010,000 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 53,653,000	$ 53,321,000
Accts. receiv., net	57,569,000	64,534,000
*Inventories	65,311,000	50,063,000
Prepaid expenses	562,000	486,000
Current Assets	$ 179,095,000	$ 168,404,000
#Fixed assets	36,131,000	34,223,000
Investments	3,656,000	3,753,000
Other assets & intangibles	12,297,000	13,761,000
Total Assets	$ 231,179,000	$ 220,141,000
Liabilities		
Notes payable	$ 1,031,000	$ 2,369,000
Long-term debt, curr.	1,731,000	1,439,000
Accts. payable	12,965,000	13,341,000

Accruals	15,580,000	18,621,000
Accrued payroll	3,222,000	6,036,000
Income taxes	13,455,000	16,382,000
Advance payments	5,705,000	3,309,000
Curr. Liabilities	$ 53,689,000	$ 61,497,000
Long-term debt	30,455,000	31,237,000
Deferred inc. taxes	4,228,000	3,882,000
Minority interest	1,328,000	1,085,000
+Common stock	17,241,000	17,139,000
Add. paid-in capital	41,080,000	40,631,000
Retained earnings	82,018,000	65,890,000
Cum. trans. adjust.	1,140,000	(1,220,000)
Total Liabilities & Shareholders' Equity	$ 231,179,000	$ 220,141,000

* At lower of average cost (which approximates FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	15.43	19.50
%Net Income to Revenues	9.48	11.18
%Net Income to Equity	12.86	20.47
Debt to Equity	0.22	0.29
Working Capital	$125,406,022	$106,907,000
Current Ratio	3.34	2.74
Shareholders' Equity	$141,479,000	$122,440,000

Gleason Corporation

(formerly The Gleason Works)

30 Corporate Woods
P.O. Box 22856
Rochester, New York 14692
(716) 272-6000

Officers: James S. Gleason, president & chairman of the board; Derrell S. Lynch, sr. v.p.-finance & administration; John B. Kodweis, v.p.-human resources; Edward C. Berlinski, treasurer; Morton A. Polster, secretary & corporate counsel; Ralph E. Harper, asst. secretary & asst. corporate counsel; James E. Thomas, controller; Richard C. Hellwig, asst. treasurer.

Directors: James S. Gleason, chairman; Julian W. Atwater*, Robert W. Bjork, William Balderston, III*, Albert W. Moore, Robert A. Sherman*, Eugene Van Voorhis, Kenneth G. Gerg, Derrell S. Lynch.

* Member of the Executive Committee.

Areas of Work: Produces a line of precision machines and associated tooling to customer specifications and needs. Provides equipment and technology for the production of bevel gears, Curvic couplings, automated machining and testing systems and other components for mechanical power transmission systems. Also performs contract manufacturing of parts and sub-assemblies, molds, dies and fresnel lenses for a variety of industrial customers.

Divisions:

Alliance Metal Stamping and Fabricating
Rochester, New York

Hackett Precision Company
Nashville, Tennessee

The Gleason Works
Rochester, New York

The Gleason Works, S.A.
Baudour, Belgium

Gleason Works Ltd.
Plymouth, England

Gleason Corporation Sales
Southfield, Michigan

Gleason Stuttgart
Stuttgart, Germany

Gleason Milano
Milan, Italy

Gleason Power Systems Division
Rochester, New York
Baudour, Belgium

Pennsylvania Pressed Metals, Inc.
Emporium, Pennsylvania

Alliance Carolina Tool & Mold Division
Arden, North Carolina

Alliance Precision Plastics

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Rochester, New York 14603

Stock Exchange(s): New York

Ticker Symbol: GLE

Number of Employees:

1986	3,408	1983	3,879
1985	3,874	1982	3,986
1984	4,105		

Plant Footage:

1986	N.A.	1983	2,231,500
1985	N.A.	1982	N.A.
1984	2,231,500 sq. ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 252,185,000	$ 347,000
1985	228,641,000	782,000
1984	213,869,000	(655,000)
1983	163,509,000	(7,671,000)
1982	178,780,000	(9,299,000)

	No. of Com. Shares	Earn. per Share #
1986	5,712,614	$ 0.06
1985	5,693,937	0.14
1984	5,683,800	—
1983	5,683,800	—
1982	5,298,748	—

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 94,118,000	$ 16.48
1985	92,775,000	16.29
1984	90,105,000	15.85
1983	92,885,000	16.34
1982	96,422,000	18.20

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 252,185,000	$ 228,641,000
Cost of sales	188,793,000	171,217,000
Expenses	57,940,000	52,411,000
Interest expense	2,989,000	3,268,000
Other income	(1,082,000)	(1,212,000)
Minority interest	178,000	559,000
Restructuring charges	3,193,000	—
Inc. bef. taxes	$ 174,000	$ 2,398,000
Income taxes (credit)	(173,000)	1,616,000
Net Income	$ 347,000	$ 782,000

* Included in Costs and Expenses, Depreciation and Amortization: $14,699,000 in 1986 and $13,092,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 2,077,000	$ 2,389,000
Accts. receiv., net	55,191,000	54,123,000
*Inventories	24,793,000	32,525,000
Prepaid expenses	5,067,000	6,406,000
Current Assets	$ 87,128,000	$ 95,443,000
#Fixed assets	75,964,000	81,741,000
Other assets & defer. charges	8,936,000	9,072,000
Total Assets	$ 172,028,000	$ 186,256,000

Liabilities

Notes payable	$ 3,298,000	$ 6,880,000
Long-term debt, curr.	3,712,000	3,063,000
Accts. payable	15,848,000	12,267,000
Deferred revenue	2,910,000	3,151,000
Accrued payroll	9,899,000	10,028,000
Retirement plan	1,554,000	1,912,000
Income taxes	1,390,000	914,000
Other curr. liab.	5,024,000	4,706,000
Curr. Liabilities	$ 43 635,000	$ 42,921,000
Accrued empl. benefits	2,597,000	2,329,000
Long-term debt	26,193,000	36,666,000
Oblig. to purch. a patent	3,535,000	6,691,000
Minority interest	1,950,000	1,950,000
+Common stock	—	2,924,000
Add. paid-in capital	5,726,000	5,699,000
Retained earnings	11,732,000	11,497,000
Currency trans. adjust.	83,416,000	83,069,000
Oblig. to deliver comm. stock	(4,806,000)	(5,540,000)
Treasury stock	(1,950,000)	(1,950,000)
Total Liabilities & Shareholders' Equity	$ 172,028,000	$ 186,256,000

* At cost (LIFO) which is less than current market value for parent co. Subsidiaries are at lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.07	1.05
%Net Income to Sales	0.14	0.34
%Net Income to Equity	0.37	0.84
Sales to Inventories	10.17	7.03
Debt to Equity	0.28	0.50
Working Capital	$43,493,000	$52,522,000
Current Ratio	2.00	2.22
Shareholders' Equity	$94,118,000	$92,775,000

The Goodyear Tire & Rubber Company

1144 East Market Street
Akron, Ohio 44316
(216) 794-2121

Officers: Robert E. Mercer, chairman & chief executive officer; Tom H. Barrett, president & chief operating officer; Ib Thomsen, vice-chairman; James R. Glass, Jacques R. Sardas, James A. Bailey, Westi Hansen, Stanley J. Mihelick, F. Vincent Prus, Robert W. Milk, executive v.p.'s; William L. Newkirk, Frederick J. Kovac, Frank R. Tully, Hoyt M. Wells, Robert M. Hehir, Earl W. Dahl, Dennis E. Dick, Stanley C. Rose, James W. Barnett, Richard G. Pruett, Jr., Nissim Calderon, Eugene R. Culler, Jr., James K. DeVoe, William J. Sharp, Welton Birdwell, v.p.'s; Fredrick S. Myers, v.p., general counsel & secretary; Oren G. Shaffer, v.p. & treasurer; James E. MacDonald, v.p. & comptroller; John M. Ross, Patricia A. Kemph, asst. secretaries; Ronald C. Houser, Joseph H. Gilchrist, Robert M. Gossett, H. Jay Elliott, George E. Strickler, asst. comptrollers; Clifford R. Brown, Richard E. Galloway, Robert P. Easton, asst. treasurers.

Directors: Robert H. Platt, Lloyd B. Smith, Edwin D. Dodd, Romulo O'Farrill, Jr., Jacques R. Sardas, Ib Thomsen, Robert E. Mercer, Gertrude G. Michelson, William C. Turner, James R. Glass, Steven A. Minter, F. Vincent Prus, Tom H. Barrett, Thomas H. Cruikshank, Charles W. Parry.

Areas of Work: The company's electronic activities are conducted by its subsidiary, Goodyear Aerospace Corporation. Products include civil and military aviation landing gear products, weapons systems which utilize miniaturized digital computers, andmicro-processors for underseas warfare as well as missile guidance. Also involved in the improvement of existing airborne radar systems and the manufacture of a radar recording device for use in NASA's space shuttle program.

Electronic Subsidiary:

Goodyear Aerospace Corporation
1210 Massillon Road
Akron, Ohio 44306
(216) 796-2121

(Sold to Loral Corporation in early 1987.)

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd St.
New York, New York 10001

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: GT

Number of Employees:

1986	121,586	1983	128,760
1985	134,115	1982	131,665
1984	133,271		

Sales and Earnings

	Net Sales † ($000's)	Net Income + ($000's)
1986	$ 9,103,100	$ 124,100
1985	8,377,700	412,400
1984	8,494,900	411,000
1983	8,074,400	305,500
1982	8,004,100	329,800

	No. of Com. Shares	Earn. per Share ‡ +
1986	97,080,482	$ 1.16
1985	108,110,085	3.84
1984	106,492,709	3.87
1983	105,425,079	3.06
1982	98,866,612	3.34

† Of continuing operations only.
+ Including extraordinary credits of $35,100,000 ($0.35 per share) in 1983 and $17,200,000 ($0.18 per share) in 1982.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
($000's)

	1986	1985
New tires & tubes	$ 6,629,900	$ 6,190,200
Related transportation products	1,214,000	985,500
Industrial rubber, chem. & plast. prod.	1,136,400	1,102,000
Gas & oil	63,200	36,500
Other prod. & svcs.	59,600	63,500
Total	$ 9,103,100	$ 8,377,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.60	—	—
1985	1.60	—	—
1984	1.50	—	—
1983	1.40	—	—
1982	1.40	—	—

Common Stock Equity

	Total Equity ($000's)	Equity Per Share
1986	$ 3,002,600	$ 30.93
1985	3,507,400	32.44
1984	3,171,300	29.78
1983	3,016,200	28.61
1982	2,777,200	28.09

Income Account *
($000's)

Year ended Dec. 31	1986	1985
Net sales	$ 9,103,000	$ 8,377,700
Other income	121,600	114,200
Total Income	$ 9,224,700	$ 8,491,900
Cost of sales	6,993,900	6,574,000
Expenses	1,601,300	1,384,400
Interest expense	134,400	100,600
Unusual items	228,300	21,300
For. curr. trans. loss	18,800	33,800
Minority interest	9,600	6,600
Income before taxes	$ 238,400	$ 371,200
Income taxes	137,700	119,700
Inc. - cont. oper.	$ 100,700	$ 251,500
Inc. - discont. oper.	23,400	160,900
Net Income	$ 124,100	$ 412,400

* Included in Costs and Expenses, Depreciation and Depletion: $378,600,000 in 1986 and $277,700,000 in 1985.

Assets
($000's)

As of Dec. 31	1986	1985
Cash	$ 130,500	$ 139,000
Accts. & notes receiv., net	1,367,200	957,400
*Inventories	1,352,200	1,378,500
Prepaid expenses	82,700	83,300
Net assets held for sale	107,800	—
Current Assets	$ 3,040,400	$ 2,558,200
#Fixed assets	4,583,400	4,025,000
Other assets	985,700	370,300
Total Assets	$ 8,609,500	$ 6,953,500

Liabilities
($000's)

Long-term debt, curr.	$ 44,400	$ 35,200
Accts. payable	749,500	657,400
Accrued payroll	337,100	347,400
Income taxes	168,000	232,000
Short-term debt	304,200	116,300
Other curr. liab.	405,000	219,100
Deferred gain on sale of assets	134,700	—
Curr. Liabilities	$ 2,142,900	$ 1,607,400
Long-term debt and capital lease oblig.	2,487,500	997,500
Other liabilities	317,500	301,600
Minority interest	72,600	64,300
Deferred inc. taxes	586,400	475,300
+Common stock	97,100	94,100
Add. paid-in capital	104,200	655,400
Retained earnings	3,122,200	3,172,200
Foreign currency trans. adj.	(320,900)	(414,300)
Total Liabilities & Shareholders' Equity	$ 8,609,500	$ 6,953,500

* At lower of cost (LIFO or average) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	4.13	11.76
Sales to Inventories	6.73	6.08
Debt to Equity	0.83	0.33
Working Capital	$ 897,500,000	$ 950,800,000
Current Ratio	1.42	1.59
Shareholders' Equity	$3,002,600,000	$3,507,400,000

Gould Inc.

10 Gould Center
Rolling Meadows, Illinois 60008
(312) 640-4000

Officers: James F. McDonald, chairman of the board & chief executive officer; John E. Jones, exec., v.p.-instrumentation & automation systems; Harry A. Caunter, exec. v.p.-defense systems; Charles M. Brennan, III, sr. v.p., chief financial officer & treasurer; Richard L. Williams, III, sr. v.p.-administration & general counsel; George W. Welsh, v.p.-corporate development; C. David Ferguson, exec. v.p.-materials and components; Robert M. Penn, group v.p.-semiconductors; C. Shelton James, exec. v.p.-information systems; Peter R. Strong, group v.p.-test & measurement; Jerry W. Gaskin, v.p. & controller; Nancy R. Jack, v.p. & secretary; James E. Forrest, v.p.-strategic planning; Patrick L. Rickard, v.p.

Directors: James F. McDonald*, chairman; Jordan J. Baruch, Daniel J. Donahue*, W. John Driscoll*, William F. Glavin, Frank L. Hereford, Jr., Keith R. Potter*, Louis H. Roddis, Jr., John P. Schroeder, A.A. Sommer, Jr., Richard J. Hanschen, Charles M. Brennan, III, Richard L. Williams, III.

* Member of the Executive Committee.

Areas of Work: Develops, manufactures and markets computers and electronics-based systems, products and components for key high-growth worldwide markets; information systems, industrial automation, instrument systems, defense systems, semiconductors and other electronic components.

Divisions and Subsidiaries:

Electronic Systems:

These products include information systems: 32-bit minicomputer and computer-based image processing and display systems; computer-integrated industrial automation systems: ruggedized industrial computers (including cell and programmable controllers), man-machine interface systems, industrial local-area data communication networks and single and multiple-axis motion control systems.

Imaging & Graphics
San Jose, California
Manufactures a broad line of digital imaging and graphics systems used in publishing, remote sensing, CAD, CAM, and animated graphics.

Motion Control
2701 North Green Bay Road
Racine, Wisconsin 55304
(414) 637-6591
Manufactures and distributes high performance motion control systems.

Micro Bond Technologies, Inc.
Producer of interconnect devices and beam tape for tape-automated bonding of semiconductors.

Industrial Controls Division
Measurement Systems Division

International Cybernetics Corporation
Manufacturer of advanced computerized controls for factory and machine automation.

Computer Systems Division
Fort Lauderdale, Florida
(305) 587-2900
Produces digital minicomputers for research, industrial process and control, for generation and distribution of electrical power and for exploration and development of new fuel and energy sources.

Industrial Automation Systems
North Andover, Massachusetts
Applications software, cell controllers, computer systems, flexible automation controllers, industrial local area networks, intelligent motion-control devices, I/O modules, machine vision systems, man-machine interfaces, programmable controllers, servo-drive systems, workstations.

Instrument Systems:
These include test and measurement instrumentation: logic analyzers, recording systems and digital storage oscilloscopes.

Design & Test Systems Division
Recording Systems Division

Gould Inc.

Electronic Components:

Components and materials for the electronics industry include application-specific MOS/VLSI (metal-oxide silicon/very-large-scale-integration) integrated circuits, electrolytic copper foil and circuit protection devices.

Micro Power Products Division
Gould AMI
Dexcel Division
Circuit Protection Division

Foil Division
17000 St. Clair Avenue
Cleveland, Ohio 44110
(216) 481-7200

Defense Systems:

Defense systems include undersea weapon systems, anti-submarine warfare surveillance systems, avionics and communication systems, computer based simulation systems and shipboard circuit protection systems.

Advanced Technology Center
Defense Electronics Division
NavCom Systems Division
Ocean Systems Division
Systems & Simulation Division
Systems Protection Division
National Airspace Systems Division

3DBM Electronics Corporation
Producer of military microwave devices, electronic systems and radio frequency systems.

Transfer Agent(s):
Morgan Guaranty Trust of New York
23 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Midwest

Ticker Symbol: GLD

Number of Employees:

1986	10,613	1983	20,651
1985	18,605	1982	19,976
1984	19,603		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 908,800	$ (101,800)
1985	923,200	(175,700)
1984	920,800	17,800
1983	808,200	64,100
1982	766,400	92,800

	No. of Com. Shares	Earn. per Share ‡
1986	44,553,000	$ —
1985	44,358,000	—
1984	43,639,000	0.40
1983	44,705,000	1.42
1982	43,540,000	2.15

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronic systems	$ 480,100	$ 498,700
Instrument systems	102,300	98,700
Electronic components	325,100	323,000
General corp.	1,300	2,800
Total	$ 908,800	$ 923,200

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.34	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	1.72	—	—
1982	1.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 557,700,000	$ 12.52
1985	674,000,000	15.19
1984	854,700,000	19.59
1983	885,100,000	19.80
1982	887,300,000‡	20.34

‡ After allowing for preferred stock at stated value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net revenues	$ 908,800	$ 923,200
Cost of sales	497,900	506,600
Expenses	373,600	369,800
Interest income	(6,500)	(17,000)
Other income	(13,300)	(12,600)
Special charge	—	159,200
Inc. (loss) bef. taxes	$ 57,100	$ (82,800)
Income taxes	22,500	19,600
Inc.-(loss) cont. oper.	$ 34,600	$ (102,400)
Loss - disc. oper.	(136,400)	(73,300)
Net Loss	$ (101,800)	$ (175,700)

* Included in Costs and Expenses, Depreciation: $63,900,000 in 1986 and $70,500,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & marketable secur.	$ 11,900	$ 8,700
Accts. receiv., net	167,600	168,200
*Inventories	148,900	141,700
Other curr. assets	88,800	143,600
Net assets of discont. oper.	214,700	181,400
Current Assets	$ 631,900	$ 643,600
Investments	87,200	81,100
Other assets	59,900	60,500
#Fixed assets	347,500	354,700
Net assets of discont. oper.	70,800	148,900
Intangibles	67,800	69,400
Total Assets	$ 1,265,100	$ 1,358,200

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 64,100	$ 29,000
Accts. payable	70,100	68,800
Accrued payroll	26,800	42,300
Accrued interest	15,200	15,300
Accruals	75,900	52,400
Income taxes	14,700	13,700
Curr. Liabilities	$ 266,800	$ 221,500
Long-term debt	326,400	348,900
Deferred inc. taxes	60,200	61,900
Other liab	54,000	51,900
+Common stock	187,100	187,100
Add. paid-in capital	253,200	254,300
Retained earnings	206,300	323,200
Treasury stock	(58,800)	(63,500)
Trans. adjust.	(30,100)	(27,100)
Total Liabilities & Shareholders' Equity	$ 1,265,700	$ 1,358,200

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $4 par value.

Statistical Summary

Sales to Inventories	6.10	6.52
Debt to Equity	0.70	0.56
Working Capital	$365,100,000	$422,100,000
Current Ratio	2.37	2.91
Shareholders' Equity	$557,700,000	$674,000,000

W.W. Grainger, Inc.

5500 West Howard Street
Skokie, Illinois 60077
(312) 982-9000

Officers: David W. Grainger, chairman; Wiley N. Caldwell, president; James M. Baisley, v.p. & gen. counsel; David K. Barth, v.p.-planning & development; Edward C. Bender, v.p.-information services; Donald E. Bielinski, v.p. & controller; Lee J. Flory, v.p. & secretary; Jere D. Fluno, vice chairman; Neal Ormond, III, v.p.-human resources; Robert D. Pappano, v.p. & treasurer; Richard D. Quast, v.p.-real estate.

Directors: David W. Grainger, chairman; George R. Baker, Wiley N. Caldwell, Kingman Douglass, Edward W. Duffy, Robert E. Elberson, Jere D. Fluno, Wilbur H. Gantz, Elmer R. Slavik, Harold Byron Smith, Jr., Fred L. Turner.

Areas of Work: Distributes electrical, mechanical and other products to the industrial and commercial markets. Through its Dayton Industries Division, produces fans, blowers, air compressors, and sump pumps.

Divisions:
Dayton Industries Division
Northbrook, Illinois
Lenexa, Kansas

Direct Ship Division
Buffalo Grove, Illinois

Distribution Group
Chicago, Illinois
Kansas City, Missouri

Transfer Agent(s):
The First National Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Midwest

Ticker Symbol: GWW

Number of Employees:

1986	5,578	1983	4,583
1985	5,195	1982	4,468
1984	4,905		

Plant Footage:
1986 ..... 328,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$1,159,595,000	$ 86,112,000
1985	1,091,590,000	71,775,000
1984	1,022,526,000	68,942,000
1983	848,462,000	51,744,000
1982	773,477,000	50,110,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	29,118,125	$ 2.96
1985	29,047,970	2.47
1984	28,990,432	2.38
1983	28,943,444	1.79
1982	28,657,652	1.75

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.71	—	—
1985	0.665	—	—
1984	0.615	—	—
1983	0.595	—	—
1982	0.57	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 582,091,000	$ 19.99
1985	518,234,000	17.84

1984	463,874,000	16.00
1983	411,936,000	14.23

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,159,595	$ 1,091,590
Cost of sales	773,141	733,052
Expenses	257,061	227,574
Interest expense	2,869	2,735
Interest income	(9,718)	(5,026)
Other expense (income)	(4,414)	702
Income before taxes	$ 140,656	$ 132,553
Income taxes	65,858	64,818
Income from cont. oper.	$ 74,798	$ 67,735
Income from discont. oper.	11,314	4,040
Net Income	$ 86,112	$ 71,775

* Included in Costs and Expenses, Depreciation and Amortization: $19,277,000 in 1986 and $17,108,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 8,748	$ 7,094
Marketable securities	171,769	93,564
Accts. receiv., net	130,635	118,311
*Inventories	261,149	233,627
Prepaid expenses	2,212	1,293
Deferred inc. tax benefits	8,136	5,640
Current Assets	$ 582,649	$ 459,529
Net assets of discont. oper.	—	23,443
#Fixed assets	227,847	218,177
Other assets	9,466	16,651
Total Assets	$ 819,962	$ 717,800

Liabilities
(90's)

Long-term debt, curr.	$ 20,544	$ 12,652
Accts. payable	94,338	74,714
Accrued profit-sharing	16,582	15,617
Other accruals	35,467	25,112
Income taxes	11,468	6,799
Curr. Liabilities	$ 178,399	$ 134,894
Long-term debt	22,633	29,408
Deferred inc. taxes	36,839	35,264
+ Common stock	28,897	28,919
Add. paid-in capital	32,612	30,014
Retained earnings	520,582	459,301
Total Liabilities & Shareholders' Equity	$ 819,962	$ 717,800

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	14.79	13.85
Sales to Inventories	4.44	4.67
Debt to Equity	0.07	0.08
Working Capital	$404,250,000	$324,635,000
Current Ratio	3.27	3.41
Shareholders' Equity	$582,091,000	$518,234,000

Graphic Scanning Corp.

329 Alfred Avenue
Teaneck, New Jersey 07666
(201) 837-5100

Officers: Stephen M. Greenberg, chairman of the board & acting chief exec. officer; William S. Wheatley, Jr., president; Jay A. Disler, v.p., chief financial officer & asst. secretary; Alfred K. Ganschow, v.p.-operations; Richard Sherwin, v.p.-marketing; Ronald P. Vicari, v.p.-engineering; Arnold S. Jacobs, secretary.

Directors: Stephen M. Greenberg, chairman; Martin Beck, Michael Beckman, Carlos C. Campbell, Arnold S. Jacobs, Perry J. Lewis, Howard Mescon, John A. Morgan, Daniel Rubin, Robert P. Shapiro, Richard J. Sherwin.

Business Activities: The Company provides specialized data and message processing and record and data communications services; operates radio paging, two-way mobile radio telephone and other related services; and sells communications systems and related devices. Through its 76.4% owned subsidiary, Switchco, Inc., the Company is engaged in the design, development and manufacture of complex, computer-based, software and hardware controlled communications switching systems.

Subsidiaries:

Graphnet, Inc.
329 Alfred Avenue
Teaneck, New Jersey
Operates a computer controlled record and data communications network throughout the entire U.S.

Digital Paging Systems, Inc.

GSC Systems Development Corp.
3660 Maguire Boulevard
Suite 200
Orlando, Florida 32803

Radio Relay Corp.- Delaware
Switchco, Inc.

Time and Space Processing, Inc.
3410 Central Expressway
Santa Clara, California 95051

Spectrum Communications & Electronics Corp.
62 Bethpage Road
Hicksville, New York 11801

Cellular Mobile Services, Inc.
Cellular Mobile Systems, Inc.

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GSCC (NASDAQ)

Number of Employees:

1986	1,700	1983	2,034
1985	1,602	1982	1,830
1984	N.A.		

Plant Footage:

1986	93,000 sq. ft.	1983	108,000
1985	93,000	1982	75,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income
1986	$ 120,757,000	$ (49,877,000)
1985	121,916,000	(11,907,000)
1984	117,847,000	(25,285,000)
1983	89,656,000	(20,325,000)
1982	68,588,000	(2,131,000)

	No. of Com. Shares #	Earn. per Share #
1986	37,744,481	$ —
1985	35,795,508	—
1984	34,018,637	—
1983	33,968,384	—
1982	33,775,736	—

(Loss)
Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—
1982	—	—	5-for-2

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 6,304,965	$ 0.17
1985	46,151,535	1.29
1984	42,718,021	1.26
1983	66,894,302	1.97
1982	85,731,524	2.54

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account

Year ended June 30	1986	1985
Net sales & services	$ 120,756,790	$ 121,916,034
Cost of sales	62,412,608	57,273,395
Expenses	61,925,260	
Depreciation & amortization	22,614,226	21,660,678
Interest expense	13,193,825	13,593,595
Res. & develop.	1,673,356	3,580,202
Gain on sales of mobile commun.	4,151,886	(22,595,332)
Interest income	—	(2,852,779)
Proxy contest exp.	(7,292,590)	—
Prov. for write-down of assets	(1,540,833)	21,660,678
Other income	7,500,000	(1,477,861)
Eq. in cell. partner losses	7,484,099	4,600,858
Prov. for FCC settle.	(2,929,007)	(1,477,861)
Loss before taxes	$ (48,436,040)	$ (12,815,277)
Income taxes (credit)	1,441,000	(908,000)
Net Loss	$ (49,877,040)	$ (11,907,277)

Assets

As of June 30	1986	1985
Cash	$ 12,309,708	$ 4,389,540
Comm. paper	3,744,501	7,997,349
Accts. receiv., net	17,817,269	17,981,923
Receiv. from sales of mobile comm.	102,060	13,210,303
*Inventories	4,847,184	7,509,672
Taxes	3,734,483	4,059,871
Other current assets	1,203,029	1,883,596
Current Assets	$ 43,758,234	$ 57,032,254
#Fixed assets	69,560,946	74,176,033
Other assets	69,556,928	75,144,423
Total Assets	$ 182,876,108	$ 206,352,710

Liabilities

Notes payable	$ 3,200,000	$ 11,040,000
Long-term debt, curr. outstanding	6,467,870	7,477,005
Accts. payable and accruals	34,789,210	23,361,831
Income taxes	1,284,138	1,365,871
Curr. Liabilities	$ 45,741,218	$ 43,244,707
Long-term debt	115,793,715	110,316,399
Other liabilities	2,782,210	3,259,415

Minority interest	3,170,816	3,380,654
+ Redeem. preferred stock	9,083,184	—
+ + Common stock	398,103	370,958
Add. paid-in capital	99,171,434	87,190,072
Deficit	(91,286,535)	(41,409,495)
Deferred comp.	(1,978,037)	—
Total Liabilities & Shareholders' Equity	$ 182,876,108	$ 206,352,710

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 11¼% convertible.
+ + $0.01 par value.

Grumman Corporation

1111 Stewart Avenue
Bethpage, New York 11714
(516) 575-0574

Officers: John C. Bierwirth, chairman of the board; John O'Brien, president; Robert G. Freese, vice chairman-finance & treasurer; George L. Brown, v.p.-Washington Relations & EEO; Natale P. Busi, v.p. & controller; Willard R. Bischoff, vice chairman-technology; John J. Carroll, v.p.-community relations; Howard J. Dunn, Jr., v.p.-audit; Thomas L. Genovese, v.p. & general counsel; Weyman B. Jones, v.p.-public affairs; Robert W. Bradshaw, v.p. & secretary; Daniel F. Huebner, vice chairman-development; Richard A. Schueing, v.p.-corporated research center; George E. Kinnear, II, sr. v.p.-Washington Operations; David L. Walsh, v.p.-marketing; Dean G. Cassell, v.p.-product integrity & environmental protection; Steven Dely, v.p. & asst. to the president; Edward B. Jacobs, William R. Parmentier, Jr., William Wachino, Jr., asst. treasurers; Evelyn Capelluto, asst. secretary.

Directors: John C. Bierwirth*, chairman; Kenneth S. Axelson, Ellis L. Phillips, Jr.*, Archie E. Albright, Robert G. Freese, Lucy W. Benson*, John T. Sargent, Orville L. Freeman*, Edward W. Brooke, Renso L. Caporali, Victor Hao Li, John O'Brien*, Dan F. Huebner, David L. Luke, III

* Member of the Executive Committee.

Areas of Work: Manufactures military aircraft, spacecraft, commercial aircraft components and subassemblies, sophisticated electronics for aircraft, computerized test equipment and other defense-related products such as airborne surveillance systems, boat and truck bodies, fire apparatus and buses. Also provides services in the field of computer programming.

Divisions:
Aircraft Systems Division
Aerostructures Division
Allied Division
Corporated Services Division
Data Systems Division
Electronics Systems Division
Melbourne Systems Division
St. Augustine Division
Space Systems Division
Technical Services Division

Subsidiaries:
Grumman Aerospace Corporation
Grumman Allied Industries, Inc.
Grumman Data Systems Corp
Grumman Emergency Products, Inc.
Grumman Olson
Grumman-CTEC, Inc.
Grumman Data Information Services, Inc.
Grumman Houston Corporation
Grumman Ventures, Inc.
Grumman (Singapore) Pte-Ltd.
Grumman Credit Corporation
Grumman Foreign Sales Corporation
Grumman International, Inc.
Paumanock Development Corporation

Tachonics Corporation
Plainsboro, New Jersey
Designs and manufactures integrated circuits using sallium arsenide.

Transfer Agent(s):
The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, Boston.

Ticker Symbol: GQ

Number of Employees:

1986	33,400	1983	28,800
1985	32,177	1982	27,300
1984	30,866		

Plant Footage:
1986 . . . . . 13,914,000 sq.ft.

Sales and Earnings

	Net Sales *	Net Income
1986	$3,501,911,000	$ 78,690,000
1985	3,098,865,000	81,535,000
1984	2,603,639,000	108,418,000
1983	2,254,778,000	110,746,000
1982	2,056,673,000	32,600,000

	No. of Com. Shares +	Earn. per Share #
1986	32,603,690	$ 2.32
1985	29,146,887	2.65
1984	28,616,065	3.62
1983	28,146,531	3.82
1982	23,551,122	1.17

* Including other income; of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Aerospace	$ 2,835,254	$ 2,675,137
Electronics systems	482,601	219,647
Special vehicles	161,472	133,480
Information and other svcs.	457,542	364,424
Corp. items & eliminations	(434,958)	(293,823)
Total	$ 3,501,911	$ 3,098,865

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	0.925	—	—
1983	0.85	—	2-for-1
1982	0.725	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 721,882,000	$ 22.14
1985	603,354,000	20.70
1984	543,611,000	19.00
1983	452,402,000	16.07
1982	315,381,000	13.39

‡ After allowing for preferred stock at stated value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 3,440,125	$ 3,048,520
Other income	61,786	50,345
Total income	$ 3,501,911	$ 3,098,865
Cost of sales	3,159,046	2,780,660
Expenses	176,304	159,757
Interest expenses	48,611	29,413
Income before taxes	$ 117,190	$ 129,035
Income taxes	38,500	47,500
Net Income	$ 78,690	$ 81,535

* Included in Costs and Expenses, Depreciation and Amortization: $81,400,000 in 1986 and $60,231,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 33,976	$ 19,812
Cert. of deposit	95,263	82,905
Accts. receiv., net	577,192	377,763
*Inventories	576,415	550,463
Prepaid expenses	22,542	11,296
Current Assets	$ 1,305,388	$ 1,042,239
Contracts receiv.	70,600	61,809
#Fixed assets	521,503	411,836
Other assets & defer. charges	66,179	69,889
Total Assets	$ 1,963,670	$ 1,585,773

Liabilities
(000's)

Long-term debt, curr.	$ 59,808	$ 21,478
Accts. payable	192,809	152,442
Accruals	72,715	68,661
Def. inc. taxes	149,080	165,519
Prog. payments & customer deposits	34,660	53,179
Other liabilities	115,157	94,556
Curr. Liabilities	$ 624,229	$ 555,835
Long-term debt	420974	263,393
Def. inc. taxes	123,220	103,720
Other liab.	28,402	14,496
+ Preferred stock: Redeemable	44,870	44,870
Non-redeemable	93	105
+ Common stock	277,231	200,826
Retained earnings	444,651	402,528
Total Liabilities & Shareholders' Equity	$ 1,963,670	$ 1,585,773

* At lower of cost (average, FIFO and LIFO) or realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.41	4.23
%Net Income to Sales	2.29	2.67
%Net Income to Equity	10.90	13.51
Sales to Inventories	5.97	5.54
Debt to Equity	0.58	0.47
Working Capital	$681,159,000	$486,404,000
Current Ratio	2.09	1.88
Shareholders' Equity	$721,975,000	$603,459,000

GTE Corporation

One Stamford Forum
Stamford, Connecticut 06904
(203) 965-2000

Officers: Theodore F. Brophy, chairman & chief exec. officer; James L. Johnson, president & chief operating officer; James L. Broadhead, sr. v.p. & president-GTE Telephone Operations; Edward C. Schmults, sr. v.p. & gen. counsel; Allan L. Rayfield, sr. v.p. & president-GTE products and systems; Charles R. Lee, sr. v..-finance & planning; Edward C. MacEwen, v.p.-corporate communications; Bruce Carswell, sr. v.p.-human resources & administration; Robert J. Gresens, president-GTE International; Samuel F. Shawhan, v.p.-government affairs; Claude A. Burleson, v.p.-taxes; Stephen E. Frank, v.p. & controller; James Murphy, v.p. & treasurer;

Timothy P. Murphy, v.p.-investor relations & financial adm.; John C. Redmond, v.p.-research & engineering & pres.-GTE Laboratories; Marianne Drost, corp. secretary; Donald A. Mitchell, v.p.-planning & development; D. Otis Wolkins, v.p.-quality services.

Directors: Marvin A. Asnes*, James R. Barker, Theodore F. Brophy, T. Justin Moore, Jr., Sandra O. Moose, Gordon T. Wallis*, Richard W. Jones, John H. Page, James W. Walter*, James L. Broadhead, Allen L. Rayfield, James L. Johnson, Edwin L. Artzt, Edward H. Budd*, James L. Ketelsen*, Russell E. Palmer, Robert D. Storey.

* Member of the Executive Committee.

Areas of Work: GTE has three core businesses: telecommunications, lighting products and precision materials. In telecommunications, the corporation provides local telphone service in portions of 31 states, two Canadian provinces and the Dominican Republic. Long-distance telephone service is offered through U.S. Sprint and specialized telecommunication services through GTE Telecom. Telecommunications systems and services and Sylvania lighting products and precision materials are marketed in the United States and 40 other countries.

Divisions:

GTE Telephone Operating Group
Stamford, Connecticut

Telephone Companies
Provides local telephone service to communities in 31 states, British Columbia, Quebec, the Dominican Republic, and the northern Mariana Islands in the Pacific Ocean. Also sells or leases phones and terminals.

GTE Directories
Dallas, Texas
Sells Yellow Pages advertising and publishes telephone directories.

GTE Mobilnet
Houston, Texas
Provides cellular mobile radio telephone service.

GTE Spacenet
McLean, Virginia
Operates a nationwide satellite communications system.

GTE Telecom
Stamford, Connecticut
Comprised of three operating units: GTE Airfone, which provides air-to-ground telephone services for passengers on commercial airlines; GTE Telecom's Communications Management Division, which provides telecommunications services to government, defense and business customers; and GTE TeleMessenger, which provides a computer-based voice messaging service.

GTE Products and Systems Group
Stamford, Connecticut

GTE Consumer Communications Products
Stamford, Connecticut
Markets residential and small office products such as single-line telephones, answering machines, data equipment, work stations and peripherals.

GTE Communication Systems
Phoenix, Arizona
Supplies lines of communications equipment, systems and support services, including digital switching and PABX systems.

Government Systems Group
Waltham, Massachusetts
Reconnaissance systems; command, control communications and intelligence systems; tactical communication systems; electronic defense systems; communications switching and information systems.

GTE Lighting Products
Danvers, Massachusetts
Manufactures more than 6,000 types of Sylvania lamps. Also produces lighting products, lamp fixtures and related products.

GTE Precision Materials
Danvers, Massachusetts
Manufactures metal, plastic and ceramic materials, parts and components; specialty and refractory metals; high-purity chemicals and electronic assemblies.

Other Sectors:

US Sprint (50% owned)
Kansas City, Missouri
Operates the third largest long-distance telephone system in the U.S., and provides telephone services to 27 countries.

GTE Laboratories
Waltham, Massachusetts
Conducts basic and applied research in communications, lighting and precision materials technologies.

Transfer Agent(s):

GTE Shareholder Services Incorporated
P.O. Box 37
North Quincy, Massachusetts 02171

GTE Shareholder Services Incorporated
50 Broadway
New York, New York 10004

State Street Bank and Trust Company
P.O. Box 5003
Boston, Massachusetts 02107

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam, Basel, Geneva, Lausanne, Zurich, Paris

Ticker Symbol: GTE

Number of Employees:

1986	160,000	1983	179,000
1985	175,000	1982	188,000
1984	178,000		

Sales and Earnings
(000's)

	Revenues & Sales ‡	Net Income
1986	$ 15,111,528	$ 1,184,312
1985	14,371,659	(161,091)
1984	13,247,731	1,125,118
1983	12,943,918	955,604
1982	11,766,658	835,626

	No. of Com. Shares #	Earn. per Share #
1986	326,309,000	$ 3.53
1985	312,455,000	—
1984	294,849,000	3.70
1983	278,100,000	3.33
1984	257,106,000	3.13

(Loss)
‡ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$2.20	—	3-for-2
1985	2.08	—	—
1984	2.03	—	—
1983	1.97	—	—
1982	1.92	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity + (000's)	Equity Per Share ‡
1986	$ 7,663,121	$ 23.23
1985	6,830,195	21.49
1984	7,374,000	24.07
1983	6,461,000	22.59
1982	5,688,000	21.01

+ After allowing for no par preferred stock at stated value and $50 par value preferred stock at par.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues and Sales:		
Telephone oper.	$ 11,278,347	$ 10,537,889
Other oper.	3,833,181	3,833,770
Total Income	$ 15,111,528	$ 14,371,659
Costs & expenses:		
Telephone oper.	8,335,389	7,621,082
Other oper.	3,538,091	3,549,843
Interest expense	778,390	780,638
Eq. in loss of U.S. Sprint	285,718	244,698
Bus. restruc. exp. (inc.)	(92,813)	2,097,552
Other expense	176,142	240,232
Income (loss) bef. taxes	$ 2,090,611	$ (162,386)
Income taxes (credit)	906,299	(1,295)
Net Income (Loss)	$ 1,184,312	$ (161,091)

* Included in Costs and Expenses, Depreciation: $2,305,128,000 in 1986 and $2,015,661,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. invest.	$ 226,088	$ 386,135
Receiv., net	2,121,992	2,090,330
*Inventories	1,225,524	1,382,299
Deferred tax benefits	353,697	284,387
Other assets	289,776	173,884
Current Assets	$ 4,217,077	$ 4,317,035
#Fixed assets	21,128,146	20,333,142
Investments & other assets	2,056,578	1,315,186
Total Assets	$ 27,401,801	$ 25,965,363

Liabilities
(000's)

Short-term oblig.	$ 736,665	$ 1,035,509
Accts. payable	1,181,767	1,381,145
Accrued business repositioning costs	472,743	654,479
Accrued taxes	652,079	405,452
Advance billings	245,119	242,560
Accrued interest	197,425	227,011
Other curr. liab.	1,149,084	1,059,115
Curr. Liabilities	$ 4,634,882	$ 5,005,271
Long-term debt	8,880,682	8,280,329
Reserves & deferred credits	4,909,841	4,359,430
+Mand. redempt. pref. stock	358,257	581,256
No par preferred stock	206,167	206,316
+Preferred stock	15,986	19,098
+ +Common stock	33,146	706,133
Add. paid-in capital	4,457,642	3,392,568
For. curr. trans. adjust.	(141,069)	(209,478)
Retained earnings	3,372,738	2,940,972
Treasury stock	(59,336)	—
Minority interest in eq. of subsid.	732,865	683,468
Total Liabilities & Shareholders' Equity	$ 27,401,801	$ 25,965,363

* At lower of cost (FIFO or average) or market; certain non-regulated domestic inventories at LIFO.
# Less accumulated depreciation.
+ $50 par value.
+ + $0.10 par value.

Statistical Summary

%Income bef. Taxes to Total Income	13.83	—
%Net Income to Total Income	7.84	—
%Net Income to Equity	15.02	—
Debt to Equity	1.22	1.32
Shareholders' Equity	$7,885,274,000	$7,055,609,000

GTI Corporation

9191 Towne Centre Drive
Suite 310
San Diego, California 92122
(619) 578-3111

Officers: James K. La Fleur, chairman of the board, president & chief exec. officer; John C. Brittain, Remo A. Ionni, v.p.'s; Ronald Lust, v.p.-finance & secretary-treasurer; Richard C. Roessler, corp. controller.

Directors: James K. La Fleur, chairman; William S. Ivans, Alvin H. Wineman, Jr., Ronald Lust, John C. Brittain.

Areas of Work: Manufactures a variety of electronic and electronic component parts, circuit boards and processing equipment. Principal products include glass-to-metal seals, welded metal leads, rolled pins, die stamped, etched flexible and etched rigid circuit boards, and electronic component processing equipment.

Divisions:

Circuits Division
P.O. Box 217
Leesburg, Indiana 46538
(219) 453-3261
Manufactures die stamped printed circuits with its major markets being the automotive industry.

Electronics Division
R.D. 2, P.O. Box 2096
Hadley, Pennsylvania 16130
(412) 253-3161
Produces a line of two and three piece welded leads and filaments, straight cut lead and rolled pins, intricate metal forms, headed and formed leads, semiconductor leads, wire welds, welded cap and assemblies and lamp leads.

GTI - Ireland, Ltd.
Industrial Estates
Abbeyfeale
County Limerick
Republic of Ireland

Transfer Agent(s):
Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: GTI

Number of Employees:

1986	343	1983	405
1985	283	1982	293
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 16,372,000	$ (3,639,000)
1985	16,920,000	(679,000)
1984	24,107,000	410,000
1983	17,091,000	19,000
1982	18,851,000	201,000

	No. of Com. Shares	Earn. per Shares †
1986	3,461,775	$ —
1985	3,486,727	—
1984	3,500,867	0.12
1983	3,499,867	0.01
1982	3,062,937	0.07

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1984	1985
Electronic & elec. components	$ 8,410,000	$ 9,744,000
Circuit boards	7,033,000	6,135,000
Component processing equipment	929,000	1,041,000
Total	$ 16,372,000	$ 19,393,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	-
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.09	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 7,020,000	$ 2.03
1985	10,341,000	2.99
1984	10,571,000	3.02
1983	10,356,000	2.96
1982	8,592,000	2.81

Income Account *

Year ended Dec. 31	1986	1985
Net revenues	$ 16,372,000	$ 16,920,000
Cost of revenues	11,749,000	13,231,000
Expenses	3,646,000	3,551,000
Other income	(141,000)	(6,000)
Interest expense	298,000	361,000
Interest income	(184,000)	(295,000)
Income bef. taxes	$ 1,004,000	$ 78.,000
Income taxes	589,000	151,000
Inc. (loss)-cont. oper	$ 415,000	$ (73,000)
Loss-discont. oper.	(4,054,000)	(606,000)
Net Income (Loss)	$ (3,639,000)	$ (679,000)

* Included in Costs and Expenses, Depreciation and Amortization: $953,000 in 1986 and $809,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 169,000	$ 268,000
Receiv., net	1,944,000	1,603,000
Income taxes receiv.	394,000	490,000
*Inventories	2,107,000	2,112,000
Prepaid expenses	175,000	165,000
Deferred inc. taxes	—	496,000
Net assets of discont. oper.	—	1,237,000
Current Assets	$ 4,789,000	$ 6,371,000
#Fixed assets	4,357,000	4,473,000
Investments	1,500,000	1,700,000
Def. inc. taxes	—	123,000
Net assets of discont. oper.	—	2,937,000
Total Assets	$ 10,646,000	$ 15,604,000

Liabilities

Long-term debt, curr.	$ —	$ 148,000
Accts. payable	915,000	858,000
Accruals	1,018,000	718,000
Accrued inc. taxes	—	160,000
Curr. Liabilities	$ 1,933,000	$ 1,884,000
Long-term debt	1,272,000	2,930,000
Other liabilities	421,000	449,000
+Common stock	140,000	140,000
Add. paid-in capital	8,993,000	8,993,000
Retained earnings (def.)	(2,542,000)	1,097,000
Treasury stock	(85,000)	(85,000)
Cum. trans. adj.	514,000	196,000
Total Liabilities & Shareholders' Equity	$ 10,646,000	$ 15,604,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.04 par value.

Statistical Summary

Sales to Inventories	8.03	8.01
Debt to Equity	0.18	0.30
Working Capital	$2,856,000	$ 4,388,000
Current Ratio	2.48	3.08
Shareholders' Equity	$7,020,000	$10,341,000

HADCO Corporation

10 Manor Parkway
Salem, New Hampshire 03079
(603) 898-8000

Officers: Horace H. Irvine, II, chairman; Maurice E. Needham, Jr., vice chairman; Jon F. Kropper, president & chief exec. officer; William P. Meehan, v.p.-finance & chief financial officer; Donald J. Pucci, Joseph R. Schaefer, Dana R. Schofield, J. Barry Burns, Patrick Sweeney, vice presidents; Andrew E. Lietz, v.p.-sales; Leonard I. Major, treasurer; Rodney P. DeRego, v.p. & controller; James C. Hamilton, clerk.

Directors: Horace H. Irvine, II, chairman of the board; Maurice E. Needham, Jr., vice chairman of the board; Jon F. Kropper, Dr. David F. Hawkins, J. Stanley Hill, John O. Irvine, Guy N. Jolliff.

Areas of Work: Manufactures multilayer and dense two-sided printed circuits which it markets to the computer, telecommunications, and other electronic industry segments.

Divisions:

Sales & Marketing
Salem, New Hampshire

Backplane Division
Salem, New Hampshire

Derry Division
Derry, New Hampshire

Owego Division
Owego, New York

Tech Center One
Salem, New Hampshire

Tech Center Two
Watsonville, California

Subsidiary:
Circuit Image Industries, Inc.
Hudson, New Hampshire

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDCO (NASDAQ)

Number of Employees:

1986	1,322	1984	2,126
1985	1,215		

Plant Footage:
1986 ..... 261,000 sq. ft. 1985 310,000

Sales and Earnings

	Net Sales +	Net Income
1986	$ 98,358,000	$ (9,698,000)
1985	86,665,000	342,000
1984	124,776,000	7,506,000
1983	72,903,000	3,131,000
1982	62,964,000	2,286,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,008,678	$ —
1985	11,056,808	0.03
1984	10,948,695	0.69
1983	9,115,367	0.34
1982	8,884,716	0.26

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 32,137,000	$ 3.57
1985	41,631,000	3.77
1984	40,318,000	3.68
1983	19,950,000	2.17
1982	15,293,000	1.72

† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	10/25/86	10/26/85
Net sales	$ 98,358	$ 86,665
Cost of sales	86,175	79,296
Expenses	15,098	15,741
Interest income	(894)	(773)
Interest expense	1,984	2,611
Loss before taxes	$ (4,005)	$ (10,210)
Tax credit	(1,819)	(5,511)
Loss - cont. oper.	$ (2,186)	$ (4,699)
Inc. (loss) - discont. oper.	(7,512)	5,041
Net Income (Loss)	$ (9,698)	$ 342

* Included in Costs and Expenses, Depreciation and Amortization: $8,024,000 in 1986 and $7,794,000 in 1985.

Assets
(000's)

As of	10/25/86	10/26/85
Cash & short-term invest.	$ 6,821	$ 1,383
Accts. receiv., net	11,782	10,172
Note receivable	750	13,872
Refundable taxes	3,509	6,405
*Inventories	6,859	7,245
Prepaid expenses	572	132
Current Assets	$ 30,293	$ 39,209
#Fixed assets	37,900	42,627
Other assets	1,045	6,059
Total Assets	$ 69,238	$ 87,895

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 6,403	$ 9,342
Accts. payable	7,633	7,580
Accrued payroll	2,436	1,423
Other accruals	3,051	1,897
Income taxes	40	20
Deferred inc. taxes	—	2,818
Curr. Liabilities	$ 19,563	$ 23,080
Long-term debt & cap lease oblig.	16,745	22,492
Deferred inc. taxes	791	690
+ Preferred stock	2	2
+ + Common stock	450	450
Add. paid-in capital	19,385	16,765
Deferred compensation	(2,416)	—
Retained earnings	14,747	24,445
Note receivable for stock issued	(29)	(29)
Total Liabilities & Shareholders' Equity	$ 69,238	$ 87,895

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.10 dividend, noncumulative.
+ + $0.05 par value.

Statistical Summary

%Net Income to Equity	0.03	0.82
Sales to Inventories	14.34	12.64
Debt to Equity	0.52	0.76
Working Capital	$10,730,000	$16,129,000
Current Ratio	1.55	1.70
Shareholders' Equity	$32,139,000	$41,633,000

Halliburton Company

3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201
(214) 978-2600

Officers: Thomas H. Cruikshank, president & chief exec. officer; B.G. Taylor, exec. v.p.-oil field services; Jack W. Miller, sr. v.p.-finance; James G. Nuland, v.p.-investor relations; Lester L. Coleman, v.p.-administration & corporate development; C. Robert Fielder, treasurer; Robert M. Kennedy, v.p.-legal; Jack R. Skinner, v.p.-taxes; Kenneth V. Jenkins, controller.

Directors: Anne L. Armstrong, Alex E. Barron, Thomas H. Cruikshank, James W. Glanville, Guy T. McBride, Jr., B.G. Taylor, E.L. Williamson, Lord Polwarth, Edwin L. Cox, T. Louis Austin, Jr., Robert L. Crandall.

Divisions and Subsidiaries:

Oil Field Services and Products

Halliburton Services Division
P.O. Drawer 1431
Duncan, Oklahoma 73536
Oil field services and products.

Otis Engineering Corporation
P.O. Box 819052
Dallas, Texas 75381
Specialized equipment and services for the completion, production and control of oil and gas wells.

FreightMaster Division
P.O. Box 40555
Fort Worth, Texas 76140
Hydraulic cushioning devices and maintenance services for the railroad industry.

Welex Division
P.O. Box 42800
Houston, Texas 77242
Electric well logging and jet perforating services for the petroleum industry.

Halliburton Resource Management Division
P.O. Box 1411
Dallas, Texas 75221
Renting equipment for compression, gas processing and production.

Halliburton International, Inc.
P.O. Box 721110
Houston, Texas 77272

Jet Research Center, Inc.
P.O. Box 246
Arlington, Texas 76004
Explosive products and services for petroleum, marine and defense/aerospace industries.

Vann Systems Division
P.O. Box 4449
Houston, Texas 77210
Provides tubing-conveyed systems for completing and perforating oil and gas well and sand control services.

Industrial Engineering/Construction Services

Brown & Root, Inc.
P.O. Box 3
Houston, Texas 77001
Engineering and construction services.

Brown & Root U.S.A., Inc.
P.O. Box 3
Houston, Texas 77001

Brown & Root International, Inc.
P.O. Box 3
Houston, Texas 77001

NUS Corporation
910 Clopper Road
Gaithersburg, Maryland 20878
Engineering and environmental consulting services for industry, utilities and government.

Mid-Valley, Inc.
P.O. Box 2634
Houston, Texas 77252
Provides engineering, construction and project management services nationwide.

Taylor International Inc.
4100 Clinton Drive
Houston, Texas 77020
International undersea engineering, construction and salvage operations.

Brown & Root Development, Inc.
P.O. Box 1051
Houston, Texas 77251
Provides engineering and project management through contracts with the U.S. government and with commercial firms utilizing government funds.

Insurance Services

Highlands Insurance Company
600 Jefferson Street
Houston, Texas 77002
Casualty, property, surety, and marine insurance.

Life Insurance Company of the Southwest
1300 West Mockingbird Lane
Dallas, Texas 75247
Life, health and accident insurance.

Health Economics Corporation
1300 West Mockingbird Lane
Dallas, Texas 75247
Health care cost containment services.

Transfer Agent(s):

Morgan Shareholders' Services Trust Company
30 West Broadway
New York, New York 10015

Central Trust Company
P.O. Box 38
1 First Canadian Place
Toronto, Ontario, Canada M5X 1G4

RepublicBank Dallas, N.A.
Pacific at Ervay
Dallas, Texas 75201

Stock Exchange(s): New York, London, Toronto, Zurich, Geneva, Basel, Lausanne, Toronto.

Ticker Symbol: HAL

Number of Employees:

1986	46,909	1983	73,165
1985	65,000	1982	83,748
1984	68,000		

Plant Footage:

1986	N.A.	1985	4,000,000 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Net Revenues (000's)	Net Income † (000's)
1986	$ 3,509,439	$ (515,214)
1985	4,778,695	(339,276)
1984	5,445,719	329,595
1983	5,522,178	275,815
1982	7,257,291	496,845

	No. of Com. Share ‡	Earn. per Share ‡†
1986	106,121,000	$ —
1985	108,647,000	—
1984	114,855,000	2.87
1983	118,250,000	2.33
1982	118,068,000	4.21

(Loss)
† Including extraordinary losses of $368,012,000 ($2.85 per share) in 1985, $39,023,000 ($0.33 per share) in 1983 and $14,803,000 ($0.13 per share) in 1982.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business

	1986 (000's)	1985 (000's)
Oil field services and products	$ 1,797,725	$ 2,925,074
Industrial engineering/ construction services	1,342,840	1,311,357

Halliburton Company

Marine engineering/ construction services	368,874	542,264
Total	$ 3,509,439	$ 4,778,695

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.80	—	—
1984	1.80	—	—
1983	1.65	—	—
1982	1.60	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 2,150,172	$ 20.30
1985	2,857,854	26.30
1984	3,384,191	31.19
1983	3,571,527	30.18
1982	3,482,085	29.49

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net revenues	$ 3,509,439	$ 4,778,695
Cost of sales	3,917,404	4,483,107
Expenses	186,727	206,515
Interest expense	77,103	105,876
Interest income	(66,551)	(114,731)
Other income	(8,877)	(16,805)
Income (loss) bef. taxes	$ (596,367)	$ 114,733
Income taxes	(37,442)	113,834
Income of unconsol. cos.	(40,398)	(36,152)
Minority interest	(3,313)	8,315
Net Income (Loss)	$ (515,210)	$ 28,736
Extraord. loss	—	(368,012)
Net Loss & extraord. loss	$ (515,214)	$ (339,276)

* Included in Costs and Expenses, Depreciation: $280,734,000 in 1986 and $342,768,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 444,967	$ 516,309
Short-term securities	68,427	106,423
Accts. & notes receiv., net	735,950	1,009,725
Uncompleted contracts	61,475	63,281
Refundable income taxes	104,565	234,004
*Inventories	265,118	473,540
Current Assets	$ 1,680,502	$ 2,403,282
Equity in & adv. to related comp.	356,461	424,417
Advances & receiv. from joint ventures	185,892	144,366
#Fixed assets	1,025,762	1,571,780
Other assets	79,411	118,118
Total Assets	$ 3,328,028	$ 4,661,963

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 35,298	$ 168,974
Accts. payable	192,139	264,571
Advance billings	108,385	83,915
Income taxes	75,554	152,873
Employee benefit fund	1,925	39,118
Other liab.	329,515	435,343
Curr. Liabilities	$ 742,816	$ 1,144,794
Long-term debt	241,075	447,652
Minority interest	11,311	14,203
Deferred inc. taxes	182,654	197,460
+Common stock	297,629	297,172
Add. paid-in capital	127,329	121,447
Retained earnings	2,122,057	2,764,705
Treasury stock	(396,843)	(325,470)
Total Liabilities & Shareholders' Equity	$ 3,328,028	$ 4,661,963

* At cost which is not in excess of market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	2.40
%Net Income to Revenues	—	0.60
%Net Income to Equity	—	1.01
Debt to Equity	0.13	0.22
Working Capital	$ 937,686,000	$1,258,488,000
Current Ratio	2.26	2.10
Shareholders' Equity	$2,150,172,000	$2,857,854,000

Hamilton Digital Controls, Inc.

2118 Beechgrove Place
Utica, New York 13501
(315) 797-2370

Officers: Edward Zacaroli, chairman of the board & secretary; Robert I. Trachtenberg, president & chief exec. officer; Ralph M. Risley, treasurer, v.p.-finance & asst. secretary.

Directors: Edward Zacaroli, Eugene J. Hickey, Harold Julian, Charles Gaetano.

Areas of Work: Engaged in the design and manufacture of magnetic recording heads for use by original equipment manufacturers of computer systems and related peripheral equipment.

Transfer Agent(s):
Harris Trust Company of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDIG (NASDAQ)

Number of Employees:

1986	108	1983	253
1985	212	1982	363
1984	166		

Plant Footage:

1986	49,000 sq. ft.	1983	49,000
1985	49,000	1982	49,000
1984	49,000		

Sales and Earnings

	Net Sales +	Net Income +
1986	$ 3,412,911	$ (670,559)
1985	5,225,436	(636,317)
1984	4,507,173	(1,772,440)
1983	7,559,223	(400,263)
1982	9,143,381	(188,225)

	No. of Com. Shares #	Earn. per Share #
1986	1,673,390	$ —
1985	1,353,727	—
1984	1,350,552	—
1983	1,350,552	—
1982	1,350,552	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ (590,461)	$ —
1985	69,714	0.05
1984	469,840	0.35
1983	2,242,280	1.66

(Deficiency)
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended April 30	1986	1985
Net sales	$ 3,412,911	$ 5,225,436
Cost of sales	2,916,401	4,442,311
Expenses	733,789	1,049,289
Interest expense	433,280	536,994
Proceeds of insur. in exc. of value	—	(166,841)
Net Loss	$ (670,559)	$ (636,317)

* Included in Costs and Expenses, Depreciation and Amortization: $272,329 in 1986 and $267,268 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 14,605	$ 18,393
Market investments	24,559	22,862
Receiv., net	468,190	609,759
*Inventories	1,522,952	1,811,656
Prepaid expenses	52,189	70,796
Current Assets	$ 2,082,495	$ 2,533,466
#Fixed assets	2,149,189	2,410,839
Other assets	70,475	75,854
Total Assets	$ 4,302,159	$ 5,020,159

Liabilities

Notes payable	$ 747,823	$ 826,491
Long-term debt, curr.	287,672	204,638
Accounts payable	647,449	602,486
Accruals	236,573	292,209
Curr. Liabilities	$ 1,919,517	$ 1,925,824
Long-term debt	2,913,102	3,009,621
Long-term liab.	60,000	15,000
+Common stock	42,330	41,737
Add. paid-in capital	2,329,256	2,319,465
Retained earnings (deficit)	(2,962,047)	(2,291,488)
Total Liabilities & Shareholders' Equity	$ 4,302,159	$ 5,020,159

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.02½ par value.

Statistical Summary

Sales to Inventories	2.24	2.88
Working Capital	$ 162,978	$607,642
Current Ratio	1.08	1.32
Shareholders' Equity (Deficiency)	$(590,461)	$ 69,714

Harrel, Incorporated

16 Fitch Street
East Norwalk, Connecticut 06855
(203) 866-25[illegible]3

Officers: Holton E. Harris, president; Trygve O. Ager, vice president-engineering; Will B. Rodemann, v.p.-marketing; Joshua M. Schwartz, v.p.-Digital Engineering; Hamilton B. Griffin, v.p.-manufacturing; J. Turner Jones, secretary.

Directors: J. Turner Jones, Will B. Rodemann, Holton E. Harris.

Areas of Work: Manufactures precision electronic controls and instrumentation; and computer control systems, primarily for industrial uses such as plastics machinery, packaging machines, test equipment, and environmental chambers.

Transfer Agent(s):
Union Trust Company
300 Main Street
Stamford, Connecticut 06904

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1985	$ 3,996,376	$ 242,022
1984	4,650,725	605,103
1983	3,517,489	313,256

	No. of Com. Shares	Earn. per Share +
1985	336,004	$ 0.72
1984	336,004	1.80
1983	336,004	0.93

+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 2,932,720	$ 8.73
1984	2,764,539	8.23
1983	2,259,544	6.72

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 3,996,376	$ 4,650,725
Cost of sales	2,531,112	2,486,964
Expenses	1,144,775	1,072,439
Other income	(103,379)	(106,147)
Income before taxes	$ 423,868	$ 1,197,469
Income taxes	181,846	592,366
Net Income	$ 242,022	$ 605,103

* Included in Costs and Expenses, Depreciation and Amortization: $110,986 in 1985 and $104,854 in 1984.

Assets

As of Dec. 31	1985	1984
Cash & cash equiv.	$ 1,145,802	$ 2,087,776
Accts. receiv., net	586,444	823,867
*Inventories	1,115,407	986,403
Prepaid expenses	281,861	46,678
Current Assets	$ 3,129,514	$ 3,994,724
#Fixed assets	1,320,598	685,457
Total Assets	$ 4,450,112	$ 4,630,181

Liabilities

Notes Payable	$ 62,899	$ 56,936
Accts. payable	423,327	167,418
Accruals	133,751	190,628
Accrued inc. taxes	17,118	362,807
Customer deposits	262,341	469,912
Dividend payable	74,141	101,101
Curr. Liabilities	$ 973,577	$ 1,348,802
Deferred inc. taxes	97,393	7,455
Notes payable	446,422	509,385
+ Common stock	168,502	168,502
Add. paid-in capital	437,297	437,297
Retained earnings	2,333,771	2,165,590
Treasury stock	(6,850)	(6,850)
Total Liabilities & Shareholders' Equity	$ 4,450,112	$ 4,630,181

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.61	25.75
%Net Income to Sales	6.06	13.01
%Net Income to Equity	8.25	21.89
Sales to Inventories	3.58	4.71
Debt to Equity	0.17	0.20
Working Capital	$2,155,937	$2,595,922
Current Ratio	3.21	2.92
Shareholders' Equity	$2,932,720	$2,764,539

Harris Corporation

1025 W. NASA Boulevard
Melbourne, Florida 32919
(305) 727-9100

Officers: Joseph A. Boyd, chairman; John T. Hartley, Jr., president & chief exec. officer; Frank J. Lewis, Jon E. Cornell, Wesley E. Cantrell, Guy W. Numann, sr. v.p.'s & sector executives; Bryan R. Roub, sr. v.p.-finance; Donald F. Wright, v.p. & general counsel; Herbert N. McCauley, v.p.-management information systems; Raymond J. Oglethorpe, v.p.-marketing; Fayette Brown, III, v.p.-corp. development; Ricardo A. Diaz, v.p.-manufacturing programs; Nick E. Heldreth, v.p.-human resources; John A. Hubner, v.p. and controller; Robert W. Fay, treasurer; O.W. Hudson, secretary.

Directors: Joseph A. Boyd*, chairman of the board; Ralph D. DeNunzio*, C. Jackson Grayson, Jr., J.T. Hartley*, Lester E. Coleman, Walter F. Raab, David C. Scott*, James W. Wilcock, George I. Meisel, Gene W. Milner.

* Member of the Executive Committee.

Areas of Work: Designs, manufactures, installs and maintains equipment and systems for the communications and information processing industry. Products include satellite communications systems, radio and TV transmitters, two-way radios, data terminals and controllers, microwave transmission systems, digital PABX systems, medium-scale computers, utility control systems, integrated circuits, automated testing equipment, newspaper editing and composing systems, printing presses and binding equipment.

Divisions and Subsidiaries:

Information Systems Sector

Controls and Composition Division
407 John Rodes Boulevard
Melbourne, Florida 32901
(305) 242-5000
Electronic systems and terminals for news editing and advertising preparation, computerized phototypesetters, hot-metal linecasters, photo discs and type matrices, utility, pipeline, railroad and industrial control systems, data acquisition and processing equipment.

Computer Systems Division
2101 Cypress Creek Road
Fort Lauderdale, Florida 33309
(305) 974-1700
High-performance super-minicomputers, super-microcomputers, engineering workstations, peripherals and applications software.

National Accounts Division
16001 Dallas Parkway
P.O. Box 3399
Dallas, Texas 75248
(214) 386-2000
Sells and services a broad range of information management systems to the largest financial, retail, manufacturing, utility and government enterprises in the United States.

Digital Telephone Systems Division
One Digital Drive
Novato, California 94948
(415) 472-2500
Digital telephone and PBX systems for business and industrial firms and telephone companies.

Information Systems International Division
1025 W. NASA Boulevard
Melbourne, Florida 32919
(305) 727-9100
International sales, service and support of Harris Information Systems Sector products.

Communications Sector

Broadcast Division
3200 Wisman Lane
Quincy, Illinois 62305
(213) 222-8200
Radio and TV transmitters, studio equipment, automation systems and antennas, color TV cameras, video links, digital video systems.

Broadcast Communication Systems Division
Melbourne, Florida
Business communication systems incorporating satellite, packet-switched, microwave, lightwave, PBX and network-switch equipment, and planning, installation, operation and maintenance services.

Dracon Division
809 Calle Plano
Camarillo, California 93010
(805) 987-9511
Power supplies, equipment racks, and other auxiliary telephone equipment; voicepaging systems; telephone lineman's test instruments and tools.

Farinon Division
1691 Bayport Avenue
San Carlos, California 94070
(415) 594-3000
Farinon Electric: Microwave radios and multiplexers for voice, video and data communications systems. Farinon Video: Microwave studio transmitter links and electronic news-gathering links for broadcast and cable TV systems.

RF Systems Division
1680 University Avenue
Rochester, New York 14610
(716) 244-5830
Long range and short range two-way radio equipment and systems, mobile and fixed-base, for commercial, industrial, government and military applications.

Long Range Radio Division
Rochester, New York
HF, VHF and UHF radio equipment and systems for military and commercial users.

Semiconductor Sector

Semiconductor Products Division
Palm Bay, Florida
Standard data sheet and semicustom integrated circuits for commercial and government markets.

Harris Microwave Semiconductor Division
Palm Bay, Florida
Milpitas, California
Gallium arsenide microwave devices and integrated circuits; hybrid microwave amplifiers.

Custom Integrated Circuits Division
Palm Bay, Florida
Analog and digital custom and semicustom LSI/VLSI circuits.

Matra-Harris Semiconducteurs, S.A. (45% owned)
B.P. 942
44075 Nantes CEDEX
France
Standard and semicustom CMOS and NMOS integrated circuits.

Government Systems Sector

Government Communication Systems Division
Palm Bay, Florida
Terrestrial communication systems/networks for command, control and intelligence systems for the Department of Defense and other government agencies.

Government Information Systems Division
P.O. Box 98000
Melbourne, Florida 32902
(305) 676-6300
Ground-based custom systems and software designed to collect, store, retrieve, process, analyze, display and distribute information of all types.

Government Support Systems Division
Palm Bay, Florida
Syosset, NY 11791
(516) 364-0400
Computer-controlled electronic test, maintenance, logistic and simulation systems for military aircraft, ships and ground vehicles.

Government Aerospace Systems Division
Palm Bay, Florida
Custom command, control, communication and intelligence aerospace systems for Department of Defense and NASA.

Government Electronic Systems Division
Palm Bay, Florida
Major programs for U.S. government agencies utilizing state-of-the-art communications and information processing technologies.

Lanier Business Products Sector

Lanier Business Systems Division
1700 Chantilly Drive, N.E.
Atlanta, GA 30324
(404) 329-8000
Office-automation systems and software packages for stand-alone, workgroup and vertical-market business applications.

Lanier Voice Products Division
1700 Chantilly Drive, N.E.
Atlanta, GA 30324
(404) 329-8000
Portable, desktop, small work-group and centralized dictation products, business telephone systems and small private branch exchanges.

Harris/3M Document Products, Inc. (50% owned)
2300 Parklake Drive, N.E.
P.O. Box 105667
Atlanta, GA 30348
(404) 496-9500
Worldwide marketing, sales and service of copiers and facsimile machines.

Acquisition(s):

Scientific Calculations, Inc.
Fishers, New York
Develops software and electrical CAD/CAM systems.

Transfer Agent(s):

The AmeriTrust Company
Cleveland, Ohio

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia

Ticker Symbol: HRS

Number of Employees:

1986	26,700	1983	22,000
1985	31,000	1982	22,000
1984	30,000		

Sales and Earnings

	Revenues +	Net Income
1986	$2,216,600,000	$ 59,609,000
1985	2,281,220,000	80,287,000
1984	1,995,802,000	80,410,000
1983	1,809,302,000	69,374,000
1982	1,646,181,000	101,476,000

	No. of Com. Shares #	Earn. per Share #
1986	40,255,000	$ 1.48
1985	40,198,000	2.00
1984	39,817,000	2.02
1983	39,330,000	1.76
1982	39,756,000	2.58

+ Includes sales, rental and services.
# Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Information syst.	$ 286,900,000	$ 330,400,000
Lanier	428,500,000	471,400,000
Communications	581,000,000	417,200,000
Semiconductor	292,000,000	272,600,000
Gov't. syst.	628,200,000	789,600,000
Total	$2,216,600,000	$2,281,200,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.88	—	—
1985	0.88	—	—
1984	0.88	—	—
1983	0.88	—	—
1982	0.88	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 900,841,000	$ 22.37
1985	867,484,000	21.56
1984	818,091,000	20.48
1983	761,266,000	19.28
1982	715,073,000	18.26

Income Account *
(000's)

Year ended June 30	1986	1985
Revenues	$ 2,216,636	$ 2,281,220
Other income	10,592	15,669
Equity income	12,681	8,659
Total Revenues	$ 2,239,909	$ 2,305,548
Cost of revenues	1,488,646	1,503,980
Expenses	654,829	677,730
Other expense (income)	13,519	(383)
Interest expense	22,199	24,299
Income before taxes	$ 60,716	$ 99,922
Income taxes	1,107	19,635
Net Income	$ 59,609	$ 80,287

* Included in Costs and Expenses, Depreciation: $134,773,000 in 1986 and $115,081,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 98,435	$ 45,059
Short-term securities	9,426	11,246
Accts. & notes receiv., net	381,175	414,341
Unbilled costs	272,964	229,647
*Inventories	279,910	364,647
Current Assets	$ 1,041,910	$ 1,064,940
Rental equip.	62,281	79,975
#Fixed assets	498,483	517,278
Other assets	190,486	126,337
Total Assets	$ 1,793,160	$ 1,788,530

Liabilities
(000's)

Short-term debt	$ 27,194	$ 34,042
Accts. payable	116,585	140,541
Compensation & accruals	100,977	102,804
Advance payments	72,833	70,093
Income taxes	98,204	103,189
Other accruals	53,465	71,142
Unearned leasing & serv. inc.	80,490	63,820
Curr. Liabilities	$ 549,748	$ 585,631
Deferred inc. taxes	159,984	145,160
Long-term debt:		
7¼% Deben.	31,050	31,050
11½% Deben.	125,000	125,000
Other debt	26,537	34,205
+Common stock	40,328	40,299
Add. paid-in capital	137,708	137,031
Retained earnings	727,516	703,357
Cum. trans. adj.	(4,497)	(12,977)
Treasury stock	(214)	(226)
Total Liabilities & Shareholders' Equity	$ 1,793,160	$ 1,788,530

* At lower of cost (average and FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.74	4.38
%Net Income to Sales	2.69	3.52
%Net Income to Equity	6.62	9.26
Debt to Equity	0.19	0.08
Working Capital	$492,162,000	$479,309,000
Current Ratio	1.90	1.82
Shareholders' Equity	$900,841,000	$867,484,000

Harvey Hubbell, Incorporated

584 Derby Milford Road
Orange, Connecticut 06477
(203) 789-1100

Officers: Fred R. Dusto, president & chief executive officer; G.J. Ratcliffe, Jr., executive v.p.-administration; Gerald E. Martin, exec. v.p.-operations; Vincent R. Petrecca, Harry B. Rowell, Jr., group v.p.'s; Roger M. Search, v.p.-personnel; Vincent J. Meads, v.p.-international; D.G. McNamara, v.p.-accounting and control; Robert A. McRoberts, treasurer & asst. secretary; Walter R. Hajna, controller; William A. Finnell, Thomas J. Geiger, James H. Biggart, asst. treasurers; Richard W. Davies, secretary.

Directors: Robert N. Flint, G.J. Ratcliffe, Jr., Charles A. McKee*, Robert W. Dixon*, Fred R. Dusto*, Andrew McNally IV, Robert M. Gordon, Horace G. McDonell.

*Member of the Executive Committee.

Divisions and Subsidiaries:

Wiring Device Division
State Street & Bostwick Avenue
Bridgeport, Connecticut 06602
(203) 333-1181
Vega Baja, Puerto Rico
Electrical wiring devices, ground fault circuit interruptors, medical power centers, floor boxes; marine and corrosion resistant products; hospital and medical special purpose products.

Hubbell Plastics, Inc.
Prospect Drive
Newton, Connecticut 06470
(203) 426-2555
Custom-molded plastic parts for electrical/electronics, appliance, hardware, recreation, packaging and automotive markets.

Kellems Division
Route One, Lord's Hill
Stonington, Connecticut 06378
(203) 535-1250
Mechanical holding devices for cable, rope, hose, and flexible conduit for utility, contractor, and industrial markets.

Lighting Division
Christiansburg, Virginia 24073
Anaheim, California
Moultrie, Georgia
Martin, Tennessee
Outdoor and indoor area lighting, landscape and hazardous-location lighting for commercial buildings, stadiums, gymnasiums, industrial plants, and residential use; underwater and reflecting pool lighting.

Hubbell Industrial Controls, Inc.
30 Edwards Street
Madison, Ohio 44057
(216) 428-1161
Heavy-duty electrical and electronic control equipment for industrial markets.

Pulsecom Division
Herndon, Virginia
(703) 820-0652
Manufactures electronic products related to the transmission and control of data, teleprinter, voice and television signals.

Hubbell Hermetic Refrigeration, Inc.
Phoenix, Arizona
Remanufacture of refrigeration and air conditioning compressors.

The Kerite Company
49 Day Street
Seymour, Connecticut 06483
(203) 888-2591
Proprietary insulated wire and cable for railroads, electric utilities, and industrial markets.

Raco, Inc.
South Bend, Indiana
Fogelsville, Pennsylvania
Manufactures steel and plastic boxes for electrical connections at outlet, switch, and junction locations; fittings for electrical wiring systems.

The Ohio Brass Company
Mansfield, & Wadsworth, Ohio
Newell & Huntington, West Virginia
Aiken, South Carolina
Polymer and ceramic insulators, surge arresters, transit and industrial haulage system components.

Hubbell Canada, Inc.
870 Brock Road South
Pickering, Ontario, Canada
(416) 839-1139
Manufacture and assembly of wiring devices, mesh grips, lighting fixtures, industrial controls.

Harvey Hubbell Ltd.
Kempston, Bedfordshire, England
Manufacture and assembly of fuse switches, contactors, timers, lighting fixtures, motor controls.

Killark Electric Manufacturing Company
St. Louis & Louisiana, Missouri
Sparta, Illinois
Standard and specialized wiring devices, lighting fixtures, fittings, and enclosures.

Miller Lighting
Manufacturer of flourescent and high intensity discharge lighting for commercial and industrial markets.

Transfer Agent(s):
Manufacturers Hanover Trust Co.
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: HUB.A & HUB.B

Number of Employees:

1986	5,603	1983	5,671
1985	5,766	1982	5,469
1984	5,170		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 558,810,000	$ 54,468,000
1985	521,136,000	47,742,000
1984	467,133,000	42,001,000
1983	422,375,000	32,585,000
1982	413,990,000	35,053,000

	No. of Com. Shares #	Earn. per Share #
1986	25,353,000	$ 2.12
1985	24,263,000	1.91
1984	23,724,000	1.69
1983	23,280,000	1.30
1982	22,739,000	1.43

‡ Of continuing operations.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.82	—	—
1985	0.74	—	2-for-1
1984	0.67	—	—
1983	0.61	—	—
1982	0.57	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 324,376,000	$ 12.69
1985	280,907,000	11.47
1984	246,262,000	10.41
1983	220,678,000	9.50
1982	198,541,000	8.78

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 558,810	$ 521,136
Cost of sales	376,581	349,730
Expenses	100,277	94,401
Interest expense	524	977
Interest income	(6,817)	(5,261)
Other expense (income)	(234)	675
Eq. in earn. of subsid.	(1,551)	(1,699)
Income before taxes	$ 90,030	$ 82,313
Income taxes	35,562	34,571
Net Income	$ 54,468	$ 47,742

*Included in Costs and Expenses, Depreciation and Amortization: $13,659,000 in 1986 and $11,957,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. invest.	$ 53,046	$ 27,443
Accts. receiv., net	69,249	66,339
*Inventories	106,213	115,163
Prepaid expenses & other assets	19,415	14,989
Current Assets	$ 247,923	$ 223,934
#Fixed assets	99,111	90,691
Other assets	86,134	75,243
Total Assets	$ 433,168	$ 389,868

Liabilities
(000's)

Accts. payable	$ 20,017	$ 20,076
Accrued salaries	9,580	10,642
Accrued income taxes	14,488	13,310
Accrued taxes	4,522	4,833
Dividends payable	5,495	4,955
Accrued liabilities	22,288	22,210
Curr. Liabilities	$ 76,390	$ 76,026
Deferred income taxes	10,234	8,597
Long-term debt	8,576	3,590
Non-current liabilities	7,440	6,142
+ Redeemable pref. stock	6,152	14,606
+ + Common stock:		
Class A	32,369	31,910
Class B	95,419	90,554
Add. paid-in capital	8,537	3,549
Retained earnings	192,718	159,690
Cum. trans. adj.	(4,667)	(4,796)
Total Liabilities & Shareholders' Equity	$ 433,168	$ 389,868

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation & amortization.
+ No par value.
+ + $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.11	15.79
%Net Income to Sales	9.75	9.16
%Net Income to Equity	16.79	17.00
Sales to Inventories	5.26	4.53
Working Capital	$171,533,000	$147,908,000
Current Ratio	3.25	2.95
Shareholders' Equity	$324,376,000	$280,907,000

Hathaway Corporation

350 Interlocken Parkway
Suite 200
Broomfield, Colorado 80020
(303) 460-1500

Officers: Eugene E. Prince, chairman of the board, president & chief exec. officer; A.J. Hintze, vice chairman; Richard D. Smith, v.p.-finance, asst. secretary, treasurer & chief financial officer; Richard G. Snow, Jr., secretary & corp. counsel; Herbert G. Fransson, asst. treasurer & corp. controller; James D. Campbell, v.p. & pres.-Systems Group; Ronald J. Kupferman, pres.-Global Software, Inc.; Grant D. Rummell, v.p. & pres.-Components Group; William W. Weber, pres.-First Colorado Leasing Corp.

Directors: A. J. Hintze, Bruce B. Brundage, Eugene E. Prince, Marvin J. Fein, Harold Y. Sampson.

Areas of Work: Designs, produces and markets computer software, electro-mechanical components, electronic systems and instrumentation for world markets. In addition, the Company provides leasing of small ticket office automation equipment primarily for the Colorado market.

Divisions:
Motor Products Division
Owasso, Oklahoma

Hathaway/Denver

Data Capture Technology
Tulsa, Oklahoma

Subsidiaries:
Hathaway Peripherals Hong Kong Ltd.
Hong Kong

Global Software, Inc.
Raleigh, North Carolina

Beta Products, Inc.
Carrollton, Texas

Inlab, Inc.
Broomfield, Colorado

Computer Optical Products, Inc.
Chatsworth, California

Systems Northwest, Inc.
Seattle, Washington

First Colorado Leasing Corp.
Denver, Colorado

Transfer Agent(s):
Bank of America, N.T. & S.A.
Corporate Agency Service Center #9511
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HATH (NASDAQ)

Number of Employees:

1986	485	1983	273
1985	609	1982	236
1984	400		

Plant Footage:

1986	221,582 sq. ft.	1983	85,000
1985	167,951	1982	69,000
1984	113,751		

Sales and Earnings

	Net Sales †	Net Income +
1986	$ 42,004,000	$ 58,000
1985	36,449,000	4,025,000
1984	17,589,000	2,120,000
1983	17,262,000	1,802,000
1982	15,623,000	1,423,000

	No. of Com. Shares ×	Earn. per Share + #
1986	3,764,530	$ 0.02
1985	3,564,331	1.11
1984	2,313,153	0.60
1983	2,257,406	0.51
1982	1,055,073	0.44

† Of continuing operations only.
× Adjusted to reflect stock splits.
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.
+ Including extraordinary credit of $105,000 ($0.03 per share) in 1982.

Hathaway Corporation

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.133	—	3-for-2
1984	0.120	—	—
1983	0.073	—	2-for-1
1982	0.060	—	5-for-4

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 13,426,000	$ 3.57
1985	12,662,000	3.55
1984	8,797,000	2.54
1983	6,537,000	1.93
1982	4,215,000	1.33

+ Adjusted to reflect stock splits.

Income Account *

Year ended	6/30/86	6/29/85
Net sales	$ 42,004,000	$ 36,449,000
Cost of sales	19,300,000	21,448,000
Expenses	20,518,000	9,628,000
Interest exp.	1,021,000	159,000
Litigation expense	43,000	126,000
Minority interest	32,000	147,000
Loss (gain) from unconsol. subsid.	(204,000)	116,000
Other expense (income)	1,946,000	496,000
Income (loss) bef. taxes	$ (652,000)	$ 4,329,000
Income taxs (credit)	(710,000)	1,756,000
Inc. - cont. oper.	$ 58,000	$ 2,573,000
Inc. - discont. oper.	—	1,452,000
Net Income	$ 58,000	$ 4,025,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,096,000 in 1985 and $513,000 in 1984.

Assets

As of	6/30/86	6/29/85
Cash	$ 177,000	$ 741,000
Marketable securities	310,000	1,511,000
Receiv., net	7,527,000	5,832,000
*Inventories	4,755,000	5,620,000
Income tax refund	1,081,000	—
Prepaid expenses	780,000	587,000
Current Assets	$ 14,630,000	$ 14,291,000
#Fixed assets	4,433,000	4,115,000
Investments	2,838,000	2,353,000
Intangibles	3,169,000	1,659,000
Other assets	10,669,000	8,701,000
Total Assets	$ 35,739,000	$ 31,119,000

Liabilities

Notes payable	$ 1,647,000	$ 3,300,000
Long-term debt, curr.	1,983,000	1,267,000
Accts. payable	1,758,000	2,038,000
Accruals	2,757,000	2,471,000
Warranty reserve	263,000	298,000
Empl. stock bonus plan	—	484,000
Curr. Liabilities	$ 8,408,000	$ 9,858,000
Long-term debt	9,376,000	6,073,000
Def. software serv. inc.	242,000	1,132,000
Deferred inc. taxes	4,192,000	1,145,000
Deferred gain on sale	63,000	83,000
Minority interest	32,000	166,000
+Common stock	100,000	100,000
Add. paid-in capital	5,335,000	3,865,000
Retained earnings	8,040,000	8,724,000
Treasury stock	(49,000)	(27,000)
Total Liabilities & Shareholders' Equity	$ 35,739,000	$ 31,119,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Sales	0.14	—
%Net Income to Equity	0.43	31.79
Sales to Inventories	8.83	6.49
Debt to Equity	0.97	0.84
Working Capital	$ 6,222,000	$ 4,433,000
Current Ratio	1.74	1.45
Shareholders' Equity	$13,426,000	$12,662,000

HCC Industries

16311 Ventura Boulevard
Suite 1180
Encino, California 91436
(818) 995-4131

Officers: Jack Goldfarb, chairman of the board; Alan W. Wong, v.p. & chief financial officer; Andrew Goldfarb, chief exec. officer & president; Michael Pelta, vice chairman; William J. Onderdonk, v.p.; Fredric Horowitz, secretary. Eugene E. Harrison, asst. secretary.

Directors: Jack Goldfarb, Michael Pelta, Andrew Goldfarb, Robert Goldstein, Morris A. Steinberg, Eugene E. Harrison, Jerry A. Grundhofer.

Areas of Work: Designs, manufactures and markets precision electronic components - hermetically sealed electronic connection devices, electromechanical and other types of sensors (transducers) for aerospace and military electronics, oil and gas, medical electronics and test measurement industries, and power conversion components, primarily transformers and line conditioners/regulations for use in and with computers, telecommunications systems and other electronic equipment.

Subsidiaries:

Hermetic Seal Corporation
4232 Temple City Boulevard
Rosemead, California 91770

Transducer Controls Corporation
7800 Deering Avenue
Canoga Park, California 91304

HCC Industries International
Beavern House
Victoria Road
Swindon, Wiltshire, U.K.

Computer Magnetics Corporation
121 Hale Street
Lowell, Massachusetts 01850

Merrimack Magnetics Corporation
Manufactures transformers.

Glasseal Products, Inc.
485 Oberlin Avenue
Lakewood, New Jersey 08701

Sealtron, Inc.
9705 Reading Road
Cincinnati, Ohio 45215

Hermetite Corp.
100 Ladge Drive
Avon, Massachusetts 02322
Produces hermetically sealed microelectronic packages.

Transfer Agent(s):
City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HCCI (NASDAQ)

Number of Employees:

1986	933	1983	912
1985	790	1982	511
1984	790		

Plant Footage:

1986	276,000 sq. ft	1983	275,000
1985	276,000	1982	185,000
1984	275,000		

Sales and Earnings

	Net Sales †	Net Income +
1986	$ 39,646,000	$ 10,000
1985	37,757,000	1,039,000
1984	30,229,000	1,148,000
1983	16,668,000	1,122,000
1982	16,082,000	895,000

	No. of Com. Shares	Earn. per Share ‡
1986	1,775,700	$ 0.01
1985	1,773,200	0.57
1984	1,911,200	0.60
1983	1,910,200	0.59
1982	1,910,200	0.47

† Of continuing operations only.
+ Including extraordinary loss of $326,000 ($0.18 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.06	—	—
1985	0.06	—	—
1984	0.06	—	—
1983	0.06	—	—
1982	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 11,332,000	$ 6.38
1985	11,405,000	6.24
1984	11,554,000	6.05
1983	10,512,000	5.50
1982	9,226,000	4.83

Income Account *

Year ended	3/29/86	3/30/85
Net sales	$ 39,646,000	$ 37,757,000
Cost of sales	28,776,000	26,202,000
Expenses	8,296,000	7,625,000
Interest income	(658,000)	(945,000)
Eq. in loss of unconsol. subsid.	77,000	24,000
Interest expense	2,079,000	2,084,000
Loss on market secur.	—	142,000
Income before taxes	$ 1,076,000	$ 2,625,000
Income taxes	640,000	1,202,000
Inc. - cont. oper.	$ (436,000)	$ 1,423,000
Loss - discont. oper.	(426,000)	(58,000)
Net Income	$ 10,000	$ 1,365,000
Extraord. loss	—	(326,000)
Net Income & extraord. loss	$ 10,000	$ 1,039,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,143,000 in 1986 and $851,000 in 1985.

Assets

As of	3/29/86	3/30/85
Cash	$ 1,548,000	$ 3,971,000
Treasury bills	4,500,000	2,581,000
Marketable securities	—	1,935,000
Accts. receiv., net	7,356,000	5,674,000
*Inventories	7,114,000	6,352,000
Notes receiv.	475,000	152,000
Current Assets	$ 20,993,000	$ 20,665,000
#Fixed assets	9,342,000	7,051,000
Other assets	8,522,000	5,323,000
Total Assets	$ 38,857,000	$ 33,039,000

Liabilities

Accts. payable & accruals	$ 8,043,000	$ 5,680,000
Inc. taxes payable	94,000	408,000
Curr. Liabilities	$ 8,137,000	$ 6,088,000

Long-term debt	16,635,000	13,557,000
Adv. from unconsol. subsid.	2,753,000	1,989,000
Common stock	2,810,000	2,787,000
Retained earnings	8,522,000	8,618,000
Total Liabilities & Shareholders' Equity	$ 38,857,000	$ 33,039,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.

Statistical Summary

%Net Income to Equity	0.09	11.97
Sales to Inventories	5.57	5.94
Debt to Equity	1.47	1.19
Working Capital	$12,856,000	$14,577,000
Current Ratio	2.58	3.39
Shareholders' Equity	$11,332,000	$11,405,000

Healthdyne, Inc.

2253 Parkway Place
Marietta, Georgia 30067
(404) 423-4500

Officers: Parker H. Petit, chairman of the board, president & chief exec. officer; J. Terry Dewberry, exec. v.p. & chief operating officer; J. Brent Burkey, v.p., general counsel & corporate secretary; Donald R. Millard, v.p.-finance & chief financial officer; Yvonne V. Scoggins, v.p., controller, treasurer & asst. secretary.

Directors: Parker H. Petit*, chairman of the board; J. Terry Dewberry, Brian D. Hogg*, W. Scott James,*, J. Leland Strange*, J. Paul Yokubinas, William J. Grosham, Jr., Alexander H. Lorch, Carl E. Sanders.

* Member of the Executive Committee.

Areas of Work: The Company is a diversified medical products manufacturer and health care services company. The Company designs, manufactures and markets a line of high-technology devices for the home health care and hospital markets. In the service area, the Company is a provider of home health care support for technology-related therapies and certain hospital equipment services.

Divisions and Subsidiaries:

CARDIOVASCULAR PRODUCTS:

Healthdyne Blood Pressure Transducers and Cardiovascular Disposables
Delta Hemodynamic Monitoring Products
Delta Extracorporeal Products
Air-Shields Drainage Pumps
Air-Shields Wound Drainage Disposables

PULMONARY CARE PRODUCTS:

Healthdyne Ventilators
Healthdyne Monitoring Equipment
Healthdyne Oxygen Concentrators
Air-Shields Anesthesia Ventilators

INFANT CARE PRODUCTS:

Healthdyne Infant Monitors
Air-Shields Isolette® Infant Incubators
Air-Shields Intensive Care Warmers
Air-Shields Transport Incubators
Air-Shields Jaundice Management Equipment
Air-Shields Transport Intensive Care Systems

PATIENT MONITORING PRODUCTS:

Air-Shields Vital Sign Monitors
Air-Shields Blood Pressure Monitors
Air-Shields Bedside and Central Station Monitors
Air-Shields Transcutaneous Monitors
Porta-Fib® Monitor/Defibrillators

INTRAVENOUS THERAPY PRODUCTS:

Air-Shields I.V. Pumps and Accessories

Transfer Agent(s):
Trust Company of Georgia
Trust Company of Georgia Building
Atlanta, Georgia 30302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDYN (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1986	$ 98,915,000	$ (21,258,000)
1985	120,876,000	938,000
1984	134,424,000	(35,207,000)
1983	132,712,000	5,289,000
1982*	38,127,000	1,717,000

	No. of Com. Shares ‡	Earn per Share ‡
1986	14,517,000	$ —
1985	14,475,000	0.07
1984	14,199,000	—
1983	13,770,000	0.38
1982*	10,425,000	0.16

(Loss)
* 8 months.
† Including extraordinary gain of $235,000 ($0.01 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 79,287,000	$ 5.46
1985	100,617,000	6.95
1984	99,558,000	7.01
1983	134,851,000	9.79
1982*	71,250,000	6.83

* 8 months.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	$ 83,308	$ 97,294
Rentals	15,607	23,582
Total revenues	$ 98,915	$ 120,876
Cost of sales	52,765	60,851
Expenses	52,665	56,769
Prov. for losses on solid businesses	8,500	—
Interest income	(1,035)	(699)
Interest expense	3,026	4,336
Loss on litigation settle.	1,040	553
Other expense (income)	2,577	(2,407)
Inc. (loss) bef. taxes	$ (20,623)	$ 1,473
Income taxes	635	770
Net Income (Loss)	$ (21,258)	$ 703
Extraord. gain	—	235
Net Income (Loss) & extraord. gain	$ (21,258)	$ 938

* Included in Costs and Expenses, Depreciation and Amortization: $7,127,000 in 1986 and $8,278,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	$ 23,415	$ 2,316
Accts. receiv., net	19,519	30,914
Notes receivable	268	1,875
Other receivables	1,877	5,802
*Inventories	7,419	24,882
Refund. inc. taxes	32	1,740
Prepaid expenses	808	1,097
Assets held for sale	2,311	687
Other curr. assets	296	117
Current Assets	$ 55,945	$ 69,430
Invest.-sales-type leases	509	631
#Fixed assets	13,458	26,884
Notes receivable	5,598	8,044
Invest.-affil cos.	7,964	2,702
Other assets	607	456
Intangibles	18,958	46,922
Total Assets	$ 103,039	$ 155,069

Liabilities (000's)

Long-term debt, curr.	$ 531	$ 1,659
Accts. payable	4,093	7,785
Accruals	6,536	8,870
Curr. Liabilities	$ 11,160	$ 18,314
Long-term debt	691	27,366
Other liabilities	5,691	5,807
Convert. subord. deben.	3,192	2,965
+Redeem. pref. stock	3,018	—
+Common stock	146	145
Add. paid-in capital	126,462	126,367
Retained earnings (deficit)	(46,931)	(25,673)
Cum. trans. adjust.	—	(222)
Treasury stock	(390)	—
Total Liabilities & Shareholders' Equity	$ 103,039	$ 155,069

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	1.22	—
%Net Income to Revenues	0.58	—
%Net Income to Equity	0.89	—
Debt to Equity	0.02	0.29
Working Capital	$44,785,000	$ 51,116,000
Current Ratio	5.01	3.79
Shareholders' Equity	$79,287,000	$100,617,000

HEI Inc.

Box 5000
1495 Steiger Lake Lane
Victoria, Minnesota 55386
(612) 443-2500

Officers: Robert Pitel, chairman, president & chief executive officer; Larry Busch, v.p.-finance & chief financial officer; Michael Prichard, secretary.

Directors: Robert Pitel, chairman of the board; William R. Franta, Joseph B. Klemp, Alan K. Ruvelson, Lyman E. Wakefield, Jr.

Areas of Work: Manufactures electronic components and systems which convert light into electronic signals through hybrid circuitry - a sophisticated electronic assembly process which allows for miniaturization of circuit elements. Products include custom hybrid circuits, optical scanners for gaming, education and government, light pens for computer-aided design and interactive video tasks, optical switches and assemblies for typesetting systems, computer peripherals and industrial equipment.

Divisions:

Hybrid Electronics Division
Scanning Systems Division
Light Sensing Products Division

Transfer Agent(s):

First Trust Company, Inc.
180 East Fifth Street
P.O. Box 64008
St. Paul, Minnesota 55114-0008

HEI Inc.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HEII (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	$ 7,174,524	$ (2,922,420)
1985	6,835,501	(874,109)
1984	9,410,956	596,418
1983	8,514,430	705,269
1982	6,962,505	617,575

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,420,708	$ —
1985	1,420,027	—
1984	1,432,098	0.42
1983	1,423,775	0.50
1982	1,377,182	0.45

(Loss)

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	20%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,430,856	$ 1.71
1985	5,350,519	3.77
1984	6,221,258	4.34
1983	5,606,575	3.94
1982	4,745,516	3.45

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Aug. 31	1986	1985
Net sales	$ 7,174,524	$ 6,835,501
Cost of sales	7,049,469	5,926,404
Expenses	3,371,227	2,480,883
Interest expense	290,249	226,623
Interest income	(84,001)	(8,300)
Loss before taxes	$ (3,452,420)	$ (1,790,109)
Tax credit	(530,000)	916,000
Net Loss	$ (2,922,420)	$ (874,109)

* Included in Costs and Expenses, Depreciation and Amortization: $637,262 in 1986 and $546,974 in 1985.

Assets

As of Aug. 31	1986	1985
Cash & temp. invest.	$ 17,385	$ 47,971
Accts. receiv., net	920,109	1,187,714
Refundable taxes	461,323	548,688
*Inventories	2,378,454	3,473,230
Prepaid expenses	63,860	272,834
Current Assets	$ 3,841,131	$ 5,530,437
# Fixed assets	2,826,492	3,468,427
Other assets	52,190	58,657
Total Assets	$ 6,719,813	$ 9,057,521
Liabilities		
Notes payable	$ 451,000	$ 100,000
Long-term debt, curr.	167,925	185,549
Accts. payable	855,107	409,041
Accruals	571,638	466,703
Curr. Liabilities	$ 2,045,670	$ 1,161,293
Long-term debt	2,243,287	2,222,709
Deferred inc. taxes	—	323,000
+Common stock	71,068	71,025
Add. paid-in capital	4,099,223	4,096,509
Retained earnings (deficit)	(1,739,435)	1,182,985
Total Liabilities & Shareholders' Equity	$ 6,719,813	$ 9,057,521

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	3.02	1.97
Debt to Equity	0.99	0.47
Working Capital	$1,795,461	$4,369,144
Current Ratio	1.88	4.76
Shareholders' Equity	$2,430,856	$5,350,519

HEICO Corporation

3000 Taft Street
Hollywood, Florida 33021
(305) 987-6101

Officers: Chester A. Warner, chairman, president & chief exec. officer; Thomas S. Irwin, sr. v.p., treasurer & chief financial officer; Alexander Nagy, Frank W. Enderlin, Harry P. Biemolt, v.p.'s; Lawrence H. Wheeler, controller & asst. treasurer; Catherine A. Maus, secretary, Elizabeth R. Letendre, asst. secretary.

Directors: Chester A. Warner, chairman of the board; Jacob T. Carwile, Carl A. Jacobson, Alan Schriesheim, Vladimir Haensel, Herbert C. Gwinn, Paul F. Manieri.

Areas of Work: Engaged in two principal business segments: laboratory products and engine products and services. NAPCO Scientific Company and Hotpack Corporation, wholly owned subsidiaries, design and manufacture controlled environment equipment for use in clinical, educational, government and industrial scientific laboratories. Jet Avion Corporation, a wholly owned subsidiary, is engaged in the manufacture of parts for gas turbine engines, primarily jet aircraft engines and also provides custom brazing and heat treating services.

Divisions and Subsidiaries:

Jet Avion Corporation
3000 Taft Street
Hollywood, Florida 33021
(305) 987-6101

NAPCO Scientific Company
20210 S.W. Teton
Tualatin, Oregon 97062
(503) 692-4686

Hotpack Corporation
10940 Dutton Road
Philadelphia, Pennsylvania 19154
(215) 824-1700

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
Portland, Oregon

Mellon Securities Trust Co.
Fort Lee, New Jersey

Stock Exchange(s): American

Ticker Symbol: HEI

Number of Employees:

1986 ..... 500 1985 400

Plant Footage:

1986 ..... 337,000 sq. ft. 1985 296,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 47,346,000	$ 6,330,000
1985	32,313,000	2,701,000
1984	27,530,000	2,614,000
1983	22,036,000	1,806,000
1982	24,850,000	1,919,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,762,495	$ 3.59
1985	1,586,402	1.70
1984	2,428,769	1.08
1983	2,877,872	0.63
1982	2,871,541	0.67

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Engine prods. & serv.	$ 31,686,000	$ 16,163,000
Laboratory prods.	15,660,000	16,150,000
Total	$ 47,346,000	$ 32,313,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.10	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 17,991,000	$ 10.21
1985	11,466,000	7.23
1984	8,925,000	3.67
1983	18,832,000	6.54
1982	17,281,000	6.02

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Oct. 31	1986	1985
Net sales & services	$ 47,346,000	$ 32,313,000
Cost of sales	26,155,000	19,292,000
Expenses	8,587,000	7,136,000
Interest expense	1,279,000	1,503,000
Other income	(638,000)	(569,000)
Income before taxes	$ 11,963,000	$ 4,951,000
Income taxes	5,633,000	2,250,000
Net Income	$ 6,330,000	$ 2,701,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,151,000 in 1986 and $911,000 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	$ 245,000	$ 1,001,000
Short-term invest.	2,745,000	2,000,000
Accts. receiv., net	7,256,000	5,476,000
*Inventories	12,960,000	8,513,000
Prepaid expenses	356,000	293,000
Deferred inc. taxes	433,000	291,000
Current Assets	$ 23,995,000	$ 17,574,000
#Fixed assets	12,070,000	9,664,000
Other assets	507,000	502,000
Intangibles	2,183,000	2,198,000
Total Assets	$ 38,755,000	$ 29,938,000
Liabilities		
Long-term debt, curr.	$ 1,395,000	$ 1,388,000
Accts. payable	2,746,000	953,000
Accruals	2,819,000	1,710,000
Income taxes	1,034,000	431,000
Curr. Liabilities	$ 7,994,000	$ 4,482,000
Long-term debt	12,229,000	13,624,000
Deferred inc. taxes	541,000	366,000

+Common stock	481,000	481,000
Add. paid-in capital	5,403,000	5,299,000
Retained earnings	24,869,000	18,705,000
Treasury stock	(11,332,000)	(11,431,000)
Note receiv.-invest. plan	(1,430,000)	(1,588,000)
Total Liabilities & Shareholders' Equity	$ 38,755,000	$ 29,938,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.16⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	25.27	15.32
%Net Income to Sales	13.37	8.36
%Net Income to Equity	35.18	23.56
Sales to Inventories	3.65	3.80
Debt to Equity	0.76	1.31
Working Capital	$16,001,000	$13,092,000
Current Ratio	3.00	3.92
Shareholders' Equity	$17,991,000	$11,466,000

Hewlett-Packard Company

3000 Hanover Street
Palo Alto, California 94304
(415) 857-1501

Officers: David Packard, chairman of the board; William R. Hewlett, vice chairman; John A. Young, pres. & chief exec. officer; Dean O. Morton, exec. v.p. & chief operating officer; William E. Terry, Richard C. Alberding, John L. Doyle, exec. v.p.'s; Alfred P. Oliverio, sr. v.p.-mktg.; James L. Arthur, v.p. & director-U.S. Field Operations; S.T. Jack Brigham, III, v.p.-adm. & gen. counsel; Douglas C. Chance, sr. v.p.-Business Systems; Harold E. Edmondson, v.p. & dir.-corp. mfg.; Franco Mariotti, v.p.-Europe; Richard A. Hackborn, v.p. & gen. mgr.-Peripherals; Lewis E. Platt, sr. v.p.-Technical Systems; Alan D. Bickell, v.p. & dir.-Intercontinental Operations; Joel S. Birnbaum, v.p. & gen. mgr.-Information Technology Group; William F. Craven, v.p. & gen. mgr.-Components Group; William G. Parzybok, Jr., v.p. & gen. mgr.-Design Systems Group; Robert P. Wayman, v.p. & chief fin. officer; George F. Newman, Jr., treasurer; Richard W. Anderson, v.p. & gen. mgr.-Microwave and Communications Group; Benjamin L. Holmes, v.p. & gen. mgr.-Medical Products Group; Charles W. Richion, v.p.-U.S. sales operations; D. Craig Nordlund, secretary & asst. gen. counsel; Raymond W. Cookingham, controller; Ann O. Baskins, asst. secretary & sr. atty.

Directors: David Packard, chairman; William R. Hewlett, William E. Terry, Robert J. Glaser, Antonie T. Knoppers, John A. Young, James D. Hodgson, Dean O. Morton, John B. Fery, Harold J. Haynes, Shirley M. Hufstedler, Shozo Yokogawa, George A. Keyworth, II, T.A. Wilson, Paul F. Miller, Jr., Hicks B. Waldron.

Areas of Work: Through the instrument and components group, manufactures electronic test and measurement products. These products include microwave semiconductors, light emitting diodes and fiber optic components, logic analyzers, voltmeters, frequency analyzers, power supplies, board testers, plotters, recorders, oscilloscopes, counters, frequency sources, network and signal analyzers, signal generators, automated test equipment, distance measurement instruments, component measurement equipment and microprocessor development systems. Computer and personal computation groups manufacture electronic data products. These products include small to medium scale computer systems for business, scientific and industrial applications, desktop computers, personal computers, personal scientific and business programmable calculators, data terminals, printers and disk and tape memories. The medical products group manufactures medical electronic equipment. These products include continuous monitoring system for critical care patients, medical data management systems, fetal monitors, electrocardiographs and related interpretive and stress, pulmonary function analyzers, cardiac catheterization laboratory systems, blood gas measuring instruments, ultrasonic imaging systems, cardiac defibrillators and hospital supplies. Products of the analytical instrumentation group include gas chromatographs, liquid chromatographs, mass spectrometers combined with chromatographs, spectrophotometers, laboratory automation systems and integrators.

Divisions and Subsidiaries:

COMPONENTS GROUP

Microwave Semiconductor Division
350 West Trimble Road
San Jose, California 95131
(408) 263-7500
RF (radio frequency) and microwave diodes, microwave transistors, microwave components; bar-code entry products.

Optoelectronics Division
640 Page Mill Road
Palo Alto, California 94304
(415) 857-6201
Alphanumeric and LED displays, lamps, light bars and linear arrays.

Optical Communication Division
640 Page Mill Road
Palo Alto, California 94304
(415) 857-1501
Fiber-optic and optocouplers.

Southeast Asia Operation
Hewlett-Packard Malaysia
Phase I, Bayan Lepas Free Trade Zone
Penang, Malaysia
Semiconductor devices; computer memories.

DESIGN SYSTEMS GROUP

Fort Collins Systems Division
3404 East Harmony Road
Fort Collins, Colorado 80525
(303) 226-3800
Advanced, 32-bit, desktop computers, computing controllers, systems and peripheral equipment for science and engineering.

Boblingen Engineering Operation
Hewlett-Packard GmbH
Federal Republic of Germany
Mechanical computer-aided design software.

Boblingen Computer Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen
Federal Republic of Germany

Colorado Springs Division
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
(303) 598-1900
General-purpose and high-performance oscilloscopes, including automatic waveform measurement; cathode-ray tube displays; logic analyzers.

Lake Stevens Instrument Division
6330 Marine Drive
Marysville, Washington 98270
(206) 335-2000
Synthesizers and low-frequency spectrum and network analyzers for communications and electronics equipment; waveform generators and dynamic analyzers for electromechanical and mechanical systems.

Fort Collins Engineering Operation
3404 East Harmony Road
Fort Collins, Colorado 80525
(303) 226-3800
Personal technical computer software.

Logic Design Operation
Centennial Annex D-2
Colorado Springs, Colorado 80907-0617
CAD/CAM system design.

Logic Systems Division
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
Logic-development systems for microprocessor and digital products.

ELECTRONIC INSTRUMENTS GROUP

Boblingen Instrument Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen
Federal Republic of Germany
Logic signal sources and data generators; plotters and microprocessor development systems.

Colorado Springs Tech Center
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
(303) 598-1900
Analog and digital thick film hybrids for all HP divisions.

YHP Instrument Division
Yokogawa-Hewlett-Packard, Ltd.
9-1, Takakura-Cho
Hachioji-Shi
Tokyo 192, Japan
Component and semiconductor measuring instruments and systems (ICR meters, impedance analyzers, semiconductor parameter test systems) for worldwide sales and a variety of other products for the Japanese market.

Loveland Tech Center
815 Fourteeenth Street S.W.
Loveland, Colorado 80537
(303) 667-5000
Analog and digital multimeters, computer-controlled instrument systems (data-loggers, data acquisition systems, components-test instrumentation).

New Jersey Division
150 Green Pond Road
Rockaway, New Jersey 07866
(201) 627-6400
Regulated direct current laboratory and industrial power supplies, OEM (original-equipment manufacturer) modular power supplies, digitally controlled power sources, automatic-test and control-system components.

Santa Clara Division
5301 Stevens Creek Boulevard
Santa Clara, California 95050
(408) 246-4300
Electronic counters, digital IC (integrated circuit-testers, microprocessor servicing and training products, waveform recorders (transient analyzers or digital oscilloscopes), digital printers, atomic frequency and time standards, laser measurement systems, temperature and pressure measurement systems.

Santa Clara Tech Center
5301 Stevens Creek Boulevard
Santa Clara, California 95050
(408) 246-4300
Integrated circuits, and standard and custom parts, for HP's instrument divisions.

YHP Computer Operation*
Yokogawa-Hewlett-Packard, Ltd.
9-1, Takakura-Cho
Hachioji-Shi
Tokyo 192, Japan
*Part of YHP Instrument Division

MICROWAVE AND COMMUNICATIONS INSTRUMENT GROUP

Colorado Telecommunications Division
5060 Centennial Boulevard
Colorado Springs, Colorado 80933
(303) 593-8700
Transmission-test instruments for testing digital and analog parameters of voice and data channels; data-communication network test equipment (protocol analyzers and digital and analog test instruments).

Queensferry Telecommunications Division
Hewlett-Packard Ltd.
South Queensferry
West Lothian EH30 9TG
Scotland
Dedicated test and measuring instruments and systems for telecommunications in the areas of microwave radio, FDM (frequency division multiplex), voice/data, PCM/TDM (pulse code modulation/time-division multiplex); transmission-impairment measuring sets and sweep oscillators.

Queensferry Microwave Operation
South Queensferry
West Lothian EH30 9TG
Scotland
Products for mobile communications, RF (radio frequency) communications, and cellular radio.

Stanford Park Division
1501 Page Mill Road
Palo Alto, California
(415) 857-1500
Microwave signal generators and synthesizers; noise-figure meters; power meters; coaxial and waveguide measuring equipment.

Spokane Division
1620 Signal Drive TAF C-34
Spokane, Washington 99220
(509) 922-4001
RF (radio frequency) signal generators and synthesizers, RF measuring receivers and RF transceiver test equipment.

Signal Analysis Division
1212 Valley House Drive
Rohnert Park, California 94928
(707) 525-1400
Radio-frequency and microwave spectrum analyzers and related signal analysis equipment.

Network Measurements Division
1400 Fountain Grove Parkway
Santa Rosa, California 95404
(707) 525-1400
RF (radio frequency) and microwave-network analyzers (vector and scalar); sweep oscillators and synthesized sweep-signal generators.

Microwave Technology Division
1400 Fountain Grove Parkway
Santa Rosa, California 95404
(707) 525-1400
High frequency transistors and diodes, SAW (surface-acoustical-wave) devices, YIG (ytrium-iron-garnet) spheres; integrated circuits, thick and thin film circuits and microwave packages, all for HP divisions.

INFORMATION NETWORKS GROUP

Roseville Networks Division
8000 Foothills Blvd.
Roseville, California 95678
(916) 786-8000
Measurement and control automation products, HP computer I/O (input/output) cards and data communications products.

Information Networks Division
19420 Homestead Road
Cupertino, California 95014
(408) 725-8111
Data-communications hardware and software; business software tools to speed program development; automation systems and software for the "interactive office".

Colorado Networks Operations
700 71st Avenue
Greeley, Colorado 80631
(303) 356-9301
Software and hardware to connect computer products.

Grenoble Networks Division
Hewlett-Packard France
5 Rue Raymond Chanas
F-38320 Eybens
France
Industrial terminals and low-cost terminals, personal computers; data-communications hardware and software.

BUSINESS SYSTEMS GROUP

Computer Systems Division
19447 Pruneridge Avenue
Cupertino, California 95014
(408) 725-8111
Business computer systems for interactive, on-line processing, data-base management and distributed data processing.

CSY Roseville Operation
8010 Foothills Boulevard
Roseville, California 95678
(916) 786-8000
Business computer systems for interactive, on-line data processing, data base management and distributed data processing.

Office Productivity Division
Hewlett-Packard Ltd.
Nine Mile Ride
Easthampstead
Wokingham, Berkshire, England
Office-systems software and support for business computer systems.

Financial Systems Operation
270 West Trimble Road
San Jose, California 95131
(408) 263-7500
Software for HP business computers.

Information Resources Operation
7995 E. Prentice
Englewood, Colorado 80111
(303) 773-1992
Software for marketing and distributing organizations.

Guadalajara Computer Operation
Monte Morelos 299
Frac, Loma Bonita
Guadalajara, Talisco 45060
Mexico
(Telephone) 532-6-22-0250
Business computers and software.

Boblingen General Systems Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen
Federal Republic of Germany
Programmable desktop-computer systems and peripheral equipment for European scientific and industrial applications.

Administrative Productivity Division
370 West Trimble Road
San Jose, California 95131
Administrative and applications software, including distribution and financial.

Administrative Productivity Operation*
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Financial applications software.
*Part of Administrative Productivity Division.

INFORMATION TECHNOLOGY GROUP

Cupertino IC Division
11000 Wolfe Road
Cupertino, California 95014
Custom integrated circuits for HP computers, peripherals, and instruments.

Fort Collins IC Division
3403 East Harmony Road
Fort Collins, Colorado 80525

Information Technology Group
Northwest IC Division
1020 N.E. Circle Boulevard
Corvallis, Oregon 97330

COMPUTER PERIPHERALS GROUP

Boise Division
11311 Chinden Boulevard
Boise, Idaho 83707
(208) 376-6000
Impact and non-impact system line printers.

Disc Memory Division
11411 Chinden Boulevard
Boise, Idaho 83707
(208) 376-6000
Disc memory products and associated microprocessor-implemented controllers for computer systems.

Greeley Division
700 71st Avenueny Road
Greeley, Colorado 80631
(303) 356-9301
Flexible mass-storage devices; magnetic tape drives; local networking and data-communication products.

Vancouver Division
18110 S.E. 34th Street
Vancouver, Washington 98706
Word-processing, thermal, multi-purpose data-processing printers.

Computer Peripherals Bristol Division
Great Western Business Park
North Road
Yate
Bristol BS17, England
Middle-range mass storage products.

San Diego Division
16399 W. Bernardo Drive
San Diego, California 92127
(714) 487-4100
Digitizers, graphic tablets, instrumentation tape recorders, graphic plotters, recorder supplies, and X-Y, strip chart and oscillographic recorders.

PERSONAL COMPUTER GROUP

Handheld Computer and Calculator Operation
1010 N.E. Circle Boulevard
Corvallis, Oregon 97330
(503) 757-2000
Calculators for science and business; portable and handheld computers.

Portable Computer Division
1010 N.E. Circle Boulevard
Corvallis, Oregon 97330
(503) 757-2000
Personal computer systems and handheld computers and calculators.

Hewlett-Packard Do Brasil
Rua Joao Sulinski, 681
13100 - Campinas, Sao Paulo
Brazil
Scientific and business calculators and personal computers.

Hewlett-Packard Singapore Pte. Ltd.
1150 Depot Road
Singapore 0410
Personal, scientific and business calculators.

Roseville Terminals Division
3625 Cincinnati Avenue
Rocklin, California 95677
(916) 786-8000
Data terminals.

Personal Office Computer Division
978 East Arques
Sunnyvale, California 94086
(408) 735-1550
Small computers for the business market; interactive, microprocessor-implemented alphanumeric and graphics CRT (cathode-ray tube) terminals for data processing and communications.

Grenoble Personal Computer Division
Hewlett-Packard France
5 Rue Raymond Chanas
F-38320 Eybens
France
Industrial terminals and low-cost terminals.

Hewlett-Packard Puerto Rico
Highway 459 KM 1
Montana Industrial Park
Aguadilla, Puerto Rico 00603
Interactive, microprocessor-implemented alphanumeric and graphics CRT (cathode-ray tube) terminals.

Personal Software Division
3410 Central Expressway
Santa Clara, California
(408) 725-8111
Software for personal computers; computer-aided work software and common user interfaces for portable computers, terminals and workstations.

Personal Computer Group Operation
11000 Wolfe Road
Cupertino, California 95014

Personal Computer Distribution Operation
Sunnyvale, California
Manages worldwide distribution of HP personal computers and related peripherals, software, supplies and accessories.

ANALYTICAL GROUP

Avondale Division
Route 41 & Starr Road
Avondale, Pennsylvania 19311
(215) 268-2281
Gas and liquid chromatographs, automatic liquid samplers, digital integrators, analytical laboratory-data systems, chromatography columns and consumables.

Scientific Instruments Division
1601 California Avenue
Palo Alto, California
(415) 857-1501
Gas chromatograph/mass spectrometers. GC/MS data systems, UV-visible diode-array spectrophotometers.

Waldbronn Division
Hewlett-Packard GmbH
P.O. Box 1280
D-7517
Waldbronn, Federal Republic of Germany
Liquid chromatographs, gas chromatographs and analytical laboratory-data systems; liquid chromatograph detectors.

Analytical Supplies Operation
Route 41 & Starr Road

Avondale, Pennsylvania 19311
High quality gas and liquid chromatograph columns; also, distributes general supplies for the laboratory.

Laboratory Automation Systems Operation
Route 41 and Starr Road
Avondale, Pennsylvania 19311
Software and hardware to improve laboratory productivity and information management.

MANUFACTURING SYSTEMS GROUP

Data Systems Division
11000 Wolfe Road
Cupertino, California 95014
(408) 257-7000
Technical real-time computers and computer systems for factory automation, manufacturing and OEM (original equipment manufacturer) applications.

Manufacturing Productivity Division
370 West Trimble Road
San Jose, California 95131
(408) 263-7500
Software systems for manufacturing organizations, including manufacturing-application financial systems.

Manufacturing Test Division
815 Fourteenth Street S.W.
Loveland, Colorado 80537
(303) 667-5000
Analog and digital circuit-board testers.

Loveland Instrument Division
815 Fourteenth Street, S.W.
Loveland, Colorado 80537
(393) 667-5000
Analog and digital multimeters, computer-controlled instrument systems (data-loggers, data acquisition systems, components-test instrumentation).

Advanced Manufacturing Systems Operation
370 West Trimble Road
San Jose, California 95131
Computer integrated manufacturing (CIM) systems; factory automation application software products.

Panacom Automation Operation
24 Lexington Road
Waterloo, Ontario
Canada N2J323

Semiconductor Productivity Network Operation
370 West Trimble Road
San Jose, California 95131
Technical and product marketing, sales support and product development for computer-aided manufacturing systems for semiconductor manufacturers.

MEDICAL PRODUCTS GROUP

Andover Division
3000 Minuteman Rd.
Andover, Massachusetts 01810
(617) 687-1501
Diagnostic instruments including electrocardiographs, cardiac stress-testing systems, physiological amplifiers and graphic recorders, computerized ECG data-management systems, computerized cardiac catheterization laboratory and ultrasound-imaging systems.

Boblingen Medical Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen
Federal Republic of Germany
Fetal/neonatal-monitoring systems and instruments for surgical and recovery-room monitoring; critical-care monitoring systems and computerized arrhythmia monitoring systems.

McMinnville Division
1700 South Baker
McMinnville, Oregon 97128
(503) 472-5101
X-ray and electron-beam systems for industrial applications and cardiac resuscitation systems such as defibrillators, monitors and recorders.

Waltham Division
175 Wyman Street
Waltham, Massachusetts 02254
(617) 890-6300
Critical-care monitoring systems for adults, computerized arrhythmia systems for adults, computerized arrhythmia monitoring systems with recall and edit capabilities, physiological transducers, patient-monitoring recorders, computerized patient data-management systems, and hospital information systems.

Health Care Productivity Operation
3000 Minuteman Road
Andover, Massachusetts 01810
Hospital information systems.

Medical Supplies Center
3000 Minuteman Road
Andover, Massachusetts 01810
Stethoscopes, electrolytes, disposable ECG (electrocardiogram) monitoring electrodes, blood-pressure transducers and disposable transducer domes, chart papers, disposable pressure kits.

CORPORATE MARKETING

Computer Support Division
19310 Pruneridge
Sunnyvale, California 95014
(408) 996-9383
Installation, servicing and custom support for HP computer systems.

Financing and Remarketing Division
Cupertino, California
Marketing and administration for all product leasing and for resale of computers.

Computer Supplies Operation
1326 Kifer Road
Sunnyvale, California 94086
(408) 738-8856
Computer accessories, supplies, software and furniture for all HP computers.

Test and Measurement Products

Instrument Support Division
690 E. Middlefield Road
Mountain View, California 94042
(415) 969-0880
Bench service, on-site service and repairs, and systems engineering for HP instrument products.

Corporate Parts Center
333 Logue Avenue
Mountain View, California 94042
Replacement parts, exchange modules and supplies.

Instrument Products Operation
1320 Kifer Road
Sunnyvale, California 94086
Low priced instrumentation products and accessories.

Transfer Agent(s):
Harris Trust and Savings Bank
Corporate Trust Operations Division
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): New York, Pacific

Ticker Symbol: HWP

Number of Employees:

1986	82,000	1983	72,000
1985	84,000	1982	68,000
1984	82,000		

Plant Footage:
1986 . . . . . 28,500,000 sq.ft. 1985 26,715,840

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 7,102,000	$ 516,000
1985	6,505,000	489,000
1984	6,044,000	665,000
1983	4,710,000	432,000
1982	4,189,000	383,000

	No. of Com. Shares †	Earn. per Share ‡
1986	256,000,000	$ 2.02
1985	257,000,000	1.91
1984	256,000,000	2.59
1983	255,000,000	1.69
1982	250,000,000	1.53

† Adjusted to reflect stock split.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Test, measuring & related items	$ 2,995,000	$ 2,929,000
Electronic data products	3,291,000	2,880,000
Medical electronic equipment	513,000	448,000
Analytical instrumentation	303,000	248,000
Total	$ 7,102,000	$ 6,505,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.22	—	—
1985	0.22	—	—
1984	0.19	—	—
1983	0.1575	—	2-for-1
1982	0.12	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 4,374,000	$ 17.09
1985	3,982,000	15.49
1984	3,545,000	13.85
1983	2,887,000	11.32
1982	2,349,000	9.40

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Oct. 31	1986	1985
Net sales	$ 7,102,000	$ 6,505,000
Cost of sales	3,353,000	3,166,000
Expenses	2,969,000	2,581,000
Income before taxes	$ 780,000	$ 758,000
Income taxes	264,000	269,000
Net Income	$ 516,000	$ 489,000

* Included in Costs and Expenses, Depreciation and Amortization: $321,000,000 in 1986 and $299,000,000 in 1985.

Assets
(000's)

As of Oct. 31	1986	1985
Cash & cash investments	$ 1,372,000	$ 1,020,000
Accts. receiv., net	1,344,000	1,249,000
*Inventories	981,000	993,000
Other curr. assets	117,000	80,000
Current Assets	$ 3,814,000	$ 3,342,000
#Fixed assets	2,236,000	2,149,000
Other assets	237,000	189,000
Total Assets	$ 6,287,000	$ 5,680,000

Liabilities
(000's)

Notes payable	$ 229,000	$ 260,000
Accts. payable	285,000	243,000
Empl. compensation	395,000	397,000
Accruals	360,000	302,000
Accrued taxes	249,000	174,000
Curr. Liabilities	$ 1,518,000	$ 1,376,000
Long-term debt	110,000	102,000
Deferred empl. benefits	134,000	92,000
Deferred inc. taxes	151,000	128,000

+Common stock & add. paid-in capital	712,000	780,000
Retained earnings	3,662,000	3,202,000
Total Liabilities & Shareholders' Equity	$ 6,287,000	$ 5,680,000

* At standard cost, (which approximates FIFO) not in excess of market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.98	11.65
%Net Income to Sales	7.27	7.52
%Net Income to Equity	11.80	12.28
Sales to Inventories	7.24	6.55
Debt to Equity	0.03	0.09
Working Capital	$2,296,000,000	$1,966,000,000
Current Ratio	2.51	2.43
Shareholders' Equity	$4,374,000,000	$3,982,000,000

The Hickok Electrical Instrument Company

10514 Dupont Avenue
Cleveland, Ohio 44108
(216) 541-8060

Officers: Robert D. Hickok, chairman & president; Robert L. Purcell, executive vice president; Robert L. Bauman, vice president; James F. Hughes, v.p.-manufacturing; Michael Miller, secretary.

Directors: Robert D. Hickok, chairman; Thomas H. Barton, H. Bruce Boal, Max J. Lerner, George S. Lockwood, Jr., Robert A. Nieminen, Robert L. Purcell, Harry J. Fallon, Robert L. Bauman.

Areas of Work: Develops, manufactures, and markets high technology precision indicating instruments, educational and electronic test equipment. Also develops and markets scientific and vocational training programs. Owns and operates a vocational training institute. The indicating instruments and meters produced by the company are used in the aircraft industry, laboratory research, and electronic maintenance.

Subsidiaries:

Supreme Electronics Corp.
1714-16 Carrollton
Greenwood, Mississippi 38930
(601) 453-6212
Electronic test equipment, specialized measuring devices and indicating instruments.

Hickok Teaching Systems, Inc.,
Cleveland, Ohio
Systems to assist in the teaching of the sciences and vocational school training equipment.

Hickok Technical Institute
2012 West 25th Street
Cleveland, Ohio 44113
(216) 696-2626
Private technical school for teaching vocational skills.

Transfer Agent(s):
The Huntington National Bank
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income †
1986	$ 6,407,535	$ (323,416)
1985	7,476,975	71,397
1984	7,490,787	(87,559)
1983	7,106,836	(159,719)
1982	7,122,794	55,147

	No. of Com. Shares +	Earn. per Share †+
1986	603,082	$ —
1985	604,634	0.12
1984	605,427	—
1983	605,427	—
1982	605,427	0.09

(Loss)
† Including extraordinary gains of $14,700 ($0.03 per share) in 1985 and $10,800 ($0.02 per share) in 1982 and extraordinary loss of $182,166 ($0.30 per share) in 1984.
+ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 1,764,196	$ 2.93
1985	2,087,612	3.45
1984	2,019,840	3.34
1983	2,107,399	3.48
1982	2,267,118	3.74

‡ Based on the average number of shares outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 6,407,535	$ 7,476,975
Cost of sales	3,626,904	4,128,434
Prod. develop.	571,736	509,104
Expenses	2,287,554	2,484,288
Interest expense	244,757	283,752
Income (loss) bef. taxes	$ (323,416)	$ 71,397
Income taxes	—	14,700
Net Income (Loss)	$ (323,416)	$ 56,697
Extraord. gain	—	14,700
Net Income (Loss) & extraord. gain	$ (323,416)	$ 71,397

* Included in Costs and Expenses, Depreciation: $97,975 in 1986 and $97,713 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 251,093	$ 256,995
Accts. receiv., net	1,463,966	1,730,818
*Inventories	2,124,047	2,147,096
Prepaid expenses	35,299	31,195
Current Assets	$ 3,874,405	$ 4,166,104
Cash value of life insurance	68,999	52,597
#Fixed assets	574,628	597,564
Prepaid rent & other deposits	5,656	5,425
Accounts receiv.	137,024	—
Total Assets	$ 4,660,712	$ 4,821,690

Liabilities

Notes payable	$ 1,424,000	$ 1,465,000
Long-term debt, curr.	105,418	102,668
Accts. payable	547,585	305,181
Accruals	403,364	338,403
Curr. Liabilities	$ 2,480,367	$ 2,211,252
Long-term debt	416,149	522,826
+Common stock:		
Class A	357,262	357,262
Class B	245,820	245,820
Add. paid-in capital	1,269,188	1,269,188
Retained earnings (def.)	(108,074)	215,342
Total Liabilities & Shareholders' Equity	$ 4,660,712	$ 4,821,690

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.95
%Net Income to Sales	—	0.76
%Net Income to Equity	—	2.72
Sales to Inventories	3.02	3.48
Debt to Equity	0.24	1.00
Working Capital	$1,394,038	$1,954,852
Current Ratio	1.56	1.88
Shareholders' Equity	$1,764,196	$2,087,612

High Voltage Engineering Corporation

South Bedford Street
Burlington, Massachusetts 01803
(617) 272-1313

Officers: Pascal Levesque, chairman of the board, president & chief executive officer; Robert O. Svensson, v.p. & treasurer; Gordon R. Hamilton, Jr., v.p.-industrial relations; William J. Flanagan, Jr., v.p.-corporate; Donald R. Reilly, general counsel & clerk; Irene A. Doyle, asst. clerk.

Directors: Pascal Levesque, chairman; Milton P. Brown, Ernest F. Stockwell, Jr., Samuel Goldblith, William R. Dickson.

Areas of Work: Manufacturer of plastic insulation products, electrical connectors, switches, wire and cable, builders' instruments, particle accelerators and electron processing systems and scientific equipment, optical surveying and alignment instruments, hardness test equipment for metals and rubber, battery motive connectors, high current control systems and instrumentation for measurement of AC & DC current, primarily to the electrical and electronics industries.

Divisions and Subsidiaries:

Anacon/Waters Division
Marlboro, Massachusetts

Anacon (Instruments) Ltd.
Maidenhead, England

Anderson Power Products Company
Boston, Massachusetts

Specialty Connector Co., Inc.
Franklin, Indiana

Culver-Stearns Manufacturing Company
Worcester, Massachusetts

Carbolon Division
Sterling, Massachusetts

Natvar Division
Clayton, North Carolina

Berger Instruments Division
Boston, Massachusetts

Shore Instruments & Mfg. Co., Inc.
Jamaica, New York

Judd Wire Division
Turner Falls, Massachusetts

Beam Parts and Services Division
Burlington, Massachusetts

Halmar Electronics, Inc.
Columbus, Ohio

HIVEC B.V.
High Voltage Engineering Europa B.V.
Electronized Chemicals Europa B.V.
Amersfoort, The Netherlands
HIVEC (Ireland)
Fermoy, Ireland

Uneks Precision Plastics Co., Inc.
Danvers, Massachusetts
Produces industrial and medical plastics.

Daicon Instrument Company
East Petersburg, Pennsylvania
Manufactures gauges and other instruments which measure speed, elapsed time, pressure and other operating characteristics, particularly for off-highway vehicles.

Acquisition:
General Eastern Instruments Corporation
Watertown, Massachusetts
Manufactures humidity measurement instruments.

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: HVE

Number of Employees:

1986	1,516	1985	1,467

Plant Footage:

1986	1,067,300 sq. ft.	1985	1,163,200

Sales and Earnings

	Net Sales ‡	Net Income †
1986	$ 98,011,000	$ 3,128,000
1985	83,756,000	5,809,000
1984	90,928,000	6,931,000
1983	75,069,000	1,035,000
1982	76,429,000	1,758,000

	No. of Com. Shares +	Earn. per Share +†
1986	5,049,699	$ 0.62
1985	5,187,175	1.12
1984	5,285,677	1.31
1983	5,958,319	0.17
1982	6,148,203	0.29

‡ Of continuing operations only.
† Including extraordinary loss of $152,000 ($0.03 per share) in 1983.
+ Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Electrical components	$ 37,697,000	$ 36,127,000
Plastics	18,955,000	17,150,000
Industrial instruments	41,359,000	30,479,000
Total	$ 98,011,000	$ 83,756,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.17	—	—
1985	0.17	—	—
1984	0.15	—	—
1983	0.15	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 59,971,000	$ 11.88
1985	56,498,000	10.89
1984	52,170,000	9.87
1983	51,467,000	8.64
1982	59,020,000	9.60

‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended	12/27/86	12/28/85
Net sales	$ 98,011	$ 83,756
Cost of sales	71,348	61,537
Expenses	17,701	14,877
Interest expense	629	322
Other income	(228)	(182)
Gain on sale of assets	—	(4,387)
Income before taxes	$ 8,561	$ 11,589
Income taxes	3,977	5,801
Inc.-cont. oper.	$ 4,584	$ 5,788
Inc. (loss)-discont. oper.	(1,456)	21
Net Income	$ 3,128	$ 5,809

*Included in Costs and Expenses, Depreciation and Amortization: $2,953,000 in 1986 and $2,631,000 in 1985.

Assets
(000's)

Year ended	12/27/86	12/28/85
Cash	$ 5,680	$ 2,792
Marketable securities	4,909	4,909
Accts. receiv., net	16,170	13,234
Unbilled port. of work	1,173	2,294
*Inventories	26,834	22,813
Prepaid expenses	1,075	894
Net assets of discont. oper.	2,986	4,935
Current Assets	$ 58,827	$ 51,871
Long-term notes receiv.	12,260	12,272
#Fixed assets	24,610	19,467
Other assets	637	660
Investments	1,750	750
Intangibles	6,628	282
Total Assets	$ 104,712	$ 85,302

Liabilities
(000's)

Notes payable	$ 13,800	$ 4,435
Long-term debt, curr.	2,692	919
Accts. payable	4,356	3,763
Advance payments	1,938	1,682
Income taxes	427	457
Accrued pension exp.	753	619
Other accruals	3,711	2,409
Deferred income taxes	140	289
Curr. Liabilities	$ 27,817	$ 14,573
Long-term debt	3,858	1,793
Deferred inc. taxes	816	188
Deferred gain	12,250	12,250
+Common stock	6,224	6,224
Add paid-in capital	19,122	19,196
Retained earnings	48,103	45,833
Currency translation adjustments	473	(1,193)
Treasury stock	(13,951)	(13,562)
Total Liabilities & Shareholders' Equity	$ 104,712	$ 85,302

* At cost (FIFO & average) but not in excess of net realizable value.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	5.22	10.28
Sales to Inventories	3.65	3.67
Debt to Equity	0.34	0.13
Working Capital	$31,010,000	$37,298,000
Current Ratio	2.11	3.56
Shareholders' Equity	$59,971,000	$56,498,000

Hipotronics, Inc.

Route 22
Brewster, New York 10509
(914) 279-8091

Officers: Stanley G. Peschel, chairman of the board & president; Barbara P. Gaines, controller, treasurer, and secretary; Stephen S. Peschel, v.p.-sales.

Directors: Stanley G. Peschel, William J. Florence, Jr., Stephen S. Peschel, Robert R. Grew, Michael T. Peschel.

Areas of Work: Designs and manufactures high voltage devices and systems to test materials and equipment used in the transmission of electricity; also designs and manufactures test equipment and high voltage power supplies for use in the electronics industry. Products include AC/DC dielectric test systems, capacitors, DC insulation test equipment, wire sparkers, cable fault location, AC-DC hipot testers and megohmmeters, power supplies, corona test systems, automatic sequential test systems, transformers, magnet wire test systems and miscellaneous high voltage hardware and accessories.

Transfer Agent(s):
The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: HIP

Number of Employees:

1985	185	1982	171
1984	180	1981	197
1983	186		

Plant Footage:

1985	74,000 sq. ft.	1982	79,000
1984	79,000	1981	79,000
1983	79,000		

Sales and Earnings

	Net Sales	Net Income
1985	$ 16,138,964	$ 1,373,809
1984	15,939,319	978,999
1983	13,459,040	581,665
1982	17,640,440	2,479,421
1981	15,810,797	2,302,956

	No. of Com. Shares †	Earn. per Share †
1985	1,433,091	$ 0.96
1984	1,644,901	0.60
1983	2,010,472	0.29
1982	1,996,172	1.24
1981	1,993,219	1.16

† Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	0.16	—	—
1982	0.16	—	—
1981	0.13	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 6,638,463	$ 4.63
1984	6,850,398	4.16
1983	13,171,399	6.55
1982	12,584,740	6.30
1981	10,424,707	5.23

+ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Nov. 30	1985	1984
Net sales	$ 16,138,964	$ 15,939,319
Cost of sales	9,444,737	9,517,873
Expenses	4,249,010	4,642,689
Oper. profit	$ 2,445,217	$ 1,778,757
Other expense	46,408	179,358
Income before taxes	$ 2,398,809	$ 1,599,399
Income taxes	1,025,000	620,400
Net Income	$ 1,373,809	$ 978,999

* Included in Costs and Expenses, Depreciation: $341,719 in 1985 and $360,843 in 1984.

Hipotronics, Inc.

Assets

As of Nov. 30	1985	1984
Cash	$ 41,788	$ 162,280
Accts. receiv., net	3,719,845	3,208,851
*Inventories	4,042,364	4,139,407
Prepaid expenses	69,702	38,834
Current Assets	$ 7,873,699	$ 7,549,372
#Fixed assets	2,236,393	2,333,699
Other assets	78,428	95,856
Total Assets	$ 10,188,520	$ 9,978,927

Liabilities

Long-term debt, curr.	$ 300,000	$ 300,000
Notes payable	504,007	—
Accts. payable	701,478	558,525
Accruals	635,702	503,360
Accrued payroll	186,914	170,242
Income taxes	760,130	80,649
Deferred inc. taxes	23,131	303,800
Cust. deposits	221,866	109,803
Curr. Liabilities	$ 3,333,228	$ 2,026,379
Long-term debt	75,000	900,000
Deferred inc. taxes	141,829	202,150
+Common stock	229,017	229,017
Add. paid-in capital	3,721,945	3,721,945
Retained earnings	12,568,363	11,194,554
Treasury stock	(9,880,862)	(8,295,118)
Total Liabilities & Shareholder's Equity	$ 10,188,520	$ 9,978,927

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	14.86	10.03
%Net Income to Sales	8.51	6.14
%Net Income to Equity	20.69	14.29
Sales to Inventories	3.99	3.85
Debt to Equity	0.16	0.18
Working Capital	$4,540,471	$5,522,993
Current Ratio	2.36	3.73
Shareholders' Equity	$6,638,463	$6,850,398

Hi-Shear Industries Inc.

3333 New Hyde Park Road
North Hills, New York 11042
(516) 627-8600

Officers: David A. Wingate, chairman & chief exec. officer; Anthony E. Mirti, president & chief operating officer; S. Gerard Benford, v.p. & chief financial officer; Harold L. Bernstein, secretary.

Directors: David A. Wingate, chairman; Anthony E. Mirti, Harold L. Bernstein, David Boyd Chase, Perry A. Luth, Jr., Frederick J. Ross, Philip M. Slonim, Ealan J. Wingate.

Areas of Work: Manufactures high technology products for aerospace and defense applications. The Aerospace Fastening Systems division provides proprietary structural fastening systems primarily for commercial and military aircraft. The Space and Defense Ordnance Systems division designs and manufactures sophisticated electro-explosive and propellant-actuated devices and electronic products for missiles, aircraft, spacecraft and naval vessels.

Divisions:
Aerospace Fastening Systems
Space and Defense Ordnance Systems

Subsidiaries:
Hi-Shear Corporation
2600 Skypark Drive
Torrance, California 90509
Aerospace fastening systems.

Hi-Shear Technology Corp.
2830 Lomita Boulevard
Torrance, California 90505
Space and defense ordnance systems.

Hi-Shear DISC
HSI Properties, Inc.
Hi-Shear Holdings Limited
Aircraft Fasteners (Forged Parts) Limited

Transfer Agent(s):
The Bank of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: HSI

Number of Employees:
1986 995

Plant Footage:
1986 . . . . . 341,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 77,526,000	$ 12,781,000
1985	61,647,000	10,766,000
1984	53,662,000	(2,915,000)
1983	53,757,000	(9,437,000)
1982	68,653,000	7,125,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	5,862,000	$ 2.18
1985	5,791,000	1.86
1984	5,769,000	—
1983	5,761,000	—
1982	5,908,000	1.21

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $1,761,000 ($0.30 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Aerospace fastening systems	$ 51,931,000	$ 38,918,000
Space & defense ordnance systems	25,091,000	22,416,000
General corporate	504,000	313,000
Total	$ 77,526,000	$ 61,647,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.41	—	5-for-4
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—
1982	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 59,842,000	$ 10.20
1985	49,099,000	8.39
1984	39,795,000	6.90
1983	57,497,000	9.97
1982	69,573,000	12.01

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended May 31	1986	1985
Net sales	$ 75,971	$ 59,626
Other income	1,555	2,021
Total Income	$ 77,526	$ 61,647
Cost of sales	53,710	43,688
Expenses	12,320	9,891
Oper. profit	$ 11,496	$ 8,068
Gain on sale of rl. est.	(5,821)	(1,714)
Interest expense	271	418
Interest income	(1,089)	(973)
Income before taxes	$ 18,135	$ 10,337
Income taxes	7,115	5,004
Income from cont. oper.	$ 11,020	$ 5,333
Income from discont. oper.	—	5,433
Net Income	$ 11,020	$ 10,766
Extraord. gain	1,761	—
Net Income & extraord. gain	$ 12,781	$ 10,766

* Included in Costs and Expenses, Depreciation and Amortization: $1,741,000 in 1986 and $1,765,000 in 1985.

Assets
(000's)

As of May 31	1986	1985
Cash	$ 28,687	$ 17,896
Marketable securities	2,666	1,936
Accts. receiv., net	14,647	11,964
*Inventories	17,987	18,433
Other curr. assets	538	670
Prop. held for sale	—	2,551
Current Assets	$ 64,525	$ 53,450
#Fixed assets	7,941	8,227
Other assets	2,389	2,320
Total Assets	$ 74,855	$ 63,997

Liabilities
(000's)

Notes payable	$ 1,107	$ 606
Mortg. on prop. held for sale	—	2,073
Accts. payable	2,829	2,708
Accruals	6,839	6,446
Income taxes	879	1,737
Curr. Liabilities	$ 11,654	$ 13,570
Deferred inc. taxes	1,412	1,041
Other liabilities	1,947	287
+Common stock	615	497
Add. paid-in capital	34,617	34,681
Retained earnings	27,375	16,998
For. curr. trans. adjust.	(693)	(907)
Treasury stock	(2,072)	(2,170)
Total Liabilities & Shareholders' Equity	$ 74,855	$ 63,997

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.87	—
%Net Income to Sales	14.51	—
%Net Income to Equity	18.42	21.93
Sales to Inventories	4.22	3.23
Debt to Equity	0.02	0.05
Working Capital	$52,871,000	$39,880,000
Current Ratio	5.54	3.94
Shareholders' Equity	$59,842,000	$49,099,000

Honeywell, Inc.

Honeywell Plaza
Minneapolis, Minnesota 55408
(612) 870-5200

Officers: Edson W. Spencer, chairman of the board & chief exec. officer; James J. Renier, president & chief operating officer; Foster A. Boyle, v.p.-human resources; Richard J. Boyle, v.p. & group exec.-industrial systems; Joe E. Chenoweth, exec. v.p.-home & building automation & control; Gerald P. Dinneen, v.p.-science & technology; Michael R. Bonsignore, exec. v.p.-international automation & control; Clinton O. Larson, v.p. & group exec.-marine systems; William H. Mackey, v.p. & controller; William W. George, exec. v.p.-industrial automation & control; James J. Grierson, v.p. & treasurer; David R. Bergerson, v.p. & general counsel; Louis E. Navin, v.p. & chief financial and administrative officer; Matthew A. Sutton, sr. v.p. & group exec.-aerospace & defense; Curtis B. Thompson, v.p. & group exec.-components; Sigurd Ueland, Jr., v.p. & secretary; Warde F. Wheaton, exec. v.p.-aerospace & defense; William N. Wray, exec. v.p.-corp. marketing; Charles W. Johnson, v.p. & group exec.-Large Computer and Manufacturing Systems; Eugene Manno, group v.p. & group exec.-Small Computer and Office Systems; R.R. Mockenhaupt, v.p. & gen. mgr.-defense systems; D.J. Larkin, v.p. & group exec.-commercial buildings; J.J. Campanella, pres.-Sperry Aerospace; J.I. May, v.p. & gen. mgr.-Latin American Division.

Directors: Edson W. Spencer*, chairman; Carl B. Drake, Jr.*, Louis E. Navin*, H. Brewster Atwater, Jr.*, William H. Donaldson, James J. Renier*, Alexander J. MacIntosh, Geri M. Joseph*, E.H. Clark, Jr., Elizabeth E. Bailey, Steven G. Rothmeier*, Vincent A. Sarni.

* Member of the Executive Committee.

Divisions and Subsidiaries:

Aerospace and Defense Group

Electro-Optics Division
Lexington, Massachusetts
Sensing systems in electro-optical and infrared technologies.

Military Avionics Division
Minneapolis, Minnesota
Flight control, navigation, fire control, fuel management, and communications systems and components. Automatic test equipment and field service engineering.

Space and Strategic Avionics Division
Clearwater, Florida
Guidance, navigation and engine control systems for spacecraft, boosters and missiles. Equipment and services for secure communications.

Defense Systems Division
Minneapolis, Minnesota
Fire control systems, small-caliber ammunition, fuzes and mines.

Marine Systems Division
Everett, Washington
Acoustic-sensing and sonar systems, oceanography equipment and ship positioners, and ceramic components.

Tetra Tech, Inc.
Pasadena, California
Undersea products, water resource management and engineering services for offshore-oil and utility industries, marine construction and deep-sea operations.

Training and Control Systems Division
West Covina, California
Training and simulation systems and digital control systems.

Undersea Systems Division
Hopkins, Minnesota
Advanced development and torpedo production.

Systems and Research Center
Minneapolis, Minnesota
Systems analysis and ordnance, applied research in physical and life sciences and in information and control sciences.

Sperry Aerospace Group

Sperry Commercial Flight Systems Division
Phoenix, Arizona
Autopilots and automatic flight control systems; electronic cockpit displays; flight management systems; flight reference sensors; navigation, surveillance and warning systems; laser inertial reference and navigation systems; fuel-quality indicating systems; air-data computers; radar altimeters; pressure-ratio devices; worldwide engineering service centers.

Sperry Defense Systems Division
Albuquerque, New Mexico
Automatic flight control systems, electronic cockpit display systems, flight reference systems, cockpit systems integration, unmanned vehicle electronics.

Sperry Space Systems Division
Glendale, Arizona
Spacecraft guidance and control systems, precision pointing and tracking systems, command and data multiplexing systems.

Industrial Automation and Control

Components Group

Solid State Electronics Division
Minneapolis, Minnesota
Research and engineering in microcircuits, sensors, transducers and advanced packaging.

Micro Switch Division
Freeport, Illinois
Precision electrical switches, manual controls, solid state sensors, alphanumeric and numeric keyboards.

Skinner Valve Division
New Britain, Connecticut
Solenoid, thermostatic radiator and pressure regulating valves.

Home and Building Automation and Control

Commercial Buildings Group

Building Services Division
Minneapolis, Minnesota
Contract maintenance of commercial building mechanical and control systems; serviceline products; building operations and energy management systems and services; customer training services.

Building Systems Division
Minneapolis, Minnesota
Comfort controls, building management systems, fire-alarm and security systems.

Residential and Buildings Control Group

Protection Services Division
Minneapolis, Minnesota
Central-station burglary and fire protection services for homes and commercial buildings.

Building Controls Division
Minneapolis, Minnesota
Heating, ventilating and air-conditioning controls; lighting controls and building management systems for commercial buildings; burner and broiler combustion controls; water system controls; indoor air-quality diagnostic services.

Residential Controls Division
Golden Valley, Minnesota
Air-quality products; automatic controls for heating, cooling, ventilating, air-conditioning, humidifying and dehumidifying equipment and systems for residences and small buildings.

Industrial Automation and Control

Industrial Automation Systems Group

Industrial Controls Division
Fort Washington, Pennsylvania
Process control instrumentation; industrial machinery and equipment controls; maintenance sales and service.

Industrial Services Division
Fort Washington, Pennsylvania
Contract services for industrial control equipment and systems. Third part maintenance for CAD/CAM equipment.

Industrial Automation Systems Division
Phoenix, Arizona
Process management systems and services for power and industrial applications.

Test Instruments Division
Denver, Colorado
Sensing and recording instruments; data acquisition systems for research laboratories and communications facilities; production testing; medical instrumentation; instrument repair and recalibration service; patient-monitoring equipment.

International

Asia-Pacific
Honeywell Asia-Pacific Inc.
Hong Kong

Canada
Honeywell Limited
Toronto, Ontario, Canada

Europe
Honeywell Europe S.A.
Brussels, Belgium

Latin American Division
Minneapolis, Minnesota

Corporate

Honeywell Federal Systems, Inc.
McLean, Virginia
Field marketing and support to U.S. government computer customers.

Solid State Electronics Division
Colorado Springs, Colorado
Research, engineering, manufacturing and marketing of custom and semicustom microcircuits, sensors, transducers and advanced packaging.

Corporate Systems Development Division
Minneapolis, Minnesota
Systems engineering for integration of computer, communications and control systems for commercial buildings and manufacturing automation.

Physical Sciences Center
Minneapolis, Minnesota
Research in sensing and control technologies for automation.

Corporate Solid State Laboratory
Minneapolis, Minnesota
Long-range basic research in silicon integrated-circuit technology.

Transfer Agent(s):
Norwest Bank Minneapolis, N.A.
Eighth & Marquette
Minneapolis, Minnesota 55479

Norwest Trust Company
21st Floor
2 Wall Street
New York, New York 10005

Stock Exchange(s): New York, Belgium, England, France, The Netherlands and Switzerland.

Ticker Symbol: HON

Number of Employees:

1986	78,097	1983	69,901
1985	71,242	1982	68,101
1984	70,715		

Sales and Earnings

	Net Sales * (000's)	Net Income (000's)
1986	$ 5,378,200	$ (398,100)
1985	4,992,800	281,600
1984	4,537,000	239,000
1983	4,241,100	231,200
1982	3,908,300	272,900

	No. of Com. Shares ‡	Earn per Share ‡
1986	45,100,000	$ —
1985	45,700,000	6.16
1984	46,900,000	5.10
1983	45,900,000	5.03
1982	44,900,000	6.08

(Loss)
* Includes computer rental and service revenue; of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Aerospace & defense	$ 2,415,200	$ 2,216,900
Home & bldg. automation & control	1,669,400	1,558,800
Industrial automation & control	1,209,000	1,176,700
Corporate	84,600	40,400
Total	$ 5,378,200	$ 4,992,800

Honeywell, Inc.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$2.00	—	—
1985	1.95	—	—
1984	1.90	—	—
1983	1.80	—	2-for-1
1982	1.75	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$2,221,200,000	$ 48.67
1985	2,566,900,000	56.08
1984	2,380,900,000	50.97
1983	2,313,700,000	49.37
1982	2,143,400,000	47.15

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 5,378,200	$ 4,992,800
Cost of sales	3,848,100	3,497,300
Expenses	1,219,200	1,107,700
Non-recurring items	219,400	—
Interest income	(28,000)	(31,600)
Interest expense	79,700	82,500
Income before taxes	$ 39,800	$ 336,900
Income taxes	26,900	117,300
Income-cont. oper.	$ 12,900	$ 219,600
Inc. (loss)-disc. oper.	(411,000)	62,000
Net Income (Loss)	$ (398,100)	$ 281,600

* Included in Costs and Expenses, Depreciation: $224,600,000 in 1986 and $201,300,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. cash invest.	$ 119,500	$ 446,900
Receivables	918,000	922,300
*Inventories	949,000	801,200
Current Assets	$ 1,986,500	$ 2,170,400
Investments	391,200	330,500
#Fixed assets	1,334,700	1,087,600
Other assets	787,800	232,000
Assets of discont. oper.	638,800	681,000
Total Assets	$ 5,139,000	$ 4,501,500

Liabilities
(000's)

Short-term debt	$ 854,300	$ 152,500
Accts. payable	268,400	180,000
Cust. advances	51,100	65,800
Accrued compen.	363,300	267,700
Accruals	512,100	354,800
Income taxes	171,700	127,300
Curr. Liabilities	$ 2,220,900	$ 1,148,100
Long-term debt	585,400	625,100
Deferred inc. taxes	65,900	134,600
Other liab.	45,600	26,800
+Common stock	71,100	71,100
Add. paid-in capital	663,800	675,700
Retained earnings	1,599,200	2,087,400
Treasury stock	(127,600)	(99,800)
For. curr. translation	14,700	(167,500)
Total Liabilities & Shareholders' Equity	$ 5,139,000	$ 4,501,500

* At lower of cost (weighted average) or market.
# Less accumulated depreciation.
+ $1.50 par value.

Statistical Summary

%Net Income to Equity	—	10.97
Debt to Equity	0.65	0.30
Working Capital	—	$1,022,300,000
Current Ratio	—	1.89
Shareholders' Equity	$2,221,200,000	$2,566,900,000

Hughes Supply, Inc.

521 West Central Boulevard
P.O. Box 2273
Orlando, Florida 32803
(305) 841-4755

Officers: David H. Hughes, chairman of the board, president & chief exec. officer; William C. Wier, exec. v.p.; Robert N. Blackford, secretary; William Y. Ford, v.p.-mfg.; A.S. Hall, Jr., v.p. & chief administrative officer; Jasper L. Holland, v.p. & gen. sales mgr.; Russell V. Hughes, v.p.-cost control; Vincent S. Hughes, v.p.-utilities sales; Kenneth H. Stephens, v.p. & gen. mgr.; J. Stephen Zepf, treasurer & chief financial officer; Richard N. Jones, controller; Margaret F. Clark, asst. secretary.

Directors: David H. Hughes, chairman; Vincent S. Hughes, Russell V. Hughes, Herman B. McManaway, Robert N. Blackford, Clifford M. Hames, John B. Ellis.

Areas of Work: Wholesale distributor of a broad range of materials, equipment and supplies for use in the construction and mechanical trades. The major product lines distributed by the Company consist of electrical, plumbing, and electric utility equipment, contractor supplies, water and sewer products, heating and air conditioning equipment, mechanical pipe, valves and fittings and mobile home supplies.

Through its Southern Manufacturing Company division, the Company manufactures traffic control boxes, power assemblies, other prewired control apparatuses, and custom metal fabrication.

Divisions and Subsidiaries:

Pump & Lighting Company
300 East 9th Street
P.O. Box 34305
Charlotte, North Carolina 28234
(704) 377-1583

Bath & Light Shops
North Carolina

Manufacturing Divisions
Orlando, Florida
Rebar
Southern Manufacturing Company
Universal 100 Products
Prestressed Concrete, Spun Pole, and Fiber Pole

Acquisition(s):

USCO Incorporated
115 Henderson Street
P.O. Box 1160
Monroe, North Carolina 28110
(704) 289-5406
A distributor of plumbing supplies, pumps and water systems with 12 sales outlets in the Carolinas.

Paine Supply Companies
1833 Terry Road
P.O. Box 23008
Jackson, Mississippi 39205
(601) 372-2227
A distributor of plumbing and refrigeration supplies with 14 sales outlets in Mississippi and Alabama.

Transfer Agent(s):
Sun Bank, N.A.
P.O. Box 3833
Orlando, Florida 32897

Stock Exchange(s): New York

Ticker Symbol: HUG

Sales and Earnings

	Net Sales	Net Income
1986	$ 347,834,000	$ 6,822,000
1985*	324,645,000	6,602,000
1984	310,470,000	6,824,000
1983	256,678,000	5,873,000
1982	201,418,000	4,393,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,248,000	$ 2.10
1985*	3,322,000	1.99
1984	3,262,000	2.09
1983	3,078,000	1.91
1982	3,417,000	1.29

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.38	—	—
1985	0.32	—	3-for-2
1984	0.31	—	—
1983	0.28	—	—
1982	0.27	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 77,284,000	$ 23.40
1985	72,443,000	21.75
1984	66,784,000	20.07
1983	59,802,000	18.45
1982	38,600,000	15.21

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1/30/87	1/31/86 (53 weeks)
Net sales	$ 347,834,000	$ 324,644,609
Cost of sales	260,282,000	261,611,044
Expenses	52,858,000	49,110,590
Prov. for doubt. accts.	430,000	1,085,001
Interest expense	3,353,000	2,458,634
Interest income	(1,598,000)	(742,973)
Other income	(950,000)	(1,018,404)
Income before taxes	$ 13,459,000	$ 12,140,717
Income taxes	6,637,000	5,539,000
Net Income	$ 6,822,000	$ 6,601,717

* Included in Costs and Expenses, Depreciation and Amortization: $5,353,000 in 1986 and $4,746,964 in 1985.

Assets

As of	1/30/87	1/31/86
Cash & short-term invest.	$ 6,613,000	$ 1,600,782
Accts. receiv., net	48,505,000	44,009,275
Refundable taxes	88,000	438,251
Deferred inc. taxes	408,000	—
*Inventories	64,490,000	53,612,910
Prepaid expenses	3,423,000	2,626,812
Current Assets	$ 123,527,000	$ 102,288,030
#Fixed assets	37,219,000	30,270,673
Other assets	2,498,000	1,013,578
Total Assets	$ 163,244,000	$ 133,572,281

Liabilities

Notes payable	$ 1,857,000	$ —
Long-term debt, curr.	1,371,000	1,146,559
Oblig. under cap. leases, curr.	552,000	427,002
Accts. payable	31,925,000	29,893,011
Accrued payroll	4,458,000	3,709,437
Other accruals	6,702,000	4,410,135
Curr. Liabilities	$ 46,865,000	$ 39,586,144
Long-term debt	33,458,000	17,306,594
Oblig. under cap. leases	3,179,000	3,235,911
Deferred inc. taxes	1,797,000	1,000,726
Other liabilities	661,000	—

+Common stock	3,351,000	3,330,808
Add. paid-in capital	23,025,000	22,285,946
Retained earnings	52,020,000	46,826,152
Treasury stock	(1,112,000)	—
Total Liabilities & Shareholders' Equity	$ 163,244,000	$ 133,572,281

* At lower of cost (FIFO or moving average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.87	3.74
%Net Income to Sales	1.96	2.03
%Net Income to Equity	8.83	9.11
Sales to Inventories	5.39	6.06
Debt to Equity	0.52	0.31
Working Capital	$76,662,000	$62,701,886
Current Ratio	2.64	2.58
Shareholders' Equity	$77,284,000	$72,442,906

Humphrey, Inc.

9212 Balboa Avenue
San Diego, California 92123
(619) 565-6631

Officers: P.E. Humphrey, president & chairman of the board; R.T. Rutherford, sr. v.p.; B.L. McKie, C.R. Bonnell, A.K. Mills, vice presidents; J.L. Alviar, treasurer; D.J. Streed, secretary.

Directors: P.E. Humphrey, chairman; Romilly T. Rutherford, John R. Sorbo, Roger A. Humphrey, Raymond C. Pennington.

Areas of Work: Develops, manufactures and sells electro-fluidic, and electro-optical instruments for industry and defense. Products include vertical and directional gyroscopes, angular rate sensors, ailerometer and accelerometer switches, free gyros, rate gyros, artificial horizon gyros and repeaters accelographs, potentiometers, rate switches, stabilized platforms, flexure pivots, inertial reference systems, electric hand dryers, blowers, oceanographic components, automotive dynamic-test packages, and pendulums.

Transfer Agent(s):
California First Bank
Corporate Trust Department
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HUPH (NASDAQ)

Number of Employees:

1986	207	1983	225
1985	234	1982	240
1984	200		

Plant Footage:

1986	36,950 sq. ft.	1983	31,950
1985	31,950	1982	31,950
1984	31,950		

Sales and Earnings

	Net Sales	Net Income
1986	$ 12,501,219	$ 327,774
1985	11,678,660	239,710
1984	8,355,462	(453,974)
1983	12,509,740	123,604
1982	11,531,233	440,585

	No. of Com. Shares †	Earn. per Share ‡
1986	1,000,000	$ 0.33
1985	1,000,000	0.24
1984	1,000,000	—
1983	1,000,000	0.12
1982	1,000,000	0.44

(Loss)
† Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 3,766,455	$ 3.77
1985	3,438,681	3.44
1984	3,198,971	3.20
1983	3,652,945	3.65
1982	3,529,341	3.53

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 12,501,219	$ 11,678,660
Cost of sales	9,260,348	8,787,093
Expenses	2,220,952	2,191,400
Discounts & other	98,335	90,832
Interest expense	295,310	298,625
Inc. bef. taxes	$ 626,274	$ 310,710
Income taxes	298,500	71,000
Net Income	$ 327,774	$ 239,710

* Included in Costs and Expenses, Depreciation and Amortization: $271,807 in 1986 and $251,186 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 88,717	$ 73,947
Receiv., net	1,763,552	2,116,784
Future income tax benefits	11,000	21,000
*Inventories	4,719,011	5,392,450
Prepaid expenses	44,402	30,958
Current Assets	$ 6,626,682	$ 7,635,139
#Fixed assets	1,080,218	1,166,348
Deposits	6,500	6,700
Cash value of life ins.	16,700	15,489
Total Assets	$ 7,730,100	$ 8,823,676

Liabilities

Notes payable	$ 2,545,562	$ 2,961,822
Long-term debt, curr.	33,989	53,476
Accts. payable	417,062	1,154,932
Accruals	223,058	265,181
Accrued commissions	214,669	216,522
Cust. deposits	—	308,925
Income taxes	211,131	76,974
Curr. Liabilities	$ 3,645,471	$ 5,017,832
Long-term debt	318,174	347,163
+Common stock	1,594,667	1,594,667
Common stock warrants outstanding	1,000	1,000
Retained earnings	2,170,788	1,843,014
Total Liabilities & Shareholders' Equity	$ 7,730,100	$ 8,823,676

* At lower of cost (average or FIFO) or net realizable market.
# Less accumulated depreciation.
+ No par value

Statistical Summary

%Income bef. Taxes to Sales	5.01	2.66
%Net Income to Sales	2.62	2.05
%Net Income to Equity	8.70	6.97
Sales to Inventories	2.65	2.17
Debt to Equity	0.08	0.98
Working Capital	$2,981,211	$2,597,307
Current Ratio	1.82	1.52
Shareholders' Equity	$3,766,455	$3,438,681

IC Industries, Inc.

One Illinois Center
111 East Wacker Drive
Chicago, Illinois 60601
(312) 565-3000

Officers: William B. Johnson, chairman of the board & chief exec. officer; Boyd F. Schenk, vice chairman; Robert F. Stewart, sr. exec. v.p.; John P. Fagan, exec. v.p.-finance; Robert S. Kirby, exec. v.p.-law & administration & secretary; Bruce S. Chelberg, exec. v.p.; Wendell W. Larsen, sr. v.p.-corp. affairs; Frank T. Westover, sr. v.p. & controller; Ronald A. Wright, sr. v.p.-human resources; Wence F. Cerne, v.p.-real estate; Charles H. Connolly, v.p.-corp. communications; J. Robert Cooper, sr. v.p.-corp. planning & development; Gary A. Lee, v.p.-governmental affairs; Alexander R. Lehmann, v.p.-investor relations; Paul M. O'Hara, v.p.-corp. finance; John F. Palmer, v.p.-taxes; Ralph J. Switzer, v.p. & treasurer; William B. Moore, deputy gen. counsel & asst. secretary; Louis W. Baker, asst. v.p.-taxes; James W. Cobb, asst. v.p.-taxes; Richard D. Neece, v.p.-financial systems; Christine J. Sauser, asst. v.p.-treasury operations & asst. treasurer; Byron E. Waldman, asst. v.p.-governmental affairs; William E. Jantz, asst. v.p.-corp. finance; S. Ed Kridakorn, asst. v.p.-information systems.

Directors: William B. Johnson, chairman; Boyd F. Schenk, Karl D. Bays, Richard G. Cline, Jaes W. Cozad, Archie R. Dykes, John P. Gallagher, Helen Galland, C. Jackson Grayson, Jr., Robert E. Harrah, Walter H. Helmerich, III, Harold R. Logan, Harry A. Merlo, Graham J. Morgan, George T. Scharffenberger, Robert F. Stewart.

Areas of Work: The Company, through its Pneumo Abex Corporation subsidiary, is engaged in the design and manufacture of landing gears and flight controls for commercial and military aircraft. Pneumo Abex also manufactures aerospace hydraulic components, aircraft passenger loading bridges, specialty castings, and automotive friction braking materials. The Company is also involved in the manufacture and distribution of specialty foods and soft drinks; operation of Midas Automotive Service shops, manufacture of food service equipment; and railroad activities.

Subsidiaries:

Pneumo Abex Corporation
4800 Prudential Tower
Boston, Massachusetts 02199
(617) 262-9300

Pet Incorporated
Pepsi-Cola General Bottlers, Inc.
Midas International Corporation
Hussmann Corporation
Illinois Center Corp.
LaSalle Properties, Inc.
South Properties, Inc.
IC Leasing, Inc.
IC Equities, Inc.
Illinois Central Gulf Railroad

Acquisition(s):

Jensen-Kelly Machine Products
Manufactures landing gear for small aircraft and military landing gear spare parts.

Transfer Agent(s):
Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam, Paris

Ticker Symbol: ICX

Number of Employees:

1986	38,162	1983	38,283
1985	43,050	1982	39,390
1984	43,148		

Sales and Earnings ×

	Net Sales + (000's)	Net Income (000's)
1986	$ 4,222,400	$ (136,700)
1985	3,986,600	165,000
1984	3,406,000	125,000
1983	3,100,500	94,800
1982	2,964,200	49,500

IC Industries, Inc.

	No. of Com. Shares †	Earn. per Share †
1986	110,535,000	$ —
1985	107,057,000	1.52
1984	87,131,000	1.44
1983	N.A.	1.18
1982	N.A.	0.52

N.A. - Not Available.
× Restated to include operations of three Pepsi-Cola franchises acquired on a pooling of interests basis.
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Commercial products	$ 1,659,500	$ 1,363,700
Consumer products	1,856,700	1,713,100
Transportation	706,200	909,800
Total	$ 4,222,400	$ 3,986,600

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.78	—	2-for-1
1985	0.703	—	—
1984	0.635	—	2-for-1
1983	0.585	—	—
1982	0.565	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity ×

	Total Equity (000's)	Equity Per Share †
1986	$ 1,528,400	$ 13.83
1985	1,653,600	15.45
1984	1,490,800‡	17.11
1983	1,134,200‡	—

× Restated.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.
‡ After allowing for preferred stock at liquidating value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985 ‡
Net sales and revenues	$ 4,222,400	$ 3,986,600
Costs and expenses:		
Commercial prods.	1,465,200	1,207,200
Consumer prods.	1,631,500	1,519,100
Railroad activities	619,900	832,900
Special charge	449,400	—
Interest expense	159,700	167,800
Other expense (income)	10,000	(16,000)
Income (loss) bef. taxes	$ (113,300)	$ 275,600
Income taxes (credit)	(57,000)	115,300
Inc. (loss) - cont. oper.	$ (56,300)	$ 160,300
Inc. (loss) - discont. oper.	(80,400)	4,700
Net Income (Loss)	$ (136,700)	$ 165,000

* Included in Costs and Expenses, Depreciation and Amortization: $137,400,000 in 1986 and $147,500,000 in 1985.
‡ Restated.

Assets
(000's)

As of December 31	1986	1985 ‡
Cash and equivalents	$ 49,400	$ 244,400
Accts. receiv., net	619,800	555,200
*Inventories	615,400	510,400
Transportation materials	23,000	38,600
Other curr. assets	86,500	162,000
Current Assets	$ 1,394,100	$ 1,510,600
Investments	207,100	244,300
#Fixed assets	2,186,100	2,426,600
Other assets	103,300	86,000
Goodwill	822,300	523,200
Total Assets	$ 4,712,900	$ 4,790,700

Liabilities
(000's)

Notes payable	$ 15,200	$ 1,700
Long-term debt, curr.	112,100	67,800
Accts., wages and dividends payable	326,900	340,800
Inc. taxes pay.	25,600	50,700
Accrued payroll	100,900	105,700
Accrued interest	65,200	64,200
Other accruals	291,600	187,500
Curr. Liabilities	$ 937,500	$ 818,400
Long-term debt	1,509,100	1,509,000
Deferred inc. taxes	471,300	560,600
Other liabilities	114,100	96,600
ICG redeem. pref. stock	152,500	152,500
+Common stock	661,600	577,100
Retained earnings	979,500	1,199,600
Foreign curr. transl.	(106,500)	(99,700)
Treasury stock	(6,200)	(23,400)
Total Liabilities & Shareholders' Equity	$ 4,712,900	$ 4,790,700

‡ Restated.
* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	9.98
Debt to Equity	1.07	0.95
Working Capital	$ 456,600,000	$ 692,200,000
Current Ratio	1.49	1.85
Shareholders' Equity	$1,528,400,000	$1,653,600,000

ICOT Corporation

(formerly Microform Data Systems, Inc.)

3801 Zanker Road
P.O. Box 5143
San Jose, California 95150
(408) 433-3300

Officers: Arnold N. Silverman, chairman of the board & president; Jon O. Hooper, executive v.p.; Peter D. Hepburn, sr. v.p. & secretary; Joel M. Becker, sr. v.p.; Douglas A. Freeman, treasurer & asst. secretary; John M. Bloodworth, Kaivalya M. Dixit, Bruce A. Kelley, John P. Keating, v.p.'s.

Directors: William D. Witter, Neill H. Brownstein, Donald L. Lucas, Arnold N. Silverman.

Areas of Work: The Company designs, manufactures and markets a line of terminals and data communications equipment, used principally by the airline industry. These products allow low-cost, quick retrieval of microfilm data.

Subsidiary:

ICOT International, Ltd.
2 Ashville Way
Wokingham, Berkshire
United Kingdom RG11 2PL

Acquisition(s):

Integrated Network Systems, Inc.
70 Blackburn Drive
P.O. Box 91395
Mobile, Alabama 36691
(205) 633-3270
Manufactures products that allow PC-to-mainframe networking.

Transfer Agent(s):
Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ICOT (NASDAQ)

Sales and Earnings

	Net Sales	Net Income #
1986	$ 46,441,000	$ 6,930,000
1985	26,746,000	1,565,000
1984	18,986,000	(2,341,000)
1983	17,499,000	(6,430,000)
1982	25,882,000	966,000

	No. of Com. Shares +	Earn. per Share # +
1986	9,556,000	$ 0.72
1985	9,276,000	0.17
1984	8,925,000	—
1983	6,857,000	—
1982	7,150,000	0.14

(Loss)
Including extraordinary credits of $2,363,000 ($0.24 per share) in 1986 and $447,000 ($0.06 per share) in 1982.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 20,284,000	$ 2.12
1985	12,161,000	1.31
1984	10,465,000	1.17
1983	12,646,000	1.84
1982	5,776,000†	0.81

‡ Based on the weighted average number of shares outstanding.
† After allowing for preferred stock at stated values.

Income Account *

Year ended July 30	1986	1985
Net sales	$ 46,441,000	$ 26,746,000
Cost of sales	23,126,000	14,777,000
Expenses	11,306,000	6,928,000
Research & develop.	4,990,000	3,621,000
Interest income	(651,000)	(303,000)
Inc. before taxes	$ 7,670,000	$ 1,723,000
Income taxes	3,103,000	158,000
Net Income	$ 4,567,000	$ 1,565,000
Extraord. gain	2,363,000	—
Net Income & extraord. gain	$ 6,930,000	$ 1,565,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,041,000 in 1986 and $826,000 in 1985.

Assets

As of July 30	1986	1985
Cash	$ 14,651,000	$ 5,316,000
Accts. receiv., net	3,778,000	3,442,000
*Inventories	4,662,000	3,302,000
Prepaid expenses	1,085,000	369,000
Current Assets	$ 24,176,000	$ 12,429,000
#Fixed assets	3,236,000	2,624,000
Total Assets	$ 27,412,000	$ 15,053,000

Liabilities

Long-term debt, curr.	$ 22,000	$ 103,000
Accts. payable & accruals	893,000	1,169,000
Cust. advances	2,931,000	840,000
Employee comp.	2,598,000	689,000
Curr. Liabilities	$ 6,444,000	$ 2,801,000
Long-term debt	77,000	91,000
Oblig. under rent commit.	607,000	—
+Common stock	1,874,000	1,822,000
Add. paid-in capital	30,570,000	29,602,000

Retained earnings (deficit)	(12,160,000)	(19,090,000)
Notes receiv., stock purchase	—	(173,000)
Total Liabilities & Shareholders' Equity	$ 27,412,000	$ 15,053,000

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income before Taxes to Sales	16.52	6.44
%Net Income to Sales	9.83	5.85
%Net Income to Equity	22.52	12.87
Sales to Inventories	9.96	8.10
Debt to Equity	—	0.02
Working Capital	$17,732,000	$ 9,628,000
Current Ratio	3.75	4.44
Shareholders' Equity	$20,284,000	$12,161,000

Illinois Tool Works Inc.

8501 West Higgins Road
Chicago, Illinois 60631
(312) 693-3040

Officers: Harold Byron Smith, Jr., chairman of the exec. committee; John D. Nichols, chairman & chief exec. officer; J. Thomas Schanck, vice chairman; William S. Gemmell, v.p. & controller; Arthur M. Wright, v.p., gen. counsel & secretary; David Byron Smith, v.p. & treasurer; H. Richard Crowther, exec. v.p. & pres.-Plastiglide, Extruded Products and International Components; W. James Farrell, exec. v.p. & pres. of Specialty Mechanical & Adhesives Products; Robert G. Rettig, exec. v.p. & pres.-Packaging Systems & Instruments Group; Robert J. Schafflauser, exec. v.p.; Thomas W. Buckman, v.p.-patents & technology; Steve A. Stefan, exec. v.p. & pres.-Industrial Components & Medical Products Group; Sidney H. Paige, v.p.-human resources; Michael Hudson, v.p.-public affairs; Stephen J. Kaye, v.p.-corporate communications; John Deininger, pres. & chief operating officer-Signode Corporation.

Directors: Silas S. Cathcart, Edward Byron Smith, Harold Byron Smith, Jr., Omer G. Voss, Ormand J. Wade, Robert H. Strotz, Edward F. Swift, John D. Nichols, Robert C. McCormack, Blaine J. Yarrington, Edward R. Telling, J. Thomas Schanck, Harold Byron Smith, Jr.

Areas of Work: Develops and manufactures a broad range of specialty products, principally industrial components; its two major product areas are Engineered Components, and Industrial Systems & Consumables. Engineered components include short-lead time plastic and metal components and small assemblies, metal fasteners and adhesives. Industrial systems and consumables include systems and related consumables for packaging, data entry, measuring, tools and specialty areas.

Divisions and Subsidiaries:

Comtron
Elmhurst, Illinois
Electronic keyboards.

Paktron
Lynchburg, Virginia
Electronic components.

Fastex
Des Plaines, Illinois 60016
Plastic and metal components.

Buildex
Elk Grove Village, Illinois
Mineral Wells, Texas
Construction fasteners.

ITW Delta
Mokena, Illinois
Automotive components.

Illitron
Chicago, Illinois 60645
Measuring systems and components.

Diamod
Elk Grove Village, Illinois
Medical disposables and systems.

Shakeproof/Industrial Products
Elgin, Illinois
Russellville, Kentucky
Mineral Wells, Texas
Industrial fasteners.

Shakeproof/Specialty Products
Elgin, Illinois

Shakeproof/Automotive Products
Elgin, Illinois
Lancaster, Wisconsin
Russellville, Kentucky
Automotive fasteners.

Irathane
Hibbing, Minnesota

Philadelphia Resins
Montgomeryville, Pennsylvania

Meritex (Penang) SDN. BHD.
Penang, Malaysia
Thermoplastic profile extrusions.

Plastiglide Limited
Downsview, Ontario, Canada
Plastic components.

Hi-Cone
Charleston, Illinois
Fullerton, California
Zebulon, North Carolina
Itasca, Illinois
Multi-packaging.

ITW/Eclipse
Pine Bluff, Arkansas
Detroit, Michigan
Metal cutting tools.

Spirol
2601 North Keeler Avenue
Chicago, Illinois 60639
Special gearing.

ITW Better Formed Metals
Plastic and metal components.

ITW Data Entry Products
Keyboards and computer peripheral devices.

ITW Drills and End Mills
Perishable cutting tools.

ITW Linac
Cable handling systems.

ITW QCS Tool Systems
Tool Systems.

ITW Heartland Components

ITW Illinois Tools
ITW Southern Gage
Specialty systems & components.

Automotive Controls
Chicago, Illinois

Chronomatic
Chicago, Illinois

ITW Switches
Chicago, Illinois
Hollywood, Florida
Irvington, New Jersey

ITW Linx
Des Plaines, Illinois

ITW Nexus
Elk Grove Village, Illinois

Plastiglide
Hawthorne, California
Waterbury, Connecticut

ITW Woodworth
Ferndale, Michigan
Manufacture of work-holding devices and fixed limit gauges.

Thielex
Piscataway, New Jersey

ITW Envex
Chicago, Illinois

ITW Fasteners Europe
ITW Buildex/Europe
ITW Shakeproof/Europe
Construction fasteners and systems and automotive and industrial fasteners.

Devcon Corporation
Wood Dale, Illinois
Automotive repair adhesives.

ITW Limited
Reading, England

ITW-Ateco G.m.b.H.
Hamburg, Germany
Letmathe, Germany
Weiden, Germany

ITW de France S.A.
Paris, France

ITW Fastex Italia, S.p.A.
Turin, Italy

W.A. Deutsher Pty Ltd.
South Oakleigh, Australia

ITW Espana S.A.
Barcelona, Spain

ITW Hi-Cone Ltd.
Mallow, Ireland

International Glide Manufacturing Corp.
Glendale, California
Manufactures casters and other components for the furniture industry.

Magnaflux Corporation
Chicago, Illinois
Manufactures quality control products.

Rust-Lick, Inc.
Danbury, Connecticut
Manufactures rust preventatives.

Affiliated Companies:

Multipak de Venezuela C.A. (48% owned)
Caracas & Valencia, Venezuela

Computer Products, Inc. (23% owned)
Fort Lauderdale, Florida

Acquisition(s):

Signode Industries Inc.
3650 West Lake Avenue
Glenview, Illinois 60025
(312) 273-5180
Consumable products and systems including plastic and steel strapping, stretch film, industrial tape and protective paper packaging together with the machines and systems to apply these products.

Norwood Marking & Equipment Company
Downers Grove, Illinois
Produces hot stamp marking equipment used for the coding and marking—bar codes, batch dates, day codes, and product names—of consumer and industrial packaging products.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60690

Stock Exchange(s): New York, Midwest

Ticker Symbol: ITW

Number of Employees:

1986	13,700	1983	7,300
1985	7,300	1982	6,500
1984	7,800		

Illinois Tool Works Inc.

Sales and Earnings

	Oper. Revenues +	Net Income
1986	$ 961,077,000	$ 79,583,000
1985	596,127,000	31,547,000
1984	592,253,000	60,004,000
1983	497,821,000	49,588,000
1982	446,983,000	40,090,000

	No. of Com. Shares †	Earn. per Shares #
1986	25,648,689	$ 3.11
1985	25,204,398	1.25
1984	25,081,206	2.40
1983	24,961,326	1.99
1982	24,593,334	1.63

+ Includes net sales, equipment rentals and royalties.
# Based on the average number of shares outstanding, adjusted to reflect stock split.
† Adjusted to reflect stock split.

Revenue by Line of Business

	1986 (000's)	%	1985 (000's)	%
Engineered components	$594,400	62%	$423,220	71%
Industrial systems	367,525	38	173,696	29
Eliminations	(848)	—	(789)	—
Total	$961,077	100%	$596,127	100%

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	$0.72	—	—
1985	0.68	—	—
1984	0.625	—	2-for-1
1983	0.58	—	—
1982	0.55	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 476,550,000	$ 18.60
1985	403,439,000	16.01
1984	377,557,000	15.06
1983	339,952,000	13.62
1982	301,540,000	12.26

Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Operating revenues	$ 961,077,000	$ 596,127,000
Operating costs	623,328,000	390,794,000
Expenses	212,765,000	123,292,000
Restruc. costs	11,000,000	—
Other expense (income)	(34,099,000)	12,094,000
Income before taxes	$ 148,083,000	$ 69,947,000
Income taxes	68,500,000	38,400,000
Net Income	$ 79,583,000	$ 31,547,000

* Included in Costs and Expenses, Depreciation: $37,213,000 in 1986 and $27,312,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 11,459,000	$ 6,302,000
Marketable securities & cert. of dep.	15,622,000	47,511,000
Accts. receiv., net	239,634,000	97,661,000
*Inventories	278,894,000	83,068,000
Prepaid inc. taxes	14,940,000	8,136,000
Prepaid expenses	37,288,000	19,542,000
Current Assets	$ 597,837,000	$ 262,220,000
Investments	61,615,000	84,760,000
#Fixed assets	317,829,000	137,001,000
Other assets	298,949,000	37,869,000
Total Assets	$1,276,230,000	$ 521,850,000

Liabilities

International borrowings	$ 35,729,000	$ 7,623,000
Accts. payable	92,779,000	27,773,000
Accruals	144,609,000	36,025,000
Dividends payable	4,613,000	4,536,000
Income taxes	26,532,000	14,062,000
Curr. Lisbilities	$ 304,262,000	$ 90,019,000
Long-term debt	468,269,000	9,995,000
Other liabilities	24,994,000	15,416,000
Unamortized investment tax credits	2,155,000	2,981,000
+Common stock	64,720,000	59,646,000
Retained earnings	426,954,000	364,749,000
Treasury stock	(725,000)	(28,000)
Foreign curr. transl.	(14,399,000)	(20,928,000)
Total Liabilities & Shareholders' Equity	$1,276,230,000	$ 521,850,000

* At lower of cost or market. Domestic inventories at LIFO; all others at FIFO.
# Less accumulated depreciation.
+ $3.33⅓ par value.

Statistical Summary

%Income bef. Taxes to Revenues	15.41	11.73
%Net Income to Revenues	7.34	5.29
%Net Income to Equity	14.81	7.82
Debt to Equity	1.06	0.04
Working Capital	$293,575,000	$172,201,000
Current Ratio	1.96	2.91
Shareholders' Equity	$476,550,000	$403,439,000

Industrial Acoustics Company

1160 Commerce Avenue
Bronx, New York 10462
(212) 931-8000

Officers: Martin Hirschorn, president; Frederic M. Oran, exec. v.p.; Arnold W. Kanarek, sr. v.p. & secretary; John M. Handley, sr. v.p.-market development; Ellis Singer, v.p.-medical/life sciences; Morton I. Schiff, v.p.-special products; Robert A. Schmitt, v.p.-industrial products; Robert A. Schmidt, v.p.-air conditioning; Seymour Wasserman, v.p.-engineering services; David A. Collings, v.p.-research & development; Peter Kohner, v.p.-manufacturing; Kirit K. Kapadia, v.p.-finance & controller; Jasjit T. Ahluvalia, v.p.-management information systems; Robert J. Buelow, v.p.-architectural; Patrick J. Waters, v.p.-purchasing; Albert J. Cirulli, asst. v.p.-design services; Sudhaker Risbud, asst. v.p.-industrial engineering services; Raymond E. Svana, asst. v.p.-personnel; Edward B. Saxton, v.p.-manufacturing, Industrial Acoustics Company S.C. Inc.; Stanley Gurian, asst. secretary & asst. treasurer.

Directors: Martin Hirschorn, Frederic M. Oran, George J. Sotos, Arnold W. Kanarek.

Areas of Work: Develops, manufactures and markets noise control products. These products include "packless" and energy-saving silencers, accoustically and fire-rated movable walls, doors and panels, studios for TV, radio and recording, modular medical rooms, shipboard and printing plant noise control systems, quiet air handling units, test facilities for jet engines and aircraft, and clog-resistant silencers for coal-burning plants.

Subsidiaries:

Intra-Acoustics Company, Ltd.
IAC Realty Corporation
Industrial Acoustics Company S.C., Inc.
IAC Development Corporation
Industrial Acoustics Company, GmbH
Industrial Acoustics Company, Ltd.

Transfer Agent(s):
Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IACI (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	$ 58,471,000	$ 1,417,000
1985	57,782,000	1,428,000
1984	56,682,000	3,097,000
1983	60,106,000	3,270,000
1982	50,073,000	2,790,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,898,000	$ 0.49
1985	2,940,000	0.49
1984	2,942,000	1.05
1983	2,959,000	1.10
1982	2,942,000	0.95

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.25	—	—
1985	0.25	—	—
1984	0.25	—	—
1983	0.25	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 24,298,846	$ 8.38
1985	23,557,718	8.01
1984	22,628,431	7.69
1983	20,601,989	6.96

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 58,471,454	$ 57,781,528
Other income	2,434,788	2,592,775
Total income	$ 60,906,242	$ 60,374,303
Cost of sales	47,013,597	47,644,849
Expenses	10,561,815	9,260,964
Interest expense	378,075	384,198
Other expenses	652,528	928,159
Income before taxes	$ 2,300,227	$ 2,156,133
Income taxes	883,117	727,675
Net Income	$ 1,417,110	$ 1,428,458

* Included in Costs and Expenses, Depreciation and Amortization: $989,881 in 1986 and $1,031,651 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,690,079	$ 952,654
Short-term invest.	5,895,589	7,872,352
Accts. receiv., net	9,933,195	11,366,314
Billings on uncomp. contracts	5,609,056	5,844,919
Other curr. assets	803,910	771,175
Refundable taxes	—	307,664
*Inventories	5,135,179	5,385,398
Prepaid expenses	1,026,856	755,276
Current Assets	$ 30,093,864	$ 33,255,752
Investments	9,494,439	6,838,307
#Fixed assets	8,286,077	7,659,277
Defer. charges	772,734	760,745
Total Assets	$ 48,647,114	$ 48,514,081

Liabilities

Long-term debt, curr.	$ 333,874	$ 398,861
Accts. payable	8,727,087	8,510,713
Accrued commissions	1,070,515	1,279,220
Accrued payroll	2,769,522	2,796,920
Other accruals	2,711,369	2,653,107
Income taxes	764,944	793,354
Cust. deposits	1,188,622	1,505,472
Billings on uncomp. contracts in exc. of costs	56,487	758,546
Curr. Liabilities	$ 17,622,420	$ 18,696,193
Cap. lease oblig.	1,276,848	1,308,941
Long-term debt	2,748,288	3,119,927
Deferred comp.	972,443	873,149
Deferred inc. taxes	1,728,269	958,153
+Common stock	289,831	289,831
Add. paid-in capital	1,678,952	1,678,952
Cum. curr. trans. adjust.	(313,396)	(361,991)
Retained earnings	22,643,459	21,950,926
Total Liabilities & Shareholders' Equity	$ 48,647,114	$ 48,514,081

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.93	3.73
%Net Income to Sales	2.42	2.47
%Net Income to Equity	5.83	6.06
Sales to Inventories	11.39	10.73
Debt to Equity	0.11	0.20
Working Capital	$12,471,444	$14,559,559
Current Ratio	1.71	1.78
Shareholders' Equity	$24,298,846	$23,557,718

Information International, Inc.

5933 Slauson Ave.
Culver City, California 90230
(213) 390-8611

Officers: Alfred L. Fenaughty, president; Robert W. Walle v.p.-engineering; John B. Hansen, v.p.-programming; Te N. Taugner, v.p.-finance & treasurer; James C. Callaghan, v.p.-marketing; Stephen J. A'Hearn, v.p.-sales; Leroy M. Bell, v.p.-customer support; Donald G. Gerlich, v.p.-planning.

Directors: Joseph M. Walsh, chairman; Alfred L. Fenaughty, Robert W. Waller, Laurence S. Fordham, Joseph F. Engelberger, Oliver G. Selfridge, John McCarthy, Ronald Paolucci, Thomas J. Farrell, Stephen L. Thompson.

Areas of Work: Manufactures, sells and rents automated-illustrated documentation systems, including text entry and edit, photographic scanners, page layout terminals, and pagesetters.

Subsidiary:

Information International Grafix Ltd.
1 Brooklands Road
Weybridge, Surrey KT13 0SD
England

Transfer Agent(s):

The Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IINT (NASDAQ)

Number of Employees:

1986 . . . . . 378 1985 388

Plant Footage:

1986 . . . . . 94,000 sq. ft. 1985 94,000

Sales and Earnings

	Revenues ‡	Net Income
1986	$ 29,754,012	$ 546,633
1985	28,355,202	2,641,079
1984	28,097,952	2,464,145
1983	27,634,759	1,590,982
1982	26,007,311	1,952,351

	No. of Com. Shares	Earn. per Share +
1986	2,525,552	$ 0.22
1985	2,525,552	1.03
1984	2,624,918	0.94
1983	2,609,390	0.62
1982	2,514,090	0.75

‡ Includes sales and equipment rentals; of continuing operations only.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 23,210,326	$ 9.80
1985	25,019,288	9.91
1984	24,055,217	9.16
1983	21,932,427	8.41
1982	20,002,932	7.76

Income Account *

Year ended April 30	1986	1985
Net sales	$ 23,344,246	$ 21,299,903
Equip. rentals	6,409,766	7,055,299
Total revenues	$ 29,754,012	$ 28,355,202
Cost of revenues	15,299,690	13,726,220
Prov. for post-install. costs	1,520,000	—
Expenses	13,589,971	13,097,458
Oper. profit (loss)	$ (655,649)	$ 1,531,524
Interest income	955,115	1,423,036
Other income	76,386	63,321
Income before taxes	$ 375,852	$ 3,017,881
Income taxes (credit)	(120,722)	1,272,740
DISC tax benefit	—	(471,000)
Inc. - cont. oper.	$ 496,574	$ 2,216,141
Income - discont. oper.	50,059	424,938
Net Income	$ 546,633	$ 2,641,079

* Included in Costs and Expenses, Depreciation and Amortization: $1,418,878 in 1986 and $1,582,997 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 239,959	$ 203,711
Short-term investments	10,293,017	14,546,718
Receiv., net	3,315,254	3,001,989
*Inventories	10,333,810	9,133,735
Prepaid expenses	161,457	93,236
Current Assets	$ 24,343,497	$ 26,979,389
Investments	336,616	203,685
Value of equip. of discont. oper.	27,000	96,000
#Fixed assets	6,521,081	5,274,386
Total Assets	$ 31,228,194	$ 32,553,460

Liabilities

Customer advances	$ 3,114,653	$ 2,889,546
Accts. payable	1,260,474	1,211,121
Accrued payroll	1,214,660	1,132,431
Prof. sharing	355,601	726,300
Income taxes	—	476,285
Dividend declared	243,651	271,364
Other accruals	746,395	225,741
Curr. Liabilities	$ 6,935,634	$ 6,932,788
Def. inc. taxes	1,082,234	601,384
+Common stock	671,060	663,463
Add. paid-in capital	11,678,736	11,311,061
Treasury stock	(3,794,789)	(1,428,818)
Cum. trans. adjust.	(59,245)	(168,102)
Retained earnings	14,714,564	14,641,684
Total Liabilities & Shareholders' Equity	$ 31,228,194	$ 32,553,460

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	2.36	10.56
Working Capital	$17,407,863	$20,150,286
Current Ratio	3.51	3.91
Shareholders' Equity	$23,210,326	$25,019,288

Insilco Corporation

1000 Research Parkway
Meriden, Connecticut 06450
(203) 634-2000

Officers: Donald J. Harper, chairman, president & chief exec. officer; John A. McLendon, exec. v.p. & chief operating officer; George E. Peterson, Jr., v.p. & gen. counsel; Henry L. Dykema, v.p.-finance; William E. Baer, Gregory B. Howey, John C. Scott, v.p.'s; Malcolm S. Todt, treasurer; John J. Weber, controller; Sherwood S. Willard, secretary; Herbert F. Kahler, v.p. & pres.-Miles Homes Companies; Randolph B. Marston, v.p. & pres.-Taylor Publishing Company.

Directors: Donald J. Harper, chairman; William O. Bailey, Wallace Barnes, Durand B. Blatz, Richard M. Bliss, Raymond D'Argenio, Herbert F. Kahler, Bernard N. Kelly, Wendy Luscombe, Randolph B. Marston, John A. McLendon, Frank R. O'Keefe, Jr., James W. Taylor, Preston Townley.

Areas of Work: In the area of electronics/communications, the Company's Basic Industries Division produces precision parts manufactured to close tolerances, principally for use in mainframe computer drives. The Computer Circuitry Group provides specialized wire harnesses, coaxial and multiconductor cable, and wire and cable assemblies to the computer and telecommunications industries. Signal Transformer Co., Inc. designs, manufactures and sells a full range of power transformers for use in electronic applications. Stewart Stamping manufactures and distributes formed wire and small precision stamped parts for the electronics and telecommunications industries and is licensed by Western Electric Company to manufacture and distribute telephone and computer connectors.

In the area of metal parts, the Company's Steel Parts Corporation manufactures automobile parts, including clutch plates, suspension, engine and transmission component parts for original equipment automobile manufacturers. Thermal Components, Inc. designs and manufactures heat exchange products, including thin-walled tubing and air conditioning condensers and evaporators for the transportation, industrial equipment and solar energy industries. Valentec International Corporation manufactures components such as metal cartridges, cartridge link belts, and expendable projectiles primarily for the defense industry. Dayron Corporation manufactures mechanical and electromechanical fuzes used in the defense industry.

Other Company operations include the supplying of pre-cut and modular homes, paint, wallpaper and wallcoverings, high-school and college yearbooks and specialty book publishing, office products, and lighting equipment.

Divisions and Subsidiaries:

SPECIALTY COMPONENT PRODUCTS

Basic Industries Division
Computer Circuitry Group
Signal Transformer Co., Inc.
Stewart Stamping Corporation
Steel Parts Corporation
Thermal Components, Inc.
Valentec International Corporation

Insilco Corporation

SPECIALTY CONSUMER PRODUCTS

Miles Homes Companies
Nationwide Homes, Inc.
Red Devil Paints & Chemicals
Sinclair Paint Company
Taylor Publishing Company
Rolodex Corporation

Acquisition(s):

Dayron Corporation
Orlando, Florida
Manufactures fuzes for military applications.

Romac Metals, Inc.
Troutman, North Carolina
Manufactures stainless steel tubing for applications in the marine, health care and architectural accessories industries.

Hersey Industries, Inc.
Shrewsbury, Pennsylvania
Supplier of precision plastic parts.

Dual-Lite Inc.
Newtown, Connecticut
Manufactures battery-powered emergency lighting equipment.

Transfer Agent(s):

Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusets 02102

Stock Exchange(s): New York, Midwest, Pacific, Boston, London

Ticker Symbol: INR

Number of Employees:

1986	7,800	1983	7,600
1985	7,400	1982	8,200
1984	8,200		

Plant Footage:*

1986 . . . . . 2,203,000 sq. ft.

* Electronics-related.

Sales and Earnings

	Net Sales	Net Income
1986	$ 745,059,000	$ 33,345,000
1985	811,780,000	16,119,000
1984	786,894,000	33,041,000
1983	674,224,000	34,317,000
1982	636,034,000	14,823,000

	No. of Com. Shares †	Earn. per Share ‡
1986	20,814,000	$ 1.58
1985	20,681,000	1.30
1984	18,755,000	1.74
1983	18,681,000	1.81
1982	18,484,000	1.36

† Adjusted to reflect stock dividends.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business
(000's)

	1986	1985
Specialty component prods.:		
Electronics/ communications	$ 113,868	$ 124,046
Metal parts	196,319	143,094
Specialty consumer prods.:		
Housing	82,585	78,914
Paint	121,671	112,012
Publishing/office prods.	120,158	119,163
Divested subsidiaries	110,458	234,551
Total	$ 745,059	$ 811,780

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.00	5%	—
1985	1.00	—	—
1984	1.00	5%	—
1983	1.00	—	—
1982	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 330,560,000	$ 15.88
1985	314,815,000	15.22
1984	270,289,000	14.41
1983	253,134,000	13.55
1982	234,196,000	13.55

† Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 745,059	$ 811,780
Cost of sales	505,448	552,024
Expenses	195,564	219,398
Minority interest	—	400
Interest expense	19,793	22,246
Interest income	(5,948)	(2,902)
Other income	(17,019)	(36,197)
Income before taxes	$ 47,221	$ 56,811
Income taxes	13,876	30,692
Net Income	$ 33,345	$ 26,119

* Included in Costs and Expenses, Depreciation and Amortization: $23,587,000 in 1986 and $23,530,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 15,160	$ 36,788
Marketable securities	3,062	175
Accts. receiv., net	78,468	75,002
Miles Home Ownership Plan receiv.	54,318	5,014
Other receivables	25,963	21,750
Refundable taxes	181	3,483
*Inventories	95,209	120,371
Prepaid expenses	7,542	6,252
Current Assets	$ 279,903	$ 268,835
Investments	109,727	93,226
Receiv. from sales of subsid.	5,291	8,641
#Fixed assets	160,174	152,522
Other assets	61,488	46,712
Intangibles	102,015	89,304
Total Assets	$ 718,598	$ 659,240

Liabilities
(000's)

Short-term borrowings	$ 31,000	$ —
Long-term debt, curr.	21,894	3,345
Accts. payable	43,688	42,212
Accruals	41,462	38,563
Cust. deposits	15,124	13,180
Accrued payroll	9,920	8,900
Income taxes	15,856	27,815
Curr. Liabilities	$ 178,944	$ 134,015
Long-term debt	113,736	107,515
Oblig. under cap. leases	1,782	10,414
Deferred inc. taxes	75,654	80,018
Other liabilities	17,922	12,463
+Common stock	21,357	20,263
Add. paid-in capital	220,103	199,176
Retained earnings	95,690	102,257
Treasury stock	(6,590)	(6,881)
Total Liabilities Shareholders' Equity	$ 718,598	$ 659,240

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.34	7.00
%Net Income to Sales	4.48	3.22
%Net Income to Equity	10.09	8.30
Sales to Inventories	7.83	6.74
Debt to Equity	0.51	0.39
Working Capital	$100,959,000	$134,820,000
Current Ratio	1.56	2.01
Shareholders' Equity	$330,560,000	$314,815,000

Instron Corporation

100 Royall Street
Canton, Massachusetts 02021
(617) 828-2500

Officers: Harold Hindman, chairman of the board & chief executive officer; George S. Burr, vice chairman; Salvatore J. Vinciguerra, president & chief operating officer; Ian M. MacGregor, v.p. & managing director of Instron Limited; John G. Griffiths, v.p.-corporate technical director; Donald R. Meltzer, v.p.-finance & treasurer; Paul R. Rugo, secretary & clerk; Beryl Maddows, asst. secretary & asst. clerk; Andre P. Sampou, v.p. & gen. mgr.-Western Hemisphere operations; William E. Celeste, corp. auditor.

Directors: George S. Burr, Jr., Paul R. Rugo, John F. Betts, Nicholas J. Grant, Harold Hindman, Robert Cushman, Richard W. Young, Salvatore J. Vinciguerra, Charles H. Ehlers.

Areas of Work: Develops, manufactures and distributes electromechanical servohydraulic, rheometric, and electromagnetic resonance instruments, systems and accessories for assessing the physical and mechanical characteristics of the full spectrum of the earth's materials. The Company's product line includes instruments and systems that are microprocessor or computer controlled.

Subsidiaries:

Instron Limited
High Wycombe, Bucks, England

Instron International, Ltd.
England

Instron S.A.
Buc, France

Instron Japan Company, Ltd.
Tokyo, Japan

Instron Pty., Ltd.
Melbourne, Australia

Instron Canada, Ltd.
Ontario, Canada

Equipamentos Cientificos Instron Ltda.
Sao Paulo, Brazil

Instron Asia Limited
Tokyo, Japan

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: ISN

Number of Employees:

1986	1,037	1983	1,000
1985	1,039	1982	1,000
1984	1,000		

Plant Footage:

1986	253,500 sq. ft.	1983	245,000
1985	245,000	1982	245,000
1984	245,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 87,384,000	$ 4,664,000
1985	78,917,000	4,279,000
1984	68,169,000	734,000
1983	64,199,000	2,423,000
1982	58,369,000	61,000

	No. of Com. Shares +	Earn per Share #†
1986	6,019,574	$ 0.75
1985	6,002,202	0.69
1984	5,970,702	0.12
1983	5,947,002	0.40
1982	5,909,442	0.01

+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.
† Including extraodinary gains of $148,000 ($0.03 per share) in 1983.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.115	—	2-for-1
1985	0.099	—	3-for-2
1984	0.09	—	—
1983	0.077	—	2-for-1
1982	0.067	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 28,213,000	$ 4.69
1985	23,795,000	3.96
1984	18,111,000	3.04
1983	19,651,000	3.31
1982	18,981,000	3.22

+ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 87,384,000	$ 78,917,000
Cost of sales	42,412,000	40,146,000
Expenses	35,593,000	29,864,000
Oper. profit	$ 9,379,000	$ 8,907,000
Foreign exchange	(206,000)	158,000
Interest expense	1,297,000	1,650,000
Income before taxes	$ 8,288,000	$ 7,099,000
Income taxes	3,624,000	3,272,000
Net Income	$ 4,664,000	$ 3,827,000
Extraordinary gain	—	452,000
Net Income & extraord. gain	$ 4,664,000	$ 4,279,000

* Included in Costs and Expenses, Depreciation: $2,120,000 in 1986 and $1,515,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 961,000	$ 1,489,000
Accts. receiv., net	22,639,000	17,629,000
*Inventories	21,177,000	21,470,000
Prepaid expenses & other assets	952,000	660,000
Current Assets	$ 45,729,000	$ 41,248,000
#Fixed assets	14,158,000	12,928,000
Other assets	496,000	426,000
Total Assets	$ 60,383,000	$ 54,602,000

Liabilities

Notes payable	$ 7,625,000	$ 7,946,000
Long-term debt, curr.	1,243,000	296,000
Accts. payable	5,809,000	4,718,000
Accruals	6,414,000	6,975,000
Income taxes	1,817,000	2,068,000
Advanced payments	689,000	232,000
Curr. Liabilities	$ 23,497,000	$ 22,235,000
Long-term debt	5,862,000	7,026,000
Oblig. under cap. leases	522,000	699,000
Deferred inc. taxes	1,116,000	40,000
Long-term liabilities	1,173,000	807,000
+Common stock	6,002,000	6,002,000
Add. paid-in capital	398,000	322,000
Retained earnings	26,045,000	22,073,000
Cum. trans. adjust.	(4,250,000)	(4,602,000)
Total Liabilities & Shareholders' Equity	$ 60,383,000	$ 54,602,000

* At lower of cost or market. Inventories valued at LIFO in U.S. & Japan; FIFO in all other countries.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Sales	5.34	4.85
%Net Income to Equity	16.53	16.08
Sales to Inventories	4.13	3.68
Debt to Equity	0.21	0.67
Working Capital	$22,232,000	$19,013,000
Current Ratio	1.95	1.86
Shareholders' Equity	$28,213,000	$23,795,000

Instrument Systems Corporation

100 Jericho Quadrangle
Jericho, New York 11753
(516) 938-5544

Officers: Harvey R. Blau, chairman of the board; Robert Balemian, president; Myron I. Levy, v.p.; Herbert J. Fleming, v.p.; Susan E. Reilly, secretary; Patrick L. Alesia, treasurer.

Directors: Bertrand Bell, Abraham Buchman, J. Judd Cooperstein, Turner F. Caldwell, Roy Carol, J. Frank Stengel, Jr., William H. Waldorf, Robert Balemian, Harvey R. Blau, Clarence A. Hill, Jr., Robert Berman, Robert Bradley.

Areas of Work: Through its electronics subsidiary, Telephonics Corporation, the company is engaged in the manufacture of advanced electronic communications equipment, and communications control and performance monitoring systems, principally for use by commercial and military aircraft. The company also develops and manufactures audio entertainment systems for use on commmercial aircraft, and produces custom analog and digital large-scale integrated circuits and other communications-related equipment such as headsets, microphones, earphones, and cables.

Buildex Incorporated designs, manufactures and sells specialized architectural and hardware components; also fabricates specialized metal products for commercial, industrial, institutional and residential markets.

The Lightron Corporation manufactures and markets a wide range of commercial and industrial products for the lighting and home furnishings industry, including lighting fixtures, mattresses, box springs and frames, related bedroom furniture, wood moldings, synthetic fiber batting and drapery hardware.

Clopay Corporation produces specialty plastic films for disposable surgical and patient care products and disposable diapers. Also manufactures a broad line of garage doors for the residential, commercial and industrial markets.

Clopay Corporation and OB/Masco manufacture and market a wide variety of window coverings, drapery hardware and other related products and accessories.

The company also produces and distributes automatic torque converters and clutches for industrial and recrational vehicles, and a line of aluminum truck bodies.

Divisions and Subsidiaries:

Instrument Systems International, Inc.
State Road 686, kil. 0.5
Vega Baja, Puerto Rico
(809) 858-1440

Telephonics Corporation
770 Park Avenue
Huntington, New York 11743
(516) 549-6000

Lightron Corporation
789 Park Avenue
Huntington, New York 11743
(516) 549-8202

Clopay Corporation

O.B. Masco Drapery Hardware Company

Buildex Incorporated
789 Park Avenue
Huntington, New York 11743
(516) 549-8201

Oneita Industries
Andrews, South Carolina
Manufactures and distributes fabrics and diversified items of apparel, both knit and woven, primarily for the private label including major chain stores.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: ISY

Sales and Earnings

	Net Sales ‡	Net Income #
1986	$ 237,353,000	$ 8,102,000
1985	182,470,000	9,147,000
1984	115,374,000	6,592,000
1983	106,072,000	4,633,000
1982	104,273,000	(14,765,000)

	No. of Com. Shares	Earn. per Share # +
1986	30,185,512	$ 0.25
1985	30,306,294	0.33
1984	21,394,985	0.29
1983	20,734,122	0.27
1982	7,555,392	—

(Loss)
‡ Of continuing operations only.
# Including extraordinary gains of $3,576,000 ($0.11 per share) in 1986, $4,500,000 ($0.16 per share) in 1985, $2,800,000 ($0.12 per share) in 1984, $2,250,000 ($0.13 per share) in 1983 and $2,000,000 ($0.29 per share) in 1982.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Home furnishings & furn. related products	$ 67,079,000	$ 39,908,000
Electronic comm. equipment	54,129,000	54,050,000
Specialty plastic films	12,228,000	—
Textiles	74,751,000	60,371,000
Other prods.	29,166,000	28,141,000
Total	$ 237,353,000	$ 182,470,000

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 52,692,000	$ 1.75
1985	46,766,000	1.54
1984	24,066,000	1.12
1983	16,479,000	0.79
1982	14,148,000	1.87

‡ After allowing for preferred stock Second Series I at liquidation value.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 237,353,000	$ 182,470,000
Cost of sales	182,049,000	140,757,000
Expenses	43,923,000	32,112,000

Interest expense	2,532,000	3,505,000
Other income	(125,000)	(3,451,000)
Income bef. taxes	$ 8,974,000	$ 9,547,000
Income taxes	4,448,000	4,900,000
Net Income	$ 4,526,000	$ 4,647,000
Extraordinary gain	3,576,000	4,500,000
Net Income & extrsord. gain	$ 8,102,000	$ 9,147,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,502,000 in 1986 and $4,015,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash & cash equiv.	$ 11,473,000	$ 35,846,000
Accts. receiv., net	34,712,000	19,134,000
Inc. not yet billed	5,136,000	1,955,000
*Inventories	61,521,000	33,840,000
Prepaid expenses	3,717,000	4,778,000
Current Assets	$ 116,559,000	$ 95,553,000
#Fixed assets	50,519,000	28,836,000
Other assets	29,691,000	11,517,000
Total Assets	$ 196,769,000	$ 135,906,000
Liabilities		
Notes payable	$ 7,678,000	$ 9,028,000
Long-term debt, curr.	3,260,000	3,846,000
Accts. payable	27,189,000	11,380,000
Accruals	30,207,000	15,285,000
Curr. Liabilities	$ 68,334,000	$ 39,539,000
Long-term debt	48,949,000	24,501,000
Cap. lease oblig.	5,721,000	5,218,000
Liab. of emp. stock ownership plan	4,000,000	2,440,000
Deferred income	—	369,000
+Preferred stock:		
Series A	2,000	2,000
Series I	427,000	427,000
+Common stock	7,585,000	7,615,000
Add. paid-in capital	83,354,000	86,976,000
Deficit	(14,990,000)	(23,092,000)
Deferred comp.	(5,163,000)	(3,701,000)
Treasury stock	—	(2,938,000)
Redempt. val. Series A pref. stock	(700,000)	(700,000)
Receiv. offset pursuant to purchase agreement	(750,000)	(750,000)
Total Liabilities & Shareholders' Equity	$ 196,769,000	$ 135,906,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.78	5.23
%Net Income to Sales	1.91	2.55
%Net Income to Equity	6.49	14.33
Sales to Inventories	3.86	5.39
Debt to Equity	0.70	0.67
Working Capital	$48,225,000	$56,014,000
Current Ratio	1.71	2.42
Shareholders' Equity	$69,765,000	$63,839,000

Intech Incorporated

282 Brokaw Road
Santa Clara, California 95050
(408) 727-0500

Officers: Leroy M. Buckler, chairman, president & chief exec. officer; Michael J. Carroll, v.p. & gen. mgr.-Advanced Analog Division; Thomas M. Hogan, v.p., secretary & chief financial officer; Walter E. Kaelin, v.p. & gen. mgr.-COM/NAV Division.

Directors: Leroy M. Buckler, chairman; Moritz Branger, Richard H. Finch, Thomas M. Hogan, Walter E. Kaelin, V. Paul Ricken.

Areas of Work: Designs and manufactures a wide variety of assembled electronic circuits, subsystems, and systems. Custom and semi-custom analog-to-digital converters, analog electronic circuits and subsystems are sold to original equipment manufacturers and military contractors. The company also sells VHF and HF communications systems for marine and land-based communications.

Subsidiaries:
Intech Diversified, Inc.
Intech Foreign Sales Corp.
Intech International, Inc. (DISC)
Function Modules, Inc.
Stabilized Optics Corp.

Transfer Agent(s):
First Interstate Bank
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTE (NASDAQ)

Number of Employees:

1986	170	1984	186
1985	195	1983	134

Plant Footage:
1986 . . . . . 35,000 sq. ft. 1985 35,000

Sales and Earnings

	Net Sales +	Net Income
1986	$ 14,154,000	$ (76,000)
1985	16,371,000	1,152,000
1984	11,835,000	190,000
1983	8,987,000	314,000
1982	9,653,000	675,000

	No. of Com. Shares	Earn. per Share ‡
1986	2,902,778	$ —
1985	2,712,045	0.38
1984	2,617,207	0.06
1983	2,394,707	0.11
1982	2,278,147	0.23

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding fully diluted adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 5,332,000	$ 1.84
1985	5,578,248	2.06
1984	4,571,858	1.75
1983	4,242,716	1.77
1982	3,928,565	1.72

Income Account *

Year ended Mar. 31	1986	1985
Net sales	$ 14,154,379	$ 16,370,876
Cost of sales	8,988,119	9,991,677
Prod. develop. costs	1,920,105	1,749,610
Expenses	2,470,213	2,871,161
Interest expense	32,144	82,107
Income before taxes	$ 743,798	$ 1,676,321
Income taxes	267,000	442,000
Inc.-cont. oper.	$ 476,798	$ 1,234,321
Loss-disc. oper.	(552,970)	(81,903)
Net Income (Loss)	$ (76,172)	$ 1,152,418

* Included in Costs and Expenses, Depreciation: $488,710 in 1986 and $381,205 in 1985.

Assets

As of March 31	1986	1985
Cash & cash equiv.	$ 343,825	$ 151,631
Accts. receiv., net	1,848,219	2,295,249
*Inventories	2,386,149	3,002,765
Prepaid expenses	687,412	297,403
Current Assets	$ 5,265,605	$ 5,747,048
#Fixed assets	860,967	1,195,443
Net assets of discont. oper.	169,950	1,107,464
Other assets	124,524	105,035
Total Assets	$ 6,421,046	$ 8,154,990
Liabilities		
Notes payable	$ —	$ 650,000
Accts. payable	716,505	895,667
Accruals	336,486	886,472
Income taxes	35,696	144,603
Curr. Liabilities	$ 1,088,687	$ 2,576,742
+Common stock	7,516,560	7,008,779
Accumulated deficit	(2,184,201)	(1,430,531)
Total Lisbilities & Shareholders' Equity	$ 6,421,046	$ 8,154,990

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	20.52
Sales to Inventories	5.93	5.45
Debt to Equity	—	0.12
Working Capital	$4,176,918	$3,170,306
Current Ratio	4.84	2.23
Shareholders' Equity	$5,332,359	$5,578,248

Integrated Circuits Incorporated

10301 Willows Road
P.O. Box 97005
Redmond, Washington 98073-9705
(206) 882-3100

Officers: Walter P. Kistler, chairman; Phillip C. Linwick, president & chief exec. officer; Russell F. McNeill, secretary; Milton A. Woods, exec. v.p.-marketing & sales & treasurer; Peter H. van Oppen, exec. v.p.-finance & operations; Melvin O. Eide, v.p.-research & development; Harvey H. Stanley, v.p.-manufacturing; J.T. Montgomery, v.p.-quality assurance; Daniel J. Renn, v.p.-engineering.

Directors: Walter P. Kistler, chairman; Ross W. Anderson, Phillip C. Linwick, Russell F. McNeill, Peter H. van Oppen, Milton A. Woods.

Areas of Work: Designs, manufactures and markets both custom and proprietary (standard) hybrid microcircuit products for the electronics industry. These microcircuits are used commercially in memory systems, industrial controls, testing equipment, computers and computer peripherals and medical electronics equipment. Aerospace applications range from aircraft instrumentation power supplies to research uses in satellites.

Transfer Agent(s):
The First Jersey National Bank

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ICTM (NASDAQ)

Number of Employees:

1986	290	1985	295

Plant Footage:
1986 . . . . . 40,000 sq. ft. 1985 40,000

Sales and Earnings

	Net Sales +	Net Income
1986	$ 14,345,000	$ 621,000
1985	12,041,000	363,000

1984	8,805,000	(355,000)
1983	6,929,000	410,000
1982	6,272,000	403,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,604,000	$ 0.39
1985	1,604,000	0.23
1984	1,591,000	—
1983	1,420,000	0.29
1982	1,243,000	0.32

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 5,285,000	$ 3.29
1985	4,665,000	2.91
1984	4,301,000	2.70
1983	4,648,000	3.27
1982	1,621,000	1.30

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Oct. 31	1986	1985
Net sales	$ 14,344,946	$ 12,040,915
Cost of sales	10,039,044	8,675,213
Expenses	2,973,048	2,292,815
Interest expense	260,312	370,785
Interest income	(4,257)	(4,279)
Income before taxes	$ 1,076,799	$ 706,381
Income taxes	456,000	307,000
Income from cont. oper.	$ 620,799	$ 399,381
Loss from discont. oper.	—	(36,331)
Net Income	$ 620,799	$ 363,050

* Included in Costs and Expenses, Depreciation and Amortization: $364,233 in 1986 and $322,631 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	$ 310,174	$ 43,387
Accts. receiv., net	2,724,363	1,848,932
*Inventories	2,119,027	2,076,483
Deferred in. taxes	96,577	191,577
Prepaid expenses	176,287	187,550
Current Assets	$ 5,426,428	$ 4,347,929
#Fixed assets	6,198,556	5,727,595
Unamort. bond costs	91,324	96,964
Total Assets	$ 11,716,308	$ 10,172,488

Liabilities

Notes payable	$ —	$ 85,000
Long-term debt, curr.	268,826	164,476
Accts. payable	339,304	279,236
Accrued payroll	706,054	449,389
Accrued vacation	237,857	166,625
Income taxes	230,566	38,205
Other taxes	61,183	46,204
Accrued interest	23,734	43,211
Other accruals	10,000	10,003
Curr. Liabilities	$ 1,877,524	$ 1,282,349
Long-term debt	4,041,544	3,860,698
Deferred inc. taxes	511,927	364,927
+Common stock	374,776	374,776
Add. paid-in capital	2,576,873	2,576,873
Retained earnings	2,333,664	1,712,865
Total Liabilities & Shareholders' Equity	$ 11,716,308	$ 10,172,488

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.51	—
%Net Income to Sales	4.33	—
%Net Income to Equity	11.75	7.78
Sales to Inventories	6.77	5.80
Debt to Equity	0.82	0.88
Working Capital	$3,548,904	$3,065,580
Current Ratio	2.89	3.39
Shareholders' Equity	$5,285,313	$4,664,514

Integrated Device Technology, Inc.

3236 Scott Boulevard
Santa Clara, California 95054
(408) 727-6116

Officers: D. John Carey, chairman, president & chief exec. officer; Maurice C. Chidlow, v.p. & chief operating officer; George F. Hwang, v.p.-engineering; Leonard C. Perham, v.p. & gen. mgr.-Static RAM Division; Joseph F. Santandrea, v.p. & gen. mgr.-Subsystems Division; Norman Godinho, v.p. & gen. mgr.-Digital Signal Processing Division; Luc O. Bauer, v.p. & division mgr.; Ralph O. Cognac, corp. director of marketing & acting v.p.-marketing & sales; Jay R. Zerfoss, chief financial officer & secretary.

Directors: D. John Carey, chairman; Norman Godinho, George F. Hwang, Carl E. Berg, Louis B. Sullivan.

Areas of Work: Designs and manufactures complex proprietary and industry-standard integrated circuits using high-performance Complimentary Metal Oxide Semiconductor (CMOS) technology. Major product areas include: static Random Access Memories (RAM), Digital Signal Processing (DSP) devices, memory interface logic and subsystem assemblies. These products are used in a variety of electronics markets, ranging from the military to the telecommunications, aerospace, industrial and computer markets.

Divisions:

Static RAM Division
Salinas, California

Subsystems Division
Santa Clara, California

Digital Signal Processing Division
Santa Clara, California

Transfer Agent(s):

Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IDTI (NASDAQ)

Number of Employees:

1985	478	1983	128
1984	255	1982	73

Sales and Earnings

	Net Sales	Net Income †
1985	$ 38,392,000	$ 5,565,000
1984	14,179,000	(662,000)
1983	4,096,000	(4,684,000)
1982	91,000	(3,018,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1985	13,843,000	$ 0.40
1984	9,157,000	—
1983	7,339,000	—
1982	5,115,000	—

(Loss)
† Including extraordinary gain of $2,544,000 ($0.18 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 24,959,000	$ 1.80
1984	19,106,000	2.09

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	3/31/85	4/1/84
Net sales	$ 33,392	$ 14,179
Cost of sales	17,308	8,056
Expenses	14,595	6,393
Interest income	(809)	(322)
Interest expense	1,141	714
Income (loss) before taxes	$ 6,157	$ (662)
Income taxes	3,136	—
Net Income (Loss)	$ 3,021	$ (662)
Extraord. gain	2,544	—
Net Income (Loss) & extraord. gain	$ 5,565	$ (662)

* Included in Costs and Expenses, Depreciation and Amortization: $2,721,000 in 1985 and $1,257,000 in 1984.

Assets
(000's)

As of	3/31/85	4/1/84
Cash	$ 8,885	$ 13,589
Accts. receiv., net	7,413	3,784
Other receivables	3,359	—
*Inventories	4,736	2,948
Prepaid expenses	868	135
Current Assets	$ 25,261	$ 20,456
#Fixed assets	35,897	8,052
Other assets	6	6
Total Assets	$ 61,164	$ 28,514

Liabilities
(000's)

Note payable - bank	$ 4,000	$ —
Note payable - shareholder	100	—
Accts. payable	6,251	1,763
Accrued construction costs	6,500	—
Accrued payroll	1,050	519
Customer deposit	—	162
Deferred sales to distributors	498	382
Other accruals	1,565	513
Cap. lease oblig., curr.	3,461	1,280
Curr. Liabilities	$ 23,425	$ 4,619
Cap. lease oblig.	12,780	4,689
Note payable - shareholder	—	100
Notes receivable - shareholders	(27)	(39)
Accum. deficit	(3,129)	(8,694)
Total Liabilities & Shareholders' Equity	$ 61,164	$ 28,514

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	18.44	—
%Net Income to Sales	9.05	—
%Net Income to Equity	12.10	—
Sales to Inventories	7.05	4.81
Debt to Equity	0.81	0.31
Working Capital	$ 1,836,000	$15,837,000
Current Ratio	1.08	4.43
Shareholders' Equity	$24,959,000	$19,106,000

Intel Corporation

3065 Bowers Avenue
Santa Clara, California 95051
(408) 496-8935

Officers: Gordon E. Moore, chairman of the board & chief exec. officer; Robert N. Noyce, vice chairman; Andrew S. Grove, president & chief operating officer; Laurence R. Hootnick, sr. v.p.-corp. sales & marketing; Leslie L. Vadasz, sr. v.p. & gen. mgr. - Systems Group; Edward L. Gelbach, sr. v.p. & dir.-corporate sales; David L. House, v.p. & gen. mgr.-Microcomputer Group; Keith L. Thomson, v.p. & asst. gen. mgr.-Systems Group; George H. Schneer, v.p. & dir.-components quality & reliability; Harold Hughes, Jr., treasurer; Jack C. Carston, sr. v.p. & gen. mgr.-ASIC Components; Ronald J. Whittier, v.p. & dir.-marketing; Eugene J. Flath, v.p. & pres.-Intel Japan; Craig R. Barrett, v.p. & gen. mgr.-Components Technology & Manufacturing Group; Richard D. Boucher, v.p. & dir.-adm. group; Robert T. Jenkins, v.p. & gen. mgr.-Memory Components Division; Gerhard H. Parker, v.p. & dir.-technology development; Robert W. Reed, v.p. & chief financial officer; F. Thomas Dunlap, Jr., gen. counsel & secretary; Frank C. Gill, v.p.-North American sales.

Directors: Gordon E. Moore*, chairman; Arthur Rock*, Edward L. Gelbach, Andrew S. Grove*, D. James Guzy, Richard Hodgson, Sanford Kaplan, Robert N. Noyce*, Max Palevsky, Charles E. Young.

* Member of the Executive Committee.

Areas of Work: Engaged in the design, development, manufacture and sale of VLSI (very large scale integrated) semiconductor components and systems incorporating these components.

Subsidiaries:

Intel Corporation S.A.R.L.
1 Rue Edison-BP 303
78054 St. Quentin en Yvelines Cedex
France

Intel Japan K.K.
5-6 Tokodai, Toyosato-machi
Tsukuba-gun
Ibaraki-ken, 300-26
Japan

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTC (NASDAQ)

Number of Employees:

1986	18,200	1984	25,400
1985	25,400		

Plant Footage:

1986	3,972,000 sq.ft.	1984	3,084,000
1985	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Revenues	Net Income †
1986	$1,265,011,000	$ (173,165,000)
1985	1,364,982,000	1,570,000
1984	1,629,332,000	198,189,000
1983	1,121,943,000	116,111,000
1982	899,812,000	30,046,000

	No. of Com. Shares +	Earn. per Share # †
1986	117,773,000	$ —
1985	116,078,000	0.01
1984	113,832,000	1.70
1983	111,701,000	1.05
1982	90,724,000	0.32

(Loss)
† Including extraordinary gain of $10,119,000 in 1986.
+ Adjusted to reflect stock split.
# Based on the weighted average number of capital shares and capital share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$1,275,227,000	$ 10.83
1985	1,421,481,000	12.25
1984	1,360,163,000	11.95
1983	1,121,740,000	10.04
1982	551,853,000	6.08

Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net revenues	$ 1,265,011	$ 1,364,982
Cost of sales	860,680	943,435
Expenses	539,590	481,716
Restruc. of oper.	60,000	—
Interest income	(20,625)	(54,721)
Loss bef. taxes	$ (174,634)	$ (5,448)
Income taxes (credit)	8,650	(7,018)
Net Income (Loss)	$ (183,284)	$ 1,570
Extraord. gain	10,119	—
Net Income (Loss) & extraord. gain	$ (173,165)	$ 1,570

* Included in Costs and Expenses, Depreciation: $173,503,000 in 1986 and $154,122,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 373,224	$ 361,144
Accts. receiv., net	298,378	305,102
*Inventories	197,931	170,758
Prepaid inc. taxes & other assets	154,124	186,906
Current Assets	$ 1,023,657	$ 1,023,910
#Fixed assets	779,321	848,246
Invest. & other assets	277,088	279,709
Total Assets	$ 2,080,066	$ 2,151,865

Liabilities
(000's)

Notes payable	$ 112,055	$ 88,898
Accts. payable	61,987	56,988
Accruals	118,059	85,491
Deferred income	67,367	72,421
Income taxes	14,814	2,893
Curr. Liabilities	$ 374,282	$ 306,601
Long-term debt	286,600	270,831
Deferred inc. taxes	132,441	133,956
Investment tax credits	11,516	18,906
+Capital stock	770,236	743,325
Retained earnings	504,991	678,156
Total Liabilities & Shareholders' Equity	$ 2,080,066	$ 2,151,865

* At lower of cost (currently adjusted standard basis) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Revenues	—	0.12
%Net Income to Equity	—	0.11
Debt to Equity	0.22	0.25
Working Capital	$ 649,375,000	$ 717,219,000
Current Ratio	2.73	3.34
Shareholders' Equity	$1,275,227,000	$1,421,481,000

Interdyne Company

31 S. Milpitas Boulevard
Milpitas, California 95035
(408) 943-9133

Officers: John R. Morrison, chairman of the board, chief exec. officer & president; Ranga Iyengar, v.p.-operations; John Sullivan, v.p.-finance & chief financial officer; Dane Nelson, v.p.-quality assurance & manufacturing; Jerome Resnikoff, v.p.-engineering; William M. Ballon, secretary.

Directors: John R. Morrison, William M. Ballon, Charles Blalack, William Lupien, Charles H. Black.

Areas of Work: The company's business is the development, manufacture, and marketing of magnetic tape drives for use with computers as program loading, back-up, or main memory devices. These units are being designed into personal computers, portable computers, point of sale systems, and telecommunication systems.

Acquisition(s):

Caerin Corporation (dba Anthem Systems)
Distributes computer peripheral products, particularly tape and disk drives.

Transfer Agent(s):

California Stock Transfer Company
Calabasas, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IDYN (NASDAQ)

Number of Employees:

1986	66		

Plant Footage:

1986	47,000 sq. ft.	1983	18,000
1985	47,000	1982	18,000
1984	47,000		

Sales and Earnings ×

	Net Sales	Net Income ‡
1986	$ 7,750,000	$ (11,849,000)
1985	10,100,000	(7,372,000)
1984	4,001,000	(4,491,000)
1983	4,413,000	(736,000)
1982	1,024,000	76,000

	No. of Com. Shares	Earn. per Share ‡†
1986	7,627,533	$ —
1985	4,538,679	—
1984	2,970,514	—
1983	2,839,489	—
1982	N.A.	0.04

(Loss)
N.A. - Not Available.
× Restated to include operations of Anthem Systems, acquired on a pooling of interests basis.

‡ Including extraordinary gain of $34,000 in 1985.
† Based on the weighted average number of shares outstanding.

Income Account *

Year ended Oct. 31	1986	1985 ‡
Net sales	$ 7,750,000	$ 10,100,000
Cost of sales	10,214,000	11,588,000
Expenses	7,242,000	5,323,000
Debt conversion expense	1,809,000	—
Interest expense	507,000	729,000
Interest income	(173,000)	(168,000)
Loss bef. taxes	$ (11,849,000)	$ (7,372,000)
Income taxes	—	34,000
Net Loss	$ (11,849,000)	$ (7,406,000)
Extraord. gain	—	34,000
Net Loss & extraord. gain	$ (11,849,000)	$ (7,372,000)

* Included in Costs and Expenses, Depreciation and Amortization: $366,000 in 1986 and $360,000 in 1985.
‡ Restated.

Assets

As of Oct. 31	1986	1985 ‡
Cash	$ 376,00	$ 480,000
Receivables, net	636,000	1,999,000
*Inventories	1,748,000	1,708,000
Prepaid expenses	86,000	209,000
Restricted cash	500,000	400,000
Current Assets	$ 3,346,000	$ 4,796,000
#Fixed assets	1,150,000	1,265,000
Other assets	59,000	334,000
Total Assets	$ 4,555,000	$ 6,395,000

Liabilities

Note payable to director of co.	$ —	$ 1,000,000
Note payable - bank	340,000	220,000
Long-term debt, curr.	54,000	—
Cap. lease oblig., curr.	387,000	454,000
Accts. payable	2,824,000	2,369,000
Accruals	648,000	898,000
Curr. Liabilities	$ 4,253,000	$ 4,968,000
Capitalized lease obligations	13,000	22,000
Deferred rent	266,000	288,000
Convert. subord. notes	875,000	6,599,000
Long-term debt	37,000	103,000
+Preferred stock:		
Series A	902,000	1,758,000
Series B	6,109,000	—
+ +Common stock	1,866,000	1,135,000
Add. paid-in capital	16,992,000	3,405,000
Deferred compensation	(1,168,000)	(340,000)
Notes received from shareholders	(608,000)	(642,000)
Deficit	(24,982,000)	(12,901,000)
Total Liabilities & Shareholders' Equity	$ 4,555,000	$ 6,395,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
+ + $0.25 par value.

Intergraph Corporation

One Madison Industrial Park
Huntsville, Alabama 35807-4201
(205) 772-2000

Officers: James W. Meadlock, chairman & president; Nancy B. Meadlock, Keith H. Schonrock, Jr., James F. Taylor, Jr., Robert E. Thurber, Robert S. Williams, Richard H. Lussier, John A. Mossert, John M. Thorington, Jr., Allan B. Wilson, exec. v.p.'s; Edward J. Blaum, Edward F. Boyle, Thomas G. Burridge, Albert D. Dominie, Earl I. Eastin, George M. Heeschen, Bruce E. Imsand, Neil E. Keith, Robert L. Kuehithau, Larry J. Laster, William T. O'Meara, Maurice G. Romine, William E. Salter, v.p.'s; John R. Wynn, secretary.

Directors: James W. Meadlock, chairman; Roland E. Brown, Nancy B. Meadlock, Keith H. Schonrock, Jr., James F. Taylor, Jr., Robert E. Thurber, Robert S. Williams.

Areas of Work: Supplies interactive turnkey computer graphics systems, including a host computer, workstations and terminals, to create and support databases for a variety of industries.

Divisions and Subsidiaries:
Intergraph Europe, Inc.
Hoofddorp, The Netherlands

Intergraph (Benelux) BV
Brussels, Belgium

Intergraph (Scandinavia) A/S
Frederiksberg, Denmark

Intergraph (Finland) Oy
Espoo, Finland

Intergraph (France) S.A.R.L.
Rungis Cedex, France
Yvette, France

Intergraph Italia S.p.A.
Milanofiori, Italy

Intergraph (Benelux) BV
AAlsmeer, The Netherlands

Intergraph (Norge) A/S
Asker, Norway

Intergraph (España) S.A.
Barcelona, Spain
Madrid, Spain

Intergraph (Scandinavia) AB
Taby, Sweden

Intergraph (Switzerland) AG
Zurich, Switzerland

Intergraph (Great Britain) Ltd.
Swindon, U.K.

Intergraph (Deutschland) GmbH
Munich, West Germany

Other International Operations

Intergraph Corporation Pty., Ltd.
Sydney (North Ryde), Adelaide, Brisbane, South Perth, Victoria (Camberwell), Australia

Intergraph Systems, Ltd.
Calgary, Edmonton, Mississauga, Montreal (Verdun), Ottawa, Vancouver (Burnaby), Canada

Intergraph Middle East Ltd.
Larnaca, Cyprus

Nihon Intergraph K.K.
Tokyo, Japan

Intergraph Korea, Inc.
Seoul, South Korea

Intergraph de Mexico S.A. de C.V.
Mexico City, Mexico

Intergraph Corporation (N.Z.), Ltd.
Wellington, New Zealand

Intergraph Systems South-East Asia (Pte), Ltd.
Singapore

Intergraph South Africa (Pty.), Ltd.
Rivonia, Republic of South Africa

Intergraph Corporation Taiwan
Taipei, Taiwan

Intergraph Servicios de Venezuela
Caracas, Venezuela

Transfer Agent(s):
Citizens & Southern National Bank
Atlanta, Georgia 30399

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INGR (NASDAQ)

Number of Employees:

1986	5,700	1983	2,500
1985	5,100	1982	1,800
1984	3,700		

Plant Footage:
1986 . . . . . 536,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 605,737,000	$ 70,362,000
1985	526,405,000	67,779,000
1984	403,762,000	62,936,000
1983	252,014,000	29,342,000
1982	155,642,000	13,004,000

	No. of Com. Shares †	Earn. per Share ‡
1986	56,395,714	$ 1.26
1985	55,357,935	1.25
1984	51,480,926	1.22
1983	51,066,584	0.58
1982	N.A.	0.28

N.A. - Not Available.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 496,157,000	$ 8.80
1985	402,964,000	7.28
1984	232,717,000	4.52
1983	162,039,000	3.17
1982	65,394,000	—

‡ Adjusted to reflect stock split.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Revenues:		
Sales	$ 468,155	$ 433,272
Service & equip. rentals	137,582	93,133
Total income	$ 605,737	$ 526,405
Cost of sales	300,272	266,325
Prod. develop.	57,726	50,663
Marketing	76,494	56,169
Gen. & adm.	57,432	43,976
Interest expense	1,810	1,027
Interest income	(7,886)	(9,539)
Other income	(3,583)	(763)
Income before taxes	$ 123,472	$ 118,537
Income taxes	53,110	50,758
Net Income	$ 70,362	$ 67,779

* Included in Costs and Expenses, Depreciation and Amortization: $21,056,000 in 1986 and $11,758,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash & market. secur.	$ 123,838	$ 110,549
Accts. receiv., net	164,371	155,607

*Inventories	158,516	143,216
Other curr. assets	3,693	2,369
Current Assets	$ 450,418	$ 411,741
Investments in affil.	10,484	2,367
#Fixed assets	130,246	76,713
Other assets	21,883	20,502
Total Assets	$ 613,031	$ 511,323

Liabilities (000's)

Long-term debt & cap. lease oblig., curr.	$ 5,827	$ 2,668
Accts. payable	24,549	23,906
Accrued compensation & other accruals	27,055	27,115
Accrued contrib. to retire. plan	—	5,943
Billings in exc. of costs	20,419	16,243
Income taxes	25,297	18,319
Curr. Liabilities	$ 103,147	$ 94,194
Cap. lease oblig. & long-term debt	13,233	10,587
Deferred inc. taxes	494	3,578
+Common stock	5,640	5,536
Add. paid-in capital	229,587	206,860
Retained earnings	260,930	190,568
Total Liabilities & Shareholders' Equity	$ 613,031	$ 511,323

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	20.38	22.52
%Net Income to Revenues	11.62	12.88
%Net Income to Equity	14.18	16.82
Debt to Equity	0.04	0.03
Working Capital	$347,271,000	$317,547,000
Current Ratio	4.37	4.37
Shareholders' Equity	$496,157,000	$402,964,000

INTERMEC Corporation

4405 Russell Road
P.O. Box 360602
Lynnwood, Washington 98046
(206) 348-2600

Officers: David C. Allais, chairman & chief executive officer; John W. Paxton, president & chief operating officer; Ivan G. Hastler, sr. v.p. & treasurer; Roger C. Palmer, v.p.-marketing; Charles A. Anderson, v.p.-int'l sales; William H. Gates, secretary; Louis R. Kertesz, v.p.-administration; Joseph E. Beebe, v.p.-operations; Lowell A. Klaisner, v.p.-customer service & systems; Dale K. Roundy, v.p.-business development & legal affairs; Gregory L. Tannheimer, v.p.-sales operations.

Directors: David C. Allais, chairman; David B. Pivan, Steve Sarich, Jr., Charles L. Anderson, John W. Zevenbergen.

Areas of Work: Designs, manufactures and markets bar code related products including impact and thermal printers, laser scanners, port concentrators, accessories, tags and labels. Products are used mainly in industry data capture systems such as inventory control, hospital record tracking, library circulation control, shipping/receiving, and stock/finished goods control.

Subsidiaries:

INTERMEC Media Products
9615 Inter Ocean Drive
Cincinnati, Ohio 45246
(513) 874-5882

INTERMEC/New England
19 Erie Drive
Natick, Massachusetts 01760
(617) 653-8655

INTERMEC/Mid-Atlantic
14100 Laurel Park Drive
Laurel, Maryland 20707
(301) 792-9300

INTERMEC Strichode Systeme GmbH
Hohestr 31-33
6380 Bad Homburg
West Germany
011-49-6172-25238

INTERMEC/West
1542 Edinger
Tustin, California 92680
(714) 259-1511

Affiliates:

INTERMEC Unglaube GmbH
Munich, West Germany

INTERMEC UK Ltd.
Reading, England

INTERMEC Strichcode AG
Zurich, Switzerland

Data Collection Systems, Inc.
Minneapolis, Minnesota

INTERMEC Systems Corp.
Ontario, Canada

Transfer Agent(s):
First Jersey Shareholder Services, Inc.
520 Pine Street—Suite 2134
Seattle, Washington 98101-4004

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTR (NASDAQ)

Number of Employees:
1987 . . . . . 543 1986 484

Plant Footage:
1987 . . . . . 166,300 sq. ft.

Sales and Earnings ×

	Net Revenues #	Net Income
1987	$ 62,956,528	$ 3,812,783
1986	47,034,932	1,741,164
1985	41,954,892	3,096,981
1984	29,727,601	2,804,788
1983	21,321,921	2,154,789

	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,867,182	$ 0.65
1986	5,814,658	0.30
1985	5,305,454	0.58
1984	4,951,593	0.57
1983	4,899,479	0.44

× Restated to include operations of INTERMEC/New England and INTERMEC/Mid-Atlantic, acquired on a pooling of interests basis.
Includes revenue from product sales, engineering services and job shop.
‡ Based on the average number of shares outstanding during the year adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity ×

	Total Equity	Equity Per Share ‡
1987	$ 36,690,845	$ 6.25
1986	32,189,248	5.54
1985	29,588,295	5.58
1984	15,150,171	3.06
1983	11,792,991	2.41

× Restated.
‡ Based on the average number of shares outstanding during the year adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986 ‡
Net sales	$ 62,956,528	$ 47,034,932
Cost of sales	32,384,954	25,640,389
Expenses	25,475,006	21,235,201
Interest income	(855,020)	(829,360)
Income before taxes	$ 5,951,588	$ 988,702
Income taxes (credit)	2,185,000	(752,462)
Minority interest	(46,195)	—
Net Income	$ 3,812,783	$ 1,741,164

* Included in Costs and Expenses, Depreciation and Amortization: $2,692,835 in 1987 and $2,282,897 in 1986.
‡ Restated.

Assets

As of	1987	1986 ‡
Cash	$ 1,523,499	$ 1,422,251
Short-term investment	4,613,335	4,824,079
Accts. receiv., net	15,313,992	10,940,096
Accts. receiv. - affil.	1,930,218	679,024
Notes receivable	513,414	1,138,134
*Inventories	14,825,474	11,141,363
Prepaid expenses	229,351	178,864
Refund inc. taxes	—	2,772,808
Current Assets	$ 38,949,283	$ 33,096,619
#Fixed assets	7,222,359	6,679,742
Notes receivable	1,953,500	2,076,529
Invest. in affil.	2,468,347	1,907,974
Other assets	729,573	192,430
Total Assets	$ 51,323,062	$ 43,953,294

Liabilities

Accts. payable	$ 5,140,067	$ 3,732,524
Note payable	1,300,000	2,413,506
Accrued taxes	481,700	480,645
Accrued payroll	1,467,637	1,244,731
Deferred inc. taxes	2,539,252	1,502,673
Inc. taxes payable	532,886	22,754
Accrued warranty expense	999,000	760,000
Other liabilities	664,539	214,207
Curr. Liabilities	$ 13,125,081	$ 10,371,040
Industrial revenue bond	1,000,000	1,000,000
Deferred inc. taxes	134,667	370,930
Other liabilities	98,995	22,076
Minority interest	273,474	—
+Common stock	3,536,404	3,465,968
Add. paid-in capital	16,773,986	16,155,608
Retained earnings	16,380,455	12,567,672
Total Liabilities & Shareholders' Equity	$ 51,323,062	$ 43,953,294

‡ Restated.
* At lower of cost (currently adjusted standards) or market.
# Less accumulated depreciation and amortization.
+ $0.60 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.45	2.10
%Net Income to Sales	6.06	3.70
%Net Income to Equity	10.39	5.41
Sales to Inventories	4.25	4.22
Debt to Equity	0.04	0.07
Working Capital	$25,824,202	$22,725,579
Current Ratio	2.97	3.19
Shareholders' Equity	$36,690,845	$31,189,248

International Business Machines Corporation

Old Orchard Road
Armonk, New York 10504
(914) 765-1900

Officers: John R. Opel, chairman of the board; John F. Akers, president and chief executive officer; Paul J. Rizzo, vice chairman; George B. Beitzel, Ralph A. Pfeiffer, Jr., Dean P. Phypers, Kaspar V. Cassani, Ralph E. Gomory, Nicholas deB. Katzenbach, Jack D. Keuhler sr. v.p.'s; Allen J. Krowe, sr. v.p.-finance & planning; Clarence B. Rogers, Jr., C. Michael Armstrong, John E. Bertran, Frank A. Metz, Jr., sr. v.p.'s & group executives; James A. Bitonti, Ronald F. Casella, Vincent N. Cook, Edward M. Davis, James F. Manning, Victor R. Macdonald, Stephen B. Schwartz, Terry R. Lautenbach, Thomas M. Liptak, Charles P. Biggar, Edward E. Lucente, H. Mitchell Watson, Jr., Lewis M. Branscomb, Walton E. Burdick, P. Martin Foley, Charles E. McKittrick, Jr., Theodore C. Papes, Jr., William W. Eggleston, Victor J. Goldberg, David E. McKinney, John F. Williams, Carl J. Conti, Philip D. Estridge, Donato A. Evangelista, Richard T. Gerstner, Paul J. Kofmehl, Charles E. Branscomb, William O. Grabe, Lewis W. Gray, Paul R. Low, Marvin L. Mann, M. Kenneth Oshman, Patrick A. Toole, v.p.'s; George H. Conrades, Frank A. Metz Jr., v.p. & group executives; John W. Rotenstreich, treasurer; James J. Forese, v.p. and controller; John H. Grady, secretary; Bruce E. Langton, Sidney Handler, asst. treasurers; J. William Scruggs, John H. Stewart, Robert Bonchick, asst. controllers; Thomas C. Irwin, asst. secretary.

Directors: Stephen D. Bechtel, Jr.*, George B. Beitzel, Frank T. Cary*, William T. Coleman, Jr., Carla Anderson Hills, Amory Houghton, Jr.*, Nicholas deB. Katzenbach, William H. Moore*, John R. Opel*, J. Richard Munro, Paul J. Rizzo*, Harold Brown, Jack D. Kuehler, Dean P. Phypers, William W. Scranton, Irving S. Shapiro*, Richard W. Lyman, Cyrus R. Vance, James E. Burke, John F. Akers*, Thomas F. Frist, Jr.

* Member of the Executive Committee.

Divisions:

Information Systems Group

National Distribution Division
Marketing responsibility in U.S. for selected systems and high-volume products delivered through alternate channels of distribution. Also responsible for manufacturing or procurement and marketing within the U.S. of IBM supplies and accessories.

North-Central Marketing Divison
Markets the full standard line of IBM products in its geographic area.

South-West Marketing Division
Markets the full standard line of IBM products in its geographic area.

National Service Division
Provides service for assigned products; manages services business within the U.S. and its territories; and supports IBM's marketing efforts.

Information Systems and Technology Group

Data Systems Division
Worldwide development responsibility for large, complex systems, with primary emphasis on high-performance products and associated programming, plus U.S. manufacturing responsibility for those systems. Also supplies computer components, including logic and selected memory technologies, used in products that it and other IBM divisions manufacture in the U.S.

General Technology Division
Worldwide development and United States manufacturing responsibility for the component technology requirements of the low-to-moderate price computer made by the General Systems Division and products of the Office Products Division.

Systems Technology Division
Develops and manufactures intermediate processors and printers and develops programming systems.

General Products Division
Worldwide development and United States manufacturing responsibility for computer tape units, disk files and printers.

Information Systems and Communications Group

Communication Products Division
Worldwide development and U.S. manufacturing responsibility for communications equipment, terminal products and related communications technologies and programming.

Entry Systems Division
Worlwide development and product management, and U.S. manufacturing responsibility for IBM's general purpose, low-cost, personal use computer systems and related software.

Information Systems and Products Group

Information Products Division
Markets disk packs and data modules; manufactures and markets data processing cards, magnetic tape and cards, business forms and other consumable products used in information-handling systems.

Systems Products Division
Worldwide development and United States manufacturing responsibility for central processor products including main storage, logic technologies, packaging technology, channels and cables; development and implementation of advanced design and manufacturing support systems.

Other Divisions

Federal Systems Divisions
Concentrates on advanced technology and systems for the ground-based, seaborne, airborne and spaceborne information-handling systems and control needs of the U.S. Government.

Real Estate and Construction Division
Arranges for the construction, purchasing or leasing of new company facilities.
Develops technologies of potential long-range importance.

Research Division
Brings scientific understanding to bear on areas of company interest through basic research and development of technologies of potential long-range importance.

Subsidiaries:

IBM Instruments, Inc.
Markets and services products in the analytical instruments field.

IBM Credit Corporation
Offers lease financing of IBM products, either directly or through partnerships, and finances installment receivables resulting from sales by IBM of its information processing systems and equipment to customers in the U.S. It also finances non-IBM equipment.

IBM World Trade Corporation
Conducts IBM's business outside the United States directly or through its subsidiaries.

Science Research Associates, Inc.
Develops, produces and markets textbooks, educational kits, learning systems, guidance products and testing materials and services for elementary and secondary schools, colleges and industry.

IBM World Trade Americas/Far East Corporation
Conducts IBM's business in 44 countries, including Australia, Brazil, Canada, and Japan.

IBM World Trade Europe/Middle East/Africa Corporation
Responsible for IBM operations in 77 countries, including the USSR, and the Eastern European countries.

Rolm Corporation
Has worldwide development, manufacturing and marketing responsibility for fully integrated computerized business communication systems including private branch exchanges, voice messaging systems, circuit switched data systems, desktop products, and related applications.

Transfer Agent(s):

Trust General du Canada
1100 University Street
Montreal, Quebec, Canada H3B 2G7

National Trust Company
21 King Street East
Toronto, Ontario, Canada M5C 1B3

Stock Exchange(s): New York, Philadelphia, Pacific, Midwest, Cincinnati, Boston, Montreal, Toronto, Austria, Belgium, England, France, Japan, Switzerland, The Netherlands, West Germany

Ticker Symbol: IBM

Number of Employees:

1985	405,535	1982	364,796
1984	394,930	1981	354,936
1983	369,545		

Sales and Earnings

	Gross Income ‡ (000's)	Net Income (000's)
1985	$ 50,056,000	$ 6,555,000
1984	45,937,000	6,582,000
1983	40,180,000	5,485,000
1982	34,364,000	4,409,000
1981	29,070,000	3,610,000

	No. of Com. Shares	Earn. per Share +
1985	615,418,262	$ 10.67
1984	612,685,539	10.77
1983	610,724,641	9.04
1982	602,406,128	7.39
1981	591,838,382	6.14

‡ Includes sales, services and rentals.
+ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$4.40	—	—
1984	4.10	—	—
1983	3.71	—	—
1982	3.44	—	—
1981	3.44	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1985	$ 31,990,000	$ 41.98
1984	26,489,000	43.23
1983	23,219,000	38.02
1982	19,960,000	33.13
1981	17,676,000	29.84

Income Account * (000's)

Year ended Dec. 31	1985	1984
Net sales	$ 34,404,000	$ 29,753,000
Rentals & services	15,652,000	16,184,000
Total income	$ 50,056,000	$ 45,937,000
Cost of sales	14,911,000	12,374,000
Cost of rentals & services	6,192,000	6,545,000
Expenses	17,723,000	15,787,000
Other income	(832,000)	(800,000)
Interest on debt	443,000	408,000
Income before taxes	$ 11,619,000	$ 11,623,000
Income taxes	5,064,000	5,041,000
Net Income	$ 6,555,000	$ 6,582,000

* Included in Costs and Expenses, Depreciation: $2,894,000,000 in 1985 and $2,987,000,000 in 1984.

Assets (000's)

As of Dec. 31	1985	1984
Cash	$ 896,000	$ 600,000
Marketable securities	4,726,000	3,762,000
Notes & accts. receiv., net	10,566,000	8,111,000
*Inventories	8,579,000	6,598,000
Prepaid expenses	1,303,000	1,304,000
Current Assets	$ 26,070,000	$ 20,375,000

Rental machines	1,833,000	2,950,000
#Fixed assets	17,847,000	13,413,000
Def. charges & other assets	6,884,000	6,070,000
Total Assets	$ 52,634,000	$ 42,808,000

Liabilities (000's)

Taxes	$ 3,089,000	$ 2,668,000
Loans payable	1,293,000	834,000
Accts. payable	1,823,000	1,618,000
Compens. & benefits	2,466,000	2,223,000
Deferred income	391,000	340,000
Other accruals	2,377,000	1,957,000
Curr. Liabilities	$ 11,433,000	$ 9,640,000
Long-term debt	3,955,000	3,259,000
Other liabilities	1,606,000	1,353,000
Deferred income taxes	3,650,000	2,057,000
+Common stock	6,267,000	5,998,000
Retained earnings	27,234,000	23,486,000
Trans. adjust.	1,466,000	(2,948,000)
Treasury stock	(45,000)	(47,000)
Total Liabilities & Shareholders' Equity	$ 52,634,000	$ 42,808,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales, Services & Rentals	23.21	25.30
%Net Income to Sales, Services & Rentals	13.10	14.33
%Net Income to Equity	20.49	24.85
Sales to Inventories	5.83	—
Debt to Equity	0.12	0.12
Working Capital	$14,637,000,000	$10,735,000,000
Current Ratio	2.28	2.11
Shareholders' Equity	$31,990,000,000	$26,489,000,000

International Controls Corp.

P.O. Box 3010
5499 North Federal Highway
Boca Raton, Florida 33431
(305) 997-7400

Officers: Uzi Zucker, chairman; Arthur M. Goldberg, president & chief executive officer; Jay H. Harris, exec. v.p.-operations & chief operating officer; J. Kenneth Looloian, exec. v.p.-administration & finane; John J. Delucca, sr. v.p.-finance; George L. Hebert, v.p. & treasurer; William C. Ragals, Jr., v.p., gen. counsel & secretary; Thomas W. Horan, controller.

Directors: Uzi Zucker, chairman; George De Genaro, Arthur M. Goldberg, Bernard Fein, Gustlin, Jay H. Harris, William M. Duke, J. Kenneth Looloian, Robert E. Mulcahy, III.

Areas of Work: Operates in three industry segments: aerospace/defense, truck trailer manufacturing, and the marketing of liquefied petroleum gas. Aerospace/defense activities include the design, manufacture and sale of ordnance products (bomb bodies, missile motor casings), aircraft components and systems (electromechanical actuators, aluminum forgings, aircraft arresting systems), microwave wave products (waveguide and related components) and power conversion products (special electric motors, motor generator sets and related solid state controls).

Electronics Subsidiaries:

All American Industries, Inc.
Boca Raton, Florida

All American Engineering Company
Newark, Delaware

AAI International, Ltd.
Maidenhead, Berkshire, England

Intercontinental Manufacturing Company, Inc.
Garland, Texas

Befab Safeland, Ltd.
Shannon, County Clare, Republic of Ireland

Datron Systems, Inc.
Boca Raton, Florida

Tech Systems Corp.
Thomaston, Connecticut

Elektro-Metall Export GmbH
Ingolstadt, Federal Republic of Germany

EEMCO Division
Los Angeles, California

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): New York, Pacific

Ticker Symbol: INC

Number of Employees:

1986	5,600	1983	1,700
1985	N.A.	1982	1,800
1984	1,800		

Plant Footage:

1986	2,398,700 sq. ft.	1984	1,304,000
1985	N.A.	1983	1,304,000

N.A. - Not Available.

Sales and Earnings

	Net Sales †	Net Income ‡
1986	$ 736,829,000	$ (6,879,000)
1985	141,683,000	7,461,000
1984	138,104,000	8,172,000
1983	107,120,000	6,316,000
1982	131,392,000	12,351,000

	No. of Com. Shares #	Earn. per Share ‡#
1986	3,429,000	$ —
1985	3,346,000	2.23
1984	3,582,000	2.28
1983	3,886,389	1.63
1982	4,050,329	3.05

(Loss)
† Of continuing operations only.
‡ Including extraordinary gains of $315,000 ($0.09 per share) in 1984, $3,400,000 ($0.84 per share) in 1982, and extraordinary loss of $510,000 in 1986.
# Based on the average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Aerospace:		
Ordnance prods.	$ 23,129	$ 32,894
Aircraft components & systems	63,466	57,535
Microwave waveguide & components	16,056	12,850
Power conversion products	9,977	12,618
Energy-related:		
Engineered prods.	6,001	6,608
Transmission	17,573	19,178
Freight distr. serv.		
Other	20,533	—
Total	$ 736,829	$ 141,683

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.50	—	—
1985	0.45	—	—
1984	0.27½	—	—
1983	0.20	—	—
1982	0.45	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 59,166,000	$ 15.95
1985	59,246,000	17.58
1984	51,441,000	15.58
1983	52,661,000	13.96
1982	48,292,000	12.68

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	$ 736,829	$ 141,683
Cost of sales	572,468	108,211
Expenses	116,073	20,162
Interest expense	50,385	2,592
Eq. in earn. of subsid.	(11,559)	—
Other income	(3,974)	(2,029)
Income before taxes	$ 13,436	$ 12,747
Income taxes	10,031	5,286
Inc.-cont. oper.	$ 3,405	$ 7,461
Loss-discont. oper.	(9,774)	—
Net Income (Loss)	$ (6,369)	$ 7,461
Extraord. loss	(510)	—
Net Income (Loss) & extraord. loss	$ (6,879)	$ 7,461

* Included in Costs and Expenses, Depreciation and Amortization: 14,605,000 in 1986 and $2,879,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 9,936	$ 36,552
Accts. & notes receiv., net	113,438	141,310
*Inventories	74,359	84,523
Other current assets	16,476	10,665
Current Assets	$ 214,209	$ 273,050
#Fixed assets	151,212	188,613
Investments	49,083	44,112
Intangibles	58,163	52,912
Trademark	25,290	—
Assets of discont. oper.	26,928	29,235
Other assets		
Total Assets	$ 538,535	$ 601,922

Liabilities (000's)

Long-term debt, curr.	$ 6,974	$ 47,080
Accts. payable	45,966	58,768
Accruals	63,411	34,468
Income taxes	6,246	5,407
Notes payable	5,931	5,442
Curr. Liabilities	$ 128,528	$ 151,165
Long-term debt	334,398	371,593
Deferred inc. taxes	2,117	2,117
Other liabilities	14,326	17,801
+Common stock	421	421
Add. paid-in capital	42,251	40,318
Retained earnings	24,804	33,455
Treasury stock	(8,786)	(14,721)
Eq. adjust. from trans.	476	(227)
Total Liabilities & Shareholders' Equity	$ 538,535	$ 601,922

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	12.59
Sales to Inventories	9.91	1.68
Debt to Equity	5.77	7.07
Working Capital	$85,681,000	$121,885,000
Current Ratio		0.98
Shareholders' Equity	$59,166,000	$ 59,246,000

International Power Machines Corporation

3328 Executive Boulevard
Mesquite, Texas 75149
(214) 288-7501

Officers: Warren H. Haber, chairman; John J. Mulcair, president; D. Lloyd Crosthwait, Jr., v.p.-research, development & engineering; James E.J. deVenny, III, v.p.-marketing; William L. Zang, v.p. & controller; Paul K. Nothern, v.p.-operations; Leslie F. Park, secretary.

Directors: Warren H. Haber, chairman; G. William Miller, John J. Mulcair, Mark R. Shenkman, Stephen L. Wald.

Areas of Work: Designs, manufactures, sells and maintains uninterruptible power supply (UPS) systems. These UPS systems are connected between commercial electrical power sources and equipment sensitive to power fluctuations and interruptions and regulate the quality of electricity and provide continuous power in the event of electrical power failure.

Transfer Agent(s):
BancTEXAS Dallas N.A.
Dallas, Texas

Stock Exchange(s): American

Ticker Symbol: PWR

Number of Employees:
1986 225

Plant Footage:
1986 ..... 70,000 sq. ft.

Sales and Earnings

	New Sales	Net Income
1986	$ 23,333,470	$ (2,872,127)
1985	21,129,637	(5,199,627)
1984	18,860,768	267,569
1983	25,436,081	(55,331)
1982	28,549,578	1,050,050

	No. of Com. Shares	Earn. per Share ‡
1986	3,820,332	$ —
1985	3,820,332	—
1984	3,820,332	0.06
1983	3,820,332	—
1982	N.A.	0.25

(Loss)
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.12	—	—
1983	0.16	—	—
1982	0.16	—	—

Common Stock Equity

	Total Equity †	Equity Per Share
1986	$ 3,739,541	$ 0.98
1985	6,499,168	1.70
1984	11,698,795	3.06
1983	12,058,416	3.16

† After allowing for preferred stock at liquidation value.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 23,333,470	$ 21,129,637
Cost of sales	17,897,946	18,538,386
Expenses	7,037,009	7,522,679
Interest expense	260,401	229,177
Interest income	(2,927)	(8,744)
Other expense	3,137	47,766
Cum. effect of change in accntg. method	1,010,031	—
Net Loss	$ (2,872,127)	$ (5,199,627)

* Included in Costs and Expenses, Depreciation and Amortization: $649,248 in 1986 and $698,779 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 351,806	$ 146,412
Accts. receiv., net	3,839,260	5,267,576
*Inventories	6,936,253	9,066,765
Deferred inc. taxes	667,851	667,851
Prepaid expenses	175,582	442,808
Current Assets	$ 11,970,752	$ 15,591,414
#Fixed assets	1,520,233	2,042,378
Total Assets	$ 13,490,985	$ 17,633,792

Liabilities

Notes payable	$ 2,765,686	$ 3,233,517
Long-term debt, curr.	20,872	18,636
Accts. payable	2,334,499	2,843,292
Accrued payroll	964,468	1,017,485
Accrued prod. warranty	475,000	605,000
Other accruals	313,886	333,092
Deferred inc.—maint. agree.	863,883	937,080
Dividends payable	—	112,500
Curr. Liabilities	$ 7,738,294	$ 9,100,602
Long-term debt	44,599	65,471
Deferred inc. taxes	468,551	468,551
+Preferred stock	400,000	400,000
++Common stock	382,033	382,033
Add. paid-in capital	7,755,265	7,755,265
Retained earnings (deficit)	(3,297,757)	(538,130)
Total Liabilities & Shareholders' Equity	$ 13,490,985	$ 17,633,792

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value. Dividends accrue at 15% of original issue price of $3.75.
++ $0.10 par value.

Statistical Summary

Sales to Inventories	3.36	2.33
Debt to Equity	1.86	1.62
Working Capital	$4,232,458	$6,490,812
Current Ratio	1.55	1.71
Shareholders' Equity	$1,520,233	$2,042,378

International Rectifier Corporation

233 Kansas Street
El Segundo, California 90245
(213) 772-2000

Officers: Eric Lidow, president and chairman of the board; Robert J. Mueller, exec. v.p.-world marketing & foreign operations; Gerald A. Koris, v.p., secretary and general counsel; George H. Krause, exec. v.p.-finance & treasurer; Richard D. Farrer, v.p.-corp. planning & shareholder relations; Kay Dickinson, asst. secretary.

Directors: Eric Lidow, Alan Lidow, Warren B. Hayes, George Knek, Rochus E. Vogt.

Areas of Work: Manufactures rectifiers, semiconductor devices, metal oxide semiconductor power transistors (MOSFETs), controls, sub-assemblies and closed loop systems, instrumentation for monitoring and controlling hydraulic systems, metallurgical alloys,thyristors, and diodes.

Divisions and Subsidiaries:

Semiconductor Division
233 Kansas Street
El Segundo, California 90245
(213) 772-2000

Crydom Solid State Products Division
1521 Grand Avenue
El Segundo, California 90245
(213) 322-4987

Foreign Associate Companies & Subsidiaries:

International Rectifier Corporation Italiana S.p.A.
Via Privata Liguria 49
10071 Borgaro, Turin, Italy

International Rectifier GmbH
Savignystrasse 55
6000 Frankfurt/Main 1, West Germany

International Rectifier Corporation (Japan) Limited
(29% owned)
Daiei Building, 23-7, Shinjuku 3-Chome
Shinjuku-Ku, Tokyo 160, Japan

International Rectifier Company (Great Britain) Limited
Hurst Green, Oxted
Surrey, England

International Rectifier Canada Limited
101 Bentley Street
Markham, Ontario, Canada L3R 3L1
(416) 475-1897

International Rectifier Far East Company, Ltd.
K&H Building, 30-4 Nishiikebukuro 3-Chome
Toshima-Ku
Tokyo, Japan 171

B.V. Diode, Laboratorium voor Electronentechniek
(75% owned)
Meidoornkade 22, 3992 AE Houten
The Netherlands

Diode Espana, S.A.
Avenida Brasil 7
Edif. Iberia Mart
Madrid, Spain

Rectificadores Internacionales, S.A.
Durazno #30, Centro Industrial, Los Olivos, La Mesa de Tijuana
Baja California, Mexico

Crydom de Mexico, S.A.
Calle 3 Norte #104 CD
Industrial Mesa de Otay
Tijuana, B.C., Mexico C.P. 22500

Transfer Agent(s):
Security Pacific National Bank
333 South Beaudry Avenue
Los Angeles, California 90017

Stock Exchange(s): New York, Pacific

Ticker Symbol: IRF

Number of Employees:
1986 ..... 2,300 1985 2,200

Sales and Earnings

	Net Sales +	Net Income ‡
1986	$ 145,167,000	$ (252,000)
1985	135,576,000	209,000
1984	116,706,000	8,125,000
1983	88,629,000	(15,489,000)
1982	86,599,000	(2,317,000)

	No. of Com. Shares †	Earn. per Share#‡
1986	10,900,665	$ —
1985	10,754,136	0.02
1984	10,703,041	0.89
1983	8,541,609	—
1982	8,362,095	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $281,000 in 1986 and $2,811,000 ($0.31 per share) in 1984.
† Adjusted to reflect stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	2-for-1
1982	0.11	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 55,690,000	$ 5.11
1985	53,110,000	4.94
1984	53,403,000	4.99
1983	24,477,000	2.87
1982	39,937,000	4.78

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	6/30/86	6/30/85
Net sales	$ 145,167,000	$ 135,576,000
Cost of sales	102,775,000	91,533,000
Expenses	43,045,000	37,260,000
Interest expense	5,370,000	3,306,000
Other income	(4,933,000)	(4,696,000)
Income (loss) bef. taxes	$ (1,090,000)	$ 8,173,000
Income taxes	660,000	1,303,000
Inc. (loss)-cont. oper.	$ (1,750,000)	$ 6,870,000
Inc. (loss)-discont. oper.	1,217,000	(7,446,000)
Net Loss	$ (533,000)	$ (576,000)
Extraord. gain	281,000	—
Cum. effect of accting. change	—	785,000
Net Income (Loss) & extraord. gain	$ (252,000)	$ 209,000

* Included in Costs and Expenses, Depreciation: $6,622,000 in 1986 and $4,391,000 in 1985.

Assets

As of	6/30/86	6/30/85
Cash & short-term investments	$ 3,938,000	$ 35,451,000
Accts. receiv., net	32,942,000	30,129,000
*Inventories	48,943,000	40,208,000
Deferred taxes	232,000	895,000
Prepaid expenses	1,494,000	843,000
Current Assets	$ 87,549,000	$ 107,526,000
#Fixed assets	48,922,000	43,654,000
Construc. in progress	50,266,000	7,131,000
Other assets	2,686,000	2,834,000
Total Assets	$ 189,423,000	$ 161,145,000

Liabilities

Bank loans & long-term debt, curr.	$ 12,943,000	$ 8,819,000
Accts. payable	12,189,000	11,966,000
Accruals	6,022,000	5,974,000
Accrued payroll	4,575,000	4,360,000
Curr. Liabilities	$ 35,729,000	$ 31,119,000
Long-term debt	37,272,000	15,915,000
Convert. subord. deben.	57,500,000	57,500,000
Other liab.	2,045,000	2,459,000
Deferred taxes	532,000	1,042,000
Minority interest	655,000	—
+Common stock	10,901,000	10,754,000
Add. paid-in capital	27,322,000	26,104,000
Retained earnings	21,517,000	21,779,000
For. curr. translation	(4,060,000)	(5,527,000)
Total Liabilities & Shareholders' Equity	$ 189,423,000	$ 161,145,000

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	2.97	3.37
Debt to Equity	0.90	0.47
Working Capital	$51,820,000	$76,407,000
Current Ratio	2.45	3.46
Shareholders' Equity	$55,690,000	$53,110,000

Ionics, Incorporated

65 Grove Street
Watertown, Massachusetts 02172
(617) 926-2500

Officers: Averell E. Daniell, chairman of the board; Arthur L. Goldstein, president; William E. Katz, Carl J. McCurdy, exec. v.p.'s; Theodore G. Papastavros, Thomas A. Kirkham, Edward M. Guild, Walter J. Polens, William B. Iaconelli, Kachig Kachadurian, Edgardo J. Parsi, Joseph M. Loftis, vice presidents; Harry S. Melikian, v.p. & treasurer; Robert B. Luick, clerk.

Directors: Thomas A. Kirkham, William E. Katz, Arnaud de Vitry d'Avaucourt, Averell E. Daniell*, Arthur L. Goldstein*, Robert B. Luick, Lawrence E. Fouraker, Carl J. McCurdy, Samuel A. Goldblith, Thomas J. White*, K. Kachadurian.

* Member of the Executive Committee.

Areas of Work: The principal business of the company involves the development, manufacture and sale of products, systems and services for the desalination, processing, measurement and treatment of water and other liquids, principally utilizing separations technology and related methods.

Divisions and Subsidiaries:

Global Water Services, S.A.
Panama City, Panama

Ionics Italiana S.p.A.
Piazza IV Novembre 4
20124 Milan, Italy

Watlington-Waterworks Limited (23% owned)
Devonshire, Bermuda

Ionics Iberica, S.A.
Madrid, Spain

Household Water Division
65 Grove Street
Watertown, Massachusetts 02172
(617) 926-2500
Manufacture and sale of water desalination equipment, pollution monitoring instruments, food and chemical processing equipment; research and development activities in electrochemistry and pollution control.

Bridgeville Division
P.O. Box 99
Bridgeville, Pennsylvania 15017
(412) 343-1040
Manufacture and sale of water softening and conditioning equipment, custom-fabricated components for the nuclear, food and chemical industries, and custom-designed air recovery and heat transfer systems; financing activities related to sales of domestic water softening equipment.

General Ionics, Inc.
4178 Market Street
Youngstown, Ohio 44512
Home water softener dealership.

Ionics Ultrapure Water Corporation
Campbell, California
Services ultrapure water systems for the electronics, pharmaceutical and power industries in northern California and the Southwest.

Yuasa-Ionics Co. Ltd. (50% owned)
No. 12-11, 2-Chome
Higashi-Shinbashi
Minato-ku, Tokyo 105, Japan
Supplies pollution abatement products in Japan and the Far East.

Italba, S.p.A. (85.6% owned)
Via Mauro Macchi 26
20124 Milan, Italy
Design and construction of water and waste treatment plants in Europe.

Ionics, Inc.
Hong Kong

Ionics (UK) Ltd.
London, England

Saif-Ionics (50% owned)
Damman, Saudi Arabia

Jalal-Ionics, Ltd. (40% owned)
Manama, Bahrain

Pure Solutions
Phoenix, Arizona
Albuquerque, New Mexico
Sale and service of ultrapure water systems for the electronics and pharmaceutical industries.

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: ION

Sales and Earnings

	Revenues	Net Income
1986	$ 64,613,000	$ 952,000
1985	68,750,000	3,001,000
1984	65,003,000	4,829,000
1983	54,182,000	2,335,000
1982	62,181,000	2,553,000

	No. of Com. Shares †	Earn. per Share ‡
1986	3,696,526	$ 0.25
1985	3,687,134	0.95
1984	3,053,400	1.57
1983	3,020,820	0.77
1982	3,003,000	0.85

† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 49,814,000	$ 13.48
1985	47,525,000	12.89
1984	24,303,000	7.96
1983	25,842,000	8.55
1982	23,888,000	7.95

† Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net revenues	$ 64,613,000	$ 68,750,000
Cost of sales	38,765,000	41,593,000
Expenses	20,970,000	19,696,000
Research exp.	2,315,000	2,274,000
Interest expense (income)	471,000	(71,000)
Equity income	(18,000)	(302,000)
Non-recurring items	318,000	—
Income before taxes	$ 1,792,000	$ 5,560,000
Income taxes	806,000	2,419,000
Minority interest	34,000	140,000
Net Income	$ 952,000	$ 3,001,000

* Included in Costs and Expenses, Depreciation: $2,614,000 in 1986 and $1,720,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 3,295,000	$ 1,632,000
Comm. paper	5,394,000	14,764,000
Notes receiv., curr.	4,462,000	4,331,000
Accts. receiv., net	19,098,000	20,481,000
Other receiv.	1,926,000	1,162,000
*Inventories	10,034,000	11,226,000
Other assets	741,000	1,205,000
Current Assets	$ 44,950,000	$ 54,801,000
Investments	1,488,000	1,569,000
Notes receiv.	10,408,000	10,472,000
#Fixed assets	25,662,000	16,570,000
Other assets	2,264,000	966,000
Total Assets	$ 84,772,000	$ 84,378,000

Liabilities

Long-term debt, curr.	$ 2,689,000	$ 1,372,000
Accts. payable	2,990,000	4,123,000
Accruals	4,241,000	4,679,000
Customer deposits	1,607,000	2,212,000
Income taxes	3,601,000	3,568,000
Curr. Liabilities	$ 15,128,000	$ 15,954,000
Long-term debt	7,824,000	7,561,000
Deferred inc. taxes	10,860,000	11,982,000
Other liabilities	1,146,000	1,336,000
+Common stock	3,697,000	3,687,000
Add. paid-in capital	17,482,000	17,205,000
Retained earnings	28,001,000	27,049,000
Cumulative trans. adj.	634,000	(416,000)
Total Liabilities & Shareholders' Equity	$ 84,772,000	$ 84,378,000

* At lower of cost (FIFO or standard cost) or market.
# Less accumulsted depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Revenues	2.77	8.09
%Net Income to Revenues	1.47	4.37
%Net Income to Equity	1.91	6.31
Debt to Equity	0.21	0.19
Working Capital	$29,822,000	$38,847,000
Current Ratio	2.97	3.43
Shareholders' Equity	$49,814,000	$47,525,000

IPM Technology, Inc.

6851 West Imperial Highway
Los Angeles, California 90045
(213) 646-2994

Officers: Seymour Kahn, president; Randy Ajer, secretary & treasurer.

Directors: Seymour Kahn, Marvin Goldstein, Sean Barrett, George E. Bello, Thomas K. Flanagan, Bruce L. Sokoloff, Irving York.

Areas of Work: Primarily involved in electronic manufacturing and aircraft servicing. Electronic products include resistors, fusing devices, circuit breakers and audio accessories.

Divisions and Subsidiaries:

Workman Electronic Products, Inc.
Post Office Box 3828
Sarasota, Florida 33578
(813) 955-4242
Manufactures and markets a wide variety of electronic components; also fabricates plastic and fibre insulators through its division, the Electrical Insulation Company.

Mercury Service, Inc.
6851 West Imperial Highway
Los Angeles, California 90045
(213) 646-2994
Complete aircraft servicing.

Mercury Refueling, Inc.
Refuels commercial and military aircraft.

Crew Transit, Inc.
Provides transportation for airline crews.

Madison and Wall, Inc.
36 West 40th Street
New York, New York 10018
(212) 239-6570
In the business of financing equipment for the company's subsidiaries.

Transfer Agent(s):

American Stock Transfer Company
15 William Street
New York, New York 10005

Stock Exchange(s): American, Boston

Ticker Symbol: IPM

Sales and Earnings

	Net Sales †	Net Income
1986	$ 63,439,000	$ 255,000
1985	77,128,000	(247,036)
1984	73,242,000	651,836
1983	52,380,000	161,898
1982	58,220,000	621,759

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,943,656	$ 0.12
1985	2,136,956	—
1984	2,175,616	0.30
1983	2,184,146	0.07
1982	2,228,561	0.28

(Loss)
† Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	10%	—
1983	—	10%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 9,454,000†	$ 4.86
1985	9,323,578	4.36
1984	10,498,456	4.83
1983	9,946,243	4.55
1982	9,872,531	4.43

† After allowing for preferred stock at redemption value.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account

Year ended June 30	1986	1985
Net sales	$ 63,439,000	$ 77,128,000
Cost of sales	56,491,000	69,984,000
Expenses	3,722,000	4,209,000
Depreciation and amortization	2,168,000	1,926,000
Prov. for bad debts	188,000	704,000
Interest expense	748,000	829,000
Gain on sale of prop.	(183,000)	(23,000)
Other income	—	(86,000)
Inc. (loss) bef. taxes	$ 305,000	$ (415,000)
Income taxes (credit)	50,000	(314,000)
Inc. (loss)-cont. oper.	$ 255,000	$ (101,000)
Loss-discont. oper.	—	(146,000)
Net Income (Loss)	$ 255,000	$ (247,000)

Assets

As of June 30	1986	1985
Cash	$ 783,000	$ 1,063,000
Accts. receiv., net	7,048,000	8,442,000
*Inventories	3,026,000	2,440,000
Prepaid expenses	534,000	1,122,000
Current Assets	$ 11,391,000	$ 13,067,000
#Fixed assets	12,794,000	13,264,000
Notes receivable	962,000	479,000
Other assets	1,242,000	1,392,000
Total Assets	$ 26,389,000	$ 28,202,000

Liabilities

Notes payable	$ —	$ 41,000
Long-term debt, curr.	1,418,000	2,738,000
Accts. payable	2,701,000	3,976,000
Accruals	2,592,000	2,499,000
Income taxes	—	32,000
Curr. Liabilities	$ 6,711,000	$ 9,286,000
Long-term debt	8,340,000	8,469,000
Deferred inc. taxes	1,134,000	1,123,000
+Preferred stock	31,000	—
++Common stock	486,000	486,000
Add. paid-in capital	7,027,000	6,409,000
Retained earnings	2,660,000	2,429,000
Total Liabilities & Shareholders' Equity	$ 26,389,000	$ 28,202,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value; 10% cumulative convertible.
++ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.48	—
%Net Income to Sales	0.40	—
%Net Income to Equity	2.50	—
Sales to Inventories	20.96	31.61
Debt to Equity	0.96	1.21
Working Capital	$ 4,680,000	$3,781,000
Current Ratio	1.70	1.41
Shareholders' Equity	$10,204,000	$9,324,000

IRT Corporation

3030 Callan Road
San Diego, California 92121
(619) 450-4343

Mailing Address:

P.O. Box 85317
San Diego, California 92138

Officers: Clifford V. Brokaw, III, chairman & chief exec. officer; James H. Babcock, v.p. & pres.-National Security Systems Division; Hans J. Weber, v.p. & pres.-Automated Systems Group; W. Dennis Swift, v.p. & pres.-Electronic Systems Div.; Dale W. Hornback, v.p.-finance, treasurer, chief financial officer & secretary.

Directors: Clifford V. Brokaw III, Stanley W. Hubbel, Robert P. Scherer, Jr. John P. Thompson, John F. Maher.

Areas of Work: Radiation effects research, monitoring and testing services; development and manufacture of equipment for measurement of nuclear materials and non-destructive inspection.

Divisions:

National Security Systems
Electronic Systems
Automated Systems

Subsidiaries:

Ridge Inc.
Automated inspection products.

IRT Corporation

Transfer Agent(s):
Manufacturers Hanover Trust Co.
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: IX

Number of Employees:
1986 431

Plant Footage:
1986 ..... 217 600 sq. ft.

Sales and Earnings

	Revenues +	Net Income
1986	$ 38,156,000	$ (4,387,000)
1985	28,913,000	959,000
1984	15,614,000	772,000
1983	13,151,000	461,000
1982	12,060,000	344,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,300,277	$ —
1985	4,223,418	0.23
1984	3,666,946	0.21
1983	2,911,736	0.16
1982	2,944,650	0.12

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Scientific and Engineering services	$ 15,964,000	$ 12,949,000
Hardware projects	22,192,000	15,964,000
Total	$ 38,156,000	$ 28,913,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 7,576,000	$ 1.76
1985	11,786,000	2.79
1984	9,717,000	2.65
1983	2,894,000	0.99
1982	2,128,000	0.72

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Revenues	$ 38,156,000	$ 28,913,000
Cost of revenues	28,426,000	20,989,000
Expenses	12,833,000	5,393,000
Interest expense	1,962,000	1,221,000
Other income	(28,000)	(156,000)
Income (loss) before taxes	$ (5,037,000)	$ 1,466,000
Income taxes (credit)	(650,000)	507,000
Net Income (Loss)	$ (4,387,000)	$ 959,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,067,000 in 1986 and $1,223,000 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 373,000	$ 580,000
Receiv., net	13,385,000	11,759,000
*Inventories	6,896,000	3,476,000
Prepaid, deposits & other assets	474,000	937,000
Current assets	$ 21,128,000	$ 16,752,000
#Fixed assets	15,236,000	13,427,000
Other assets	3,956,000	4,380,000
Total Assets	$ 40,320,000	$ 34,559,000

Liabilities

Notes payable	$ 8,103,000	$ 506,000
Long-term debt, curr.	201,000	55,000
Accts. payable, accruals & reserves	8,498,000	5,750,000
Current portion of obligations under capital lease	300,000	357,000
Curr. Liabilities	$ 17,102,000	$ 6,668,000
Long-term debt	14,850,000	14,263,000
Obligations under capital lease	660,000	973,000
Def. inc. taxes	132,000	869,000
+ Common stock	432,000	428,000
Add. paid-in capital	8,469,000	8,412,000
Emp. stock owner. plan	116,000	—
Retained earnings (deficit)	(1,441,000)	2,946,000
Total Liabilities & Shareholders' Equity	$ 40,320,000	$ 34,559,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.07
%Net Income to Sales	—	3.32
%Net Income to Equity	—	8.14
Debt to Equity	3.06	1.26
Working Capital	$4,026,000	$10,084,000
Current Ratio	1.24	2.51
Shareholders' Equity	$7,576,000	$11,786,000

Isomet Corporation

5263 Port Royal Road
Springfield, Virginia 22151
(703) 321-8301

Officers: Henry Zenzie, president; Jerry W. Rayburn, v.p. & treasurer; John Ciriello, v.p.-mfg.; Leon Bademian, v.p.-technical director; Lee R. Marks, secretary.

Directors: Henry Zenzie, Thomas P. Meloy, Leon Bademian, Jerry W. Rayburn, Lee R. Marks.

Areas of Work: Engaged in the design and production of laser accessory components and opto-electronic instruments employing synthetic crystals.

Subsidiaries:

Isomet Japan, K.K.
3-6, Minami-Suna
3-chome
Koto-ku, Tokyo, Japan
Manufactures accousto-optic devices for the Japanese market.

Isomet Laser Systems, Ltd.
18 John Baker Close
Llantarnam Industrial Park
Cwmbran, Gwent, United Kingdom NP44 3AX
Conducts laser systems research and development.

Printing Developments Isomet, Ltd.
18 John Baker Close
Llantarnam Industrial Park
Cwbran, Gwent, United Kingdom NP44 3AX
Markets and services graphic arts equipment in Europe.

Transfer Agent(s):
United Virginia Bank
Box 26665
Richmond, Virginia 23261

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IOMT (NASDAQ)

Number of Employees:

1986	78	1983	59
1985	74	1982	56
1984	73		

Plant Footage:
1986 ..... 28,524 sq. ft. 1985 27,724

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 6,293,000	$ 10,723
1985	4,743,000	(450,846)
1984	3,444,000	(185,406)
1983	4,154,000	40,234
1982	3,972,000	453,057

	No. of Com. Shares #	Earn. per Share ‡#
1986	1,895,715	$ 0.02
1985	1,811,894	—
1984	1,562,756	—
1983	1,568,358	0.03
1982	* 1,552,313	0.29

(Loss)
‡ Including extraordinary gains of $36,966 ($0.02 per share) in 1986 and $52,670 in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,912,100	$ 1.54
1985	2,932,797	1.62
1984	2,858,662	1.83
1983	2,989,726	1.91
1982	2,913,841	1.88

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 6,292,725	$ 4,743,310
Cost of sales	4,498,800	3,424,180
Expenses	1,730,496	1,787,391
Other income	(69,032)	(88,943)
Interest income	(12,093)	(9,641)
Interest expense	228,591	225,453
Loss before taxes	$ (84,037)	$ (595,130)
Tax credit	(57,794)	(91,614)
Net Loss	$ (26,243)	$ (503,516)
Extraord. gain	36,966	52,670
Net Income (Loss) & extraord. gain	$ 10,723	$ (450,846)

* Included in Costs and Expenses, Depreciation and Amortization: $210,545 in 1986 and $176,483 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 50,880	$ 217,983
Investments	1,159	8,926
Accts. receiv., net	1,428,777	810,571
Other receiv.	20,258	22,520
*Inventories	3,287,100	3,332,423
Prepaid expenses	74,762	123,830
Due from officers	19,436	84,490
Cost & est. earnings in exc. of billings	94,884	—
Precious metals	215,337	215,566
Refundable income taxes	63,215	171,490
Current Assets	$ 5,255,838	$ 4,987,799

#Fixed assets	803,139	928,152
Other assets	248,635	163,108
Total Assets	$ 6,307,612	$ 6,079,059
Liabilities		
Notes payable	$ 2,030,834	$ 1,198,877
Accts. payable	676,166	609,056
Accruals	347,411	281,476
Billings in exc. of costs	—	1,847
Deferred inc. taxes	4,997	4,997
Curr. Liabilities	$ 3,059,408	$ 2,096,253
Long-term debt:		
Notes payable	190,625	875,000
Other	7,967	5,852
Deferred inc. taxes	137,512	169,157
+Common stock	1,895,715	1,895,715
Add. paid-in capital	3,854,611	3,854,611
Deficit	(2,716,080)	(2,726,803)
For. curr. trans. adj.	(122,146)	(90,726)
Total Liabilities & Shareholders' Equity	$ 6,307,612	$ 6,079,059

* Inventories of parts and raw chemicals at lower of cost (FIFO) or market. Work in process and finished goods at lower of average cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	1.91	1.43
Debt to Equity	0.77	0.71
Working Capital	$2,196,430	$2,891,546
Current Ratio	1.72	2.38
Shareholders' Equity	$2,912,100	$2,932,797

Itel Corporation

Two North Riverside Plaza
Suite 1950
Chicago, Illinois 60606
(312) 902-1515

Officers: Samuel Zell, chairman; Rod F. Dammeyer, president; James E. Knox, sr. v.p., general counsel & secretary; Gary M. Hill, v.p. & controller; Scott H. Williamson, dir.-acquisitions and development; John A. Pigott, pres.-Anixter Bros., Inc.; Bruce Van Wagner, vice chairman-Anixter Bros., Inc.; DeWitt D. Barlow, III, pres.-Great Lakes International, Inc.; Desmond P. Hayes, pres.-Itel Rail Corporation; John Hsieh, pres.-Itel Container Corporation and Itel Containers International Corporation.

Directors: Samuel Zell, chairman; William A. Buzick, Jr., Rod F. Dammeyer, F. Philip Handy, Harold Haynes, F. Warren Hellman, John Hsieh.

Areas of Work: Through Anixter Bros., Inc., a wholly owned subsidiary, the Company distributes, and to a lesser extent, manufactures products which use wire and cable as a principal component or which are used in the transmission of telephone communications or electricity. Specific products include telephone transmission components, modular central office structures to house electronic switching systems, electrical wiring harnesses and cable assemblies for use on appliances and vehicles, lights and switches primarily for military vehicles, battery booster cables and other power supply cords, microwave antennas for telephone and radio communications, and distribution equipment such as switchboards and power panels.

Subsidiaries:

Anixter Bros., Inc.
4711 Golf Road
One Concourse Plaza
Skokie, Illinois 60076
(312) 677-2600

Itel Container Corporation
San Francisco, California
(415) 984-4000
Leases containers.

Great Lakes International, Inc.
Oak Brook, Illinois
(312) 574-3000
Heavy marine construction, primarily dredging.

Itel Rail Corporation
San Francisco, California
(415) 984-4000
Rail operations, including railcar leasing and ownership of four shortline railroads.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
50 California Street, 10th Floor
San Francisco, California 94111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ITEL (NASDAQ)

Number of Employees:

1986 3,400

Sales and Earnings

	Revenues	Net Income †
1986	$ 288,700,000	$ 55,700,000
1985	198,400,000	(6,500,000)
1984	194,900,000	1,300,000
1983	173,300,000	17,700,000
1982	177,100,000	45,800,000

	No. of Com. Shares	Earn. per Share †‡
1986	18,290,000	$ 2.77
1985	14,950,000	—
1984	14,750,000	—

(Loss)
† Including extraordinary gains of $57,800,000 ($3.21 per share) in 1986, $4,600,000 in 1984 and extraordinary loss of $2,100,000 in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Container	$ 93,200,000	$ 101,800,000
Dredging	106,700,000	6,000,000
Rail	88,800,000	90,600,000
Total	$ 288,700,000	$ 198,400,000

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 149,300,000†	$ 8.16
1985	85,700,000	5.73
1984	90,000,000	6.10
1983	80,500,000	—

† After allowing for preferred stock at stated values.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 288,700	$ 198,400
Cost of sales	230,900	143,400
Expenses	5,400	9,400
Interest expense	52,900	56,600
Sale of leasehold	—	(8,500)
Loss before taxes	$ (500)	$ (2,500)
Tax credit	—	(800)
Minority interest	1,600	—
Loss from cont. oper.	$ (2,100)	$ (1,700)
Loss from discont. oper.	—	(2,700)
Net Loss	$ (2,100)	$ (4,400)
Extraord. items	57,800	(2,100)
Net Income (Loss) & extraord. items	$ 55,700	$ (6,500)

* Included in Costs and Expenses, Depreciation: $54,700,000 in 1986 and $44,500,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 53,100	$ 33,600
Marketable securities	90,800	—
Accts. receiv., net	162,500	73,000
*Inventories	162,900	11,400
Curr. proceeds - residual values	—	20,000
Prepaid expenses	13,300	23,100
Current Assets	$ 482,600	$ 161,100
#Fixed assets	635,800	703,600
Other assets	31,600	29,000
Intangibles	330,300	—
Total Assets	$ 1,480,300	$ 893,700
Liabilities (000's)		
Notes payable	$ 400	$ 1,000
Long-term debt, curr.	63,500	45,400
Accts. payable	115,700	16,200
Accruals	95,700	65,800
Bridge fin. note to be refin.	395,000	—
Curr. Liabilities	$ 670,300	$ 128,400
Long-term debt	465,300	583,100
Other liabilities	24,900	16,700
Minority interest	31,600	11,300
Redeem. preferred stock	100	68,500
+Preferred stock - Class B, Series A	56,500	—
++Preferred stock - Class B, Series B	82,300	—
+++Common stock	18,300	14,900
Add. paid-in capital	97,000	87,100
Retained earnings (deficit)	34,000	(16,300)
Total Liabilities & Shareholders' Equity	$ 1,480,300	$ 893,700

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value; $8.64 cumulative.
++ $1 par value; $4.00 cumulative convertible.
+++ $1 par value.

Statistical Summary

Debt to Equity	1.84	7.33
Working Capital	—	$32,700,000
Current Ratio	—	1.25
Shareholders' Equity	$288,100,000	$85,700,000

I.T.T. Corporation

320 Park Avenue
New York, New York 10022
(212) 752-6000

Officers: Rand V. Araskog, chairman & chief executive officer; Edmund M. Carpenter, president & chief operating officer; DeRoy C. Thomas, vice chairman and president and chief executive-I.T.T. Diversified Services Corporation; M. Cabell Woodward, Jr., vice chairman & chief financial officer; Howard J. Aibel, senior vice president and general counsel; Charles E. Anderson, exec. v.p. & president & chief exec.-ITT Natural Resources Corp.; Daniel F. Lundy, sr. v.p.-taxes; George P. Scurria, Jr., sr. v.p. & treasurer; Raymond H. Alleman, sr. v.p. & comptroller; Juan C. Cappello, sr. v.p. & dir.-corporate relations; V. William Souveroff, sr. v.p. & pres.-ITT Defense; Daniel P. Weadock, exec. v.p.; John J. Chluski, sr. v.p. & exec. representative; Robert E. Laws, sr. v.p. & group exec.-financial services; John J. Navin, v.p. & secretary; John J. Foley, sr. v.p. & dir.-operations staff; Ralph W. Pausig, sr. v.p. & dir.-personnel; William W. Crossman, sr. v.p. & group exec.-COINS; Raymond J. Gill, sr. v.p. & group exec.-fluid technology; Ralph E. Reins, sr. v.p. & pres.-ITT Automotive, Inc.; Heinz F. Roessle, sr. v.p. & group exec.-electronic components; Robert S. Slifka, sr. v.p.

I.T.T. Corporation

Directors: Bette B. Anderson*, Margita E. White*, M. Cabell Woodward, Jr., Edmund M. Carpenter*, Edward C. Meyer*, Rand V. Araskog*, Thomas W. Keesee, Jr.*, Michel David-Weill*, Robert A. Schoellhorn*, DeRoy C. Thomas, Lawrence S. Eagleburger*, C. Robert Powell*, Robert A. Burnett*, Nolan D. Archibald.

* Member of the Executive Committee.

Areas of Work: ITT Corporation is a diversified company active in more than 100 countries with a wide range of manufacturing and service operations. It is an important supplier of telecommunication and electronics equipment, industrial products, natural resource materials, engineered products, automotive components, consumer products, food products and aerospace systems. Major service areas include insurance, business and financial services, hotels/motor inns, and international communications.

Divisions and Subsidiaries:

ITT Corporation ("ITT")-Delaware
- Federal Electric Corporation-Delaware
- ITT Power Systems Corporation
- ITT Higbie
- ITT Hancock
- ITT Automotive, Inc.
- ITT Cannon
- ITT Standard
- ITT Bell & Cossett
- ITT Barton Instruments
- ITT Defense Technology Corporation
- ITT Gilfillan
- ITT Defense Communications
- ITT Defense Communications
- ITT Avionics
- Carbon Industries, Inc.-West Virginia
- ITT Community Development Corporation-Delaware
- ITT Dialcom, Inc.-Maryland
- ITT Systems, Inc.-Delaware
- ITT Lester Industries, Inc.-Ohio
- ITT World Directories, Inc.-Delaware
- Qume Corporation-California
- The Sheraton Corporation-Delaware

ITT Holdings Inc. ("ITT Holdings")-Delaware
- ITT Canada Limited ("Canada")-Canada
  - ITT Industries of Canada Limited-Canada
- ITT Grinnell Corporation-Delaware
- ITT Industries, Inc. ("ITTI")-Delaware
  - Joseph Kempf G.m.b.H.-Germany
  - ITT Gesellschaft fur
    - Beteiligugen m.b.H. ("ITTG")-Germany
      - Deutche ITT Handelsgesellschaft m.b.H.-Germany
      - H.W. Liebrich G.m.b.H.-Germany
      - Transatlantische Rueckversicherungs AG ("Gransatl")-Germany
      - SWF Spezialfabrik fur Autozubehor Gustav Rau G.m.b.H.-Germany
      - SWF Auto-Electric Gmbh-Germany
      - Alfred Teves G.m.b.H. ("Teves")-Germany
        - ITT Regelungstechnik Verwaltungs G.m.b.H. (ITTR)-Germany
        - Reiss International-Germany
  - ITT Svenska AB ("Svenska")-Sweden
    - Flygt Aktiebolag-Sweden
    - IKO Kabel AB ("IKO")-Sweden
  - Standard Radio & Telefon AB-Sweden
  - Wihelm Stadtmuller G.m.b.H.
- ITT Rayonier Incorporated ("Rayonier")-Delaware

International Standard Electric Corporation ("ISEC")-Delaware
- Bell Telephone Manufacturing Company-Belgium
- FACE Finanziaria S.p.A.-Italy
- ITT Austria Gelellschaft m.b.H.-Austria
- ITT Netherlands, Inc. ("ITTN")-Delaware
  - Koni B.V.-Netherlands
  - Standard Finance Netherlands ("SFN")-Netherlands
    - Nederlandsche Standard Electric Maatschappij. B.V.-Netherlands
  - Way-Assauto-Italy
- ITT Telecom Products Corporation-Delaware
- ISE Canadian Finance Ltd.-Ontario
- Intel S.A. ("Intelsa")-Switzerland
  - ITT Standard S.A.-Switzerland
- Standard Electric Kirk A/S-Denmark
- Standard Electrica, S.A.-Spain
- Standard Elektrik Lorenz A.G.-Germany
- Standard Telephon und Radio A.G.-Switzerland
- Standard Telefon og Kabelfabrik A/S-Norway
- Standard Telephones and Cables Pty. Limited-Australia
- ITT (United Kingdom) Limited-New York

ITT Communications and Information Services, Inc. ("COINS")-Delaware
- ITT Communications Services, Inc. ("ITTCSI")-Delaware
  - All America Cables and Radio, Inc.-New York
  - ITT World Communications Inc.-Delaware
  - United States Transmission Systems, Inc.-Delaware

SIGNIFICANT INSURANCE AND FINANCE SUBSIDIARIES-NOT CONSOLIDATED

Hartford Fire Insurance Company ("Hartford")-Connecticut
- Abbey International Corporation ("Abbey")-Georgia
  - ITT Hartford Europe Limited ("ITTHE")-England
    - Abbey Life Group Limited-England
    - Excess Insurance Group Limited-England
- Hartford Accident & Indemnity Company-Connecticut
- Hartford Life and Accident Insurance Co. ("HLAI")-Connecticut
  - ITT Life Insurance Corporation ("Life")-Wisconsin
    - Hartford Life Insurance Company ("HLIC")-Connecticut
    - Hartford Variable Annuity Life Insurance Company-Connecticut

ISE Finance Holdings S.A.-Luxembourg

ITT Credit Corporation-Delaware

ITT Consumer Services Corporation ("ITTCS")-Delaware
- ITT Financial Corporation ("ITTFC")-Delaware
  - Aetna Finance Company-Delaware
  - ITT Consumer Financial Corporation-Delaware
  - ITT Business Services Corporation (Mo.) ("ITTBSC")-Missouri
    - ITT Industrial Credit Company-Nevada
  - ITT Commercial Finance Corporation-Delaware
  - Lyndon Insurance Company-Wisconsin
  - ITT Lyndon Life Insurance Company-Missouri
  - ITT Lyndon Property Insurance Company-Missouri
  - Newport Balboa Savings and Loan Association-California

Kellogg Credit Corporation-Delaware

Transfer Agent(s):

Office of the Corporation
(common & preferred stock)
320 Park Avenue
New York, New York 10022

Dresdner Bank AG (common only)
Frankfurt-am-Main, Federal Republic of Germany

Stock Exchange(s): New York, Pacific, Toronto, Antwerp, Basel, Berne, Brussels, Geneva, Frankfurt, Lausanne, London, Paris, Tokyo, Vienna, Zurich

Ticker Symbol: ITT

Number of Employees:

1986	123,000	1983	278,000
1985	232,000	1982	283,000
1984	252,000		

Sales and Earnings

	Net Sales + (000's)	Net Income # (000's)
1986	$ 17,437,000	$ 494,000
1985	14,663,000	294,000
1984	13,040,000	448,000
1983	11,742,000	675,000
1982	12,481,000	663,000

	No. of Com. Shares	Earn. per Share #†
1986	141,000,000	$ 3.23
1985	141,000,000	1.89
1984	140,000,000	2.97
1983	138,000,000	4.50
1982	133,000,000	4.47

+ Includes other revenues and revenues from Insurance and Finance Subsidiaries; of continuing operations only.
# Including extraordinary loss of $45,733,000 ($0.30 per share) in 1986.
† Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Industrial Technology:		
Automotive	$ 2,027	$ 1,546
Electronic, Components	884	753
Fluid technology	748	659
Defense & space	1,279	1,122
Diversified services:		
Communications oper. & information serv.	1,047	891
Hotels & community develop.	675	635
Insurance oper.	8,192	6,272
Financial serv.	1,359	1,259
Natural Resources	735	674
Total segments	$ 16,946	$ 13,811
Dispositions	491	852
Total sales & revenues	$ 17,437	$ 14,663

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	1.88	—	—
1983	2.76	—	—
1982	2.70	—	—

Common Stock Equity

	Total Equity +	Equity Per Share
1986	$6,525,543,000	$ 46.17
1985	5,848,898,000	41.62
1984	5,412,419,000	38.73
1983	5,417,238,000	39.36
1982	5,183,050,000	38.82

+ After allowing for preferred stock at aggregate liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Sales & revenues	$ 7,595,540	$ 6,563,256
Cost of sales & services	6,366,782	5,473,196
Expenses	946,499	916,233
Eq. in earn. of Insur. & Fin. subsid.	(735,192)	(400,929)
Eq. in earn. of Telecom Cos.	(129,459)	(115,140)
Interest expense	367,575	362,203
Interest & dividend income	(51,095)	(34,518)
Other income	(29,808)	(98,914)
Gain on sale of telecom cos.	(284,623	—
Income before taxes	$ 1,144,861	$ 461,125
Income taxes	568,746	156,601
Minority stock. eq. in net inc.	48,223	23,292
Inc.-cont. oper.	$ 527,892	$ 281,232
Inc.-discont. oper.	11,561	12,269
Net Income	$ 539,453	$ 293,501
Extraord. loss	(45,733)	—
Net Income & extraord. loss	$ 493,720	$ 293,501

* Included in Costs and Expenses, Depreciation: $367,887,000 in 1986 and $322,939,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 758,733	$ 143,400
Accts. receiv., net	1,660,565	932,888
*Inventories	1,000,790	905,077
Assets of discont. oper.	71,036	434,193
Other curr. assets	137,767	115,140
Current Assets	$ 3,628,891	$ 2,530,698
Investments, deferred receiv. & other assets	6,060,002	5,665,858
#Fixed assets	3,231,514	3,197,373
Total Assets	$ 12,920,407	$ 11,393,929

Liabilities
(000's)

[illegible] debt	$ 406,112	$ 330,213
[illegible]cts. payable	559,989	432,720
Other payables	185,105	179,535
Accrued payroll	320,096	304,313
Accrued taxes	109,201	154,029
Other liab.	869,862	621,430
Curr. Liabilities	$ 2,450,365	$ 2,022,240
Long-term debt	2,527,308	2,415,659
Reserves & deferred liabilities	707,636	593,593
Minority interest	40,475	42,041
Deferred inc. taxes	48,885	(149,396)
+Preferred stock	321,136	321,544
++Common stock	141,343	140,533
Add. paid-in capital	1,264,109	1,240,425
Retained earnings	5,733,143	5,407,635
Unrealized gain	17,757	11,738
Cum. trans. adjust.	(331,750)	(652,083)
Total Liabilities & Shareholders' Equity	$ 12,920,407	$ 11,393,929

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $1 par value.

Statistical Summary

%Net Income to Equity	7.55	4.54
Debt to Equity	0.41	0.42
Working Capital	$1,178,526,000	$ 508,458,000
Current Ratio	1.48	1.25
Shareholders' Equity	$7,145,738,000	$6,469,792,000

Jetronic Industries, Inc.

Main and Cotton Streets
Philadelphia, Pennsylvania 19127
(215) 482-7660

Officers: Daniel R. Kursman, chairman of the board, president and treasurer; Jerome I. Kursman, vice president and secretary; Garth E. Bower, group vice president; Leonard W. Pietrzak, vice president-finance; Marvin Levin, v.p.-retailing; Peter J. Kursman, vice president.

Directors: Daniel R. Kursman, chairman; Jerome I. Kursman, Peter Kursman, Garth E. Bower, Herbert Myers, David Silverman, Les Vizak, Marvin Levin, William L. Weiss.

Areas of Work: Engaged in the design, manufacture, and sale of electronic communication and navigation equipment and the manufacture and sale of circuit boards and instrumentation systems. Also involved in retail sales of furniture, major appliances and marine accessories.

Divisions and Subsidiaries:

Transchem Division
3667 Birch Street
Newport Beach, California 92660
Produces multilayer laminated rigid and flexible etched circuit boards, primarily for the computer and aerospace industries, and precision power systems and ground support/checkout systems.

Harry Levin, Inc.
Philadelphia, Pennsylvania
Engaged in the retail furniture and appliance business in Philadelphia and Reading, Pennsylvania.

Ross Matthews Corporation
Fall River, Massachusetts
Manufactures narrow tapes, shock cord, industrial straps and related products.

Marine Mail Order Supply, Inc. (75% owned)
Toronto, Ontario, Canada
Imports, distributes and sells on a retail basis a general line of marine products throughout Canada and the northern U.S.

Jetronic Light Wave Corporation
Manufactures fiber optic cable.

Ray Jefferson Division
Main and Cotton Streets
Philadelphia, Pennsylvania 19127
Development of marine electronic communication and navigation equipment and accessory instruments for commerical and leisure use, including marine radio telephones, radio direction finders, and marine antennas.

Redco, Inc.
Manufactures and markets control panels and switchgear primarily for use in diesel powered electrical generators.

Transfer Agent(s):

Continental Stock Transfer Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: JET

Number of Employees:

1986	400	1984	695
1985	570		

Plant Footage:

1986	367,000 sq. ft.	1984	238,000
1985	238,000		

Sales and Earnings

	Revenues (000's)	Net Income † (000's)
1987	$ 58,668	$ 1,007
1986	51,273	1,510
1985	40,817	1,091
1984	36,468	641
1983	32,942	690

	No. of Com. Shares ‡	Earn. per Share ‡ †
1987	2,457,000	$ 0.41
1986	2,454,000	0.62
1985	2,386,000	0.46
1984	2,222,000	0.28
1983	2,176,000	0.32

† Including extraordinary gains of $10,000 in 1985, $280,000 ($0.15 per share) in 1983 and extraordinary loss of $86,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business
(000's)

	1987	1986
Jetronic:		
Electronic communication & navigation equipment	$ 21,809	$ 20,325
Circuit boards & instrumentation systems	11,771	6,334
The Levin Group:		
Retail furniture & appliances	20,197	18,775
Narrow fabrics & tapes	4,891	5,839
Total	$ 58,668	$ 51,273

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	10%	—
1986	—	10%	—
1985	—	10%	—
1984	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 12,432,000	$ 5.06
1986	11,298,000	4.60
1985	9,598,000	4.02
1984	8,227,000	3.70
1983	7,509,000	3.45

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 57,564,000	$ 50,203,000
Other income	1,104,000	1,070,000
Total Income	$ 58,668,000	$ 51,273,000
Cost of sales	39,501,000	33,446,000
Expenses	15,457,000	13,494,000
Interest expense	1,562,000	1,433,000
Income before taxes	$ 2,148,000	$ 2,900,000
Income taxes	1,067,000	1,304,000
Net Income	$ 1,081,000	$ 1,596,000
Extraord. loss	(74,000)	(86,000)
Net income & extraord. loss	$ 1,007,000	$ 1,510,000

* Included in Costs and Expenses, Depreciation and Amortization: $464,000 in 1986 and $395,000 in 1985.

Assets

As of Jan. 31	1987	1986
Cash	$ 816,000	$ 1,603,000
Accts. receiv., net	14,939,000	12,738,000
*Inventories	19,816,000	12,801,000
Prepaid expenses	1,393,000	1,361,000
Current Assets	$ 36,964,000	$ 28,503,000
#Fixed assets	3,668,000	2,153,000
Goodwill	1,555,000	1,384,000
Other assets	835,000	297,000
Total Assets	$ 43,022,000	$ 32,337,000

Liabilities

Notes payable	$ 13,945,000	$ 9,694,000
Long-term debt, curr.	653,000	531,000
Accts. payable	2,576,000	1,556,000
Accrued payroll	438,000	513,000
Other accruals	3,768,000	3,902,000
Income taxes payable	844,000	—
Def. inc. taxes	420,000	764,000
Curr. Liabilities	$ 22,644,000	$ 16,960,000
Long-term debt	7,694,000	3,901,000
Minority interest	252,000	178,000
+Common stock	246,000	223,000
Add. paid-in capital	9,473,000	7,715,000
Cum. trans. adj.	(17,000)	(101,000)
Retained earnings	2,988,000	3,769,000
Treasury stock	(258,000)	(308,000)
Total Liabilities & Shareholders' Equity	$ 43,022,000	$ 32,337,000

* At lower of cost (LIFO) or market; inventories of narrow fabrics and tape stated at FIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.73	5.78
%Net Income to Sales	1.88	3.18
%Net Income to Equity	8.70	14.13
Sales to Inventories	2.90	3.92
Debt to Equity	0.62	1.25
Working Capital	$14,320,000	$11,543,000
Current Ratio	1.63	1.68
Shareholders' Equity	$12,432,000	$11,298,000

John Fluke Mfg. Co., Inc.

6920 Seaway Boulevard
Everett, Washington 98203
(206) 347-6100

Mailing address:

P.O. Box C9090
Everett, Washington 98206

Officers: John M. Fluke Jr., chairman of the board & chief executive officer; George M. Winn, president & chief operating officer; Everts L. Johns, vice president & treasurer; John R. Smith, v.p. & controller; Richard W. Van Saun, v.p. & gen. mgr.-Service Equipment Group; Jerome A. Froland, v.p. & gen. mgr.-Business Development Group; Frederick R. Hume, v.p. & gen. mgr-manufacturing/R&D Group; George O. Trickell, v.p.-personnel & facilities; William R. Hoffman, v.p. & national sales mgr.; Ronald R. Wambolt, v.p. & dir.-international operations; Douglas G. McKnight, v.p., gen. counsel & secretary.

Directors: Everts L. Johns, Robert Hofstadter, Richard B. Hooper, James B. Scroggs*, Henry G. Dahl, Jr.*, John M. Fluke, Jr.*, N. Stewart Rogers*, George M. Winn*, David S. Potter.

* Member of the Executive Committee.

Areas of Work: Designs, manufactures and sells commercial electronic test and measurement instruments and systems for scientific, educational, industrial and governmental applications. Products manufactured include digital voltmeters and multimeter electronic counters, frequency synthesizers, digital thermometers, circuit board testers, data loggers, calibrators and standards, signal generators, automatic test systems, IEEE Bus Controllers and microsystem testers.

Subsidiaries:

Fluke International Corporation
P.O. Box C9090
Everett, Washington 98206

Fluke Automated Systems, Inc.
631 Clyde Avenue
Mountain View, California 94040

Fluke (Nederland) B.V.
P.O. Box 5004 EB
Tilburg, The Netherlands

Fluke (G.B.) Ltd.
Colonial Way
Watford, Herts, WD24TT
England

Instrument Specialists Sales Group
John Fluke Mfg. Co., Inc.
2020 No. Lincoln Street
Burbank, California 91504

CCI Sales Group
1400 Hicks Road
Rolling Meadows, Illinois 60008

Fluke Belgium SA/NV
6 Rue de Geneve
1140 Brussels, Belgium

Fluke (Deutschland) GmbH
Kraustrasse 32
8045 Ismaning, West Germany

SBM Representative Sales Group
John Fluke Mfg. Co., Inc.
West 75 Century Road
Paramus, New Jersey 07652

Fluke (Holland) B.V.
Fluke Foreign Sales Corporation (FSC)

Fluke Asia Limited
Hong Kong

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American, Pacific

Ticker Symbol: FKM

Number of Employees:

1986	2,500	1984	2,825
1985	2,652		

Plant Footage:

1986 ..... 706,167 sq. ft. 1985 706,167

Sales and Earnings

	Net Sales	Net Income
1986	$ 209,030,000	$ 12,156,000
1985	216,559,000	15,200,000
1984	208,076,000	18,983,000
1983	172,674,000	9,585,000
1982	154,395,000	7,831,000

	No. of Com. Shares #	Earn. per Share #
1986	8,488,518	$ 1.43
1985	8,611,262	1.77
1984	8,754,401	2.17
1983	8,674,892	1.10
1982	8,639,923	0.91

Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 124,248,000	$ 14.64
1985	111,428,000	12.94
1984	104,325,000	11.92
1983	84,800,000	9.78
1982	73,700,000	8.53

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 209,030	$ 216,559
Cost of sales	95,834	97,991
Expenses	95,885	94,077
Interest expense	2,411	2,672
Other income	(2,017)	(573)
Income before taxes	$ 16,917	$ 22,392
Income taxes	4,761	7,192
Net Income	$ 12,156	$ 15,200

* Included in Costs and Expenses, Depreciation and Amortization: $9,447,000 in 1986 and $8,787,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 31,343	$ 9,982
Accts. receiv., net	36,604	38,082
*Inventories	39,370	45,574
Prepaid inc. taxes	1,887	2,184
Prepaid expenses	3,954	2,910
Current Assets	$ 113,158	$ 98,732
#Fixed assets	61,432	62,642
Other assets	2,939	2,468
Total Assets	$ 177,529	$ 163,842

Liabilities
(000's)

Notes payable	$ —	$ 256
Long-term debt, curr.	2,270	2,027
Accts. payable	4,655	4,162
Accruals	16,823	15,695
Income taxes	1,875	220
Curr. Liabilities	$ 25,623	$ 22,360
Long-term debt	16,727	18,431
Deferred comp.	4,013	3,941
Deferred inc. taxes	6,918	7,682
+Common stock	2,202	2,098
Add. paid-in capital	87,104	75,037
Retained earnings	44,738	44,191
Treasury stock	(9,796)	(9,898)
Total Liabilities & Shareholders' Equity	$ 177,529	$ 163,842

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.09	10.34
%Net Income to Sales	5.82	7.02
%Net Income to Equity	9.78	13.64
Sales to Inventories	5.31	4.75
Debt to Equity	0.13	0.19
Working Capital	$ 87,535,000	$ 76,372,000
Current Ratio	4.42	4.42
Shareholders' Equity	$124,248,000	$111,428,000

Johnson & Johnson

One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
(201) 524-8313

Officers: James E. Burke, chairman of the board & chief executive officer; David R. Clare, president & chairman of the executive committee; Lawrence G. Foster, v.p.-public relations; Robert Z. Gussin, v.p.-science & technology; John J. Heldrich, v.p.-administration; John C. Walcott, v.p.-finance; Stuart A. Christie, v.p.-operations, technology & development; J. Taylor Woodward, III, secretary; George S. Frazza, general counsel; Andrew J. Markey, treasurer.

Executive Committee Members: David R. Clare, Robert E. Campbell, David E. Collins, Victor J. Dankis, John J. Heldrich, Ralph S. Larsen, Arthur M. Quilty, Herbert G. Stolzer, John C. Walcott, Verne M. Willaman, Robert N. Wilson.

Directors: James E. Burke, Robert E. Campbell, David R. Clare, David E. Collins, Joan G. Cooney, Victor J. Dankis, Clifton C. Garvin, Jr., John J. Heldrich, Ann D. Jordan, Robert Q. Marston, John S. Mayo, Arthur M. Quilty, Herbert G. Stolzer, Verne M. Willaman, Thomas S. Murphy, Paul J. Rizzo, John C. Walcott, Irving M. London, Roger B. Smith, Robert N. Wilson.

Areas of Work: The Company's worldwide business is divided into three industry segments: Consumer, Professional and Pharmaceutical.

The Consumer segment consists of toiletries and hygienic products, including baby care items, first aid products and nonprescription drugs.

The Professional segment includes ligatures and sutures, diagnostic products, dental products, medical equipment and devices, surgical dressings, surgical specialties, surgical instruments and related items used principally by the professional fields, including hospitals, physicians, dentists, diagnostic laboratories and clinics.

The Pharmaceutical segment is principally prescription drugs, including contraceptives and therapeutics, and veterinary products, which are distributed both directly and through wholesalers for use by health care professionals and the general public.

Electronic Subsidiary:

Xanar, Inc.
2868 Janitell Road
Colorado Springs, Colorado 80906
(303) 576-7050
Produces carbon dioxide lasers used in surgical applications.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Toronto

Ticker Symbol: JNJ

Number of Employees:

1986	77,100	1983	77,400
1985	74,900	1982	79,700
1984	74,200		

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	$ 7,002,900	$ 329,500
1985	6,421,300	613,700
1984	6,124,500	514,500
1983	5,972,900	489,000
1982	5,760,900	521,400

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	178,400,000	$ 1.85
1985	182,900,000	3.36
1984	187,400,000	2.75
1983	190,500,000	2.57
1982	188,000,000	2.79

† Including extraordinary charge of $50,000,000 ($0.27 per share) in 1982.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Consumer	$ 3,009,400	$ 2,774,500
Professional	2,261,800	2,207,000
Pharmaceutical	1,731,700	1,439,800
Total	$ 7,002,900	$ 6,421,300

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.38	—	—
1985	1.28	—	—
1984	1.18	—	—
1983	1.08	—	—
1982	0.97	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$2,824,200,000	$ 15.83
1985	3,350,900,000	18.33
1984	2,932,000,000	16.04
1983	3,026,500,000	15.82
1982	2,799,500,000	14.80

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 7,002,900	$ 6,421,300
Other income	164,900	155,400
Total income	$ 7,167,800	$ 6,576,700
Cost of sales	2,630,100	2,594,200
Expenses	2,867,900	2,516,000
Research expense	521,300	471,100
Interest expense	65,600	45,900
Redirection charges	540,000	—
Other expenses	152,100	50,300
Income before taxes	$ 390,800	$ 899,200
Income taxes	61,300	285,500
Net Income	$ 329,500	$ 613,700

* Included in Costs and Expenses, Depreciation and Amortization: $275,200,000 in 1986 and $250,500,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash & cert. of deposit	$ 166,700	$ 129,200
Marketable securities	785,800	606,400
Accts. receiv., net	856,600	959,400
*Inventories	1,010,500	955,100
Prepaid exp. & other receiv.	382,000	246,400
Current Assets	$ 3,201,600	$ 2,896,500
Marketable securities	156,400	148,700
#Fixed assets	1,916,300	1,839,900
Deferred taxes	43,200	—
Other assets	559,200	210,000
Total Assets	$ 5,876,700	$ 5,095,100

Liabilities
(000's)

Loans & notes payable	$ 1,010,300	$ 229,300
Accts. payable	512,300	401,400
Accruals	675,900	476,300
Income taxes	94,200	65,300
Curr. Liabilities	$ 2,292,700	$ 1,172,300
Long-term debt	241,900	185,300
Cert. of extra compens.	58,500	58,000
Def. inc. taxes	—	121,300
Deferred inv. tax cred.	30,300	40,200
Other liabilities	429,100	167,100
+Common stock	191,800	191,800
Add. paid-in capital	186,200	247,600
Cum. curr. translation adjust.	(171,900)	(291,900)
Retained earnings	3,584,400	3,499,600
Treasury stock	(966,300)	(296,200)
Total Liabilities & Shareholders' Equity	$ 5,876,700	$ 5,095,100

* At lower of cost (FIFO) or market. The majority of domestic inventories valued at LIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.58	14.00
%Net Income to Sales	4.71	9.56
%Net Income to Equity	11.67	18.31
Sales to Inventories	6.93	6.72
Debt to Equity	0.07	0.12
Working Capital	$ 908,900,000	$1,724,200,000
Current Ratio	1.40	2.47
Shareholders' Equity	$2,824,200,000	$3,350,900,000

Johnson Controls, Inc.

5757 North Green Bay Avenue
P.O. Box 591
Milwaukee, Wisconsin 53201
(414) 228-1200

Officers: Fred L. Brengel, chairman & chief executive officer; John F. Daly, vice chairman; William L. Rootham, exec. v.p. & chief financial officer; James H. Keyes, president & chief operating officer; Milton C. Zilis, Richard D. Wilson, Frank M. Sterner, Joseph W. Lewis, George Jacobi, John M. Barth, David A. Bigler, R. Eugene Goodlson, Robert D. Gustine, William P. Killian, vice presidents; James M. Wade, treasurer; Kenneth J. Kammeraad, secretary; Florence Klett, asst. secretary; John P. Kennedy, asst. secretary & gen. counsel; James J. Lehmann, corp. controller.

Directors: Ettore Barbatelli, Fred L. Brengel*, John S. Randall*, William L. Rootham, John F. Daly, William J. Hubbard, Jr., James H. Keyes, Donald Taylor*, Robert T. Foote, R. Douglas Ziegler*, James L. Krum*, Paul A. Brunner, Robert L. Barnett, Gilbert R. Whitaker, Jr.

* Member of the Executive Committee.

Areas of Work: Engaged in the development, production and servicing of computer systems designed for building automation, fire safety and security and energy systems; manufactures and markets auto batteries and automotive seating; manufactures plastic containers and plastics blowmolding machinery.

Divisions:

Systems & Services Division
507 E. Michigan Street
P.O. Box 423
Milwaukee, Wisconsin 53201
(414) 274-4000
Provides building automation systems and products which can monitor and control every phase of a building's operations including energy conservation, fire safety and security.

Systems Engineering & Construction Division
207 North Jefferson Street
P.O. Box 423
Milwaukee, Wisconsin 53201
(414) 274-4815
Designs, installs and maintains industrial instrumentation and process control systems.

Control Products Division
1250 E. Diehl
Naperville, Illinois 60540
(312) 654-4900
Designs, produces and distributes energy related products to original equipment manufacturers. Products include a complete line of automatic temperature pressure and flow controls for air conditioning, refrigeration, commercial and residential heating, water pumping and gas burning equipment.

International Controls Division
Sells battery process equipment and licenses related technology overseas.

Battery Division
5757 N. Green Bay Avenue
P.O. Box 591
Milwaukee, Wisconsin 53201
(414) 228-1200
Manufactures and sells automotive and other rechargeable lead-acid batteries.

Engineered Piping Systems Division
1707 W. Compton Boulevard
Compton, California 90224
(213) 537-7200
Fabricates pipe and related hardware to the country's power generating industries and other large process industries.

Automotive Seating Division
Design and manufacture of seating for cars and light trucks.

Plastic Container Division
Supplies plastic soft drink bottles for the U.S. market.

Plastics Machinery Division
Design and assembly of blowmolding machinery.

Subsidiaries:

Johnson Controls International, Inc.
Milwaukee, Wisconsin

Johnson Controls, Ltd.
Toronto, Ontario, Canada
Hoover Universal, Inc.
Manufactures automotive seating and seating components, plastic containers, plastics blowmolding machinery, and other industrial products.

Ferro Manufacturing Corp.
Manufactures automotive seating components, various products for the automotive industry, and other industrial products.

Johnson Controls, Inc.

Transfer Agent(s):
First Wisconsin Trust Co.
P.O. Box 2054
Milwaukee, Wisconsin 53201

Stock Exchange(s): New York

Ticker Symbol: JCI

Number of Employees:

1986	26,900	1983	20,700
1985	29,000	1982	20,500
1984	21,200		

Plant Footage:
1986 . . . . . 11,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$2,639,376,000	$ 95,926,000
1985	1,787,049,000	78,290,000
1984	1,425,271,000	66,723,000
1983	1,323,424,000	59,041,000
1982	1,251,522,000	53,839,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	19,006,000	$ 4.71
1985	16,244,698	4.80
1984	14,173,000	4.71
1983	14,145,000	4.17
1982	14,054,000	3.83

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.00	—	—
1985	1.86	—	—
1984	1.66	—	—
1983	1.50	—	—
1982	1.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 753,841,000†	$ 39.74
1985	690,331,000†	36.79
1984	460,145,000	32.49
1983	392,255,000†	29.53
1982	352,627,000†	27.16

† After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 2,639,376	$ 1,787,049
Cost of sales	2,114,823	1,368,004
Expenses	341,107	286,841
Oper. profit	$ 183,446	$ 132,204
Interest income	(11,049)	(10,876)
Other income	(2,664)	(11,354)
Interest expense	22,762	12,304
Income before taxes	$ 174,397	$ 142,130
Income taxes	78,471	63,840
Net Income	$ 95,926	$ 78,290

* Included in Costs and Expenses, Depreciation and Amortization: $90,439,000 in 1986 and $61,892,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & invest.	$ 18,579	$ 40,207
Accts. receiv., net	404,498	374,496
Contract costs in excess of billings	19,740	36,405
*Inventories	218,933	226,037
Other assets	77,062	60,116
Net assets held for sale	—	178,571
Current Assets	$ 738,812	$ 915,832
#Fixed assets	609,277	574,496
Goodwill	200,367	208,287
Invest. in affil.	26,956	11,768
Other assets	99,648	78,870
Total Assets	$ 1,675,060	$ 1,789,253

Liabilities
(000's)

Short-term debt	$ 94,408	$ 279,699
Long-term debt, curr.	9,407	8,608
Accts. payable	157,913	137,056
Accrued compensation	79,769	84,373
Billings in excess of costs	121,086	147,710
Accrued inc. taxes	57,674	56,678
Other liabilities	71,799	78,533
Curr. Liabilities	$ 592,056	$ 792,657
Long-term debt	133,270	139,429
Other liabilities	51,871	42,642
Deferred inc. taxes	69,022	49,194
+ Preferred stock	1,500	1,500
+ + Common stock	3,157	9,356
Add. paid-in capital	475,139	463,165
Retained earnings	357,421	305,642
Treasury stock	(84)	—
Cum. trans. adjust.	(8,292)	(14,332)
Total Liabilities & Shareholders' Equity	$ 1,675,060	$ 1,789,253

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; $4.25 convert. exch., Series C.
+ + $0.16⅔ par value in 1986; $0.50 par value in 1985.

Statistical Summary

%Income bef Taxes to Sales	6.61	7.95
%Net Income to Sales	3.63	4.38
%Net Income to Equity	11.57	10.23
Sales to Inventories	12.06	7.91
Debt to Equity	0.29	0.56
Working Capital	$146,756,000	$123,175,000
Current Ratio	1.25	1.16
Shareholders' Equity	$828,841,000	$765,331,000

Joslyn Corporation

30 South Wacker Drive
Chicago, Illinois 60606
(312) 454-2900

Officers: Donald B. Hamister, chairman & chief exec. officer; Richard A. Kruk, president & chief operating officer; John J. Connelly, Jr., v.p.-corp. development; Alwyn A. deSouza, group v.p.-Electrical Technologies Group; Wayne M. Koprowski, gen. counsel & secretary; Raymond E. Micheletti, v.p. & gen. mgr.-Hi-Voltage Equipment Division; James T. Staulcup, v.p. & gen. mgr.-Hardware Division; Lawrence G. Wolski, v.p., chief financial officer & treasurer.

Directors: Donald B. Hamister, chairman; Alwyn A. deSouza, Richard A. Kruk, Russell R. Malik, Walter W. Schoenholz, Lawrence G. Wolski.

Areas of Work: The Company manufactures electronic and electrical equipment for suppression and control of voltage and current surges, and electo-magnetic pulse protection devices, electrical interconnect assemblies and microwave switch products for the aerospace and defense industries; produces a family of switchgear products incorporating either vacuum or sulfur hexafluoride gas technology for the electric utility and industrial markets; manufactures starters and contactors for motor control applications, and supplies fire pump controllers for automatic fire protection systems.

Divisions:
Electronic Systems Division
Hi-Voltage Equipment Division
Power Products Division
Electrical Apparatus Division
Hardware Division

Subsidiaries:

Joslyn Clark Controls, Inc.
Manufactures general purpose contactors and starters for heating, ventilating and air-conditioning markets.

Joslyn Defense Systems, Inc.
Manufactures electrical interconnect assemblies and microwave switch products for the aerospace and defense industries.

Joslyn Canada Inc.
Supplies electrical hardware, apparatus and protective equipment within Canada.

Joslyn Foreign Sales Corporation
Exports the Company's products throughout the world.

Transfer Agent(s):
The First National Bank of Chicago
Chicago, Illinois 60670

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JOSL (NASDAQ)

Number of Employees:
1986 . . . . . 1,650 1985 1,700

Sales and Earnings

	Net Sales	Net Income
1986	$ 149,501,000	$ 10,758,000
1985	161,514,000	11,447,000
1984	153,644,000	13,057,000
1983	138,838,000	11,468,000
1982	142,568,000	14,296,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,791,000	$ 2.25
1985	4,829,000	2.37
1984	5,002,000	2.61
1983	5,105,000	2.25
1982	5,283,000	2.71

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Electrical technologies	$ 65,898,000	$ 62,259,000
Utility systems	83,641,000	99,377,000
Eliminations	(38,000)	(122,000)
Total	$ 149,501,000	$ 161,514,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.44	—	—
1985	1.40	—	—
1984	1.26	—	—
1983	1.20	—	—
1982	1.07	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 112,843,000	$ 23.56
1985	109,142,000	22.77
1984	109,480,000	22.07
1983	104,266,000	20.80
1982	106,135,000	20.20

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 149,501	$ 161,514
Cost of sales	110,012	121,984

Expenses	17,504	18,507
Contrib. to profit sharing	1,472	1,135
Gen. corp. exp.	3,693	3,576
Interest expense	384	382
Interest income	2,722	3,321
Other expense	700	1,104
Income before taxes	$ 18,458	$ 18,147
Income taxes	7,700	6,700
Net Income	$ 10,758	$ 11,447

* Included in Costs and Expenses. Depreciation: $3,130,000 in 1986 and $3,048,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 4,858	$ 906
Marketable securities	31,082	38,914
Accts. receiv., net	17,968	22,354
*Inventories	40,866	35,862
Prepaid expenses	9,232	7,421
Current Assets	$ 104,006	$ 105,457
#Fixed assets	30,912	33,139
Other assets	2,187	3,725
Total Assets	$ 137,105	$ 142,321

Liabilities
(000's)

Short-term bank loan	$ —	$ 3,102
Accts. payable	4,423	9,170
Accruals	14,599	15,706
Income taxes	1,120	146
Curr. Liabilities	$ 20,142	$ 28,124
Deferred inc. taxes	4,120	5,055
+Common stock	5,986	5,991
Retained earnings	106,857	103,151
Total Liabilities & Shareholders' Equity	$ 137,105	$ 142,321

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.35	11.24
%Net Income to Sales	7.20	7.09
%Net Income to Equity	9.53	10.49
Sales to Inventories	3.66	4.50
Debt to Equity	—	0.03
Working Capital	$ 83,864,000	$ 77,333,000
Current Ratio	5.16	3.75
Shareholders' Equity	$112,843,000	$109,142,000

Julie Research Laboratories, Inc.

211 West 61st Street
New York, New York 10023
(212) 245-2727

Officers: Loebe Julie, president & treasurer; Ora Julie, v.p. & secretary; Anne Chazak, controller.

Directors: Loebe Julie, Ora Julie.

Areas of Work: Manufactures instruments and modular components. One product is a fully-automated system of AC and DC measurement. Other products include voltage dividers, preamplifiers, voltage and current sources, decade resistor boxes, resistors networks, voltage and resistance standards, interface systems and instruments for ultra-precise electrical measurement.

Divisions and Subsidiaries:

Optimation Division
211 West 61 Street
New York, New York 10023

Transfer Agent(s):

Harris Trust Company of New York
110 Williams Street
New York, New York 10041

Stock Exchange(s): Over-the-Counter

Sales and Earnings ‡

	Net Sales	Net Income
1985	$ 1,260,357	$ 64,902
1984	1,197,541	78,542
1983	1,447,383	283,954
1982	1,225,509	102,568
1981	N.A.	N.A.

	No. of Com. Shares	Earn. per Share †
1985	414,014	$ 0.16
1984	415,014	0.19
1983	417,514	0.68
1982	417,514	0.25
1981	417,514	N.A.

N.A.-Not Available.
‡ Unaudited.
† Based on the weighted average number of common shares outstanding.

Common Stock Equity ‡

	Total Equity	Equity Per Share
1985	$ 834,415	$ 2.02
1984	769,888	1.86
1983	306,324	0.73
1982	408,892	0.98
1981	N.A.	N.A.

N.A. - Not Available.
‡ Unaudited.

Income Account *

Year ended Dec. 31	1985 ‡	1984 ‡
Net sales	$ 1,260,357	$ 1,197,541
Cost of sales	797,814	749,346
Expenses	444,027	419,707
Other income	(55,886)	(60,168)
Income before taxes	$ 74,402	$ 88,656
Income taxes	9,500	10,114
Net Income	$ 64,902	$ 78,542

‡ Unaudited.
* Included in Costs and Expenses, Depreciation and Amortization: $7,692,000 in 1985 and $12,694 in 1984.

Assets

As of Dec. 31	1985 ‡	1984 ‡
Cash	$ 24,325	$ 64,592
Short-term invest.	635,116	516,842
Accts. receiv., net	348,020	396,182
*Inventories	77,667	74,024
Current Assets	$ 1,085,128	$ 1,051,640
#Fixed assets	8,396	16,088
Total Assets	$ 1,093,524	$ 1,067,728
Liabilities		
Accts. payable	$ 52,664	$ 32,236
Accruals	197,445	256,604
Curr. Liabilities	$ 250,109	$ 288,840
Reserve for retirement bonus	9,000	9,000
+Common stock	442,497	442,497
Add. paid-in capital	154,582	154,582
Retained earnings	372,134	307,232
Treasury stock	(134,798)	(134,423)
Total Liabilities & Shareholders' Equity	$ 1,093,524	$ 1,067,728

‡ Unaudited.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.90	7.40
%Net Income to Sales	5.15	6.56
%Net Income to Equity	7.78	10.20
Sales to Inventories	16.23	16.18
Working Capital	$835,019	$762,800
Current Ratio	4.34	3.64
Shareholders' Equity	$834,415	$769,888

Kaman Corporation

Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 243-8311

Officers: Charles H. Kaman, president & chief exec. officer; Harvey S. Levensen, sr. v.p.; Fred L. Smith, sr. v.p.; Glenn M. Messemer, v.p. & asst. secretary; John S. Murtha, secretary; William P. Desautelle, v.p. & treasurer; Robert M. Garneau, v.p. & controller; Eugene G. Daly, Russell H. Jones, James A. Morholt, assistant vice presidents; Roger W. Roy, Raymond H. Picard, asst. controllers.

Directors: Charles H. Kaman*, John S. Murtha*, John B. Plott, Carlyle P. Barnes, Robert H. Willis*, D. Brainerd Holmes, Robert L. Newell*, Forrest S. Petersen, Edythe J. Gaines, Hartzel Z. Lebed, Joseph A. DiBiaggio, Peter L. Scott.

* Member of the Executive Committee.

Areas of Work: Distribution of musical instruments; production of aerospace products; nuclear research and nuclear devices; aviation services; industrial parts and services; environmental instrumentation such as digital radiation monitors; computer time sharing; measuring devices.

Divisions and Subsidiaries:

Diversified Technologies

Sciences Group
Neutron generators, advanced materials, measuring devices, weapons studies, nuclear research, advanced aerodynamics, computer time-sharing and programs, and systems analysis.

Kaman Sciences Corporation
Garden of the Gods Road
Colorado Springs, Colorado 80907

Kaman Instrumentation Corporation
Colorado Springs, Colorado 80907

Kaman AviDyne
Burlington, Massachusetts

Aerospace Group
Airframe components; rotary wing, energy systems, research and development; bearings, couplings.

Kaman Aerospace Corporation
Bloomfield, Connecticut 06002

Kamatics Corporation
Bloomfield, Connecticut 06002

Aviation Services Group
Aircraft sales and services, fuel, repair, charter service, flight training and airline services.

AirKaman of Jacksonville, Inc.
Jacksonville International Airport
Box 18157
Jacksonville, Florida 32229

Distribution

Music Group
Acoustic and electric guitars, accessories, musical strings; pianos, a complete line of musical instruments.

Coast Wholesale Music Co. of Los Angeles
1215 W. Walnut Street
Compton, California 90220

Coast Wholesale Music Co. of San Francisco
200 Industrial Way
San Carlos, California

Ovation Instruments, Inc.
Bloomfield, Connecticut

Kaman Musical String Corporation
Bloomfield, Connecticut

Kaman Music International Corp.
Bloomfield, Connecticut

C. Bruno & Son, Inc.
San Antonio, Texas
Wheeling, Illinois
Bloomfield, Connecticut
Atlanta, Georgia

Bearing & Supply Group
Line of new and replacement parts for industrial operations. Consulting services in power transmission, material handling and industrial operation.

Kaman Aircraft Bearing
Los Angeles, California

Kaman Bearing and Supply Corp. of California
Kaman Bearing & Supply Co.
140 S. Arrowhead Avenue
San Bernardino, California 92408

Kaman Bearing and Supply Corp. Intermountain
1771 South 450 West
Salt Lake City, Utah 84110

Kaman Bearing and Supply Corp. Northwest
East 4115 Trent Avenue
Spokane, Washington 99220

Kaman Bearing and Supply Corp. East
5900 Firestone Drive
Syracuse, New York 13221

Kaman Bearing and Supply Corp. South
1129 E. Platt Street
Tampa, Florida 33602

Acquisition(s):

Locus, Inc.
Specializes in the areas of electronic warfare simulation, electromagnetic signal intelligence analysis, and telecommunications products in the microwave frequency range.

Raymond Engineering Inc.
Defense products.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
Bank Window, Church Street Station
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KAMNA (NASDAQ)

Number of Employees:

1986	6,333	1983	4,804
1985	5,326	1982	4,206
1984	5,006		

Sales and Earnings

	Net Sales	Net Income
1986	$ 587,820,000	$ 20,256,000
1985	556,042,000	19,119,000
1984	537,975,000	17,151,000
1983	475,388,000	12,816,000
1982	416,492,000	9,248,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,888,000	$ 1.86
1985	10,799,000	1.77
1984	10,670,000	1.61
1983	10,551,000	1.21
1982	10,347,000	0.89

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenue By Line of Business

	1986 ($000's)	%	1985 ($000's)	%
Diversified technologies	$296,802	50%	$265,477	47%
Distribution	291,018	50	290,565	53
Total	$587,820	100%	$556,042	100%

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	$0.480	—	—
1985	0.407	—	3-for-2
1984	0.347	—	—
1983	0.280	—	2-for-1
1982	0.220	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 136,802,000	$ 12.61
1985	120,218,000	11.19
1984	104,184,000	9.79
1983	89,130,000	8.52
1982	77,934,000	7.57

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Revenues:		
Net sales	$ 587,820,000	$ 556,042,000
Other	592,000	411,000
Total	$ 588,412,000	$ 556,453,000
Cost of sales	431,961,000	408,772,000
Expenses	117,822,000	109,314,000
Other income	(3,785,000)	(1,942,000)
Interest expense	3,389,000	3,238,000
Income before taxes	$ 39,025,000	$ 37,071,000
Income taxes	18,769,000	17,952,000
Net Income	$ 20,256,000	$ 19,119,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,393,000 in 1986 and $4,324,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,807,000	$ 6,586,000
Short-term investments	—	29,213,000
Accts. receiv., net	109,400,000	79,557,000
*Inventories	95,483,000	73,322,000
Prepaid expenses	1,515,000	704,000
Current Assets	$ 208,205,000	$ 189,382,000
#Fixed assets	66,498,000	31,959,000
Other assets	40,939,000	4,706,000
Total Assets	$ 315,642,000	$ 226,047,000
Liabilities		
Notes payable	$ 5,148,000	$ —
Long-term debt, curr.	4,085,000	3,540,000
Accounts payable	51,066,000	37,486,000
Customers' advances	8,663,000	—
Accrued payroll	11,085,000	9,889,000
Other accruals & payables	13,937,000	13,791,000
Inc. taxes payable	4,870,000	13,347,000
Curr. Liabilities	$ 90,854,000	$ 78,053,000
Long-term debt	75,490,000	25,240,000
Deferred credits	4,496,000	2,536,000
+Common stock:		
Class A	10,431,000	10,326,000
Class B	417,000	417,000
Add. paid-in capital	17,851,000	16,382,000
Retained earnings	108,628,000	93,556,000
Equity adjustment	(414,000)	(451,000)
Treasury stock	(111,000)	(12,000)
Total Liabilities & Shareholders' Equity	$ 315,642,000	$ 226,047,000

* Inventory of merchandise for resale and parts are stated at cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.64	6.67
%Net Income to Sales	3.45	3.44
%Net Income to Equity	14.81	15.90
Sales to Inventories	6.16	7.58
Debt to Equity	0.55	0.24
Working Capital	$109,351,000	$111,329,000
Current Ratio	2.11	2.43
Shareholders' Equity	$136,802,000	$120,218,000

KDI Corporation

(40.1% owned by Impala Pacific Corporation, Limited)

5721 Dragon Way
Cincinnati, Ohio 45227
(513) 272-1421

Officers: Peter F. Maloney, chairman; Eugene A. Cafiero, president & chief exec. officer; Victor J. Camardo, v.p.-finance, controller & treasurer; David A. Conway, v.p.-administration; Marty Curtis, asst. secretary & mgr.-shareholder relations; Kevin K. Langner, secretary & assoc. gen. counsel; Gary J. Mataitis, asst. controller-treasury services; James M. McDonough, asst. controller-mgmt. info. services; Joseph P. Spizzica, asst. controller-financial services.

Directors: Peter F. Maloney, chairman; Eugene A. Cafiero, Dan V. Angeloff, Arthur R. Ehrnschwender, Vincent Ian Masterton-Hume, Paul R. Kemp, Jr., John S. Yeager.

Areas of Work: The Company's Electrical and Electronic Components Group manufactures and markets precision electrodeposited slip ring assemblies, and related sliding contact devices; precision transfer molding tools; radio frequency interference filters and capacitors; electrical connectors, plugs, receptacles, and power distribution devices for portable equipment; electrical interconnecting devices for the computer industry; carbon, metal and cermet film resistors including qualification and product testing; and microwave hardware, subassemblies, and solid state oscillators.

The Company's Technical Products Group manufactures, assembles, tests, and markets, largely to the defense industry, pyrotechnic ammunition components; precision timing mechanisms; fuzing devices; products of honeycomb fiberglass and metal bond construction; high explosive fuzes; actuators; sensors, initiators as well as control/distribution avionics and test equipment; and grenade components including parts, boosters, delay devices, hand grenade fuzes, detonators, and smoke grenades.

Other Company products and services include custom-made products, the distribution of chemicals, gasses, and motion pictures, and the production of swimming pools and equipment related to swimming pools.

Electronics-Related Subsidiaries:

ELECTRICAL AND ELECTRONIC COMPONENTS GROUP

KDI Electro-Tec Corp.
Blacksburg, Virginia

Empire Products, Inc.

IDM Electronics Limited
Reading, England

Masterite Industries, Inc.
Torrance, California

KDI Electronics, Inc.
Whippany, New Jersey

RFI Corporation
Bay Shore, New York

TECHNICAL PRODUCTS GROUP

KDI Precision Products, Inc.
Cincinnati, Ohio

KDI Composite Technology, Inc.
Buena Park, California

Martin Electronics, Inc.
Perry, Florida

Transfer Agent(s):

The First National Bank of Cincinnati
Fifth & Walnut Streets
Cincinnati, Ohio 45202

Stock Exchange(s): New York

Ticker Symbol: KDI

Number of Employees:

1986	3,900	1983	3,200
1985	3,700	1982	3,000
1984	3,600		

Plant Footage:

1986 . . . . . 1,433,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 294,297,000	$ 6,487,000
1985	258,778,000	9,623,000
1984	234,925,000	8,368,000
1983	201,512,000	6,797,000
1982	188,996,000	4,726,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,585,466	$ 0.68
1985	9,332,096	1.03
1984	9,124,084	0.92
1983	9,363,654	0.73
1982	9,630,513	0.51

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Electrical & electronic components	$ 59,433,273	$ 58,457,342
Technical products	56,018,412	43,948,670
Custom products	38,753,224	32,124,049
Distribution	52,662,989	54,369,010
Swimming pools & equip.	90,107,736	72,994,395
Intercompany sales	(2,678,934)	(3,115,231)
Total	$ 294,296,700	$ 258,778,235

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.27	—	—
1985	0.22	—	—
1984	0.20	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 60,267,000	$ 6.36
1985	52,320,000	5.99
1984	42,873,000	5.02
1983	34,871,000	4.22
1982	29,218,000	3.56

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 294,296,700	$ 258,778,235
Cost of sales	215,146,859	189,424,937
Expenses	61,713,486	47,822,951
Interest expense	5,091,013	5,228,610
Income before taxes	$ 12,345,342	$ 16,301,737
Income taxes	5,858,706	6,678,894
Net Income	$ 6,486,636	$ 9,622,843

* Included in Costs and Expenses, Depreciation and Amortization: $6,156,589 in 1986 and $5,638,184 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 15,276,444	$ 11,789,749
Accts. receiv., net	36,655,951	32,197,351
*Inventories	40,690,736	42,607,970
Prepaid expenses	2,940,978	2,104,156
Current Assets	$ 95,564,109	$ 88,699,226
#Fixed assets	53,108,241	49,524,018
Borrowed funds for constrc.	505,223	2,505,919
Other assets & deferred charges	3,172,415	2,560,588
Total Assets	$ 152,349,988	$ 143,289,751

Liabilities

Notes payable	$ 4,915,731	$ 589,922
Long-term debt, curr.	8,380,579	3,139,240
Line of credit	4,500,000	5,800,000
Accts. payable	15,858,570	16,051,003
Accrued payroll	8,000,538	6,644,486
Accrued income taxes	824,645	651,471
Other accruals	4,173,066	3,715,006
Deferred income taxes	1,490,000	1,925,000
Redeem. convert. preferred stock	72,100	542,600
Curr. Liabilities	$ 48,215,229	$ 39,058,728
Long-term debt	34,222,691	42,279,114
Contingent payment	2,757,450	—
Deferred inc. taxes	5,586,744	4,520,382
Other liabilities	1,301,048	1,312,688
+ Redeem. preferred stock	—	3,798,400
+ + Common stock	3,315,622	3,055,062
Add. paid-in capital	37,481,283	31,127,255
Retained earnings	20,012,847	18,771,228
For. curr. trans. adjust.	(542,926)	(633,106)
Total Liabilities & Shareholders' Equity	$ 152,349,988	$ 143,289,751

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
+ + $0.35 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.19	6.30
%Net Income to Sales	2.20	3.72
%Net Income to Equity	10.76	18.39
Sales to Inventories	7.23	6.07
Debt to Equity	0.71	0.87
Working Capital	$47,348,880	$49,640,498
Current Ratio	1.98	2.27
Shareholders' Equity	$60,266,926	$52,320,439

Kearney-National Inc.

Two Continental Towers
1701 Golf Road
Rolling Meadows, Illinois 60008
(312) 593-6046

Officers: Robert R. Dyson, chairman & chief executive officer; Joseph L. Aurichio, president & chief operating officer; James F. Zboyovsky, group v.p. & president-Kearney Division; James R. Rossen, v.p. & chief financial officer.

Directors: Bushrod W. Burns, Jr., Robert R. Dyson, Dante C. Fabiani, John C. Harding III, Joseph V. Mariner, Jr., Lee L. Davenport, Joseph L. Aurichio.

Areas of Work: The Company's operations are conducted in two principal industry segments: Electrical Power Distribution Products—protective devices such as fuses and fuse links, cutouts and lightning arresters; maintenance equipment, including overhead cover-up products and hi-line tools; connectors, terminators and compression fittings; and power switching equipment, switchgear and indoor and outdoor bypass equipment, as well as architectural products and aluminum lighting and traffic structures; and Electrical and Electronic Components—electrical coils, reed switches, reed relays, mercury wetted relays, control modules, rotors, transformers, power supplies, commutation, starters, alternators, solenoids and heavy duty vehicle elements.

Divisions:

Electrical Power Distribution Products

Kearney Division
1928 Montreal Road
Tucker, Georgia 30084

Kearney-National (Canada) Ltd.
280 Speedvale Avenue West
Guelph, Ontario N1H 1C4
Canada

Hapco/American Division
Hillman Highway
Abingdon, Virginia 24210

Electrical and Electronic Components

Kearney/Wabash Components Group
7315 West Jefferson Blvd.
Fort Wayne, Indiana 46804

Magnetics Division
1375 Swan Street
Huntington, Indiana 46750

Relay & Electronics Division
First & Webster Streets
Wabash, Indiana 46992

Autoelectric Group

Wabash Autoelectric Components Division
1420 Forum Way South
Fort Worth, Texas 76140

International Products & Manufacturing, Inc.
201 W. Oakton Street
Des Plaines, Illinois 60017

Lodi Division
604 Wooster St.
Lodi, Ohio 44254

Alomeg Products, Inc.
90 Milvan Drive
Weston, Ontario M9L 1Z6
Canada
Manufactures field coils for the automotive electrical rebuilding industry.

Acquisition(s):

Western Power Products, Inc.
Hood River, Oregon
Manufactures fiberglass enclosures for electrical equipment.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street - 8th Floor
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: KNY

Number of Employees:

1986 . . . . . 1,752 1985 2,000

Plant Footage:

1986 . . . . . 833,800 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 148,900,000	$ 9,302,000
1985	140,783,000	(24,299,000)
1984	139,464,000	5,457,000
1983	118,027,000	9,414,000
1982	120,842,000	7,591,000

	No. of Com. Shares ‡	Earn. per Share #
1986	3,413,623	$ 1.64
1985	3,384,017	—
1984	3,414,611	0.96
1983	3,393,425	1.65
1982	3,348,627	-1.34

(Loss)
+ Of continuing operations only.
‡ Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Electrical & electronic components	$ 85,613,000	$ 76,656,000
Electrical power distr. prods.	63,287,000	64,127,000
Total	$ 148,900,000	$ 140,783,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.50	—	—
1985	0.40	—	—
1984	0.38	—	—
1983	0.32	—	3-for-2
1982	0.20	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	$ 16,507,000	$ 4.84
1985	9,799,000	2.90
1984	38,079,000	11.15
1983	35,906,000	10.58
1982	29,198,000	8.72

‡ After allowing for preferred stock at stated value.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 148,900	$ 140,783
Cost of sales	105,880	99,336
Expenses	30,638	26,518
Interest expense	2,365	3,528
Other expense (income)	(2,297)	738
Gain on term. of pension plan	(5,055)	—
Income before taxes	$ 17,369	$ 10,663
Income taxes	8,067	5,094
Inc.-cont. oper.	$ 9,302	$ 5,569
Loss - discont. oper.	—	(29,868)
Net Income (Loss)	$ 9,302	$ (24,299)

* Included in Costs and Expenses, Depreciation and Amortization: $3,674,000 in 1986 and $3,408,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 700	$ 304
Accts. receiv., net	22,636	28,682
*Inventories	21,671	24,856
Deferred inc. tax benefits	3,030	4,895
Prepaid expenses	1,037	506
Current Assets	$ 49,074	$ 59,243
#Fixed assets	25,983	27,986
Other assets	3,479	3,286
Intangibles	5,219	5,292
Total Assets	$ 83,755	$ 95,807

Liabilities
(000's)

Long-term debt, curr.	$ 2,958	$ 4,368
Accts. payable	16,760	18,736
Accruals	13,792	15,024
Income taxes	1,092	621
Curr. Liabilities	$ 34,602	$ 38,749
Long-term debt	11,878	28,325
Other liabilities	3,726	2,666
Def. inc. taxes	2,042	1,268
+ Preferred stock	15,000	15,000
+ + Common stock	1,733	1,722
Add. paid-in capital	8,972	8,729
Retained earnings	6,955	810
Treasury stock	(544)	(620)
For. curr. trans. adj.	(609)	(842)
Total Liabilities & Shareholders' Equity	$ 83,755	$ 95,807

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ No par value.
+ + $0.50 par value.

Statistical Summary

%Income bef. Taxes to sales	11.66	—
%Net Income to Sales	6.25	—
%Net Income to Equity	29.52	—
Sales to Inventories	6.87	5.66
Debt to Equity	0.38	1.32
Working Capital	$14,472,000	$20,494,000
Current Ratio	1.42	1.53
Shareholders' Equity	$31,507,000	$24,799,000

Keithley Instruments, Inc.

28775 Aurora Road
Solon, Ohio 44139
(216) 248-0400

Officers: Joseph F. Keithley, chairman of the board; Thomas G. Brick, president & chief exec. officer; Terrence E. Sheridan, v.p.-radiation measurements division; Gregory R. Bigadza, v.p.-instrument division; Bruce Griswold, secretary; Ronald M. Rebner, v.p.-control & treasurer; Noel E. Morgan, v.p.-systems division; Hermann Hamm, v.p.-European operations; Joseph P. Keithley, v.p.-marketing.

Directors: Theodore M. Alfred, Donald M. Alstadt, Thomas G. Brick, Joseph F. Keithley, Thomas W. Mastin, Bruce Griswold, James T. Bartlett, Angel G. Jordan; Joseph P. Keithley.

Areas of Work: The main product line consists of voltage, current and resistance measuring instruments; digital multimeters, electrometers, picometers, amplifiers and power supplies, and linear programmable testers for semiconductor manufacturers.

Divisions:

Radiation Measurements Division

Instrument Division

Systems Division

Data Acquisition & Control Division

All at:
28775 Aurora Road
Cleveland, Ohio 44139
(216) 248-0400

Subsidiaries:

Keithley International Investment Corporation
28775 Aurora Road
Solon, Ohio 44139
(216) 248-0400

Keithley Foreign Sales Corporation
5 Norre Gade
Charlotte Amalie
St. Thomas
U.S. Virgin Islands 00801

Keithley Instruments, SARL
2 bis rue Leon Blum
B.P. 60
91121 Palaiseau Cedex (Paris)
France

Keithley Instruments, BV
Arkelsedijk 4
Postbus 559
Gorinchem (Amsterdam)
The Netherlands AN-4200

Keithley Instruments, S.A.
Kriesbachstrasse 4
CH-8600 Dubendorf (Zurich)
Switzerland

Keithley Instruments, Ges.m.b.H.
Doblinger Hauptstrasse 32
A-1190 Vienna
Austria

Keithley Instruments, Ltd.
1 Boulton Road
Reading, Berkshire, England RG2 ONL

Keithley Instruments, GmbH
Heiglhofstrasse 5
D-8000 Munich 70, West Germany

Keithley Instruments, SRL
Viale S. Gimignano 4/A
Milan, Italy 20100

Transfer Agent(s):
AmeriTrust Company National Association
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KEII (NASDAQ)

Number of Employees:

1986	479	1983	446
1985	483	1982	461
1984	504		

Plant Footage:
1986 N.A. 1985 124,140 sq. ft.

Sales and Earnings

	Net Sales	Net Income #
1986	$ 47,681,000	$ 2,909,000
1985	47,087,000	2,821,000
1984	45,557,000	4,205,000
1983	35,034,000	2,002,000
1982	33,106,000	1,551,000

	No. of Com. Shares +	Earn. per Share †#
1986	2,239,098	$ 1.30
1985	2,229,763	1.27
1984	2,202,453	1.92
1983	2,179,260	0.92
1982	2,162,760	0.72

+ Adjusted to reflect stock split.
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.
# Including extraordinary gain of $172,000 ($0.08 per share) in 1983.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.2214	—	—
1985	0.182	—	3-for-1
1984	0.067	—	—
1983	0.057	—	—
1982	0.053	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 20,644,000	$ 9.22
1985	17,298,000	7.76
1984	14,741,000	6.47
1983	[illegible]	4.62
1982	[illegible]	3.74

† Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 47,681,000	$ 47,087,000
Cost of sales	20,050,000	19,649,000
Expenses	23,256,000	23,265,000
Interest expense	169,000	236,000
Sale of prod. line	(117,000)	(164,000)
Income before taxes	$ 4,323,000	$ 4,101,000
Income taxes	1,414,000	1,280,000
Net Income	$ 2,909,000	$ 2,821,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,798,000 in 1986 and $1,895,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 6,228,000	$ 3,234,000
Accts. receiv., net	9,026,000	7,411,000
*Inventories	7,999,000	8,529,000
Prepaid expenses	2,078,000	1,237,000
Current Assets	$ 25,331,000	$ 20,411,000
#Fixed assets	6,561,000	6,991,000
Intangibles	752,000	1,068,000
Other assets	421,000	399,000
Total Assets	$ 33,065,000	$ 28,869,000

Liabilities

Short-term debt & long-term debt, curr.	$ 555,000	$ 806,000
Accts. payable	2,406,000	3,027,000
Accrued payroll	3,606,000	2,344,000
Accruals	1,450,000	1,138,000
Income taxes	1,281,000	852,000
Curr. Liabilities	$ 9,298,000	$ 8,167,000
Long-term debt	2,129,000	2,382,000
Deferred compensation	403,000	560,000
Deferred inc. taxes	591,000	462,000
+Common stock:		
Class A	44,000	37,000
Class B	68,000	75,000
Add. paid-in capital	1,541,000	1,443,000
Retained earnings	18,532,000	15,863,000
Foreign curr. transl.	536,000	9,000
Stock plan	(77,000)	(129,000)
Total Liabilities & Shareholders' Equity	$ 33,065,000	$ 28,869,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.07	8.71
%Net Income to Sales	6.10	5.99
%Net Income to Equity	14.09	16.31
Sales to Inventories	5.96	5.52
Debt to Equity	0.13	0.18
Working Capital	$16,033,000	$12,244,000
Current Ratio	2.72	2.50
Shareholders' Equity	$20,644,000	$17,298,000

Keltron Corporation

225 Crescent Street
Waltham, Massachusetts 02154
(617) 894-8700

Officers: David S. Wilbourn, chief executive officer & treasurer; Harvey M. Fox, president; Jack H. Calechman, clerk.

Directors: David S. Wilbourn, chairman; John A. Geishecker, Jr., Harvey M. Fox, Jason Weisman.

Areas of Work: Manufactures and markets digital electronics, power supplies and security alarm systems.

Divisions:

Elasco Power Supply
Manufactures transformers and other power supplies.

Transfer Agent(s):

Keltron Corporation
225 Crescent Street
Waltham, Massachusetts, 02154

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	170	1983	240
1985	235	1982	210
1984	275		

Plant Footage:

1986	65,000 sq. ft.	1983	67,000
1985	70,000	1982	67,000
1984	74,000		

Sales and Earnings

	Revenues	Net Income
1986	$ 7,387,575	$ (54,274)
1985	8,876,393	(92,596)
1984	9,694,423	36,053
1983	8,227,902	117,986
1982	7,922,008	31,045

	No. of Com. Shares	Earn. per Share ‡
1986	841,810	$ —
1985	841,810	—
1984	841,810	0.04
1983	841,810	0.14
1982	841,810	0.04

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983	1982
Digital Instruments	30%	26%	25%	26%	29%
Printed Circuits	—	—	—	—	10
Power Supplies	70	74	75	74	61
Total	100%	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 1,688,870	$ 2.01
1985	1,743,144	2.07
1984	1,853,790	2.20
1983	1,817,737	2.16
1982	1,699,751	2.02

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 7,346,796	$ 8,839,288
Rental income	27,330	25,990
Other income	13,449	11,115
Total income	$ 7,387,575	$ 8,876,393
Cost of sales	5,210,758	6,406,767
Expenses	1,797,264	2,037,823
Depreciation & amortization	233,077	252,136
Interest expense	139,658	176,855
Prior year adjust.	55,000	89,500
State inc. taxes	6,092	5,908
Net Loss	$ (54,274)	$ (92,596)

Assets

As of Dec. 31	1986	1985
Cash	$ 17,699	$ 27,585
Marketable securities	38,360	38,365
Accts. receiv., net	1,249,979	1,642,107
Note receiv.	6,800	6,000
Other accts. receiv.	49,390	65,986
*Inventories	2,244,537	2,388,860
Prepaid expenses	7,466	3,261
Current Assets	$ 3,614,231	$ 4,172,164
#Fixed assets	446,146	616,160
Note receivable	376,084	382,357
Other assets	53,075	55,707
Total Assets	$ 4,489,536	$ 5,226,388

Liabilities

Notes payable	$ 854,552	$ 1,160,611
Long-term debt, curr.	313,804	217,729
Accts. payable	747,884	1,050,256
Accruals	166,331	215,414
Commissions payable	94,239	192,542
Income taxes	1,412	6,000
Curr. Liabilities	$ 2,178,222	$ 2,842,552
Long-term debt	622,444	640,692
+Common stock	8,418	8,418
Add. paid-in capital	405,172	405,172
Retained earnings	1,275,280	1,329,554
Total Liabilities & Shareholders' Equity	$ 4,489,536	$ 5,226,388

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.27	3.70
Debt to Equity	0.55	0.49
Working Capital	$1,436,009	$1,329,612
Current Ratio	1.66	1.47
Shareholders' Equity	$1,688,870	$1,743,144

Kevex Corporation

1101 Chess Drive
Foster City, California 94404
(415) 573-5866

Officers: Glenn T. Seaborg, chairman of the board; Richard S. Frankel, president & chief executive officer; Michael A. Kelly, exec. v.p. & chief operating officer; LeRoy H. Scharpen, v.p., chief financial officer & secretary; John W. Colby, v.p.; Brian Skillicorn, v.p.; Robert L. Chaney, v.p.; Janet M. Taillon, controller.

Directors: Glenn T. Seaborg, chairman of the board; Clifford H. Higgerson, Stanley T. Lesser, William E. Terry, Richard S. Frankel, Henry P. Massey, Jr., Michael A. Kelly.

Business Activities: The company designs, manufactures and markets analytical instruments known as X-Ray energy spectrometer (XES) systems, which are used to determine the concentration of various chemical elements in organic and inorganic materials without altering or destroying the specimen being examined. The XES systems are used in the semiconductor industry to analyze thin films and coatings on silicon wafers. Other applications include medical research, industrial alloy analysis and bulk analysis of minerals, ores, oil and oil additives.

Divisions:

X-Ray Tube Division
X-Ray Instruments Division
Surface Science Laboratories
Surface Science Instruments
Glenn T. Seaborg Laboratory

Kevex Corporation

Subsidiaries:

Kevex/United Kingdom
Kevex Corporation (UK)
2 The Howard Estate
Chilton Road
Chesham, Bucks, HP5 2AU
United Kingdom

Kevex/Spain
Kevex España S.A.
Prado Tornero
C/Cervantes 13
El Escorial (Madrid)
Spain

Affiliates:

GETAC, GmbH (19% owned)
Mainz-Finthen, West Germany

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KEVX (NASDAQ)

Number of Employees:

1986	386	1983	242
1985	362	1982	277
1984	330		

Plant Footage:

1986	140,000 sq. ft.	1983	100,000
1985	140,000	1982	100,000
1984	100,000		

Sales and Earnings

	Revenues †	Net Income
1986	$ 29,234,000	$ (2,562,000)
1985	24,722,000	149,000
1984	21,491,000	2,125,000
1983	16,738,000	134,000
1982	19,556,000	2,209,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,125,000	$ —
1985	5,143,985	0.03
1984	5,243,149	0.41
1983	5,174,111	0.03
1982	N.A.	0.43

(Loss)
N.A. - Not Available.
† Discounts and allowances have been reclassified from marketing and sales expense to net revenues.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 26,278,000	$ 5.13
1985	28,712,000	5.58
1984	28,495,000	5.43
1983	27,477,000	5.31
1982	14,955,000	N.A.

N.A. - Not Available.
† Based on the weighted average number of common shares outstanding.

Income Account *

Year ended July 31	1986	1985
Revenues	$ 29,234,000	$ 24,722,000
Cost of sales & services	19,835,000	14,757,000
Expenses	11,848,000	10,951,000
Other expense (income)	449,000	(121,000)
Interest income	(236,000)	(757,000)
Loss before taxes	$ (2,662,000)	$ (108,000)
Tax credit	(100,000)	(257,000)
Net Income (Loss)	$ (2,562,000)	$ 149,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,119,000 in 1986 and $1,491,000 in 1985.

Assets

As of July 31	1986	1985
Cash & short-term invest.	$ 3,739,000	$ 7,981,000
Accts. receiv., net	5,670,000	5,401,000
*Inventories	10,273,000	8,616,000
Def. inc. tax benefits	284,000	325,000
Prepaid expenses	96,000	112,000
Current Assets	$ 20,062,000	$ 22,435,000
#Fixed assets	11,083,000	11,241,000
Other assets	1,159,000	462,000
Total Assets	$ 32,304,000	$ 34,138,000

Liabilities

Accts. payable	$ 1,281,000	$ 1,367,000
Long-term debt, curr.	522,000	483,000
Accrued compensation	715,000	600,000
Reserve for warranty	560,000	569,000
Deferred maint. agreement	614,000	546,000
Cust. deposits	250,000	368,000
Other liabilities	930,000	418,000
Curr. Liabilities	$ 4,872,000	$ 4,351,000
Deferred inc. taxes	847,000	847,000
Long-term debt	307,000	228,000
+Common stock	52,000	52,000
Add. paid-in capital	16,863,000	16,844,000
Stock. notes receiv.	(263,000)	(372,000)
Treasury stock	(598,000)	(598,000)
Retained earnings	10,224,000	12,786,000
Total Liabilities & Shareholders' Equity	$ 32,304,000	$ 34,138,000

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	—
%Net Income to Revenues	—	0.60
%Net Income to Equity	—	0.52
Debt to Equity	0.03	0.02
Working Capital	$15,190,000	$18,084,000
Current Ratio	4.12	5.16
Shareholders' Equity	$26,278,000	$28,712,000

Kevlin Microwave Corporation

26 Conn Street
Woburn, Massachusetts 01801
(617) 935-4800

Officers: James S. Galbraith, chairman of the board; Ernest W. Lattanzi, president & chief executive officer; John J. Moran, v.p. & clerk; James A. Tracy, treasurer.

Directors: James S. Galbraith, chairman; Ernest W. Lattanzi, John J. Moran, David Harkins, Bernard Plansky.

Areas of Work: Engaged in the production of R.F. rotary joints which are used to couple rotating radar antennas to stationary transmitters and receivers; also engaged in machine jobbing work.

Segments:

Microwave Products
Precision Machining Services

Kevlin International, Inc. (FSC)

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KVLM (NASDAQ)

Number of Employees:

1986	95	1983	85
1985	115	1982	72
1984	104		

Plant Footage:

1986	30,000 sq. ft.	1983	30,000
1985	30,000	1982	30,000
1984	30,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 8,310,213	$ 646,378
1985	8,839,837	980,420
1984	7,517,663	785,154
1983	5,928,910	556,672
1982	4,468,366	377,856

	No. of Com. Shares #	Earn. per Share #
1986	2,618,857	$ 0.25
1985	2,606,155	0.38
1984	2,500,720	0.31
1983	2,325,814	0.24
1982	2,421,582	0.16

Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 6,079,129	$ 2.44
1985	5,348,093	2.19
1984	4,387,697	1.86
1983	2,349,451	1.15
1982	1,730,746	0.88

Income Account *

Year ended May 31	1986	1985
Net sales	$ 8,310,213	$ 8,839,837
Cost of sales	5,312,000	5,286,051
Expenses	1,992,842	2,003,555
Other income	(89,351)	(222,345)
Income before taxes	$ 1,094,190	$ 1,772,576
Income taxes	447,812	792,156
Net Income	$ 646,378	$ 980,420

* Included in Costs and Expenses, Depreciation: $395,319 in 1986 and $320,998 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 3,190,446	$ 2,989,411
Accts. receiv., net	1,274,610	1,433,702
*Inventories	1,174,900	1,028,585
Costs in exc. of billings on uncomp. contracts	185,560	638,782
Prepaid inc. taxes	52,544	—
Prepaid expenses	45,640	47,573
Current Assets	$ 5,923,700	$ 6,138,053
#Fixed assets	1,647,577	1,669,770
Total Assets	$ 7,571,277	$ 7,807,823

Liabilities

Accts. payable	$ 130,607	$ 525,650
Billings in exc. of costs on uncomp. cont.	69,914	21,771
Accruals	504,684	703,671
Income taxes	460,208	306,923
Deferred inc. taxes	—	594,327
Obligation under capital lease, curr.	25,080	21,882
Curr. Liabilities	$ 1,190,493	$ 2,174,224
Deferred income taxes	249,973	208,494

Oblig. under capital lease	51,682	77,012
+Common stock	279,638	275,738
Add. paid-in capital	1,689,384	1,602,791
Retained earnings	4,571,652	3,925,274
Treasury stock	(461,545)	(455,710)
Total Liabilities & Shareholders' Equity	$ 7,571,277	$ 7,807,823

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.17	20.05
%Net Income to Sales	7.78	11.09
%Net Income to Equity	10.63	18.33
Sales to Inventories	7.07	8.59
Debt to Equity	0.01	0.02
Working Capital	$4,733,207	$3,963,829
Current Ratio	4.98	2.82
Shareholders' Equity	$6,079,129	$5,348,093

Kidde, Inc.

(formerly Walter Kidde & Company, Inc.)

Park 80 West-Plaza Two
Box 5555
Saddle Brook, New Jersey 07662
(201) 368-9000

Officers: Fred R. Sullivan, chairman & president; David R. Ficca, vice chairman & exec. v.p.; S. Harrison Dogole, sr. v.p.; Richard P. Barnitt, sr. v.p. & controller; Hugh H. Shull, Jr., sr. v.p. & secretary; John L. Kidde, Harvey S. Ekenstierna, Louis T. Tedeschi, Kevin M. Sheridan, Francis V. Lloyd, v.p.'s; Leonard T. Riccardo, exec. v.p.; William B. McBride, v.p. & treasurer; Agnes Marden, asst. secretary; Thomas E. Grandell, asst. treasurer.

Directors: Fred R. Sullivan, chairman; Bernard N. Ames, Fred E. Braemer, Carl W. Walter, Theron L. Marsh, Norman E. Alexander, Joseph F. McKinney, George T. Scharffenberger, David R. Ficca, Donald A. McMahon.

Areas of Work: Consumer and recreation products include Progress lighting fixtures, Farberware cookware and electric appliances, Spartus clocks, Rexair home cleaning systems, Tucker plastic housewares, Jacuzzi whirlpool baths, spas and water systems, Spaulding and Kim architectural lighting products, Ertl diecast miniature vehicle toys and plastic model kits, Bear archery and camping equipment, Universal physical conditioning equipment, PGA/Tommy Armour golf clubs and accessories, and Valley pool tables.

Security and protection equipment include Kidde and Fenwal fire protection, Kidde Automated Systems engineered security and energy management systems, and Globe Security uniformed guard services.

Industrial and commercial products and services include Weber aircraft interior equipment, Jade robotics and semiconductor industry products, Grove mobile hydraulic cranes, Craig electronic equipment shelters, Garden State Tanning automotive leather, Theurer truck trailers, Victory Temporary Services and Professional Nurses Bureau temporary help, and New Jersey Office Supply, Bayless, Scott Rice and Ross-Martin office equipment, supplies and forms.

Divisions and Subsidiaries:

Chatas Glass Company, Inc.
570 Brusdlawn Terrace
Vineland, New Jersey 08360
(609) 691-5600

Grove Industrial Products (Canada)
1051 Heritage Road
Burlington, Ontario, Canada L7L, 4Y1
(416) 335-2090

Craig Systems Corporation
10 Industrial Way
Amesbury, Massachusetts 01913-4848
(617) 388-5662
(617) 688-6961

Farberware Division
1500 Bassett Avenue
Bronx, New York 10461
(212) 863-8000

The Ertl Company
Highway 136 and 20
Dyersville, Iowa 52040
(319) 875-2461

Fenwal Incorporated
400 Main Street
Ashland, Massachusetts 01721
(617) 881-2000

Fenwal Controls of Japan, Ltd.
No. 3 Mori Building
4-10, 1 Chrome, Nishi Shinbashi
Minato-ku, Tokyo, Japan
03 (503) 1641

Garden State Tanning
215 Lexington Avenue
New York, New York 10016
(212) 679-8910

Kidde Automated Systems
835 Sharon Drive
Westlake, Ohio 44145
(216) 871-9900

Kidde Consultants, Inc
1020 Cromwell Bridge Road
Baltimore, Maryland 21204
(301) 321-5500

Kidde Consultants, Inc.
Hennepin Square - Suite 238
2021 East Hennepin Avenue
Minneapolis, Minnesota 55413
(612) 331-8667

Globe Security Systems, Inc.
2503 Lombard Street
Philadelphia, Pennsylvania 19146
(215) 546-6900

Greenwald Industries Division
1340 Metropolitan Avenue
Brooklyn, New York 11237-1194
(718) 456-6900

Grove Manufacturing Company
P.O. Box 21
Shady Grove, Pennsylvania 17256
(717) 597-8121

Halkey-Roberts Corporation
11600 9th St. No.
St. Petersburg, Florida 33702-1098
(813) 577-1300

The Jade Corporation
3063 Philmont Avenue
Huntingdon Valley, Pennsylvania 19006
(215) 947-3333

Jacuzzi, Inc.
12401 Interstate 30
P.O. Box 8903
Little Rock, Arkansas 72219-8903
(501) 455-1234

Walter Kidde Division
Walter Kidde Drive
P.O. Box 1147
Wake Forest, North Carolina 27587
(919) 556-6811

The Walter Kidde Company Limited
Belvue Road, Northolt
Middlesex, UB5 5QW England
Northolt, England
01-845-7711

Walter Kidde G.m.b.H
P.O. Box 1909/1929
Lueer Rembahn 2
2120 Luneburg, Germany
04131 188014-16

Kidde Consumer Durables Corp
2 Bala Cynwyd Plaza
333 East City Line Avenue
P.O. Box 804
Bala Cynwyd, Pennsylvania 19004
(215) 668-2227

Kidde Consumer Durables Corp. (F.E.) Ltd.
World Finance Center
19 Canton Road
Suite 1303-1309, North Tower
Kowloon, Hong Kong
3-7227081-Y

New Jersey Office Supply Division
35 Melanie Lane
Whippany, New Jersey 07981
(201) 386-8900

Douglas Randall Division
6 Pawcatuck Avenue
Pawcatuck, Connecticut 02891
(203) 599-1075

Tucker Housewares
345 Central Street
Leominster, Massachusetts. 01453
(617) 537-1621

Weber Aircraft Division
2820 Ontario Street
Burbank, California 91510
(213) 849-1181

Svenska Skumslacknings Aktiebolaget
Box 32
Byggmastaregatan 1
S-44201 Kungalv, 1 Sweden
0303/150 70

Adams Plastics
Grandview Avenue (Between Lafayette and Taylor)
P.O. Box 25
Bellevue, Kentucky 41073
(606) 431-3800

AMS Industries, Inc.
5 Barbara Lane
P.O. Box 370 - West Side Station
Worcester, Massachusettts 01602
(617) 752-7074

Apple, David, Office Equipment & Stationery Co., Inc.
223 Ellison Street
Paterson, New Jersey 07505
(201) 278-3317

Architectural Area Lighting
14249 Artesia Boulevard
La Mirada, California 90638
(714) 944-2700

Artesanias Baja, S.A.
(Office and Plant)
Blvd. Alivio Norte No. 25
Cd. Industrial Nueva Tijuana
Tijuana, Baja California, Mexico
(706) 682-0661

(Mailing Address)
P.O. Box 4418
Chula Vista, California 92011-0340

Associated Environmental Systems Division
10 Industrial Way
P.O. Box 648
Amesbury, Massachusetts 01913-4848
(617) 388-5662

Associated Testing Laboratories, Inc.
53 Second Avenue
Burlington, Massachusetts 01803
(617) 272-9050

Bayless Stationers, Inc.
2790 East Del Amo Boulevard
Carson, California 90221
(213) 604-3900

Bear Archery
Rural Route 4
4600 Southwest 41st Boulevard
Gainesville, Florida 32601
(904) 376-2327

Bucka, Spiero Comercio
Industria e Importacao Ltda.
Walter Kidde S.A.
Industria e Comercio
2148 Av. Santa Marina
Caixa Postal 3322
P.O. Box 3322
Sao Paulo, Sao Paulo, Brazil
266-0322, 266-6360

Burke, E.J., Security Systems, Inc.
2503 Lombard Street
Philadelphia, Pennsylvania 19146
(215) 545-8226

Business Products, Inc.
160 Avon Street
Stratford, Connecticut 06901
(203) 377-1776

Byron, W.D., & Sons, Inc.
Williamsport, Maryland 21795
(301) 223-7500

Computrol Corporation
15 Ethan Allen Highway
Ridgefield, Connecticut 06877-6297
(203) 544-9371

Consulta-Search
2503 Lombard Street
Philadelphia, Pennsylvania 19146
(215) 546-6900

Continental Office Supply, Inc.
13830 Harry Hines Blvd.
Dallas, Texas 75234
(214) 247-9668

De Boer's Fabrieken B.V.
Croquiusweg 118
1019 AK Amsterdam, Netherlands
P.O. Box 4105
1009 AC Amsterdam, Netherlands
020-654001

Devine Lighting, Inc.
4645 East 11th Street
Kansas City, Missouri 64127
(816) 241-9440

Douglas Randall Division
6 Pawcatuck Avenue
Pawcatuck, Connecticut 02891
(203) 599-2075

Dresher Brothers
101 Hudson Street
Hackensack, New Jersey 07601
(201) 489-9133

Dura Steel/P & G Products Co.
13901 S. Carmenita Road
Santa Fe Springs, California 90670
(213) 773-0141

(Mailing Address)
Box 54175
Los Angeles, California 90051

EAM, Inc.
Route 113
Skippack, Pennsylvania 19474
(215) 584-4284

Fashion, Inc.
15450 West 108th Street
Lenexa, Kansas 66219
(913) 888-8111

Fenwal Electronics Division
63 Fountain Street
Framingham, Massachusetts 01701
(617) 872-8841

Fire Control Instruments, Inc.
269 Grove Street
Newton, Massachusetts 02166
(617) 965-2010

Tose & Fowler
1300 Meylert Avenue
Scranton, Pennsylvania 18509
(717) 344-8693

Fukada-Kidde Company, Ltd.
No. 1-5, 3-Chome Mita
Minato-Ku, Tokyo, 108 Japan
(03) 451-5451

Gesellschaft fur Geratebau mbH
Hannoversche Strase 72
4600 Dortmund-1
Dortmund, Germany
West Germany
(49-231) 594066, -67, -68

GFG Gas Electronics
(Mailing Address)
P.O. Box 1078
Coraopolis, Pennsylvania 15108-6078

(Visiting Address)
600 N. Bell Avenue S-210
Carnegie, Pennsylvania 15106
(412) 269-9200

Halkey-Roberts Europe
181 Tarring Road
Worthing, West Sussex, England BN11 4HL
Worthing, England
(0903) 37216

Indalux
1736 Dreman Avenue
Cincinnati, Ohio 45223
(513) 541-3486

Integralite Division
750 Almeda-Genoa Road
Houston, Texas 77045

P.O. Box 45919
Houston, Texas 77245
(713) 433-4511

Inter-Globe Security Services Ltd.
Inter-Globe House
3-11 Gorst Road
London, N.W. 10 GLA
London, England
011-44-1-965-9741 (direct dial)

Isles Industries, Inc.
576 Explorer Street
Brea, California 92621
(714) 529-2126

Jacuzzi Bros. Division
12401 Interstate 30
P.O. Box 8903
Little Rock, Arkansas 72219-8903
(501) 455-1234

Jacuzzi Canada Ltd.
330 Humberline Drive
Rexdale, Ontario, Canada M9W 1R5
(416) 675-3333

Jacuzzi (Chile) S.A.
Camino Melipilla 6843
P.O. Box 46 Cerrillos
Cerrillos, Santiago, Chile
57-5408

Jacuzzi Do Brasil
Caixa Postal, 285
Rodivia SP-79 - Km. 53,5
Itu, Sao Paulo, Brazil 13300
(011) 409-1711

Jacuzzi Europe S.P.A.
S.S. Pontebbana Km. 97,200
33098 Valvasone (PN) Italia
Pordenone, Italy
(434) 85141

Jacuzzi Universal, S.a.
Km. 339-Carretera
Monterrey-Saltillo
Municipio de Santa Catarlina
Monterrey, N.L. Mexico
46-3000

(Mailing Address)
Apartado Postal 1537
Monterrey, N.L. Mexico

Jacuzzi Whirlpool Bath
100 N. Wiget Lane
Walnut Creek, California 94598

P.O. Drawer J
Walnut Creek, California 94596
(415) 938-7070

Jade Systems
1120 Industrial Highway
Southampton, Pennsylvania 18966
(215) 322-9020

Jet-Phillips, Inc.
750 Almeda-Genoa Road
Houston, Texas 77045
(713) 433-4511

P.O. Box 45919
Houston, Texas 77245

JPL Lighting Division
750 Almeda-Genoa Road
Houston, Texas 77045
(713-4511

P.O. Box 45919
Houston, Texas 77245

Jobs (Temporaries)
McAree Court Office Building
2424 Washington Street
Suites 101 and 105
Waukegan, Illinois 60085
(312) 336-0164

JW Lighting, Inc.
750 Almeda-Genoa Road
Houston, Texas 77045
(713) 433-4511

P.O. Box 45919
Houston, Texas 77245

Kent
Grandview Avenue (Between Lafayette and Taylor)
P.O. Box 25
Bellevue, Kentucky 41073
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Keystone Lamp Mfg. Corp.
R.D. 4
Slatington, Pennsylvania 18080
(215) 767-3821

Kic Ltd.
Globel House
P.O. Box HM2280
Hamilton 5, Bermuda
(809) 292-6667

Kidde Business Services, Inc.
500 North Skokie Boulevard
Northbrook, Illinois 60062
(312) 291-4600

Kidde Canada Limited
1051 Heritage Road
Burlington, Ontario
Canada L7L 4Y1
(416) 335-3863

Kidde Consumer Durables Corp.
No. 2 Fu Hsing North Road
5F-6
Taipei, Taiwan, Republic of China
(02) 7717083-5

Kidde Credit Corporation
30 Washington Center
Hagerstown, Maryland 21740
(301) 791-7600

Kidde, Walter, Sales & Service Company
736 Fairfield Avenue
Kenilworth, New Jersey 07033
(201) 241-2950

Kidde, Walter, S.A. Industria E. Comercio
2148 Av. Santa Marina
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266-0322, 266-6360

Kim Lighting, Inc.
16555 East Gale Avenue
P.O. Box 1275
City of Industry, California 91749-1275
(818) 968-5666

Kraftbilt
7659 East 46th Place
Tulsa, Oklahoma 74145
(918) 626-1260

P.O. Box 800
Tulsa, Oklahoma 74101

Light Systems
11600 Ninth Street North
St. Petersburg, Florida 33702-1098
(813) 577-1300

Marvin Electric Manufacturing Company
6100 S. Wilmington Avenue
Los Angeles, California 90001
(213) 583-6551

Kidde France
Zon Industrielle
Migennes 84900, France
(86) 80 15 89

Kidde General Fire Limited
St. Florian House, Milton Road
Wokingham, Berkshire RG11 1DB, England
(0734) 790707

Kidde, Inc.
Park 80 West - Plaza Two
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Kidde Recreation Products Group
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(301) 295-2796

Kidde, Walter, De Mexico, S.A. DE C.V.
Geranio #336, Esq. Tilos
06430 Mexico D.F., Mexico
(905) 583-33-22

McQuiddy Office Designers
110 7th Avenue North
Nashville, Tennessee 37202
(615) 256-5643

Merit Protective Service, Inc.
600 Wyndhurst Avenue - Suite 204
Baltimore, Maryland 21210
(301) 433-5500

Mobilite, Inc.
3856 Oakton Street
Skokie, Illinois 60076
(312) 676-5600

Newport Plastics Corporation
Derby Road
P.O. Box 466
Newport, Vermont 05855
(802) 334-7941

Nissen Corporation
930 27th Avenue, S.W.
Cedar Rapids, Iowa 52406
(319) 365-7561

Nurses Central Registry
2536 East Indian School Road
Phoenix, Arizona 85016
(602) 957-9031

Tommy Armour
8350 N. Lehigh Avenue
Morton Grove, Illinois 60053
(312) 966-6300

Piedmont Moulding Corporation
2203 Industrial Boulevard
P.O. Box 117
Conyers, Georgia 30207
(404) 483-7203

Professional Nurses Bureau
500 N. Skokie Blvd.
Northbrook, Illinois 60062
(312) 291-4600

Progress Lighting
G Street and Erie Avenue
Philadelphia, Pennsylvania 19134
(215) 289-1200

Rexair, Inc.
900 Tower Drive - Suite 700
Troy, Michigan 48098
(313) 879-2600

Ross-Martin
6504 East 44th Street
Tulsa, Oklahoma 74145
(918) 627-4460

P.O. Box 2450
Tulsa, Oklahoma 74101

Scott Rice
3717 South Sheridan
Tulsa, Oklahoma 74145
(918) 628-1400

Shadeco, Inc.
4202 Old Bethlehem Pike
Hilltown Industrial Park - Bldg. 2
Telford, Pennsylvania 18969
(215) 723-6606

Spartus Corporation
3856 Oakton Street
Skokie, Illinois 60076
(312) 676-5600

P.O. Box 1200
Skokie, Illinois 60076

Spartus (HK) Limited
World Finance Centre
19 Canton Road
Suites 1303-1309 North Tower
Harbour City
Kowloon, Hong Kong

Spaulding Lighting, Inc.
1736 Dreman Avenue
Cincinnati, Ohio 45223
(513) 541-3486

Stewarts Office Supplies
120 Express Street
Plainview, New York 11803
(212) 347-0688
(516) 822-1470

Survival Technologies Group
11600 Ninth Street North
St. Petersburg, Florida 33702-1098
(813) 577-1300

Sunset/Richards
6000 East Slauson Avenue
City of Commerce, California 90040
(213) 726-6959

Svansake Skum B.V.
Burg. Hogguerstraat 787
1064 EB Amsterdam, Netherlands

Mailing Address: Postbus 8236
1005 AE Amsterdam, Netherlands
020-148944

Tose-Fowler, Inc.
1300 Meylert Avenue
Scranton, Pennsylvania 18509
(717) 344-8693

Treher Office Products
3184 Airport Road
Lehigh Valley, Pennsylvania 18001
(215) 226-9455

Universal Gym Equipment, Inc.
930 27th Avenue S.W.
P.O. Box 1270
Cedar Rapids, Iowa 52406
(319) 365-7561

The Valley Company
333 Morton Street
P.O. Box 656
Bay City, Michigan 48707
(517) 892-4536

Victor Temporary Services (U.S.)
500 N. Skokie Boulevard, Suite 300
Northbrook, Illinois 60062
(312) 291-4600

Victor Temporary Services (Canada)
10180 - 102nd Street, Suite 605
Edmonton, Alberta T5J OW5, Canada
(403) 423-2381

Vigon Lighting, Inc.
201 W. Carob Street
Compton, California 90220
(213) 631-6135

Weber Technical Products
3200 Enterprise Street
Brea, California 92621-6238
(714) 961-1080

Whiteway-Spaulding-Indalux
1736 Dreman Avenue
Cincinnati, Ohio 45223
(513) 541-3486

Wright Light Division
750 Almeda-Genoa Road
Houston, Texas 77045
(713) 433-4511
P.O. Box 45919
Houston, Texas 77245

Nissen International (Sports Equipment) Ltd.
Tallon Road
Brentwood
Essex CM13 1TT, England
Brentwood 221 122 (STD 0277)

Nissen Trampoline AG
CH 3073
Gumligen, Switzerland
031-52-73-13

American Power Devices, Inc.
7 Andover Street
Andover, Massachusetts 01810
(617) 475-4074
Production of diodes-zener, planar, stabistors four-layer semiconductors.

S&S Personnel
600-A Terminal Tower
Cleveland, Ohio 44113
(216) 781-3100
Tempororary office personnel.

TOPS
4155 East Jewell Street
Suite 908
Denver, Colorado 80222
(303) 758-8677
Temporary office personnel.

Transfer Agent(s):
Chemical Bank
Corporate Trust Dept.
P.O. Box 2861
Church Street Station
New York, New York 10008

Midlantic National Bank
P.O. Box 600
Edison, New Jersey 08818

Stock Exchange(s): New York, Pacific

Ticker Symbol: KDE

Number of Employees:
1986 . . . . . N.A. 1985 32,000

Plant Footage:
1986 . . . . . N.A. 1985 . . . . . 18,000,000 sq.ft.

N.A. - Not Available.

Sales and Earnings

	Net Sales ‡ (000's)	Net Income
1986	$ 2,356,212	$ 25,170,000
1985	2,164,812	72,245,000
1984	2,087,023	79,138,000
1983	1,863,881	(123,799,000)
1982	1,899,600	84,210,000

	No. of Com. Shares	Earn. per Share +
1986	21,365,714	$ 1.08
1985	21,253,715	3.31
1984	20,513,530	3.75

Kidde, Inc.

1983	20,118,302	—
1982	19,971,548	4.02

(Loss)
‡ Includes other revenues; of continuing operations only.
+ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Industrial & commercial:		
Transportation & other equip.	$ 449,512	$ 400,489
Business & commercial prods. & services	445,992	394,567
Safety, security & protection:		
Fire protection equip.	505,422	460,457
Consumer & recreation:		
Lighting prods. & housewares	486,940	457,599
Sports & leisure prods.	468,346	451,700
Total	$ 2,356,212	$ 2,164,812

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.20	—	—
1984	1.1625	—	—
1983	1.1125	—	—
1982	1.10	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 685,759,000	$ 32.10
1985	682,286,000	32.07
1984	610,738,000	29.73
1983	553,519,000	27.46
1982	701,648,000	35.05

‡ After allowing for Series B and Series C preference stock at liquidating values of $90 per share.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 2,356,212	$ 2,164,812
Cost of sales	1,750,670	1,613,919
Expenses	473,379	421,840
Interest expense	34,681	40,340
Other expense	5,956	5,122
Income before taxes	$ 91,526	$ 83,591
Income taxes	39,356	35,944
Inc. - cont. oper.	$ 52,170	$ 47,647
Inc. (loss) - discont. oper.	(27,000)	24,598
Net Income	$ 25,170	$ 72,245

* Included in Costs and Expenses, Depreciation and Amortization: $56,551,000 in 1986 and $47,941,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. invest.	$ 28,438	$ 26,535
Accts. receiv., net	443,102	448,255
*Inventories	629,616	480,883
Assets of discont. oper.	—	158,998
Prepaid expenses	35,742	30,728
Current Assets	$ 1,136,898	$ 1,145,399
Investments	23,186	25,378
#Fixed assets	420,953	313,260
Other assets	29,005	61,683
Intangibles	121,125	99,133
Assets of discont. oper.	—	44,582
Total Assets	$ 1,731,167	$ 1,689,435

Liabilities
(000's)

Notes payable	$ 98,080	$ 114,693
Long-term debt, curr.	26,446	20,704
Accts. payable	215,785	167,235
Accruals	187,087	152,344
Income taxes	5,080	5,444
Curr. Liabilities	$ 532,478	$ 460,420
Long-term debt	400,100	420,975
Capitalized leases	19,029	20,345
Deferred taxes & credit	51,383	60,137
+Preferred stock with mand. redemp.	5,518	6,199
+Preferred stock	410	434
++Common stock	26,707	26,567
Add. paid-in capital	220,384	219,578
Retained earnings	475,158	474,780
Total Liabilities & Shareholders' Equity	$ 1,731,167	$ 1,689,435

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; convertible cumulative.
++ $1.25 par value.

Statistical Summary

%Net Income to Equity	3.48	10.02
Sales to Inventories	3.74	4.50
Debt to Equity	0.55	0.80
Working Capital	$604,420,000	$684,979,000
Current Ratio	2.14	2.49
Shareholders' Equity	$722,659,000	$721,359,000

KLA Instruments Corporation

2051 Mission College Boulevard
P.O. Box 58016
Santa Clara, California 95052
(408) 988-6100

Officers: Kenneth Levy, president & chief exec. officer; Robert R. Anderson, chairman; Robert J. Boehlke, sr. v.p.; Paul Sandland, v.p.-Advanced Development; Kenneth L. Schroeder, sr. v.p.; Robert J. Riopel, v.p.-finance & administration; John W. Mathews, Kate Ludeman, v.p.'s; Paul Kreutz, secretary.

Directors: Robert R. Anderson, chairman of the board; Leo J. Chamberlain, Kenneth Levy, Robert E. Lorenzini, Samuel Rubinovitz, Dag Tellefsen.

Areas of Work: Designs, manufactures, markets and services computer-based systems that are used to automate optical testing and inspection to control manufacture of very large scale integrated (VLSI) circuits. These automated image analysis systems combine advanced optical technology with custom, high-speed digital electronics and proprietary software in replacing the human eye-brain recognition and interpretation traditionally used for optical inspection and testing.

Divisions:
RAPID Division
Wafer Inspection (WISARD) Division
ATS Division
KLASIC Division

Subsidiaries:

KLA Technology Center Limited
Tokyo, Japan

KLA Instruments Israel Corporation
Nitzanin Street
Sapir Center
Migdal Haemek 10500
Israel

Transfer Agent(s):
First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KLAC (NASDAQ)

Number of Employees:
1986 614

Plant Footage:
1986 . . . . . 162,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 82,526,000	$ 9,854,000
1985	62,878,000	8,802,000
1984	42,873,000	5,664,000
1983	23,396,000	2,928,000
1982	16,162,000	1,510,000

	No. of Com. Shares	Earn. per Share ‡
1986	17,044,217	$ 0.56
1985	16,852,874	0.50
1984	16,657,425	0.35
1983	14,901,606	0.20
1982	13,389,396	0.11

‡ Based on the weighted average numer of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 75,596,000	$ 4.44
1985	62,641,000	3.72
1984	52,439,000	3.15
1983	24,811,000	1.66
1982	10,671,000	0.80

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 82,526	$ 62,878
Cost of sales	44,008	28,981
Expenses	24,142	22,810
Interest income	(2,469)	(3,355)
Income before taxes	$ 16,845	$ 14,442
Income taxes	6,991	5,640
Net Income	$ 9,854	$ 8,802

* Included in Costs and Expenses, Depreciation and Amortization: $2,898,000 in 1986 and $2,103,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash & cash equiv.	$ 12,204	$ 15,308
Marketable securities	13,277	6,827
Accts. receiv., net	20,957	15,466
*Inventories	26,195	18,440
Other curr. assets	704	704
Current Assets	$ 73,331	$ 56,745
#Fixed assets	8,992	8,891
Market. securities	11,179	12,844
Other assets	4,675	2,123
Total Assets	$ 98,177	$ 80,603

Liabilities
(000's)

Accts. payable	$ 2,429	$ 2,398
Accrued compens.	4,295	4,262
Accrued warranty	2,628	1,606
Unearned contract revenue	3,674	2,717
Income taxes	47	1,217
Deferred inc. taxes	4,454	2,476
Other curr. liab.	2,950	1,833
Curr. Liabilities	$ 20,477	$ 16,509
Deferred inc. taxes	2,104	1,453
+Common stock	17	17
Add. paid-in capital	44,540	42,331

Retained earnings	30,147	20,293
Cum. trans. adj.	892	—
Total Liabilities & Shareholders' Equity	$ 98,177	$ 80,603

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary

%Income bef. Taxes to Sales	20.41	22.97
%Net Income to Sales	11.94	14.00
%Net Income to Equity	13.04	14.05
Sales to Inventories	3.15	3.41
Working Capital	$52,854,000	$40,236,000
Current Ratio	3.58	3.44
Shareholders' Equity	$75,596,000	$62,641,000

KMS Industries, Inc.

3853 Research Park Drive
P.O. Box 1778
Ann Arbor, Michigan 48106-1778
(313) 769-1100

Officers: Patrick B. Long, chairman, president & chief exec. officer; Lowell D. Johnson, chief financial officer & treasurer; Terence C. Liddy, corp. secretary & sr. v.p.-KMS Fusion; Alexander J. Glass, president & chief operating officer-KMS Fusion.

Directors: Patrick B. Long, chairman; Robert A. Carrane, Alexander J. Glass, Terence C. Liddy, Roy E. Ritts, Thomas P. Stafford, James C. Bard.

Areas of Work: An advanced technology company with scientific and engineering capabilities in aerospace, biotechnology, diagnostic instrumentation, and laser fusion energy research. Current products include fiber optic sensors used to detect shock waves and ballistic impact, x-ray measurement and recording systems and devices, and a video multiplexer which allows several computers to feed output to one printer.

Subsidiaries:

KMS Fusion, Inc.
Covalent Technology Corp.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KMSI (NASDAQ)

Number of Employees:

1986 229

Sales and Earnings

	Net Sales	Net Income †
1986	$ 19,696,000	$ 909,000
1985	17,672,000	1,005,000
1984	14,153,000	891,000
1983	11,884,000	526,000
1982	10,473,000	433,000

	No. of Com. Shares	Earn. per Share †‡
1986	15,745,000	$ 0.06
1985	15,733,000	0.06
1984	13,613,000	0.06
1983	13,569,000	0.03
1982	13,540,000	0.03

† Including extraordinary gains of $398,000 ($0.03 per share) in 1986, $455,000 ($0.03 per share) in 1985 and $485,000 ($0.03 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 5,519,000	$ 0.35
1985	4,597,000	0.29
1984	4,805,000	0.35
1983	3,910,000	0.29
1982	3,354,000	0.25

Income Account *

Year ended Dec. 31	1986	1985
Revenues	$ 19,696,175	$ 17,671,853
Other income	443,676	600,279
Total income	$ 20,139,851	$ 18,272,132
Cost of sales	13,464,240	12,547,712
Expenses	4,734,704	3,682,181
Independ. res. & develop.	993,662	956,550
Interest expense	38,583	51,532
Income before taxes	$ 908,662	$ 1,034,157
Income taxes	398,000	455,000
Minority interests	—	29,000
Net Income	$ 510,662	$ 550,157
Extraord. gain	398,000	455,000
Net Income & extraord. gain	$ 908,662	$ 1,005,157

*Included in Costs and Expenses, Depreciation and Amortization $459,945 in 1986 and $352,967 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 15,257	$ 26,523
U.S. Treasury Notes	3,170,017	3,705,565
Accts. receiv., net	3,180,874	1,939,902
Other curr. assets	248,361	267,135
Current Assets	$ 6,614,509	$ 5,939,125
#Fixed assets	929,578	913,591
Accts. & notes receiv.	9,866	332,002
Other assets	2,899	7,400
Intangibles	85,589	87,555
Total Assets	$ 7,642,441	$ 7,279,673

Liabilities

Long-term debt, curr.	$ 100,000	$ 100,000
Accts. payable	816,367	1,113,991
Accrued compensation	778,009	762,928
Other accruals	204,369	299,631
Curr. Liabilities	$ 1,898,745	$ 2,276,550
Deferred gain on sale of option	—	81,402
Long-term debt	225,000	325,000
+Common stock	157,447	157,333
Add. paid-in capital	27,744,668	27,731,469
Accumulated deficit	(22,383,419)	(23,292,081)
Total Liabilities & Shareholders' Equity	$ 7,642,441	$ 7,279,673

Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	4.61	5.85
%Net Income to Revenues	2.59	3.11
%Net Income to Equity	9.25	11.97
Debt to Equity	0.06	0.09
Working Capital	$4,715,764	$3,662,575
Current Ratio	3.48	2.61
Shareholders' Equity	$5,518,696	$4,596,721

KMW Systems Corporation

100 Shepherd Mountain Plaza
6034 West Courtyard
Austin, Texas 78730
(512) 338-3000

Officers: Richard A. Wells, president & chief exec. officer; Harry D. Keirns, chairman & exec. v.p.; Thomas G. Allen, Ronald L. Dorst, sr. v.p.'s; Iraj Vojdani, Peter J. Robinson, Linda C. Lewis, Sheryl R. Phillips, vice presidents; Sadie N. Stewart, v.p. & chief financial officer; Doris Jean Richards, v.p., secretary & treasurer; Charlene F. Severance, controller; David L. Huebel, gen. mgr.-communications; James P. Robillard, gen. mgr.-graphics.

Directors: Harry D. Keirns, chairman; Richard A. Wells, Frederick R. Klingensmith, Dale M. Mosier, John R. Muse, R. Clarke Heidrick, Jr., Thomas G. Allen, Iraj Vojdani, Ronald L. Dorst.

Areas of Work: Manufactures electronic systems and equipment for the transmission and processing of computer graphic data, including graphics controllers, protocol converters, and channel interfaces.

Subsidiaries:

KMW Systems International Ltd.
Middlesex, England

Auscom, Inc.
2004 Kramer Lane
Austin, Texas 78758
High-speed data transmission products.

Transfer Agent(s):

Texas American Bank/Dallas
P.O. Box 35207
Dallas, Texas 75235

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KMWS (NASDAQ)

Number of Employees:

1986 139
1985 130
1984 72

Plant Footage:

1986 . . . . . 48,000 sq. ft.

Sales and Earnings

	Net Sales	New Income
1986	$ 14,330,000	$ 1,101,000
1985	9,867,000	811,000
1984	6,358,000	757,000
1983	3,452,000	420,000
1982	2,024,000	260,000

	No. of Com. Shares	Earn. per Share ‡
1986	2,169,260	$ 0.51
1985	1,426,844	0.38
1984	1,400,587	0.38
1983	1,051,837	0.27
1982	1,043,750	0.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	12½-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 7,199,000	$ 3.32
1985	5,861,000	2.74
1984	4,738,000	2.25
1983	970,000	0.61
1982	526,000	0.33

‡ Adjusted to reflect stock splits.

KMW Systems Corporation

Income Account *

Year ended June 30	1986	1985
Net sales	$ 14,330,423	$ 9,867,419
Cost of sales	5,495,471	4,385,717
Expenses	7,058,866	4,457,640
Interest expense	227,094	24,911
Eq. in earn. of subsid.	(85,726)	(59,084)
Income before taxes	$ 1,634,718	$ 1,058,224
Income taxes	533,400	247,700
Net Income	$ 1,101,318	$ 810,524

* Included in Costs and Expenses, Depreciation and Amortization: $640,751 in 1986 and $347,030 in 1985.

Assets

As of June 30	1986	1985
Cash & cash equiv.	$ 1,550,055	$ 1,469,259
Accts. receiv., net	3,298,664	3,181,702
Refundable taxes	—	105,129
*Inventories	2,918,959	2,273,042
Prepaid expenses	374,122	391,636
Current Assets	$ 8,141,800	$ 7,420,768
Invest. in affil.	—	122,600
Market. equity securities	260,304	180,116
Note receivable	95,037	—
#Fixed assets	1,541,166	1,176,740
Technology	1,514,697	1,646,598
Intangibles	374,711	328,833
Software develop. costs	167,320	—
Total Assets	$ 12,095,035	$ 10,875,655

Liabilities

Notes payable	$ 350,000	$ —
Long-term debt, curr.	776,486	610,403
Accts. payable	649,914	676,741
Accruals	289,628	405,543
Income taxes	232,748	—
Deferred inc. taxes	191,700	168,100
Curr. Liabilities	$ 2,490,476	$ 1,860,787
Long-term debt	2,227,762	3,126,273
Deferred inc. taxes	178,000	28,000
+Common stock	216,926	142,684
Add. paid-in capital	3,306,680	3,266,133
Retained earnings	3,533,594	2,432,276
For. curr. trans. adjust.	141,597	19,502
Total Liabilities & Shareholders' Equity	$ 12,095,035	$ 10,875,655

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.41	10.72
%Net Income to Sales	7.69	8.21
%Net Income to Equity	15.30	13.83
Sales to Inventories	4.91	4.34
Debt to Equity	0.47	0.64
Working Capital	$5,651,324	$5,559,981
Current Ratio	3.27	3.99
Shareholders' Equity	$7,198,797	$5,860,595

Knogo Corporation

100 Tec Street
Hicksville, New York 11801
(516) 822-4200

Officers: Arthur J. Minasy, president; James R. Dellomo, v.p.-finance, secretary & treasurer; Michael Cooper, v.p.-engineering; Michael Trentacosti, v.p.-operations; Fred Cicchetti, v.p.; Thomas A. Nicolette, v.p. & gen. mgr.-Knogo North America; Joseph H. Sconzo, v.p.-Sales.

Directors: Arthur J. Minasy, James R. Dellomo, Andre Mechelynck, Nicholas Nabokoff, William A. Perlmuth, James Taylor.

Areas of Work: Engaged in the design, manufacture, marketing and service of electronic article surveillance systems primarily use to detect and deter shoplifting.

The RF system, using radio signals, is primarily used in retail clothing stores. The EM and MM systems using electromagnetic signals, protect products in a variety of retail establishments, such as bookstores, supermarkets, drugstores, shoe stores and sporting goods stores, is used in museums, libraries and hospitals.

Subsidiaries:

Knogo S.A.
Route de Wallonie
B-7420 Baudour (Mons)
Belgium

Knogo France S.A.
5 Rue Faustin Helie
75016 Paris
France

Knogo Scandinavia AB
Larsbergstorget 4
181 38 Lidingoe, Sweden

Knogo Italia Srl.
Piazzale Aquileia 6
20144 Milano
Italy

Knogo Deutschland GmbH
Rheinallee 109
6500 Mainz
West Germany

Knogo U.K.

Transfer Agent(s):
Chemical Bank
55 Water Street
New York, New York 10041

Stock Exchange(s): New York

Ticker Symbol: KNO

Number of Employees:

1986	597	1983	372
1985	429	1982	352
1984	392		

Plant Footage:

1986	145,500 sq. ft.	1983	44,500
1985	115,000	1982	44,500
1984	44,500		

Sales and Earnings

	Revenues *	Net Income
1987	$ 49,020,800	$ 8,546,800
1986	36,005,500	5,803,000
1985	30,738,000	4,230,000
1984	26,017,100	3,311,100
1983	21,935,300	1,376,900

	No. of Com. Shares	Earn. per Share #
1987	6,708,579	$ 1.25
1986	6,673,709	1.19
1985	4,725,933	0.88
1984	5,012,714	0.68
1983	4,264,814	0.32

* Includes lease rentals and other income.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 97,504,300	$ 14.53
1986	80,653,600	12.09
1985	31,431,000	6.65
1984	32,841,000	6.55
1983	20,066,000	4.71

Income Account

Year ended Feb. 28	1987	1986
Net sales & rentals	$ 42,772,000	$ 30,554,800
Other income	6,248,800	5,450,700
Total Income	$ 49,020,800	$ 36,005,500
Cost of sales	14,690,400	10,592,200
Expenses	21,116,300	14,936,000
Depreciation & amortization	3,338,200	2,774,600
Interest expense (income)	(1,027,100)	800,500
For curr. trans.	$4,300	(446,900)
Inc. bef. taxes	$ 10,818,700	$ 7,349,100
Income taxes	2,271,900	1,546,100
Net Income	$ 8,546,800	$ 5,803,000

Assets

As of Feb. 28	1987	1986
Cash	$ 32,681,000	$ 30,624,000
Accts. receiv., net	32,311,000	24,037,600
*Security devices	24,947,000	17,428,800
Investments in sales-type leases	9,209,000	8,405,100
#Fixed assets	13,442,000	6,971,400
Intangibles	514,000	635,900
Defer. charges	1,943,000	1,839,500
Other assets	6,867,000	4,392,500
Total Assets	$ 121,918,100	$ 94,335,200

Liabilities

Notes payable	$ 9,693,500	$ 4,214,100
Accts. payable	4,262,400	2,650,000
Accruals	4,192,900	1,860,400
Income taxes	1,590,800	1,302,700
Deferred lease rentals	1,674,900	892,400
Deferred inc. taxes	2,999,300	2,499,700
Subordinated bonds	—	262,300
+Common stock	70,400	70,000
Add. paid-in capital	63,113,500	62,307,100
Retained earnings	26,881,200	18,334,400
Unamort. deferred comp.	(434,000)	(114,700)
Foreign curr. trans. adj.	10,240,800	2,289,100
Treasury stock	(2,367,600)	(2,232,300)
Total Liabilities & Shareholders' Equity	$ 121,918,100	$ 94,335,200

* At cost (FIFO) which is not in excess of replacement value.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	22.07	20.41
%Net Income to Revenues	19.98	16.12
%Net Income to Equity	8.77	7.19
Debt to Equity	0.10	0.05
Shareholders' Equity	$97,504,300	$80,653,600

Kollmorgen Corporation

Management Center:
66 Gate House Road
Stamford, Connecticut 06902
(203) 327-7222

Administrative Center:
10 Mill Pond Lane
Simsbury, Connecticut 06070
(201) 651-3757

Officers: Robert L. Swiggett, chairman of the board; James E. Swiggett, president & chief executive officer; George P. Stephan, vice-chairman; James K. Branch, president-Photo Research Division; James G. Davidson, president-Macbeth Division; R. Page Burr, sr. scientific officer; John Calpena, president-PMI Motion Technologies Division; Allan M. Doyle, Jr., vice chairman & chief financial officer; Karl A. Egerer, sr. v.p.-patents & technology; Edwin M. Feiske, v.p.-

finance; Donald S. Fischer, v.p.; W.W. Griggs, president-Industrial Drives Division; John L. Helm, president-Proto-Power Corporation; Nick Hodgers, managing director-Inland Division, Kollmorgen (Ireland) Limited; Joseph R. Hoyt, v.p.; Thomas J. Gullo, president-Additive Products Division; William P. Sharpe, president-Questec Enterprises; Pierre Tardieu, president-Artus, S.A.; James P. Thompson, treasurer; Albert J. Benoit, president-Macbeth Process Measurements Division; S. Erek Jenstad, president-Crystal Specialties, Inc.; Thomas J. Sarnowski, president-PCK Technology Division; John L. Youngblood, president-Electro-Optical Division; Jack R. Waines, v.p.; Robert N. Williams, v.p.; Robert J. Bollo, controller & chief accounting officer; James A. Eder, secretary & assoc. gen. counsel; Donald Borod, v.p. & gen. counsel.

Directors: Robert W. Bjork, W.D. Dance, Allan M. Doyle, Jr.*, Townsend Hornor, John D. Maxwell, Jr., A.J. Powers, Jr., John A. Diaz, Richard Rachals, Robert L. Swiggett*, George P. Stephan*, James E. Swiggett*, W. D. Dance.

* Member of the Executive Committee.

Areas of Work: Engaged in the development, manufacture and marketing of electronic interconnection boards, special direct current motor and control systems, color and photometry systems and equipment, and electro-optical systems.

Divisions and Subsidiaries:

Additive Products Division
Riverhead, New York

Electro-Optical Division
347 King Street
Northampton, Massachusetts 01060
(413) 586-2330

Industrial Drives Division
201 Rock Road
Radford, Virginia 24141
(703) 639-2495

Inland Motor Division
501 First Street
Radford, Virginia 24141
(703) 639-3973

Macbeth Process Measurements Division
Newburgh, New York

Macbeth Division
P.O. Box 950
Newburgh, New York 12550
(914) 561-7300

PMI Motion Technologies Division
Commack, New York

Multiwire Division
Hicksville, New York

PCK Technology Division
322 LIE South Service Road
Melville, New York 11747
(516) 454-4400

Photo Research Division
3000 North Hollywood Way
Burbank, California 91502
(213) 843-6100

Questec Enterprises, Inc.
Huntington, New York

Crystal Specialties, Inc.
Portland, Oregon

Kollmorgen Overseas Development Corporation
Wilmington, Delaware

Societe Anonyme Artus
Angers, France

Kollmorgen (Ireland) Limited
Ennis, Ireland

Kollmorgen International Finance N.V.
Curacao, Netherlands Antilles

Kollmorgen Foreign Sales Corporation
St. Croix, Virgin Islands

Proto-Power Corporation
Groton, Connecticut

PCK Elastomerics, Inc.
Hatboro, Pennsylvania

Transfer Agent(s):
The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: KOL

Number of Employees:

1986	4,100	1983	4,900
1985	5,000	1982	4,500
1984	5,400		

Plant Footage:

1986	N.A.	1983	1,300,000
1985	1,575,000 sq. ft.	1982	1,200,000
1984	1,300,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 319,164,000	$ (19,947,000)
1985	310,982,000	(6,366,000)
1984	326,200,000	10,756,000
1983	260,670,000	8,891,000
1982	242,935,000	9,749,000

	No. of Com. Shares #	Earn. per Share †
1986	10,164,836	$ —
1985	9,952,992	—
1984	10,067,512	1.08
1983	9,950,350	0.91
1982	9,503,598	1.06

(Loss)
Based on the average number of shares outstanding.
† Based on the weighted average number of common stock and common stock equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronic interconnections	$ 114,135	$ 136,888
Motors & controls	117,172	99,596
Electro-optical instruments	87,857	74,498
Total	$ 319,164	$ 310,982

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.32	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.32	—	—
1982	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 79,398,000	$ 7.70
1985	99,635,000	9.90
1984	106,153,000	10.71
1983	97,243,000	10.13
1982	90,487,000	9.64

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 319,164	$ 310,982
Cost of sales	248,578	234,075
Expenses	88,757	91,140
Other expenses	4,452	4,880
Loss bef. taxes	$ (22,623)	$ (19,113)
Tax credit	(2,676)	(12,747)
Net Loss	$ (19,947)	$ (6,366)

* Included in Costs and Expenses, Depreciation and Amortization: $15,883,000 in 1986 and $17,608,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 5,220	$ 11,493
Receiv., net	58,982	63,423
Receiv. on contracts	15,348	9,880
*Inventories	39,765	47,428
Prepaid expenses	3,042	3,366
Current Assets	$ 122,357	$ 135,590
#Fixed assets	62,632	86,972
Other assets & intangibles	13,288	13,331
Total Assets	$ 198,277	$ 235,893

Liabilities
(000's)

Notes payable	$ 5,716	$ 4,525
Long-term debt, curr.	2,111	2,658
Accts. payable	25,310	27,189
Accruals	25,266	24,736
Income taxes	327	1,532
Curr. Liabilities	$ 58,730	$ 60,640
Long-term debt	57,438	69,250
Deferred credits	1,676	1,568
Deferred inc. taxes	1,035	4,800
+Common stock	25,787	25,150
Add. paid-in capital	26,599	25,252
Retained earnings	28,052	51,253
For. curr. trans. adj.	(1,040)	(2,020)
Total Liabilities & Shareholders' Equity	$ 198,277	$ 235,893

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $2.50 par value.

Statistical Summary

Sales to Inventories	8.03	6.56
Debt to Equity	0.72	0.77
Working Capital	$63,627,000	$74,950,000
Current Ratio	2.08	2.24
Shareholders' Equity	$79,398,000	$99,635,000

Koss Corporation

4129 N. Port Washington Avenue
Milwaukee, Wisconsin 53212
(414) 964-5000

Officers: John C. Koss, chairman of the board & president; Michael J. Koss, exec. v.p.; Robert W.A. Joynt, v.p. & pres.-Koss Ltd. (Canada); Donald R. Wagner, v.p.-marketing; John C. Koss, Jr., v.p.-sales; Michael F. Moore, secretary & corp. legal counsel.

Directors: John C. Koss, chairman; Lawrence S. Mattson, David B. Stevens, Brooks S. Stevens, James L. Dorman, Michael J. Koss.

Areas of Work: Designs, manufactures and markets stereophones and related accessories.

Subsidiary:
Koss Limited
4112-4114 South Service Road
Burlington, Ontario, Canada

Transfer Agent(s):
First Wisconsin Trust Company
First Wisconsin Centre
Milwaukee, Wisconsin 53208

Koss Corporation

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KOSS (NASDAQ)

Number of Employees:

1986 . . . . . 150 1985 245

Plant Footage:

1986 . . . . . 125,000 sq. ft. 1985 161,000

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 13,854,860	$ 6,273,260
1985	15,888,815	(8,642,315)
1984	18,077,925	(5,945,291)
1983	19,442,789	(49,095)
1982	22,886,572	1,708,039

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	4,227,001	$ 1.48
1985	3,485,736	—
1984	3,498,601	—
1983	3,803,146	—
1982	3,967,580	0.43

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $5,045,784 ($1.19 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.04	—	—
1983	0.16	—	—
1982	0.16	—	3-for-2

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 3,218,489	$ 0.76
1985	(4,412,608)	—
1984	4,239,430	1.21
1983	11,731,943	3.08
1982	12,829,696	3.23

(Deficiency)
‡ Based on the weighted number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 13,854,860	$ 15,888,815
Cost of sales	7,990,5332	12,503,947
Expenses	4,452,986	5,492,226
Interest expense	94,286	1,586,550
Interest income	(155,908)	(109,055)
Plant closing	—	3,397,970
Intangible assets	—	40,209
Chap. XI reorg. exp.	64,920	973,100
Income (loss) bef. taxes	$ 1,408,043	$ (7,996,132)
Income taxes	434,000	—
Income (loss)-cont. oper.	$ 974,043	$ (7,996,132)
Income (loss)-discont. oper.	253,433	(646,183)
Net Income (Loss)	$ 1,227,476	$ (8,642,315)
Extraord. gain	5,045,784	—
Net Income (Loss) & extraord. gain	$ 6,723,260	$ (8,642,315)

* Included in Costs and Expenses, Depreciation and Amortization: $398,075 in 1986 and 614,559 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 664,714	$ 3,490,589
Accts. receiv., net	2,691,860	3,[illegible],454
*Inventories	3,349,024	3,007,167
Prepaid expenses	92,511	43,515
Current Assets	$ 6,798,109	$ 10,021,725
#Fixed assets	1,181,175	3,692,482
Other assets	176,865	156,097
Total Assets	$ 8,156,149	$ 13,870,304
Liabilities		
Notes payable & long-term debt, curr.	$ 131,603	$ 248,872
Accts. payable	968,502	664,901
Accruals	1,819,188	961,120
Accruals - plant clos.	593,766	766,106
Income taxes	33,991	26,491
Curr. Liabilities	$ 3,547,050	$ 2,665,490
Liab. subj. to Chap. XI proc.	—	15,333,792
Long-term debt	1,390,610	283,630
+Common stock	51,193	38,193
Add. paid-in capital	2,311,900	1,229,000
Cum. trans. adjust.	(83,957)	(74,294)
Ret. earnings (deficit)	2,473,572	(3,799,688)
Treasury stock	(1,534,219)	(1,805,819)
Total Liabilities & Shareholders' Equity	$ 8,156,149	$ 13,870,304

* At lower of cost or market. 93% at LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	38.14	—
Sales to Inventories	4.14	6.09
Debt to Equity	0.47	—
Working Capital	$3,251,059	$ 7,356,235
Current Ratio	1.92	3.76
Shareholders' Equity (Deficiency)	$3,218,489	$(4,412,608)

Krug International Corp.

(Formerly Technology Incorporated)

1115 Talbott Tower
Dayton, Ohio 45402
(513) 224-9066

Officers: Maurice F. Krug, chairman of the board & president; Ronald T. Deger, v.p.-development; T. Wayne Holt, corp. v.p. & president-Aerospace Group; Elizabeth Anglea-Krug, v.p.-corp. communications; T. Gerald Stafford, general manager, Technology Services Division; J. Richard Swanson, v.p.-finance & treasurer; Evelyn B. Walker, asst. treasurer; W.E. Greenhalgh, chief exec.-Technology Inc. (UK) Ltd.

Directors: Maurice F. Krug*, John W. Berry*, Jack G. Merrell, James J. Mulligan*, Marvin E. Bruce, Victor J. Cassano, Sr., William J. Hoben, Leo W. Ladehoff, Frederick C. Smith.

* Members of Executive Committee.

Divisions and Subsidiaries (Electronic):

Technology Life Sciences Division
P.O. Box 58827
Houston, Texas 77258
(713) 488-5970
Biomedical research and development in the life sciences, particularly physiology, vision and biochemistry; medical systems research, quality control of production chemicals, development and marketing of freeze-dried foods.

Technology Systems Division
P.O. Box 3036, Overlook Branch
Dayton, Ohio 45431
(513) 426-2405
Interdisciplinary research and development in flight dynamics aeropropulsion, gas dynamics, solid rocket technology, bioastronautics, nuclear effects, avionics, bioengineering, optics, and instrumentation data acquisition, reduction and analysis; electronic systems design and fabrication. Design, manufacture and marketing of scientific instruments for biomedical research, mass flow measurement of gases, and environmental measurement and control. Manufacture of electric annunciators, alarm systems, sequential event recorders and special purpose control equipment for industrial and public utility power plants and other process controls.

Dempster Systems Inc.
P.O. Box 3127
Knoxville, Tennessee 37917
(615) 637-3711
Manufactures solid waste handling equipment.

Technology/Scientific Services, Inc.
P.O. Box 3065
Overlook Branch
Dayton, Ohio 45431
(513) 426-2405
Scientific, engineering and technical contract services in the fields of electronics, aerospace engineering and computer technology.

Milshaw Hydraulics & Pneumatics Limited
Bradford, Yorkshire, England
Distributor and manufacturer of industrial hydraulic and pneumatic equipment and package systems.

Transfer Agent(s):

Bank One, Dayton, N.A.
Kettering Tower
Dayton, Ohio 45401

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KRUG (NASDAQ)

Number of Employees:

1986 . . . . . 1,607 1983 676
1985 . . . . . 1,733 1982 743
1984 759

Sales and Earnings

	Revenues †	Net Income ‡
1986*	$ 90,784,000	$ 1,972,000
1985	67,702,000	1,555,000
1984	45,586,000	806,000
1983	38,490,000	512,000
1982	39,305,000	771,000

	No. of Com. Shares +	Earn. per Share #‡
1986*	3,202,569	$ 0.61
1985	3,167,321	0.48
1984	3,145,922	0.25
1983	3,120,822	0.16
1982	3,123,846	0.25

* 9 months.
† Of continuing operations only.
‡ Including extraordinary gain of $324,000 ($0.10 per share) in 1984.
+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Industrial products	$ 47,105,000	$ 44,022,000
Aerospace service	15,036,000	15,095,000
Commer./Consumer prod.	28,643,000	8,585,000
Total	$ 90,784,000	$ 67,702,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.03	—	—
1985	0.03	—	—
1984	0.02	—	2-for-1
1983	0.016	—	5-for-4
1982	0.01	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 11,712,000	$ 3.66
1985	8,903,000	2.81
1984	7,104,000	2.26
1983	6,328,000	2.03
1982	5,839,000	1.87

+ Adjusted to reflect stock splits.

Income Account *

Year ended	3/31/86 (9 months)	6/30/85
Revenues	$ 90,784,000	$ 67,701,652
Cost of sales	75,611,000	55,680,670
Expenses	10,810,000	7,813,555
Depreciation	599,000	798,415
Interest expense	1,338,000	1,638,220
Other income	(781,000)	(594,981)
Income before taxes	$ 3,207,000	$ 2,365,773
Income taxes	1,235,000	850,600
Income - cont. oper.	$ 1,972,000	$ 1,515,173
Income - discont. oper.	—	40,258
Net Income	$ 1,972,000	$ 1,555,431

Assets

As of June 30	1986	1985
Cash	$ 1,364,000	$ 1,518,950
Accts. receiv., net	22,419,000	23,074,502
Refundable inc. taxes	—	287,864
*Inventories	20,966,000	20,859,726
Prepaid expenses	672,000	925,498
Current Assets	$ 45,421,000	$ 46,666,540
#Fixed assets	3,371,000	3,644,297
Other assets	1,562,000	1,607,729
Total Assets	$ 50,354,000	$ 51,918,566

Liabilities

Notes payable	$ 6,500,000	$ 10,676,388
Long-term debt, curr.	975,000	1,214,752
Accts. payable	10,367,000	11,817,938
Accruals	6,856,000	7,061,633
Income taxes	1,345,000	—
Deferred income taxes	1,446,000	1,578,397
Curr. Liabilities	$ 27,489,000	$ 32,349,108
Long-term debt	8,124,000	6,183,037
Subordinated long-term debt	600,000	600,000
Deferred inc. taxes	281,000	1,451,275
Deferred income	2,148,000	2,432,719
+Common stock	1,724,000	1,667,321
Retained earnings	8,796,000	6,918,529
For. curr. trans.	1,192,000	316,577
Total Liabilities & Shareholders' Equity	$ 50,354,000	$ 51,918,566

* At lower of cost (FIFO) or market. Domestic nonaerospace inventories at LIFO.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.53	—
%Net Income to Sales	2.17	—
%Net Income to Equity	16.84	17.47
Debt to Equity	4.33	2.10
Working Capital	$17,932,000	$14,317,432
Current Ratio	1.65	1.44
Shareholders' Equity	$11,712,000	$ 8,902,427

Kulicke and Soffa Industries, Inc.

2101 Blair Mill Road
Willow Grove, Pennsylvania 19090
(215) 784-6000

Officers: C. Scott Kulicke, chairman & chief exec. officer; Donald VanLuvanee, president & chief operating officer; Dan Kahan, Mark W. Klug, sr. v.p.'s; Max M. Bycer, George S. Crosby, Ueli Meili, Ronald T. Yamamoto, Graham G. Yeldon, Morton Perchick, Edwin J. Clarke, Edward P. Delson, Robert M. Hilton, v.p.'s.

Directors: C. Scott Kulicke, chairman of the board; Albert Soffa, Frederick W. Kulicke, Jr., Allison F. Page, William Shapiro, Thomas J. Matcovich, Joseph S. Rambo; MacDonell Roehm, Jr., Donald R. VanLuvanee.

Areas of Work: Produces semiconductor manufacturing and assembly equipment ranging from manual to computer-controlled and fully automatic, as well as wire and die bonders and micro-tools.

Subsidiaries:

Kulso, Ltd.
Advanced Technology Center
P.O. Box 875
Haifa, 31008 Israel

Kulicke and Soffa, A.G.
Baarerstrasse 8
CH-6301
Zug, Switzerland

Kulicke and Soffa (Asia) Ltd.
9th Floor
Fook Cheong Building
63 Hoi Yuen Road
Kwun Tong, Hong Kong

Kulicke and Soffa, (U.K.) Ltd.
Denton Island
Newhaven, East Sussex
England BN9 9BA

Kulicke and Soffa (Japan) Ltd.
No. 5 Koike Bldg., 3rd Floor
1-3-12 Kita-Shinagawa
Shinagawa-Ku
Tokyo 140, Japan

Transfer Agent(s):

Mellon Bank (East) N.A.
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KLIC (NASDAQ)

Number of Employees:

1986	1,138	1983	1,363
1985	1,294	1982	1,290
1984	1,965		

Plant Footage:

1986	N.A.	1983	214,000
1985	280,000 sq. ft.	1982	144,000
1984	272,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 64,771,000	$ (7,445,000)
1985	125,102,000	(489,000)
1984	119,641,000	14,123,000
1983	67,314,000	1,656,000
1982	54,159,000	3,462,000

	No. of Com. Shares #	Earn. per Share #
1986	7,513,627	$ —
1985	7,450,871	—
1984	7,381,313	1.91
1983	7,332,909	0.23
1982	7,319,508	0.47

(Loss)
Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.12	—	—
1984	0.08	—	—
1983	0.08	—	2-for-1
1982	0.08	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 40,473,000	$ 5.39
1985	48,137,000	6.46
1984	48,214,000	6.54
1983	34,393,000	4.68
1982	34,514,000	4.71

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 64,771,000	$ 125,102,000
Cost of sales	33,404,000	78,964,000
Expenses	34,636,000	45,957,000
Depreciation & amortization	3,930,000	3,452,000
Interest expense	2,038,000	2,558,000
Loss before taxes	$ (9,237,000)	$ (5,829,000)
Tax credit	(1,792,000)	(5,340,000)
Net Loss	$ (7,445,000)	$ (489,000)

Assets

As of Sept. 30	1986	1985
Cash	$ 1,202,000	$ 1,871,000
Time deposits	3,329,000	1,100,000
Restricted cash	500,000	500,000
Investments	7,293,000	14,486,000
Accts. & notes receiv., net	13,497,000	16,814,000
*Inventories	35,012,000	39,318,000
Prepaid expenses & other assets	2,109,000	859,000
Prepaid inc. taxes	2,722,000	13,568,000
Current Assets	$ 65,664,000	$ 88,316,000
#Fixed assets	22,183,000	24,526,000
Deferred debts and other assets	2,471,000	1,939,000
Total Assets	$ 90,318,000	$ 114,781,000

Liabilities

Long-term debt, curr.	$ 2,257,000	$ 3,179,000
Accts. payable	3,890,000	8,229,000
Accruals	5,530,000	8,738,000
Income taxes	1,735,000	3,824,000
Curr. Liabilities	$ 13,412,000	$ 23,970,000
Long-term debt	35,988,000	36,401,000
Other liabilities	310,000	288,000
Deferred inc. taxes	135,000	5,985,000
+Common stock	12,603,000	11,921,000
Add. paid-in capital	88,000	88,000
Retained earnings	30,114,000	37,559,000
Cum. trans. adjust.	(1,952,000)	(1,152,000)
Treasury stock	(380,000)	(279,000)
Total Liabilities & Shareholders' Equity	$ 90,318,000	$ 114,781,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	1.85	3.18
Debt to Equity	0.89	0.82
Working Capital	$52,252,000	$64,346,000
Current Ratio	4.90	3.68
Shareholders' Equity	$40,473,000	$48,137,000

Kustom Electronics, Inc.

(39% owned by Van Enterprises, Inc.)

8320 Nieman Road
Lenexa, Kansas 66214
(913) 492-1400

Officers: Cecil L. Van Tuyl, chairman of the board; Lyle P. Phillips, vice chairman & chief executive officer; William E. Ruppert, president & chief operating officer; Ronald Duncan, v.p.-marketing; Bruce Keeton, v.p.-human resources; Jim Crisp, v.p.-finance & corp. secretary; John Kusek, v.p.-engineering; Steven Kosman, v.p.-manufacturing.

Directors: Cecil L. Van Tuyl, chairman; Lyle P. Phillips, Robert W. McFadden, J. Wesley St. Clair, F.L. Thompson, William E. Ruppert.

Areas of Work: Engaged in three principal lines of business: traffic radar systems; communications consoles and mobile digital terminals; and peripheral hardware products and software programs for personal computers. Products serve law enforcement agencies and mobile computer terminal businesses.

Divisions:
Communications Division
Traffic Safety Division
Peripherals Division

Transfer Agent(s):
United Missouri Bank of Kansas City
10th and Grand
Kansas City, Missouri 64106

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KUST (NASDAQ)

Number of Employees:

1986	162	1983	157
1985	160	1982	169
1984	150		

Plant Footage:
1986 . . . . . 53,000 sq. ft.

Sales and Earnings

	Net Sales ‡†	Net Income +
1986	$ 10,625,642	$ 590,409
1985	9,798,844	1,561,576
1984	7,940,899	951,018
1983	7,075,293	707,810
1982	N.A.	64,007

	No. of Com. Shares #	Earn. per Share # +
1986	1,930,480	$ 0.31
1985	1,904,883	0.82
1984	1,793,144	0.53
1983	1,783,815	0.40
1982	1,674,499	0.04

N.A. - Not Available.
‡ Includes other revenues.
† Of continuing operations only.
+ Including extraordinary gains of $45,000 ($0.03 per share) in 1986, $703,000 ($0.37 per share) in 1985, $438,000 ($0.24 per share) in 1984, $277,000 ($0.15 per share) in 1983 and $9,500 ($0.01 per share) in 1982.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1986	1985
Radar	$ 6,153,200	$ 6,456,101
Communications	3,967,466	2,857,211
Peripherals	504,976	485,532
Total	$ 10,625,642	$ 9,798,844

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 5,366,983	$ 2.78
1985	4,672,281	2.45
1984	2,568,517	1.43
1983	1,594,352	0.89
1982	886,542	0.53

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1986	1985
Net sales & other revenues	$ 10,625,642	$ 9,798,844
Cost of sales	6,105,525	5,295,687
Expenses	3,886,834	3,693,994
Interest expense	20,811	75,305
Other income	(127,537)	(230,891)
Income before taxes	$ 740,009	$ 964,749
Income taxes	194,680	428,000
Income - cont. oper.	$ 545,329	$ 536,749
Income - discont. oper.	—	32,772
Gain on dispos. of avionics div.	—	289,055
Net Income	$ 545,329	$ 858,576
Extraord. gain	45,080	703,000
Net Income & extraord. gain	$ 590,409	$ 1,561,576

* Included in Costs and Expenses, Depreciation and Amortization: $294,541 in 1986 and $255,382 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 3,958	$ 26,977
Accts. receiv., net	1,494,636	1,624,197
Lease purchase contracts receiv.	423,108	455,830
*Inventories	2,512,350	2,245,322
Prepaid expenses	89,500	25,796
Excess costs on uncompleted contracts	922,454	97,360
Current Assets	$ 5,446,006	$ 4,475,482
#Fixed assets	803,206	793,017
Deposits & other assets	133,675	69,062
Goodwill	491,568	504,504
Total Assets	$ 6,874,455	$ 5,842,065

Liabilities

Revolv. line of credit	$ 124,000	$ —
Accts. payable	688,553	611,842
Accruals	599,133	556,848
Excess billings on uncompleted contracts	1,749	1,094
Def. income taxes	94,037	—
Curr. Liabilities	$ 1,507,472	$ 1,169,784
+Common Stock	194,891	181,950
Add. paid-in capital	3,355,460	2,661,376
Retained earnings	1,816,632	1,828,955
Treasury stock	—	—
Total Liabilities & Shareholders' Equity	$ 6,874,455	$ 5,842,065

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.96	—
%Net Income to Sales	5.13	—
%Net Income to Equity	10.16	18.38
Debt to Equity	4.23	—
Working Capital	$3,938,534	$3,305,698
Current Ratio	3.61	3.83
Shareholders' Equity	$5,366,983	$4,672,281

LaBarge, Inc.

707 North Second Street
P.O. Box 14499
St. Louis, Missouri 63178
(314) 231-5960

Officers: Pierre L. LaBarge, Jr., chairman of the board, chief executive officer; Craig E. LaBarge, president & chief operating officer; Edward J. Nestor, Jr., sr. v.p.-administration & secretary; Donald G. Collins, vice president; Gerard F. Salisbury, controller & treasurer; William J. Maender, v.p.-finance.

Directors: Pierre L. LaBarge, Jr., Gus G. Casten, Richard P. Conerly, Edward J. Nestor, Jr., Richard A. Meyer, R. Hal Dean, Craig E. LaBarge.

Areas of Work: The Electronics Division is engaged primarily in the design, development, production and sale of intrusion detection devices, telemetric systems, environmental data gathering systems, specialized cables and harnesses and circuits.

Division:
LaBarge Electronics Division
707 N. Second Street
St. Louis, Missouri 63102
(314) 231-3400

Transfer Agent(s):
Mercantile Bank N. A.
Drawer 321
St. Louis, Missouri 63166

Stock Exchange(s): American

Ticker Symbol: LB

Number of Employees:

1986	N.A.	1983	1,200
1985	1,200	1982	N.A.
1984	1,200		

N.A. - Not Available.

Sales and Earnings

	Revenues +	Net Income
1986	$ 63,187,000	$ (24,816,152)
1985*	30,941,000	(2,795,392)
1984	55,785,000	(12,268,308)
1983	52,645,000	859,821
1982	45,109,000	182,236

	No. of Com. Shares	Earn. per Share #
1986	6,744,808	$ —
1985*	6,744,808	—
1984	6,721,114	—
1983	6,775,544	0.13
1982	6,776,544	0.03

(Loss)
* 6 months.
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.06	—	—
1983	0.06	—	—
1982	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (13,533,723)	$ —
1985	11,282,429	1.67
1984	14,012,587	2.08
1983	26,884,547	3.97
1982	26,435,193	3.90

(Deficiency)

Income Account *

Year ended June 30	1986	1985 (6 months)
Net sales	$ 63,187,406	$ 30,941,462
Cost of sales	54,591,362	26,170,587
Expenses	10,024,733	5,306,822
Interest expense	4,126,846	1,964,246
Gain on term. of pension plan	(1,213,758)	—
Other	(495,441)	1,018,376
Loss from cont. oper.	$ (3,846,336)	$ (1,481,817)
Loss from discont. oper.	(20,969,816)	(1,313,575)
Net Loss	$ (24,816,152)	$ (2,795,392)

* Included in Costs and Expenses, Depreciation and Amortization: $2,228,430 in 1986 and $1,050,125 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 822,490	$ 1,594,614
Accts. receiv., net	14,967,726	28,445,647
*Inventories	18,049,674	30,833,980
Prepaid expenses	100,259	1,223,836
Assets of discont. oper.	7,180,442	—
Current Assets	$ 41,120,591	$ 62,098,077
#Fixed assets	6,032,723	13,396,290
Assets of discont. bus.	2,996,016	7,802,290
Other assets	1,698,902	3,408,678
Assets of discont. oper.	1,255,563	—
Total Assets	$ 53,103,795	$ 86,705,335

Liabilities

Notes payable	$ 32,330,688	$ 23,681,595
Long-term debt, curr.	15,401,129	10,557,931
Accts. payable	6,973,124	13,262,013
Accruals	1,628,002	1,589,620
Employee compensation	1,043,486	1,292,970
Other taxes	255,541	590,589
Curr. Liabilities	$ 43,770,970	$ 50,974,718
Long-term debt	22,866,548	24,448,188
+Common stock	1,777,777	1,777,777
Add. paid-in capital	1,964,532	1,964,532
Retained earnings (deficit)	(16,255,850)	8,560,302
Treasury stock	(1,020,182)	(1,020,182)
Total Liabilities & Shareholders' Equity	$ 53,103,795	$ 86,705,335

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

Sales to Inventories	3.50	1.00
Debt to Equity	—	3.10
Working Capital	—	$11,123,359
Current Ratio	—	1.22
Shareholders' Equity (Deficiency)	($13,533,723)	$11,282,429

LaPointe Industries, Inc.

24 Scitico Road
Somers, Connecticut 06071
(203) 763-2315

Officers: Jack Lopes, chairman of the board, chief executive officer & president; Salvatore K. Canistraro, v.p.-finance & treasurer; Shirley M. Milnes, v.p.-administration & secretary; Werner H. Stevernagel, v.p.-engineering; Louise R. Michaud, corp. controller.

Directors: Jack Lopes, chairman of the board; Daniel L. McQuillan, Salvatore K. Canistraro, Shirley M. Milnes, William P. Borchert.

Areas of Work: The company manufactures complete electronic systems; electronic spare parts in sub-assembly form; air variable capacitors which are used as frequency tuning devices in high stability oscillators and in radio receivers and transmitters; inductors and air traffic control towers.

Transfer Agent(s):
Maryland National Bank
Baltimore, Maryland 21203

Stock Exchange(s): American

Ticker Symbol: LPI

Number of Employees:

1986	200	1984	330
1985	N.A.	1983	338

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 6,178,000	$ 271,000
1985	10,492,000	495,000
1984	10,607,000	544,000
1983	8,212,000	56,000
1982	6,672,000	(53,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	646,754	$ 0.42
1985	685,342	0.72
1984	693,108	0.78
1983	693,108	0.08
1982	693,108	—

(Loss)
† Including extraordinary gains of $115,000 ($0.18 per share) in 1986 and $230,000 ($0.33 per share) in 1985.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 4,075,360	$ 6.30
1985	3,465,329	5.06
1984	3,570,700	5.15
1983	2,384,458	3.44
1982	2,328,648	3.36

Income Account *

Year ended June 30	1986	1985
Net sales	$ 6,178,268	$ 10,491,846
Cost of sales	4,769,639	8,328,677
Expenses	1,183,306	1,451,271
Gain on sale of assets	(348,465)	—
Royalty income	(22,318)	(26,502)
Other income	(221)	(7,131)
Empl. stock owner. plan	200,000	—
Interest expense	113,902	234,823
Income before taxes	$ 282,425	$ 510,708
Income taxes	126,714	246,116
Net Income	$ 155,711	$ 264,592
Extraord. gain	115,714	230,523
Net Income & extraord. gain	$ 271,425	$ 495,115

* Included in Costs and Expenses, Depreciation and Amortization: $172,200 in 1986 and $203,093 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 255,622	$ 400,355
Accts. receiv., net	1,012,605	1,254,166
Notes receiv.	335,781	—
*Inventories	3,910,708	2,966,227
Prepaid expenses	81,725	42,298
Current Assets	$ 5,596,441	$ 4,663,046
#Fixed assets	768,361	910,093
Deferred plant relocation costs	108,626	—
Total Assets	$ 6,473,428	$ 5,573,139

Liabilities

Note payable	$ 350,000	$ 958,599
Long-term debt curr.	65,004	142,800
Accts. payable	616,298	186,608
Other accruals	128,970	327,919
Income taxes	2,800	3,584
Curr. Liabilities	$ 1,163,072	$ 1,619,510
Long-term debt	1,234,996	488,300
+Common stock	885,788	885,788
Add. paid-in capital	644,939	829,392
Retained earnings	3,849,928	3,578,503
Treasury stock	(1,305,295)	(1,828,354)
Total Liabilities & Shareholders' Equity	$ 6,473,428	$ 5,573,139

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.57	4.87
%Net Income to Sales	2.52	2.52
%Net Income to Equity	3.82	7.64
Sales to Inventories	1.58	3.54
Debt to Equity	0.40	0.46
Working Capital	$4,433,369	$3,043,536
Current Ratio	4.81	2.88
Shareholders' Equity	$4,075,360	$3,465,329

Lear Siegler, Inc.

P.O. Box 2158
2850 Ocean Park Boulevard
Santa Monica, California 90406
(213) 452-5444

Officers: Norman A. Barkeley, chairman of the board, president & chief exec. officer; Charles F. Pitts, sr. v.p.-administration; James N. Thayer, sr. v.p.-finance; Kenneth L. Way, v.p.-Automotive Group; David J. Louks, sr. v.p. & controller; Robert U. Grant, sr. v.p.-corp. development; Ronald V. Paolucci, sr. v.p.; Kenneth A. Ruck, v.p.-Commercial Products Group; Laurence A. Thompson, sr. v.p.; Elmar Klotz, v.p.-Aerospace Group; Albert F. Myers, v.p.-purchasing; Stephen D. Natcher, v.p., secretary & general counsel; Larry R. DeJarnett, v.p.-information systems; Donald R. Schort, Jr., v.p. & treasurer; Kenneth R. Pearson, v.p.-human resources; Robert A. Loebl, v.p.-corp. planning; Robert J. Wyma, v.p.-Aircraft Group; Ronald C. Buehner, v.p.-management services; Jerry H. Burnett, v.p. & corp. auditor; Harvey A. Marsh, v.p. & asst. controller; Barry Rodgers, v.p.; Paul V. Smith, v.p.; John V. German, asst. v.p.-public relations & public affairs; Carl H. Murray, asst. v.p.-acquisitions; W. Robert Morrow, asst. v.p. & assoc. general counsel; Harvey D. Welles, asst. v.p.-investor relations & retirement funds.

Directors: Norman A. Barkeley*, chairman; Albert G. Handschumacher*, K. Robert Hahn, Howard L. McGregor, Jr.*, Robert T. Campion*, Barton Beek*, Norman Barker, Jr., Patricia Howe Ellison*, Thomas P. Mullaney, Francis L. Dale.

*Member of the Executive Committee.

Areas of Work: The company has operations in three major business segments: Aerospace, Automotive, and Commercial/Industrial.

LSI develops instruments and systems for military, commercial and general aviation aircraft and major missile and space programs; produces propjet and piston-powered Piper aircraft and is a manufacturer of remotely piloted vehicles.

The company produces automotive products for original equipment manufacturers, primarily seating and air suspension systems; and for the replacement market, including windshields and brake parts.

LSI also produces material handling systems for manufacturing and distribution facilities, boats and handguns for the recreational market, furniture components and housewares, heating and air conditioning units and pre-engineered metal buildings, in addition to manufacturing and merchandising raw cotton and its by-products.

Lear Siegler, Inc.

Divisions and Subsidiaries:

Aerospace Segment

Astronics Division
3400 Airport Avenue.
P.O. Box 442
Santa Monica, CA 90406
(213) 452-6000

Instrument & Avionics Systems Division
4141 Eastern Ave, S.E.
Grand Rapids, Michigan 49508
(616) 241-7000

Management Services Division
3100 N. Interstate Hwy. 35
P.O. Box 11566
Oklahoma City, Oklahoma 73136
(405) 424-5551

Power Equipment Division
17600 Broadway Ave.
Maple Heights, Ohio 44137
(216) 662-1000

Romec Division
241 South Abbe Road
P.O. Box 4014
Elyria, Ohio 44036
(216) 323-3211

Steinheil-Lear Seigler AG
8045 Ismaning
Osterfeldstrasse 82, West Germany

International Division
P.O. Box 567
Rye, New York 10580
(914) 937-5300

Piper Aircraft Corporation
2926 Piper Drive
P.O. Box 1328
Vero Beach, Florida 32960
(305) 567-4361

Borroughs Division
3002 North Burick Street
Kalamazoo, Michigan 49007
(616) 342-0161

Telecommunications Division
714 North Brookhurst Street
Anaheim, California 92803
(714) 774-1010

Energy Products Division
2040 East Dyer Road
Santa Ana, California 92705
(714) 250-1010

Measurement Controls Division
74 Inverness Drive East
Englewood, Colorado 80112
(303) 792-3300

LSI Avionics Systems Corporation

Developmental Sciences Inc.

Automotive Segment

Safeline Division
801 South Wichita
P.O. Box 1879
Wichita, Kansas 67201
(316) 267-4000

Starcraft Division
West Michigan Street
P.O. Box 338
Topeka, Indiana 46571
(219) 593-2550

General Seating Division
13975 Farmington Road
Livonia, Michigan 48154
(313) 525-8620

Truck Products Division
1950 Industrial Blvd.
Muskegon, Michigan 49443
(616) 773-3271

Progress Pattern Division
21555 Telegraph Road
Southfield, Michigan 48034
(313) 444-5100

Brake Specialty Incorporated

Commercial/Industrial Segment

Hypro Division
375 Fifth Avenue, N.W.
New Brighton, Minnesota 55112
(612) 633-9300

Peerless Division
18205 S. Boones Ferry Road
P.O. Box 447
Tualatin, Oregon 97602
(503) 639-6131

Rapistan Division
507 Plymouth Avenue, N.E.
Grand Rapids, Michigan 49505
(616) 451-6200

Borroughs Division
3002 North Burdick Street
Kalamazoo, Michigan 49007 (616) 342-0161

Farm Equipment Division
P.O. Box 1013
Wahpeton, North Dakota 58075
(701) 642-2621

Hutchinson Division
P.O. Box 33
514 West Crawford Street
Clay Center, Kansas 67432
(913) 632-2161

No-Sag Products Division
3500 West Eleven Mile Road
Berkley, Michigan 48072
(313) 547-5600

Plastics Division
236 West Clark Street
Mendon, Michigan 49072
(616) 496-2215

Hawaiian Properties Division
Amfac Building, Suite 1112
700 Bishop Street
Honolulu, Hawaii 96813
(808) 521-8781

Seymour Division
885 North Chestnut Street
P.O. Box 408
Seymour, Indiana 47274-0408
(812) 522-5130

Smith & Wesson Division
2100 Roosevelt Avenue
Springfield, Massachusetts 01102
(812) 522-5130

Producers Cotton Oil Company
2907 South Maple Avenue
Fresno, California 93717
(209) 442-4400

Jeanneau Constructions Nautiques S.A.
Boite Postale 83
85500 Les Herbiers, France

Transfer Agent(s):
Security Pacific National Bank
Box 3546, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York, Pacific

Ticker Symbol: LSI

Number of Employees:

1986	29,091	1983	20,000
1985	29,725	1982	21,983
1984	30,800		

Plant Footage:

1986	17,976,000 sq.ft.	1983	13,857,451
1985	20,144,146	1982	14,100,000
1984	21,698,000		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 2,464,127	$ 55,510
1985	2,370,715	100,735
1984	1,941,665	85,145
1983	1,464,190	64,122
1982	1,487,505	72,295

	No. of Com. Shares #	Earn. per Share ‡
1986	18,198,000	$ 3.02
1985	18,203,000	5.51
1984	17,034,000	4.96
1983	16,483,000	3.84
1982	16,371,000	4.36

Based on the average number of shares outstanding.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Aerospace/Technology	$ 832,193	$ 879,372
Automotive	816,902	694,780
Commercial/Industrial	815,032	796,563
Total	$ 2,464,127	$ 2,370,715

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.00	—	—
1985	1.85	—	—
1984	1.65	—	—
1983	1.525	—	—
1982	1.425	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1986	$ 618,892,000	$ 34.81
1985	633,199,000	34.52
1984	558,311,000	30.89
1983	468,093,000	28.15
1982	422,275,000	25.74

‡ After allowing for preferred stock at liquidation preference value.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 2,464,127	$ 2,370,715
Cost of sales	1,952,748	1,805,306
Expenses	355,990	339,846
Interest expense	49,734	54,570
Other expense (income)	26,331	(12,059)
Income before taxes	$ 79,324	$ 183,052
Income taxes	23,814	82,317
Net Income	$ 55,510	$ 100,735

* Included in Costs and Expenses, Depreciation and Amortization: $60,720,000 in 1986 and $56,920,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 40,981	$ 32,023
Cert. of deposit & invest.	13,159	11,596
Accts. & notes receiv., net	380,194	346,871
*Inventories	417,832	447,065
Prepaid expenses	59,062	34,638
Current Assets	$ 911,228	$ 872,193
#Fixed assets	362,824	382,676
Other assets	281,991	237,302
Total Assets	$ 1,556,043	$ 1,492,171

Liabilities
(000's)

Notes payable	$ 24,124	$ 10,104
Long-term debt, curr.	4,619	4,376
Accts. payable	263,032	201,624
Accruals	225,833	227,518
Income taxes	32,365	12,770
Curr. Liabilities	$ 549,973	$ 456,392
Long-term debt	215,053	283,870
Deferred liabilities	164,125	109,710
+ Preferred stock	470	547
+ + Common stock	18,626	18,447
Add. paid-in capital	69,701	68,797
Retained earnings	601,796	583,181
For. curr. trans. adjust.	(17,459)	(26,564)
Treasury stock	(46,242)	(2,209)
Total Liabilities & Shareholders' Equity	$ 1,556,043	$ 1,492,171

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.22	7.72
%Net Income to Sales	2.25	4.25
%Net Income to Equity	8.85	15.69
Sales to Inventories	5.90	5.30
Debt to Equity	0.39	0.46
Working Capital	$361,255,000	$415,801,000
Current Ratio	1.66	1.91
Shareholders' Equity	$626,892,000	$642,199,000

Lee Data Corporation

7075 Flying Cloud Drive
Minneapolis, Minnesota 55344
(612) 828-0300

Officers: John M. Lee, chairman, & chief exec. officer; Charles Askanas, president & chief operating officer; Duane S. Carlson, exec. v.p., chief financial officer & secretary; Edwin G. McMullen, sr. v.p.-corp. development; Douglas M. Pihl, sr. v.p.-planning; James A. Vellenga, group v.p.-operations; John F. Roy, group v.p.-marketing; Wayne A. Zuehlke, v.p. & treasurer; Bernard J. Fisher, v.p. & managing dir.-Lee Data International, Ltd.; James A. Vellenga, group v.p.-int'l; Scott D. Whittenburg, group v.p.-operations.

Directors: John M. Lee, chairman of the board; Duane S. Carlson, Nicholas J. Covatta, Jr., Robert W. Fischer, Elserino Piol, Clarence W. Spangle, Charles Askanas, Robert J. Carlson, Dale R. Olseth.

Areas of Work: Designs, manufactures, markets and services display terminal systems which enable users to communicate with a wide variety of mainframes and minicomputers for data processing and to perform personal computing and file transfer functions.

Divisions and Subsidiaries:

Leedata Canada Inc.

Lee Data Far East Ltd.

Lee Data International, Ltd.

Datastream Communications, Inc.
Santa Clara, California
Produces cluster controllers for protocol conversion and micro-to-mainframe software.

Phaze Information Machines Corporation
Scottsdale, Arizona
Designs, manufactures and markets plug-compatible display terminals for use in IBM large-scale computer networks.

Transfer Agent(s):
Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota 55344

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LEDA (NASDAQ)

Number of Employees:

1987	1,075	1984	1,156
1986	1,133	1983	720
1985	994		

Sales and Earnings

	Revenues	Net Income †
1987	$ 114,525,000	$ 5,581,000
1986	93,068,000	2,098,000
1985	91,050,000	455,000
1984	98,720,000	17,600,000
1983	53,108,000	11,365,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1987	14,461,000	$ 0.39
1986	14,144,000	0.15
1985	14,111,000	0.03
1984	14,103,000	1.25
1983	12,415,000	0.92

(Loss)
† Including extraordinary gain of $74,000 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 95,568,000	$ 6.61
1986	89,495,000	6.33
1985	87,047,000	6.17
1984	82,009,000	5.82
1983	58,909,000	4.74

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Mar. 31	1987	1986
Sales	$ 95,588	$ 78,015
Rentals & serv.	18,937	15,053
Total Revenues	$ 114,525	$ 93,068
Cost of revenues	67,779	60,010
Expenses	38,937	30,602
Interest expense	848	283
interest income	(3,093)	(4,225)
Gain on long-term invest.	—	(1,431)
Inc. (loss) bef. taxes	10,054	(996)
Income taxes	4,625	(1,451)
Inc. - cont. oper.	$ 5,429	$ 455
Income-discont. oper.	152	—
Net Income	$ 5,581	$ 455

* Included in Costs and Expenses, Depreciation: $8,702,000 in 1987 and $7,007,000 in 1986.

Assets
(000's)

As of Mar. 31	1987	1986
Cash	$ 1,807	$ 575
Marketable securities	31,426	32,992
Accts. receiv., net	28,254	22,597
Installment receivables	1,799	2,464
Deferred inc. taxes	828	2,382
*Inventories	21,305	21,159
Other curr. assets	786	673
Current Assets	$ 86,205	$ 82,842
#Fixed assets	36,550	24,681
Installment receivables	2,203	3,695
Defer. charges	3,861	4,354
Total Assets	$ 128,819	$ 115,572

Liabilities
(000's)

Accts. payable	$ 8,511	$ 7,307
Accruals	5,577	8,021
Income taxes	2,932	2,438
Cap. lease oblig., curr.	142	423
Curr. Liabilities	$ 17,162	$ 18,189
Long-term debt	9,876	—
Cap. lease oblig.	—	69
Deferred inc. taxes	6,213	7,819
+ Common stock	708	703
Add. paid-in capital	57,497	57,155
Retained earnings	37,363	31,637
Total Liabilities & Shareholders' Equity	$ 128,819	$ 115,572

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 per value.

Statistical Summary

%Net Income to Equity	5.84	2.34
Sales to Inventories	4.49	3.69
Debt to Equity	0.10	0.01
Working Capital	$69,043,000	$64,653,000
Current Ratio	5.02	4.55
Shareholders' Equity	$95,568,000	$89,495,000

Lexicon Corporation

2400 East Commercial Boulevard
Fort Lauderdale, Florida 33308
(305) 772-7221

Officers: Michael Levy, president & chief exec. officer; Edward R. Olson, president & chief operating officer-Scope Inc.; Kiran Gandhi, sr. v.p.; Tony R. Gallardo, v.p.-operations, Scope Inc.; Carl N. Kelly, v.p.-marketing, Scope Inc.; E. Barry Huffstetler, v.p.-marketing; Steven W. Lowe, v.p.-finance.

Directors: Michael Levy, Kiran Gandhi, Timothy S. Crowe, William C. McFarland, Raymond J. Kiernan.

Areas of Work: Development of electronic target identification and other information gathering systems and related research for the Department of Defense; sale of custom bar code scanners and installation of scanner and other integrated systems designed primarily for industrial applications; production of special purpose computer terminals for financial and retail applications; completion of printed circuit board assemblies under large commercial orders; assembly of computer-assisted picking systems.

Subsidiary:

SCOPE Incorporated (91%-owned)
1860 Michael Faraday Drive
Reston, Virginia 22090
(703) 471-5600

Transfer Agent(s):
Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LEXI (NASDAQ)

Sales and Earnings

	Revenues	Net Income †
1986	$ 16,981,822	$ (2,673,460)
1985	7,844,825	(256,056)
1984	3,725,535	385,115
1983	2,339,747	(1,451,926)
1982	940,565	(1,584,591)

	No. of Com. Shares +	Earn. per Share †‡
1986	6,897,970	$ —
1985	5,411,540	—

1984	4,990,923	0.09
1983	3,163,025	—
1982	N.A.	—

(Loss)
N.A. - Not Available.
† Including extraordinary gains of $15,700 in 1985 and $167,000 ($0.04 per share) in 1983.
+ Adjusted to reflect reverse stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Revenues By Line of Business

	1986	1985
Defense systems	$ 3,457,000	$ 652,000
Industrial systems	948,000	477,000
Contract manufacturing	12,577,000	6,716,000
Total	$ 16,982,000	$ 7,845,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	1-for-2

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 8,722,499	$ 1.26
1985	6,322,613	1.17

† After allowing for preferred stock at redemption value.
‡ Adjusted to reflect reverse stock split.

Income Account

Year ended Aug. 31	1986	1985
Revenues:		
Net sales & contract rev.	$ 16,813,469	$ 7,455,063
Product develop. fees	168,353	389,762
Total income	$ 16,981,822	$ 7,844,825
Cost of sales	13,555,525	5,154,120
Expenses	5,663,000	2,848,270
Depreciation & amortization	800,825	370,914
Interest expense	300,582	150,206
Interest income	(251,036)	(469,477)
Gain on sale of assets	(788,033)	—
Other expense	54,184	5,199
Loss before taxes	$ (2,393,225)	$ (214,407)
Income taxes	187,245	15,700
Minority interest	92,990	(140,333)
Eq. in loss of subsid.	—	181,982
Net Loss	$ (2,673,460)	$ (271,756)
Extraord. gain	—	15,700
Net Loss & extraord. gain	$ (2,673,460)	$ (256,056)

Assets

As of Aug. 31	1986	1985
Cash	$ 935,712	$ 3,521,481
Accts. receiv., net	4,763,364	3,019,570
*Inventories	3,141,864	2,374,493
Prepaid expenses	216,124	151,645
Current Assets	$ 9,057,064	$ 9,067,189
#Fixed assets	5,904,060	4,579,336
Other assets	41,106	84,416
Intangibles	2,846,543	—
Total Assets	$ 17,848,773	$ 13,730,941

Liabilities

Notes payable	$ 2,244,617	$ 850,000
Long-term debt, curr.	103,444	58,155
Cap. lease oblig., curr.	72,466	81,046
Deferred royalty income	76,600	—
Accounts payable	1,931,041	683,853
Accruals	1,108,708	991,929
Customer deposit	—	383,000
Advance payments	80,000	633,033
Curr. Liabilities	$ 5,616,876	$ 3,681,016
Long-term debt	334,066	48,350
Cap. lease oblig.	889,456	961,922
Deferred royalty income	261,717	—
Minority interest	734,601	1,348,305
Deferred income	153,168	171,345
Convertible deben.	500,000	500,000
+Preferred stock	6,364	6,974
++Common sstock	689,797	541,154
Add. paid-in capital	18,280,213	12,709,489
Retained earnings (deficit)	(8,604,207)	(5,873,399)
Notes receiv. from shareholders	(1,013,278)	(364,215)
Total Liabilities & Shareholders' Equity	$ 17,848,773	$ 13,730,941

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $0.90 cumulative convertible
++ $0.10 par value.

Statistical Summary

Debt to Equity	0.39	0.28
Working Capital	$3,440,188	$5,386,173
Current Ratio	1.61	2.46
Shareholders' Equity	$9,358,889	$7,020,003

Litton Industries, Inc.

360 North Crescent Drive
Beverly Hills, California 90210 0867
(213) 859-5000

Officers: Fred W. O'Green, chairman of the board; Orion L. Hoch, president & chief executive officer; Joseph T. Casey, Joseph F. Caligiuri, exec. v.p.'s; M. Howard Dingman, Jr., Robert H. Lentz, Roland O. Peterson, Gerald J. St. Pé, sr. v.p.'s; Wayne L. Grosvenor, sr. v.p. & controller; Charles S. Bridge, Walter P. Lukens, Ronald E. Quigley, Mathias J. Diederich, Alex B. Owen, Charles Fink, Alton J. Brann, Neal P. Cramer, Richard D. Fleck, Rudolph E. Lang, Jr., Gerold E. Pokorny, Richard T. Hopman, L.E. Jenneke, Gordon G. Palmer, Donald A. Lepore, v.p.'s; George E. Boullianne, v.p. & treasurer; Clarence L. Price, secretary.

Directors: Fred W. O'Green, chairman; Joseph T. Casey, Jayne B. Spain, Wallace W. Booth, Thomas B. Hayward, Orion L. Hoch, J. Edward Lundy, C.B. Thornton, Jr., James H. Zumberge, Arjay Miller.

Areas of Work: Retail tag-making equipment and supplies; navigation and control systems, including aircraft inertial navigation systems, missile inertial guidance systems, marine navigation instrument and systems, and automated ship control systems; communications and electronic data systems, including command and control systems, shipboard electronic systems, tactical communications and systems, tactical air support equipment, airborne warning and control systems, electronic surveillance systems, radio navigation systems; marine engineering and production, including naval surface ships, and marine design and engineering; machine tool systems, including disc and surface grinding machines, automatic bar and chucking machines, boring, milling and drilling machines, drills, taps, dies and cutting tools, and specialty metal products; bulk material handling systems, and unit handling conveyor systems; electronic and electrical components, including computer components and subassemblies, microwave devices and laser materials, servo components and potentiometers and printed circuit boards; medical and electronic products, including electronic diagnostic and patient monitoring equipment, microwave cooking products; also engaged in resource exploration.

Divisions and Subsidiaries:

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1114 Lost Creek Boulevard
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(512) 327-1088

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Springfield, Missouri 65803-0847
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32 Oi Kwan Road
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Mail to: Casella Postale 10064 EUR
I-00100 Rome, Italy
Inertial navigation systems and heading and attitude reference systems for aircraft; military computers, tactical command and control, artillery automation.

LITEF (Litton Technische Werke)
Loerracherstrasse 18
Postfach 774
D-7800 Freiburg, Germany
Inertial navigation and heading attitude reference systems, in gimbal and strap-down technology. Military general purpose computer. Mobile military data terminals.

also at:

Wachsbleiche 29
D-5300 Bonn, Germany

Litton Computer Services (Headquarters)
1300 Villa Street
P.O. Box 7113
Mountain View, California 94039
(415) 966-1771
Services and systems; computer programming and software development; data systems design; systems engineering and engineering services; operations analysis; technical communication programs; systems operational test and evaluation; tactical data systems, logistic systems.

also at:
490 L'Enfant Plaza East S.W. #8206
Washington, D.C. 20024-2179
(202) 554-2570

P.O. Box 2498
Ft. Benning, GA 31905-1098
(404) 545-1845

1050 S. Academy
Suite 203
Colorado Springs, CO 80910-2712
(303) 597-5017

333 West First Street
Dayton, OH 45402-3044
(513) 223-3285

1430 Oak Court
Dayton, OH 45430-1063
(513) 429-6450

(Litton Saudi Arabia Ltd. LSAL/CSD)
P.O. Box 52705
Riyadh 11573, Saudi Arabia
966 1-477-0477

Computer Processing & Services (Headquarters)
29851 West Agoura Road
Agoura Hills, California 91301-0500
(818) 706-4482
Computer processing and associated services, batch processing, time sharing, remote job entry, on-line data base management, computer programming.

Western Regional Data Center
5490 Canoga Avenue
P.O. Box 4040
Woodland Hills, California 91367-4040
(818) 715-5200

Eastern Regional Data Center
1831 Michael Faraday Drive
Reston, Virginia 22090-5298
(703) 471-9200

Sales/Marketing

Suite 508
1660 N. Hotel Circle Dr.
San Diego, California 92108
(619) 295-6035

111 N. Sepulveda Blvd.
Manhattan Beach, California 92066
(213) 318-8483

4747 Hellyer Avenue
P.O. Box 7012
San Jose, CA 95150-7102
(408) 365-4445

Suite 600
118 S. Clinton Street
Chicago, IL 60606-3628
(312) 782-8003

200 East 42nd Street
#1200
New York, New York 10017
(212) 972-7880

Litton Corporate Offices
(Headquarters)
360 N. Crescent Drive
Beverly Hills, California 90210
(213) 859-5000

(Regional Offices)
201 East 42nd Street, 10th Floor
New York, New York 10017-5785
(212) 661-1111

490 L'enfant Plaza Est, S.W.
Washington, D.C. 20024-2179
(202) 554-2570

(European Office)
Gubelstrasse 28
CH-8050 Zurich, Switzerland
41-1-312 35 44

(Far East Office)
Central P.O. Box 760
Tokyo, Japan
81-3-211 6791

(China Office)
(Litton Systems, Inc.)
Ta Yuan Diplomatic Office Building
Suite 2-6-1
14 Liang Me He South Road
Chao Yang District
Beijing, China
521316
Promoting and assisting all Litton operations in China.

(Corporate Audit Services)
360 N. Crescent Drive
Beverly Hills, California 90210-9990
(213) 859-5082

11 Commerce Drive
Cranford, New Jersey 07106-3501
(201) 709-0920

2250 E. Devon
Suite 135
Des Plaines, Illinois 60018-4593
(312) 296-6151

(Regional Public Relations Office)
360 N. Crescent Drive
Beverly Hills, CA 90210-9990
(213) 859-5907
Telex 67-4991
TWX 910 490-2524
Telecopier Murata 7200 (213) 859-5038
Murata 7200 (213) 859-5940

490 L'Enfant Plaza East, S.W. #8206
Washington, D.C. 20024-2179
(202) 554-2570

303 E. Wacker Drive, Suite 1109
Chicago, IL 60601-5212
(312) 664-4558

Gubelstrasse 28
CH-8050 Zurich, Switzerland
41-1-312 35 44

(Regional Real Estate Offices)
9950 West Lawrence Avenue
Suite 202
Schiller Park, Illinois 60176-9998
(312) 671-2610

201 East 42nd St., 10th Floor
New York, New York 10017-5785
(212) 661-1111

Litton International S.A.
Gubelstrasse 28
CH-8050 Zurich, Switzerland
Holding company.

Litton Italia S.p.A. (LITAL)
Via Pontina km 27,800
I-00040 Pomezia (Rome), Italy
Mail to:
Casella Postale 10064 EUR
I-00100 Rome, Italy
39-6-911-921
Inertial navigation systems and attidute/heading reference systems for airborne and shipborne applications; tactical command and control, artillery automation.

Litton Korea Ltd. (LITKOR)
Kuro Industrial Estates
345-15 Gari Bong Dong
Guro-Gu
Seoul, 152 Korea
Support services and manufacturing associated with sale of Litton designed advanced electronic systems in Korea.

Litton Microwave Cooking Products
4450 Mendenhall Road, South
Memphis, Tennessee 38115-6701
(901) 366-3000
Microwave ovens and accessory products for commercial, institutional, vending and home use.

also at:

600 East 54th Street
Sioux Falls, South Dakota 57104
(605) 336-2222
Production of countertop microwave ovens.

Litton Microwave Cooking Products
6650 Finch Avenue, West
Etobicoke, Ontario, Canada M9W 5Y6
(416) 675-7051

Litton Microwave Cooking Products
Mini House
6 Stanley Park Road
Wallington, Surrey
Great Britain SM2 5BQ

Litton Precision Gear
4545 South Western Boulevard
Chicago, Illinois 60609
(312) 847-4211
Precision gears and aircraft parts, helicopter gears and transmissions.

Litton Precision Products International
Oberfoehringerstrasse 8
D-8 Munich 80, West Germany
49-89-989611/980547
Sales of Litton and non-Litton manufactured electronic and electro-mechanical components.

(France)
58, rue Pottier
F-78150 Le Chesnay, France

(Germany)
Römerstrasse 14
D-5042 Erfstadt 2
West Germany
49-2235-5025/5026

Jahnstrasse 3
D-7990 Friedrichshafen 1
West Germany
49-7541-4 2272

Alte Volksparkstrasse 24
D-2000 Hamburg 54
West Germany
49-40-540 1214

Otto-Hahn-Strasse 8
D-7100 Heilbronn/Biberach
West Germany
49-7066 6811

(Australia)
28 Burton Street
Darlinghurst 2010, N.S.W., Sydney, Australia

(Great Britain)
(6) First Avenue
Globe Park
GB Marlow, Buckinghamshire
England SL7 1YA

(Italy)
Viale Romagna 1
1-20092 Conisello Balsamo-Milan 1
Italy

Via Egerio Levio, 15
00174, Rome, Italy

(Netherlands)
Van Utrechtweg 25,
NL-2921 LN Krimpen a.d. Yssel
Netherlands

(Spain)
Concles del Val 8
E-28036 Madrid
Spain

(Sweden)
Warfvinges Vag 32
Box 30095
S-104 25 Stockholm, Sweden

(Switzerland)
Gubelstrasse 28
CH-8050 Zurich, Switzerland

Litton Resources Systems
1001 Loop 35 East
Alvin, Texas 77512
(713) 331-6451
Manufacture, sale and maintenance of electronic digital recording equipment for the geophysical industry. Land and marine seismic detectors and cables. Land and marine seismic energy sources. Special purpose vehicles for off-road use.

also at:

3600 Briar Park
Houston, Texas 77042
(713) 781-8871(ic

Litton Services GmbH
Mitteldicker Weg
6078 Neu-Isenburg
Zeppelinheim, West Germany
Construction of infrastructure in support of Litton International projects

Litton Servotechnik
Feringastr 14
D-8043 Unterfoehring
West Germany
Manufacturer of trimmers and potentiometers. Industrial precision potentiometers, digital and analog turn counting dials, incremental encoders, DC motors, industrial slip rings.

Litton Systems Canada Limited
25 Cityview Drive
Etobicoke, Ontario, Canada M9W 5A7
(416) 249-1231
Inertial navigation systems, airborne surveillance radar, flight inspection systems, LED flat panel displays, intrusion detection and surveillance security systems, ship command and control systems, radar training simulators and automated test equipment.

also at:

220 Laurier Avenue, West
Suite 730
Ottawa, Ontario
Canada K1P 5Z9
(613) 236-2358
Government business development office.

Litton-Westrex Company, Japan
Chiyoda Building
1-2, 2-Chome, Marunouchi
Chiyoda-Ku
Tokyo, Japan
Mail to:
Central P.O. Box 760
Tokyo, Japan
81-3-211-6791
Distribution of Litton products; purchase of products manufactured in Japan for export to Litton divisions; technical licensing; exchange of technology and distribution of products between Litton divisions and Japanese firms.

Litton World Trade Corporation
Gubelstrasse 28
CH-8050 Zurich, Switzerland
Development of Litton trade with Mideast and Eastern countries.

J.S. Nolen & Associates
16225 Park 10 Place
Suite 560
Houston, Texas 77084-5113
(713) 578-3210
Reservoir analysis and petroleum simulation software.

PANELVISION
265 Kappa Drive
Pittsburgh, PA 15238-2871
(412) 963-9635
Flat panel displays, active matrix displays including the MiniGraphic displays, Liquid Crystal Displays (LCD's).

C. Plath
Gertigstrasse
48 D-2000 Hamburg 60, West Germany
Advanced and conventional marine navigational equipment, including gyro compasses, automatic pilots, electronic mainsteering systems, rate-of-turn indicators, radio navigation equipment, EM-log, sextants, magnetic compasses and general nautical instruments.

also at:

222 Severn Avenue
Annapolis, MD 21403-2569
(301) 263-6700

Wang-Ja Bldg. Room 605
1196-1, Choryang-5 Dong
Dong-Ku, Pusan
Korea
82-051-463-8345/6

Poly-Scientific
1213 North Main Street
Blacksburg, Virginia 24060
(703) 552-3014
Slip ring assemblies, miniature to large, for all applications including body scanners, offshore mooring and geophysical, cockpit instrumentation, inertial navigation, helicopter deicing, cable reels, radar pedestals, military vehicle turrets, high speed turbine testing and hard vacuum; rotary switches; arm/disarm devices; molded cable assemblies; perimeter protection (burglar) systems and related components.
Also analytical services including physical and chemical analysis particularly as relates to contamination and tribological research of electric contracts.

Potentiometer
750 South Fulton Avenue
Mount Vernon, New York 10551
(914) 664-7733
Precision potentiometers and precision rheostats in rotary, multiturn and singleturn rectilinear and sector types; pendulum transducers; resistors, rotary switches; servo modules; Compulift crane warning systems and load sensing systems.

USECO
13536 Saticoy Street
Van Nuys, California 91409
(818) 786-9381
Standard and custom screw machine products: terminals, spacers, inserts, knobs, handles, jacks, pins and terminal boards. Standard and custom molded products: connectors, headers, and insulated terminals. Card cages, back panel wire wrap and design.

Veam
Via Statuto 2
1-20020 Arese/Milan, Italy
Electronic cylindrical connectors. Products distributed by Litton Precision Products International.

also at:

100 New Wood Road
Watertown, Connecticut 06795
(203) 274-9681

Veam Elektro-Anschuiusstechnik GmbH
P.O. Box 1304
Scharnhaeuser Strasse 3
D-7024 Filderstadt 1/Stuttgart
West Germany
Electronic cylindrical connectors.

Western Geophysical
10001 Richmond Avenue
Houston, Texas 77042
Mail to:
P.O. Box 2469
Houston, Texas 77252
(713) 789-9600
Land and marine geophysical seismic surveys for petroleum industry; processing and interpretation of field data at five digital service centers.

also at:

7229 South Alton Way
P.O. Box 3118
Englewood, Colorado 80155
(303) 770-8660

Field Offices:
900 Mohawk Street
Bakersfield, California 93309
(805) 324-0340

351 E. International Airport Road
Anchorage, Alaska 99518-1299
(907) 563-3511

Western Geophysical (Australia)
154 Abernethy Road
Belmont, Western Australia 6104
61-9-478-1033

Western Geophysical (Canada)
2612 37th Avenue, N.E.
Mail to:
P.O. Box 5250 Station A
Calgary, Alberta, Canada T2H IX6
(403) 291-8100

Western Geophysical (Great Britain)
Wesgeco House
P.O. Box 18
455 London Road
Isleworth, Middlesex, England TW7 5AB

Western Geophysical (Singapore)
37 Jalan Remimpin #04-01 Union Bldg.
Mail to:
Box 94
Thomson Road, P.O.
Singapore 9157

Western Ricerche Geofisiche S.p.A.
Via Tolstoi 86
Mail to:
Casella Postale 53
20098 San Guiliano
Milan, Italy
39-2-984904434

Westrex Asia
BCC House
13th Floor
Room 1302
10 Queen's Road Central
Hong Kong
Sales and service of Westrex and Kimball products.

Winchester Electronics
400 Park Rd
Watertown, Connecticut 06795
(203) 274-8891

Electronic and electrical connectors for computers and other industrial, commercial and military uses; back panel wirewrap and design; connector accessories and tools; insulated terminals.

also at:

Main & Hillside Avenue
Oakville, CT 06779-9998
(203) 274-8891

Winchester Electronics
(Division of LPPI GmbH)
Otto-Hahn-Strasse 8
D-7100 Biberach/Heilbronn
West Germany

Manufacture of connectors for electronic and data processing and telecommunication industries; back panel wirewrap; IDC connectors.

Transfer Agent(s):

Litton Industries, Inc.
Shareholder Services
P.O. Box 5555
Beverly Hills, California 90210

Stock Exchange(s): New York, Pacific

Ticker Symbol: LIT

Number of Employees:

1986	55,500	1983	69,200
1985	58,200	1982	75,000
1984	65,500		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	$ 4,521,005	$ 71,137
1985	4,590,649	299,471
1984	4,605,744	313,380
1983	3,958,985	231,560
1982	4,123,910	314,960

	No. of Com. Shares #	Earn. per Share #
1986	27,905,173	$ 2.52
1985	41,087,109	7.27
1984	42,256,018	7.32
1983	42,066,194	5.41
1982	42,046,364	7.39

‡ Includes service revenues; of continuing operations only.
# Based on the weighted average number of common and preference shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business
(000's)

	1986	1985
Industrial systems & services	$ 1,079,851	$ 1,299,641
Advanced electronic sys.	2,069,922	1,961,772
Marine engineering and production	1,192,629	975,578
Other commercial prods.	253,116	421,737
Intergroup eliminations	(106,641)	(105,180)
Miscellaneous	32,128	37,101
Total	$ 4,521,005	$ 4,590,649

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$ —	—	—
1985	1.50	—	—
1984	1.90	2%	—
1983	1.70	2%	—
1982	1.50	2%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share #
1986	$ 1,009,609	$ 37.09
1985	929,096	34.17
1984	2,002,697	47.74
1983	1,779,442	42.51
1982	1,626,671	38.73

‡ After allowing for preferred stock at liquidation value.
# Adjusted to reflect stock dividends.

Income Account
(000's)

Year ended July 31	1986	1985
Sales and service revenues	$ 4,521,005	$ 4,590,649
Cost of sales	3,592,465	3,462,206
Expenses	521,684	559,356
Depreciation	155,814	160,661
Interest expense (income)	13,015	(128,273)
Adjust. to resource explor. serv.	110,000	—
Gain on sale of businesses	—	(4,378)
Income before taxes	$ 128,027	$ 541,077
Income taxes	56,890	241,606
Net Income	$ 71,137	$ 299,471

Assets
(000's)

As of July 31	1986	1985
Cash & market. secur.	$ 1,515,556	$ 1,563,942
Accts. receiv., net	573,936	674,647
*Inventories	561,288	519,718
Prepaid expenses & taxes	66,904	131,324
Current Assets	$ 2,717,684	$ 2,889,631
Net assets of discont. oper.	134,813	107,359
#Fixed assets	989,371	927,105
Intangibles	310,234	316,037
Other assets	417,219	406,141
Total Assets	$ 4,569,321	$ 4,646,273

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 72,437	$ 65,699
Accts. payable	520,571	495,528
Payroll expenses	308,852	321,202
Income taxes	144,098	161,145
Cust. deposits & contract liab.	701,828	793,202
Curr. Liabilities	$ 1,747,786	$ 1,836,776
Long-term liabilities	178,243	196,279
Deferred inc. taxes & other items	312,091	362,551
Subord. notes & deben.	1,311,305	1,311,305
+Preferred stock: Series B	2,053	2,053
++Common stock	27,220	27,193
Add. paid-in capital	448,767	437,242
Retained earnings	543,938	485,051
Cum. curr. trans. adjust.	(2,082)	(12,177)
Total Liabilities & Shareholders' Equity	$ 4,569,321	$ 4,646,273

* Raw materials stated at lower of cost (FIFO) or market. Work in process and finished goods stated at average cost.
# Less accumulated depreciation.
+ $5 par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.83	11.79
%Net Income to Sales	1.57	6.52
%Net Income to Equity	6.97	31.88
Debt to Equity	0.17	0.28
Working Capital	$ 969,898,000	$1,052,855,000
Current Ratio	1.55	1.57
Shareholders' Equity	$1,019,896,000	$ 939,362,000

Lockheed Corporation

4500 Park Granada Boulevard
Calabasas, California 91399
(818) 712-2000

Officers: Lawrence O. Kitchen, chairman of the board & chief executive officer; Robert A. Fuhrman, president & chief operating officer; Vincent N. Marafino, exec. v.p. & chief financial & administrative officer; group presidents: John C. Brizendine, Aeronautical Systems Group; R.W. Taylor-Information Systems Group; Val P. Peline, Electronic Systems Group; D.M. Tellep-Missiles and Space Systems Group; Robert H. Wertheim, sr. v.p.-science & engineering; vice-presidents: Louis J. Barnard-human resources; Walter B. LaBerge-corporate development; Harold Brownman, president-Electronics Co.; Ken Cannestra, president-Georgia Co.; R.F. Conley, president-Lockheed Corp. International; Richard Cook-Washington area; H. David Crowther-corporate communications; Charles de Bedts-business development; D.H. Daniels, operations; Jack Freeman, exec. v.p.-Lockheed Missiles & Space, Inc.; Larry Jenkins, gen. mgr.-Austin division; J.J. Cornish, systems requirements and technology -Aeronautical Systems Group; R.M. Powell, gen. mgr.-Astronautics Division; E.L. Graham, exec. v.p.-California Co.; Robert Northcutt-controller; Robert C. Johnson-contracts & pricing; Ben Rich, gen. mgr.- advanced development projects, California Co.; James Ryan, secretary & asst. gen. counsel; E. Douglas Sargent, president-Space Operations Co.; Gordon H. Smith, president-Aircraft Service Co.; Derald A. Stuart, Missiles & Space Systems Group; Joseph Twomey-gen. counsel; Stanley I. Weiss-asst. gen. mgr.-Astronautics Division; R.R. Heppe, president-California Co.; Robert Young, president-Engineering & Management Services Co.; Anthony G. Van Schaick, treasurer; Donald C. Jones, president & gen. mgr.-Missile Systems Division; A. Gene Otsea, asst. treasurer; David B. Bowman, asst. secretary; John N. McMahon, exec. v.p.-plans & programs, Missiles & Space Co.; Minoru S. Araki, president & gen. mgr.-Space Systems Division; Stanley I. Weiss, gen. mgr.-Research & Development Division; Harold T. Bowling, exec. v.p.-Lockheed Aircraft Service Co.; H. Barden Allison, II, exec. v.p.-Georgia Co.; Albert B. Wight, president-Sanders Associates, Inc.; William P. Conlin, president-CalComp.

Directors: Roy A. Anderson*, Michael Berberian*, Joseph R. Rensch*, Joseph P. Downer, Houston I. Flournoy, Robert A. Fuhrman, Vincent N. Marafino, Lawrence O. Kitchen*, Jack L. Bowers, Joseph J. Pinola*, Jack K. Horton*, John E. Swearingen, James F. Gibbons.

* Member of the Executive Committee.

Areas of Work: The company is engaged in the manufacture of military and commercial aircraft; space and missile programs, aircraft servicing; data recording and analysis systems; electronic marine equipment; aircraft training aids; electronic countermeasure systems; tactical and airborne radar, spacecraft and commercial recorders; gunfire controls; checkout and test equipment; fuel oil computer registers; computer memory systems and components; computer graphics equipment; computer services; deep submergence vehicles; information systems; shipbuilding and repair; energy management systems; environmental monitoring and clean-up.

Divisions and Subsidiaries:

Lockheed Aircraft Service Company
Ontario, California 91762
(714) 988-2411

Lockheed-California Company
Burbank, California 91520
(818) 847-6121

Lockheed-Georgia Company
Marietta, Georgia 30063
(404) 424-9411

Lockheed Corporation

Lockheed Electronics Company, Inc.
Plainfield, New Jersey 07061
(201) 757-1600

Lockheed Missiles & Space Company, Inc.
Sunnyvale, California 94088
(408) 742-4321

Lockheed Air Terminal, Inc.
Burbank, California 91510
(818) 847-6121

Lockheed Shipbuilding Company
Seattle, Washington 98134
(206) 292-5656

Lockheed Finance Corporation
Burbank, California 91502

Lockheed Corporation International
Burbank, California 91505

Calcomp
Anaheim, California 92803

Datacom Systems Corporation
Teaneck, New Jersey 07666

CADAM, Inc.
Burbank, California 91504

DIALOG Information Services, Inc.
Palo Alto, California 94304

Lockheed DataPlan, Inc.
Los Gatos, California 95030

Lockheed Engineering and Management Services Co., Inc.
Houston, Texas 77058

Lockheed Space Operations Company
Titusville, Florida 32780

Metier Inc.
Burbank, California

Lockheed Aeromod Center,Inc.

Lockheed Support Sytems, Inc.

Murdock Engineering Company

AVICOM International, Inc.

Acquisition(s):

Sanders Associates, Inc.
Daniel Webster Highway South
Nashua, New Hampshire 03061
(603) 885-4321

Engaged in the production of electronic countermeasure systems, air defense radars, graphic dislays, microwave components, and printed circuitry.

Transfer Agent(s):

First Interstate Bank
P.O. Box 3667
Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York, Pacific, Amsterdam, London, Geneva, Lausanne, Zurich, Basel.

Ticker Symbol: LK

Number of Employees:

1986	96,900	1983	71,800
1985	87,800	1982	70,200
1984	81,300		

Sales and Earnings

	Net Sales + ('000's)	Net Income † ('000's)
1986	$ 10,273,000	$ 408,000
1985	9,535,000	401,000
1984	8,113,400	344,000
1983	6,490,300	263,000
1982	5,613,000	207,000

	No. of Com. Shares	Earn. per Share ‡†
1986	66,000,000	$ 6.18
1985	65,700,000	6.10
1984	64,850,000	5.28
1983	62,370,000	4.18
1982	55,854,000	3.65

+ Of continuing operations only.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares outstanding and common shares issuable adjusted to reflect stock split.

Revenues By Line of Business
('000's)

	1986	1985
Missiles, space & elect. syst.	$ 5,337,000	$ 4,982,000
Aeronautical syst.: Aircraft & related serv.	4,389,000	4,130,000
Marine & info. syst.	547,000	423,000
Total	$ 10,273,000	$ 9,535,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-1

Common Stock Equity

	Total Equity ('000's)	Equity Per Share †
1986	$ 1,866,000	$ 28.27
1985	1,511,000	23.00
1984	1,152,000	17.76
1983	826,000	13.24
1982	418,000	7.48

† Adjusted to reflect stock split.

Income Account *
('000's)

Year ended	12/28/86	12/29/85
Net sales	$ 10,273,000	$ 9,535,000
Cost of sales & exp.	9,510,000	8,802,000
Other expense	(14,000)	(9,000)
Interest expense	66,000	53,000
Income before taxes	$ 711,000	$ 689,000
Income taxes	303,000	288,000
Net Income	$ 408,000	$ 401,000

* Included in Costs and Expenses, Depreciation and Amortization: $273,000,000 in 1986 and $194,000,000 in 1985.

Assets
('000's)

As of	12/28/86	12/29/85
Cash	$ 71,000	$ 63,000
Accts. receiv., net	1,556,000	1,548,000
*Inventories	1,098,000	928,000
Prepaid expenses	166,000	59,000
Current Assets	$ 2,891,000	$ 2,598,000
Investments	75,000	72,000
#Fixed assets	1,758,000	1,283,000
Other assets	1,219,000	231,000
Total Assets	$ 5,943,000	$ 4,184,000

Liabilities
('000's)

Short-term bank borrowings	$ 351,000	$ 544,000
Accts. payable	616,000	542,000
Customer advances	69,000	109,000
Deferred inc. taxes	898,000	587,000
Accrued payroll	334,000	292,000
Other liabilities	565,000	564,000
Curr. Liabilities	$ 2,833,000	$ 2,638,000
Long-term debt	1,244,000	35,000
+Common stock	66,000	65,000
Add. paid-in capital	462,000	454,000
Retained earnings	1,338,000	992,000
Total Liabilities & Shareholders' Equity	$ 5,943,000	$ 4,184,000

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.92	7.23
%Net Income to Sales	3.97	4.21
%Net Income to Equity	21.86	26.54
Sales to Inventories	9.36	10.27
Debt to Equity	0.67	1.38
Working Capital	$ 58,000,000	—
Current Ratio	1.02	—
Shareholders' Equity	$1,866,000,000	$1,511,000,000

Logicon, Inc.

3701 Skypark Drive
Torrance, California 90505
(213) 373-0220

Officers: John R. Woodhull, president & chief exec. officer; Robert G. Walden, sr. v.p. & chief financial officer; James D. Hogan, sr. v.p.; Donald L. Farr, Frank T. Cummings, Hugh E. Beatty, Richard J. McGrath, R. Dean Hartwick, Dan B. Wallace, James E. Dalton, Albert L. Latter, v.p.'s; Ralph L. Webster, v.p. & controller; E. Benjamin Mitchell, Jr., secretary & general counsel.

Directors: John R. Woodhull*, James D. Hogan*, John K. Brigden, W. Edgar Jessup, Jr., Robert S. Dickerman, John R. Johnson, Roland R. Speers, Albert L. Latter*.

* Member of the Executive Committee.

Areas of Work: Provides electronic systems, analysis of military operations, research in the physical sciences and related professional services to industry and government.

Divisions and Subsidiaries:

Operating Systems Division
Fairfax, Virginia

R & D Associates
Marina del Rey, California

Strategic and Information Systems Division
255 West Fifth Street
San Pedro, California 90731
(213) 831-0611

Tactical and Training Systems Division
Sorrento Valley Boulevard
San Diego, California 92121
(714) 455-1330

Control Dynamics Company
Huntsville, Alabama
Automatic control and dynamics engineering for military and space applications.

Transfer Agent(s):
First Interstate Bank of California
707 Wilshire Boulevard
Los Angeles, California 90017

Stock Exchange(s): New York

Ticker Symbol: *LGN*

Number of Employees:

1987	N.A.	1984	2,100
1986	2,500	1983	1,500
1985	2,100		

Plant Footage:

1987	N.A.	1984	613,000
1986	613,000 sq. ft.	1983	470,000
1985	613,000		

N.A. - Not Available.

Sales and Earnings

	Revenues †	Net Income
1987	$ 204,773,000	$ 6,071,000
1986	200,474,000	10,019,000
1985	168,256,000	8,247,000
1984	128,033,000	5,876,000
1983	103,306,000	4,402,000

	No. of Com. Shares ‡	Earn. per Share +
1987	4,758,000	$ 1.27
1986	4,682,000	2.10
1985	4,486,000	1.79
1984	4,368,000	1.28
1983	4,296,000	1.00

† Of continuing operations only.
‡ Adjusted to reflect stock split.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.27	—	—
1986	0.23	—	—
1985	0.19	—	—
1984	0.153	—	3-for-2
1983	0.133	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 57,952,000	$ 12.18
1986	52,486,000	11.21
1985	41,178,000	9.18
1984	32,659,000	7.48
1983	26,765,000	6.23

+ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986
Services & products	$ 203,539,000	$ 198,425,000
Interest	1,234,000	2,049,000
Total income	$ 204,773,000	$ 200,474,000
Cost of services	172,705,000	163,975,000
Products	5,000,000	3,000,000
Expenses	14,883,000	13,980,000
Income before taxes	$ 12,185,000	$ 19,519,000
Income taxes	6,114,000	9,500,000
Net Income	$ 6,071,000	$ 10,019,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,556,000 in 1987 and $1,895,000 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 2,677,000	$ 1,425,000
Short-term invest.	22,414,000	22,874,000
Accts. receiv., net	50,277,000	50,626,000
Prepaid expenses	1,688,000	1,432,000
Current Assets	$ 77,056,000	$ 76,357,000
#Fixed assets	6,657,000	5,392,000
Total Assets	$ 83,713,000	$ 81,749,000

Liabilities

Accts. payable	$ 8,300,000	$ 8,533,000
Accrued payroll	13,357,000	12,589,000
Income taxes	4,104,000	8,141,000
Curr. Liabilities	$ 25,761,000	$ 29,263,000
+Common stock	476,000	468,000
Add. paid-in capital	7,936,000	7,324,000
Retained earnings	49,820,000	45,025,000
Unearned compensation	(280,000)	(331,000)
Total Liabilities & Shareholders' Equity	$ 83,713,000	$ 81,749,000

Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.99	9.84
%Net Income to Sales	2.98	5.05
%Net Income to Equity	10.48	19.09
Working Capital	$51,295,000	$47,094,000
Current Ratio	2.99	2.61
Shareholders' Equity	$57,952,000	$52,486,000

LogiMetrics, Inc.

121-03 duPont Street
Plainview, New York 11803
(516) 349-1700

Officers: Murray H. Feigenbaum, president; Jerome Deutsch, exec. v.p.; George Rabin, v.p.-operations; Eugene Blum, v.p.-marketing.

Directors: Murray H. Feigenbaum, Alfred Mendelsohn, Jerome Deutsch, Ralph Wertheimer, George Rabin.

Areas of Work: Engaged in the development and manufacture and sale of traveling wave tube amplifiers, radio frequency signal generators, and complete electronic test systems.

Transfer Agent(s):
American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	75	1983	47
1985	N.A.	1982	47
1984	66		

Plant Footage:

1986	26,000 sq. ft.	1983	18,000
1985	N.A.	1982	10,000
1984	20,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income #
1986	$ 7,742,585	$ 794,779
1985	7,339,642	(221,769)
1984	6,890,042	130,282
1983	4,863,799	187,045
1982	2,798,272	(570,541)

	No. of Com. Shares +	Earn. per Share ‡#
1986	2,616,940	$ 0.33
1985	1,865,577	—
1984	1,861,952	0.06
1983	1,557,952	0.09
1982	1,553,827	—

(Loss)
+ Class A and Class B common shares combined adjusted to reflect stock split.
‡ Based on the weighted average number of Class A and Class B common shares combined adjusted to reflect stock split.
# Including extraordinary gains of $617,062 ($0.26 per share) in 1986, $68,000 ($0.03 per share) in 1984 and $73,900 ($0.03 per share) in 1983.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	25%	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,267,217	$ 0.87
1985	1,465,188	0.79
1984	1,683,857	0.90
1983	1,529,375	0.98
1982	1,339,030	0.86

‡ Based on Class A and Class B common shares combined adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 7,742,585	$ 7,339,642
Cost of sales	5,544,723	5,143,692
Expenses	1,579,540	1,458,904
Interest expense	289,216	366,785
Loss on invest. in joint venture	—	592,030
Income (loss) bef. taxes	$ 329,106	$ (221,769)
Income taxes	151,389	—
Net Income (Loss)	$ 177,717	$ (221,769)
Extraord. gain	617,062	—
Net Income (Loss) & extraord. gain	$ 794,779	$ (221,769)

* Included in Costs and Expenses, Depreciation and Amortization: $134,033 in 1986 and $85,589 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 68,396	$ 5,375
Accts. receiv., net	811,430	1,213,291
Costs in exc. of billings	3,688,045	2,814,440
*Inventories	1,624,799	1,414,084

Prepaid exp. & other assets	57,261	72,934
Current Assets	$ 6,249,311	$ 5,520,124
#Fixed assets	792,430	442,197
Other assets	79,679	40,279
Total Assets	$ 7,122,040	$ 6,002,600

Liabilities

Accts. payable & accruals	$ 1,706,615	$ 1,542,329
Subord. note payable	—	1,233,386
Long-term debt, curr.	137,467	1,725,327
Deferred inc. taxes	406,998	—
Curr. Liabilities	$ 2,251,080	$ 4,502,042
Long-term debt	2,603,743	36,370
+Common Stock		
Class A	236,694	129,246
Class B	25,000	20,000
Add. paid-in capital	2,091,472	2,052,920
Retained earnings (deficit)	281,801	(512,978)
Stock subscrip. receiv.	(367,750)	(224,000)
Total Liabilities & Shareholders' Equity	$ 7,122,040	$ 6,002,600

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.25	—
%Net Income to Sales	2.30	—
%Net Income to Equity	7.84	—
Sales to Inventories	4.77	5.19
Debt to Equity	1.21	1.20
Working Capital	$3,998,231	$1,019,082
Current Ratio	2.78	1.23
Shareholders' Equity	$2,267,217	$1,465,188

Loral Corporation

600 Third Avenue
New York, New York 10016
(212) 697-1105

Officers: Bernard L. Schwartz, chairman of the board & chief executive officer; Frank C. Lanza, president & chief operating officer; Michael P. DeBlasio, sr. v.p.-finance; Stephen L. Jackson, v.p.-administration; Robert V. LaPenta, v.p. & controller; Michael B. Targoff, v.p., gen. counsel & secretary; Harold Penn, treasurer; Jack Davis, v.p. & president-Loral Electro-Optical Systems; Harry Emerzian, group v.p.-Microwave; Robert Welte, v.p. & president-Loral Electronic Systems; Bertram Bell, asst. v.p.; Lisa Stein, asst. secretary; Arthur J. O'Connor, v.p.-communications.

Directors: Bernard L. Schwartz*, chairman; Homer Chapin, Robert B. Hodes*, Gershon Kekst*, E. Donald Shapiro, Allen Shinn, Malvin Ruderman, Frank C. Lanza, Daniel Yankelovich.

* Member of the Executive Committee.

Areas of Work: Designs, develops and manufactures electronics products including systems and components for airborne and shipboard self-protection, antisubmarine warfare, scene correlation guidance and target recognition including high-resolution imaging, C3 (command, control, communications) reconnaissance, and simulation for military training.

Divisions and Subsidiaries:

Loral Systems Group

Loral Defense Systems—Akron
1210 Massillon Rd.
Akron, Ohio 44315
(216) 796-4929
Manufactures undersea warfare systems; tactical ordinance systems; guidance & control systems; digital data processors; recovery and retardation systems; simulators and trainers.

Loral Defense Systems—Arizona
100 South Litchfield Rd.
Goodyear, AR 85340-0085
(602) 925-7000
Manufactures synthetic aperture airborne reconnaissance system; radar systems, guidance & control systems; simulators & trainers; geoscience mapping services; target recognition image processor, missile ground support, transport & launch systems; shelters; transparent plastic products.

Loral Engineered Fabrics
669 Goodyear St.
P.O. Box 548
Rockmart, GA 30153
(404) 684-7855
Manufactures aircraft and ground vehicle fuel tanks; crash-worthy fuel tanks; self-sealing coatings for fuel tanks & lines; fire-retardant foams for fuel tanks; fabric tanks for fuel storage; erosion coatings & cements; special purpose coated fabric products; electric heated aircraft ice protection equipment.

Loral Aircraft Braking Systems
1210 Massillon Rd.
Akron, Ohio 44315
(216) 796-4929
Manufactures wheels, brakes & brake friction materials; skid control systems; brake temperature monitoring systems; helicopter rotor brakes; industrial and special purpose wheels and brakes.

Loral Electronic Systems
Ridge Hill
Yonkers, New York 10710
(914) 968-2500
Develops and manufactures airborne radar warning receivers, self-protection systems, electronic surveillance systems, targeting systems, electronic environment simulators.

Loral Data Systems
9020 Balboa Avenue
San Diego, California 92123
(714) 279-0411
Supplies telemetry equipment for military applications.

Loral Randtron Systems
130 Constitution Drive
Menlo Park, CA 94025
(415) 326-9500
Advanced microwave antenna assemblies.

Loral International
999 Central Park Avenue
Yonkers, New York 10704
(914) 964-6534
Systems design and foreign marketing.

Rolm Mil-Spec Computers
One River Oaks Place
San Jose, California 95134
(408) 432-8000
Militarized computers and software for defense electronic systems in shipboard, airborne, and ground-based applications.

Loral Electro-Optical Systems
P.O. Box 7101
300 North Halstead Street
Pasadena, California 01109
(818) 351-3555
Infrared countermeasures, laser-based simulation systems for military training, electro-optical devices, space power subsystems.

Loral Instrumentation
8401 Aero Drive
San Diego, California 92123
(619) 560-6260
Data acquisition and analysis systems for real time applications.

Loral Information Display Systems
6765 Peachtree Industrial Boulevard
Atlanta, Georgia 30360
(404) 448-1604
Information and graphic display systems.

Narda Microwave
435 Moreland Road
Hauppauge, New York 11788
(516) 231-1700
Passive and active microwave components, integrated microwave assemblies, test equipment.

Narda Microwave Western Operation
214 Devcon Drive
San Jose, California 95112
(408) 995-0600
Passive and active microwave components, GaAs FET semiconductors, integrated assemblies.

Frequency Sources
16 Maple Road
Chelmsford, Massachusetts 01824
(617) 256-4113
Passive and active microwave components, specialized semiconductors, integrated assemblies.

Frequency West
1841 Zanker Road
San Jose, California 94112
(408) 436-4500
Microwave signal sources, dielectric resonator oscillators, integrated assemblies for the telecommunications industry.

Loral Advanced Technology Labs.
5001-G Forbes Boulevard
Washington Business Park
Lanham, Maryland 20706
(301) 459-8240
Advanced microwave integrated circuit research.

Loral Terracom
9020 Balboa Avenue
San Diego, California 92123
(619) 278-4100
Portable microwave and high-frequency tactical radios.

Loral American Beryllium
P.O. Box 117
Tallevast, Florida 34270
(813) 355-5105
Precision-machined exotic metals for aerospace and energy applications.

Loral Hycor
North Woburn Industrial Park
Woburn, Massachusetts 01801
(617) 935-5950
Radar and infrared expendable countermeasures systems for shipboard and aircraft defense.

Wavecom
9036 Winnetka Avenue
Northridge, California 91324
(818) 882-3010
High-reliability microwave filters, electro-mechanical switches, and components for satellite applications.

Acquisition(s):

Goodyear Aerospace Corporation
1210 Massillon Road
Akron, Ohio 44306
(216) 796-2121

Transfer Agent(s):

The First Jersey National Bank
Jersey City, New Jersey

Stock Exchange(s): New York

Ticker Symbol: LOR

Number of Employees:

1987	14,500	1984	N.A.
1986	7,500	1983	6,000
1985	6,500		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1987	$ 690,043,000	$ 57,460,000
1986	663,818,000	52,993,000
1985	502,287,000	42,052,000
1984	418,340,000	33,893,000
1983	310,061,000	26,536,000

	No. of Com. Shares ‡	Earn. per Share ×
1987	24,015,000	$ 2.35
1986	23,691,000	2.21
1985	23,355,000	1.79
1984	23,104,000	1.45
1983	22,517,000	1.16

‡ Adjusted to reflect stock split.
× Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Defense electronics	$ 634,081	$ 601,248
Other	55,962	62,570
Total	$ 690,043	$ 663,818

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.58	—	—
1986	0.51	—	—
1985	0.48	—	—
1984	0.44	—	2-for-1
1983	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 362,899,000	$ 15.11
1986	309,346,000	13.06
1985	260,115,000	11.14
1984	224,946,000	9.74
1983	193,318,000	8.59

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended March 31	1987	1986
Net sales	$ 690,043	$ 663,818
Cost of sales & expenses	584,990	570,176
Interest income	(6,576)	(6,585)
Interest expense	12,495	9,009
Other expense	406	—
Income before taxes	$ 98,728	$ 91,218
Income taxes	41,268	38,225
Net Income	$ 57,460	$ 52,993

* Included in Costs and Expenses, Depreciation and Amortization: $30,766,000 in 1987 and $29,272,000 in 1986.

Assets
(000's)

As of March 31	1987	1986
Cash & market. secur.	$ 43,058	$ 54,688
Accounts receivable	30,000	—
Accts. receiv.	202,964	122,593
Unbilled contract receiv.	50,042	44,125
*Inventories	271,720	140,179
Costs in exc. of assets acq.	—	10,178
Other curr. assets	7,795	6,725
Current Assets	$ 605,579	$ 378,488
Marketable securities	—	27,055
#Fixed assets	474,244	185,003
Intangibles	387,121	105,380
Total Assets	$ 1,466,944	$ 695,926

Liabilities
(000's)

Notes payable	$ 36,719	$ 1,161
Accts. payable	100,333	60,044
Salaries & wages	60,107	30,414
Income taxes	90,340	105,674
Other liab.	72,450	31,334
Curr. Liabilities	$ 359,949	$ 228,627
Long-term liabilities	55,129	—
Long-term debt	667,245	132,393
Deferred inc. taxes	21,722	25,560
+Common stock	6,048	5,967
Add. paid-in capital	120,426	111,473
Retained earnings	241,334	197,743
Treasury stock	(4,909)	(4,882)
Unreal. loss on market. secur.	—	(955)
Total Liabilities & Shareholders' Equity	$ 1,466,944	$ 695,926

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.31	13.74
%Net Income to Sales	8.33	7.98
%Net Income to Equity	15.83	17.13
Sales to Inventories	2.54	4.74
Debt to Equity	1.84	0.43
Working Capital	$245,630,000	$149,861,000
Current Ratio	1.68	1.66
Shareholders' Equity	$362,899,000	$309,346,000

LSI Logic Corporation

1551 McCarthy Boulevard
Milpitas, California 95035
(408) 433-8000

Officers: Wilfred J. Corrigan, chairman & chief exec. officer; George D. Wells, president & chief operating officer; Robert N. Blair, pres.-LSI Logic Europe Limited; Mitchell D. Bohn, pres.-LSI Logic Corporation of Canada, Inc.; Keiske K. Yawata, pres.-LSI Logic K.K.; William J. O'Meara, v.p. & chief marketing officer; Robert M. Walker, v.p. & chief engineering officer; Murray L. McLachlan, v.p. & chief development officer; D. Scott Mercer, v.p. & chief financial officer; Norman W. Chanoski, v.p.-R&QA/military operations; Perry G. Constantine, v.p.-marketing, LSI Logic Corporation of Canada, Inc.; Conrad J. Dell'Oca, v.p.-research & development; Bruce L. Entin, v.p.-corp. communications; Raymond M. Fritz, v.p. & controller; Cyril F. Hannon, v.p.-components & technology; James S. Koford, v.p.-software & computer services; Ven L. Lee, v.p.-engineering services; Keith R. Lobo, v.p.-advanced silicon & software products; Lewis C. Wallbridge, v.p.-industrial relations; A. Travis White, v.p.-assembly, test & packaging; Joseph M. Zelayeta, v.p.-wafer manufacturing operations.

Directors: Wilfred J. Corrigan, chairman; George D. Wells, James H. Keyes, Thomas J. Perkins, Donald T. Valentine.

Areas of Work: Engaged in the design, development, manufacture and marketing of application-specific integrated circuits for use in electronic data processing, the military, aerospace and telecommunications industries.

Major Subsidiaries:

LSI Logic Europe Limited
Greenville Place
The Ring
Bracknell
Berkshire RG121BP
United Kingdom

LSI Logic K.K.
Kokusai-Shin Akasaka
6-1-20 Akasaka, Minato-ku
Tokyo 107, Japan

LSI Logic Corporation of Canada, Inc.
Petro-Canada Centre
Suite 3410
150-6th Avenue SW
Calgary, Alberta T2P 3Y7
Canada

Transfer Agent(s):

Bank of America NT & SA
555 California Street
San Francisco, California 94104

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LLSI (NASDAQ)

Number of Employees:

1986	1,821

Sales and Earnings

	Revenues	Net Income †
1986	$ 194,335,000	$ 3,855,000
1985	140,012,000	10,114,000
1984	84,386,000	15,457,000
1983	34,835,00	12,572,000
1982	4,974,000	(3,740,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	40,191,000	$ 0.10
1985	39,372,000	0.26
1984	38,938,000	0.40
1983	N.A.	0.37
1982	N.A.	—

(Loss)
N.A. - Not Available.
† Including extraordinary gain of $2,618,000 ($0.08 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Components	53%	49%
Design & Technology serv.	47	51
Total	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 250,989,000	$ 6.24
1985	231,527,000	5.88
1984	205,517,000	5.28
1983	176,010,000	—
1982	9,928,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 194,335	$ 140,012
Cost of sales	129,150	88,508
Expenses	61,758	41,145
Interest expense	6,883	8,141
Interest income	(11,991)	(13,168)
Income before taxes	$ 6,535	$ 15,386

LSI Logic Corporation

Income taxes	4,116	4,739
Minority interest	564	533
Net Income	$ 3,855,000	$ 10,114,000

* Included in Costs and Expenses, Depreciation and Amortization: $31,298,000 in 1986 and $23,295,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 202,976	$ 167,671
Accts. receiv., net	44,502	38,008
*Inventories	26,636	33,836
Prepaid expenses	3,297	2,084
Prepaid inc. taxes	3,135	3,155
Current Assets	$ 280,546	$ 244,754
#Fixed assets	159,058	124,416
Other assets	11,800	3,286
Total Assets	$ 451,404	$ 372,456

Liabilities
(000's)

Long-term debt, curr.	$ 1,665	$ 6,985
Accruals	14,763	14,577
Accrued payroll	4,201	4,003
Other accruals	4,925	3,162
Unearned revenue	3,284	1,333
Income taxes	3,312	2,695
Curr. Liabilities	$ 32,150	$ 32,755
Long-term debt	106,908	81,887
Minority interest	49,677	16,639
Deferred inc. taxes	11,680	9,648
+Common stock	196,380	191,759
Retained earnings	36,299	32,444
Cum. trans. adjust.	18,310	7,324
Total Liabilities & Shareholders' Equity	$ 451,404	$ 372,456

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.39	10.99
%Net Income to Sales	1.98	7.22
%Net Incometo Equity	1.54	4.37
Sales to Inventories	7.30	4.14
Debt to Equity	0.43	0.38
Working Capital	$248,396,000	$211,999,000
Current Ratio	8.73	7.47
Shareholders' Equity	$250,989,000	$231,527,000

The LTV Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

LTV Center
2001 Ross Avenue
P.O. Box 655003
Dallas, Texas 75265
(214) 742-9555

Officers: Raymond A. Hay, chairman of the board & chief exec. officer; Walter E. Meyer, sr. v.p.-personnel; Julian Schoer, sr. v.p.-corporate affairs, G. Emmett Smith, sr. v.p. & general counsel; David H. Hoag, exec. v.p., president & chief executive-LTV Steel Co.; James F. Powers, sr. v.p. & chief financial officer; Robert N. Parker, group v.p. & president & chief exec.-LTV Missiles and Electronics Group; Billie M. Smith, group v.p. & president & chief exec.-LTV Aircraft Products Group; John K. Meagher, v.p.-government relations; William P. Twomey, v.p. & controller; Hal C. Hedrick, Jr., secretary.

Directors: Raymond A. Hay*, chairman; David H. Hoag, William H. Bricker*, Edward C. Joullian, III*, Charles F. Lykes*, James M. Roche, A. Bronson Thayer, Roy H. Holdt, James R. Kerr, Albert V. Casey, John C. Evans, Donald A. Hicks.

* Member of the Executive Committee.

Areas of Work: A multi-industry operating company involved in steel, aerospace/defense and energy products. It is a primary supplier of steel products to the automotive, appliance and construction industries; missiles, aircraft components, tactical wheeled vehicles and electronics to the defense & commercial aerospace markets, and tubular products, oil field supplies, and drilling and production equipment to the petroleum industry.

Divisions and Subsidiaries:

LTV Energy Products Company

Continental-Emsco Company
Product line includes a complete range of drilling equipment such as derricks, drawworks, mud pumps, swivels, blocks, rotary machines and other complementary equipment for land-based and offshore rigs; surface and subsurface production equipment and slurry pumping equipment. Also manufactures marine transfer systems used to load and unload large volumes of petroleum products to and from oil tankers.

LTV Aerospace & Defense Company

Vought Aero Products Division
P.O. Box 5907
Dallas, Texas 75222
(214) 742-9555
Primarily engaged in the design, development and production of military aircraft, commercial aircraft components, missiles, space launch vehicles and other aerospace products, and in furnishing related administrative and technical support services. Also engaged in the research, design, and development of surface transportation systems.

AM General Division
Manufactures a High Mobility Multi-purpose Wheeled Vehicle, known as the Hummer, and the M939 heavy-duty 5-ton truck, for sale to the U.S. Army and foreign militaries.

Sierra Research Division
247 Cayuga Road
Buffalo, New York 14225
(716) 631-6200
Designs, develops, and manufactures highly advanced computer-controlled electronic systems for a wide range of applications in both government and industry, including radar, data transmission, aircraft navigation, factory data collection.

LTV Steel Company

Jones & Laughlin Steel Corporation
3 Gateway Center
Pittsburgh, Pennsylvania 15263
(412) 565-3240
Fully integrated steel producer offering diversified line of carbon steel products which includes hot and cold rolled sheet, tin mill and other flat rolled coated products, hot rolled and cold finished bars, tubular products, light plates and structural shapes and the mining of coal and iron ore. Youngstown Sheet & Tube Company operations complement those of Jones & Laughlin.

Transfer Agent(s):
MBank Dallas
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): New York, Pacific

Ticker Symbol: LTV

Number of Employees:

1986	48,300	1983	37,300
1985	56,800	1982	30,600
1984	58,600		

Sales and Earnings

	Net Sales † (000's)	Net Income + (000's)
1986	$ 7,271,400	$ (3,251,600)
1985	8,198,800	(723,900)
1984	7,046,100	(378,200)
1983	4,577,800	(180,700)
1982	4,776,800	(154,900)

	No. of Com. Shares	Earn. per Share +‡
1986	94,727,919	$ —
1985	88,559,104	—
1984	83,186,066	—
1983	54,648,950	—
1982	49,020,212	—

(Loss)
† Of continuing operations only.
+ Including extraordinary gains of $47,600,000 in 1985 and $23,400,000 per share in 1983.
‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Steel	$ 4,464,300	$ 5,349,700
Aircraft prods.	1,083,200	978,500
Missiles & electronics	1,437,400	1,280,000
Energy prods. & serv.	286,500	590,600
Total	$ 7,271,400	$ 8,198,800

Common Stock Equity

	Total Equity +	Equity Per Share
1986	$ (2,570,500)	$ —
1985	640,600,000	4.02
1984	1,354,600,000	12.87
1983	1,135,400,000	17.75
1982	1,115,100,000	22.23

(Deficiency)
+ After allowing for preferred stock at par values.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales & revenues	$ 7,271,400	$ 8,198,800
Cost of sales	6,500,300	7,609,400
Expenses	385,100	461,500
Depreciation & amortization	239,000	247,200
Write-down of steel facilities	3,235,000	380,000
Int. & debt discount	203,000	318,900
Int. & other income	(40,600)	(48,500)
Chap. XI adm. exp.	10,200	—
Loss bef. taxes	$ (3,260,600)	$ (769,700)
Income taxes (credit)	(9,000)	1,800
Net Loss	$ (3,251,600)	$ (771,500)
Extraord. gain	—	47,600
Net Loss & extraord. gain	$ (3,251,600)	$ (723,900)

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. invest.	$ 612,400	$ 11,900
Receivables-net	769,600	910,400
*Inventories	1,140,700	1,428,200
Other	79,200	75,900
Current Assets	$ 2,601,900	$ 2,426,400
Investments & other assets	275,200	657,700
#Fixed assets	2,261,600	3,222,600
Total Assets	$ 5,498,700	$ 6,306,700

Liabilities
(000's)

Notes payable	$ 1,000	$ 399,300
Long-term debt & cap. lease oblig., curr.	18,300	78,700
Accts. payable	321,700	746,500

Accrued liabilities	417,200	983,600
Income taxes	2,500	33,000
Liab. payable pursuant to Chap. XI proc.		
Curr. Liabilities	$ 833,600	$ 2,241,100
Long-term debt	108,200	2,142,400
Emp. comp. & benefits	35,900	625,900
Plant rationalization	258,500	416,400
Other liab.	59,200	129,000
Liab. deferred pursuant to Chap. XI proc.	6,657,800	—
+Series A & Series C preferred stock-mandatory redemp.	104,400	99,700
+ +Series B pref. stock	6,000	6,000
+ + +Series D pref. stock	5,400	5,400
+ + + +Class AA special stock	200	200
+ + + + +Common stock	47,400	44,300
Add. paid-in capital	1,616,800	1,574,700
Retained earnings (deficit)	(4,132,900)	($81,300)
Exc. of redemp. value over par Series A & Series C pref.	(101,800)	(97,100)
Total Liabilities & Shareholders Equity	$ 5,498,700	$ 6,306,700

* At cost (LIFO) which is lower than market value.
# Less accumulated depreciation.
+ $5 par value; $5 cumulative—Series A. $5.25 par value; $5.25 cumulative—Series C.
+ + $1 par value; $3.06 cumulative.
+ + + $1 par value; $5 cumulative
+ + + + $0.50 par value; 3% cumulative.
+ + + + + $0.50 par value.

Statistical Summary

Debt to Equity	—	4.02
Working Capital	$1,768,300,000	$185,300,000
Current Ratio	3.12	1.08
Shareholders' Equity (Deficiency)	$(2,558,900,000)	$652,200,000

Lumonics Inc.

105 Schneider Road
Kanata, Ontario
Canada K2K 1Y3
(613) 592-1460

Officers: Robert J. Atkinson, chairman & chief exec. officer; James K. Wright, vice chairman & chairman-Lumonics Ltd.; Philip R. Schmidt, v.p. & president-Laser Marking Corp.; Douglas J. James, exec. v.p. & chief operating officer; Richard E. Hall, v.p., secretary & treasurer; Colin R. Avery, v.p.-finance & administration.

Directors: Robert J. Atkinson, chairman; Allan R. Buchanan, Douglas C. Cameron, Allan V. Castledine, Charles J. Gardner, Douglas J. James, R. Timothy Kenny, Philip R. Schmidt, James K. Wright, Gordon A. Mauchel.

Areas of Work: Manufactures and markets a variety of lasers and laser systems for marking, materials processing, scientific and medical applications.

Divisions and Subsidiaries:

Lumonics Software Ltd. (70%-owned)
105 Schneider Road
Kanata, Ontario
Canada K2K 1Y3
(613) 592-1460

Lumonics Corporation
2905 South Potter Road
Tempe, Arizona 85282
(602) 438-1420

Lumonics Marking Corp.
3269 Vista Mercado
Camarillo, California 93010
(805) 987-2211

Lumonics Ltd.
Cosford Lane, Swift Valley
Rugby, Warwickshire
CV21 1QN England

Lumonics Pacific KK
8/F Yamachu Building
4-2-1 Nakano, Nakano-Ku
Tokyo 164
Japan

Lumonics Material Processing Corp.
12163 Globe Road
Livonia, Michigan 48150
(313) 591-0101

Engaged in the design, development, manufacture and sale of high power carbon dioxide laser systems with applications in the drilling, cutting, welding and heat treating areas of materials processing.

Photon Sources GmbH
Plankenhof Strasse 33
8000 Muenchen 81
West Germany

Lumonics Deutschland GmbH
Bodenseestrasse 235
Post Fach 66 22 48
8000 Muenchen 66
West Germany

Transfer Agent(s):

The Canada Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: LUM

Number of Employees:

1986	540	1984	378
1985	614		

Sales and Earnings *

	Net Sales	Net Income †
1986	$ 65,234,000	$ (4,408,000)
1985	52,975,000	2,680,000
1984	38,430,000	5,732,000
1983	22,778,000	3,262,000
1982	14,607,000	2,119,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	9,891,000	$ —
1985	8,811,000	0.30
1984	8,140,000	0.70
1983	7,826,000	0.42
1982	6,072,000	0.35

(Loss)
* Canadian dollars.
† Including extraordinary losses of $2,413,000 ($0.25 per share) in 1986 and $3,140,000 ($0.36 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Industrial	76%	66%
Scientific	20	27
Medical	0	3
Contract R & D	4	4
Total	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 71,465,000	$ 7.23
1985	75,359,000	8.55
1984	44,989,000	5.53
1983	35,527,000	4.54
1982	22,160,000	3.65

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 65,234	$ 52,975
Cost of sales	58,056	40,451
Expenses	7,569	4,284
Interest expense (income)	142	(1,072)
Unusual items	2,359	—
Income (loss) bef. taxes	$ (2,892)	$ 9,312
Income taxes (credit)	(897)	3,492
Net Income (Loss)	$ (1,995)	$ 5,820
Extraord. loss	(2,413)	(3,140)
Net Income (Loss) & extraord. loss	$ (4,408)	$ 2,680

* Included in Costs and Expenses, Depreciation and Amortization: $2,854,000 in 1986 and $1,537,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 12,956	$ 14,847
Accts. receiv., net	19,560	23,214
Refundable taxes	1,605	2,358
*Inventories	20,608	20,595
Prepaid expenses	1,045	708
Current Assets	$ 55,774	$ 61,722
#Fixed assets	19,081	20,374
Def. develop. costs	704	702
Intangibles	23,568	23,222
Total Assets	$ 99,127	$ 106,020

Liabilities
(000's)

Bank indebtedness	$ 6,450	$ 5,027
Long-term debt, curr.	400	572
Accts. payable & accruals	10,924	14,149
Curr. Liabilities	$ 17,774	$ 19,748
Long-term debt	8,688	8,918
Deferred inc. taxes	1,200	1,995
+Common stock	57,469	56,391
Retained earnings	13,575	17,983
For. curr. trans. adj.	421	985
Total Liabilities & Shareholders' Equity	$ 99,127	$ 106,020

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	17.58
%Net Income to Sales	—	10.99
%Net Income to Equity	—	7.72
Sales to Inventories	3.17	2.57
Debt to Equity	0.22	0.19
Working Capital	$38,000,000	$41,974,000
Current Ratio	3.14	3.13
Shareholders' Equity	$71,465,000	$75,359,000

M/A-COM, Inc.

7 New England Executive Park
Burlington, Massachusetts 01803
(617) 272-9600

Officers: Irving J. Helman, acting chairman; Frank A. Brand, acting chief exec. officer & exec. v.p.; Thomas F. Burke, exec. v.p. & chief operations officer; John G. Puente, vice chairman & exec. v.p.; Joseph C. Bothwell, Jr., sr. v.p.-corporate development; Hugh E. Bradshaw, sr. v.p. Finance Administration, secretary & corp. counsel; James F. Bunker, sr. v.p.-corp. marketing; Richard B. Hart, Ralph V.G. Bakkensen, asst. secretaries & assoc. corporate counsels; Paul F. Brauneis, sr. v.p. & comptroller; Stephen P. Zezima, v.p.; Denis Maiorani, treasurer; George W. McPhee & Gregory W. Sullivan, asst. treasurers.

Directors: Vessarios Chigas, Irving J. Helman, Nelson S. Gifford, George N. Hutton, Jr., George Ingram, Jr., Richard T. DiBona, Sidney S. Kahn, Thomas F. Burke, Robert E. LaBlanc, William F. Pounds, John G. Puente, James D. Meindl, E. James Morton, Frank M. Drendel, Frank A. Brand, Paul E. Tsongas.

Areas of Work: Manufactures microwave components parts, subassemblies and all solid-state microwave relay equipment for radar, electronic countermeasures and telecommunication markets, and engages in related research and development. Digital satellite equipment and products for fiber optics transmission systems.

Divisions and Subsidiaries:

Components Products

M/A-COM Semiconductor Division
- M/A-COM PHI, Inc.
- M/A-COM Laser Diode, Inc.
- M/A-COM Semiconductor Products, Inc.
- Microwave Associates, Ltd.

Silicon material, silicon and gallium arsenide microwave diodes, low-noise transistors, high-power transistors and amplifiers, optical materials, light emitting diodes, laser diodes, optical detectors and optical subsystems.

M/A-COM Components Division
- M/A-COM Omni-Spectra, Inc.
- M/A-COM Microwave Components, Inc.

Microwave connectors, cable assemblies and passive components, including ferrites, tubes, transmission and high-power control components.

M/A-COM Subsystems Division
- M/A-COM OSW, Inc.
- M/A-COM MPD, Inc.
- M/A-COM Microwave Circuits, Inc.
- Microkim, Ltd.

Broadband microwave amplifiers, oscillators and subsystems, high power R.F. and microwave amplifiers, transmitters and subsystems, microwave integrated multifunction assemblies and subsystems.

Components Support Operations
- M/A-COM Components Marketing, Inc.

Worldwide field marketing of components.

M/A-COM Technology Center
- M/A-COM Millimeter Products, Inc.
- M/A-COM MDM, Inc.

Development of advanced microwave technology, systems and high frequency millimeter wave sources, components and subsystems and active and passive antenna arrays for defense systems.

M/A-COM Advanced Semiconductors Operations

Research, design, development and production of gallium arsenide materials, field effect transistors, integrated analog and digital circuits.

Integrated Digital Communications Business Segment

M/A-COM Telecommunications Division
M/A-COM Government Systems Division
- M/A-COM DCC Inc.
- M/A-COM LINKABIT, Inc.

Digital and secure communications equipment and software for satellite and terrestrial communications for government and commercial design, data and lightwave communications, network systems design, sales and services.

M/A-COM Development Corporation

Management of strategic investments, strategic planning, government policy and telecommunications standards review.

Transfer Agent(s):
Bank of Boston
Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Boston, Pacific

Ticker Symbol: MAI

Number of Employees:

1986	9,027	1983	9,508
1985	11,790	1982	8,739
1984	10,541		

Plant Footage:

1986	2,600,000 sq. ft.	1983	2,780,000
1985	3,071,000	1982	2,652,000
1984	3,695,000		

Sales and Earnings

	Net Sales ‡	Net Income ×
1986	$ 577,469,000	$ 8,800,000
1985	542,937,000	39,375,000
1984	477,690,000	38,200,000
1983	397,843,000	29,664,000
1982	349,512,000	33,933,000

	No. of Com. Shares	Earn. per Share × +
1986	42,696,000	$ 0.20
1985	43,534,000	0.92
1984	43,297,000	0.90
1983	43,102,000	0.72
1982	40,528,000	0.88

‡ Of continuing operations only.
× Including extraordinary gain of $3,121,000 ($0.08 per share) in 1982 and extraordinary loss of $4,100,000 ($0.09 per share) in 1986.
+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.24	—	—
1985	0.235	—	—
1984	0.215	—	—
1983	0.19	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 453,853,000	$ 10.63
1985	465,045,000	10.68
1984	426,289,000	9.85
1983	391,647,000	9.09
1982	315,080,000	7.77

Income Account *
(000's)

Year ended	9/27/86	9/28/85
Net sales	$ 577,469	$ 542,937
Cost of sales	398,556	348,885
Expenses	160,592	141,310
Restruc. costs	49,732	—
Interest income	(6,388)	(4,921)
Interest expense	13,677	7,503
Income (loss) bef. taxes	$ (38,700)	$ 50,160
Income taxes (credit)	(16,500)	15,750
Income (loss) from cont. operations	$ (22,200)	$ 34,410
Income from discont. operations	35,100	4,965
Net Income	$ 12,900	$ 39,375
Extraord loss	(4,100)	—
Net Income & extraord loss	$ 8,800	$ 39,375

* Included in Costs and Expenses, Depreciation and Amortization: $34,974,000 in 1986 and $30,963,000 in 1985.

Assets
(000's)

As of	9/27/86	9/28/85
Cash & market. secur.	$ 290,759	$ 52,628
Accts. receiv., net	116,943	183,869
Unbilled costs under cust. cons.	78,114	89,628
*Inventories	108,586	194,668
Other curr. assets	8,054	16,394
Assets of discont. oper.	59,225	—
Current Assets	$ 661,681	$ 537,187
#Equip. on lease	—	22,542
#Fixed assets	212,180	254,101
Other assets & notes receiv.	20,723	57,530
Total Assets	$ 894,584	$ 871,360

Liabilities
(000's)

Notes payable	$ 5,517	$ 3,619
Long-term debt, curr.	56,152	9,605
Accts. payable	30,090	49,646
Accruals	84,754	35,354
Accrued payroll	30,364	27,531
Income taxes	53,834	22,848
Curr. Liabilities	$ 260,711	$ 148,603
Long-term debt	134,073	202,906
Deferred inc. taxes	17,000	34,700
Other long-term liabilities	28,947	20,106
+Common stock	43,810	43,595
Add. paid-in capital	234,684	234,509
Retained earnings	223,037	224,722
Deferred comp.	(30,196)	(36,324)
Treasury Stock	(17,482)	(1,457)
Total Liabilities & Shareholders' Equity	$ 894,584	$ 871,360

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	1.94	8.47
Sales to Inventories	5.32	3.32
Debt to Equity	0.43	0.46
Working Capital	$400,970,000	$388,584,000
Current Ratio	2.54	3.61
Shareholders' Equity	$453,853,000	$465,045,000

Magna International Inc.

36 Apple Creek Boulevard
Markham, Ontario, Canada L3R 4Y4
(416) 477-7766

Officers: Frank Stronach, chairman of the board & chief exec. officer; Manfred Gingl, president & chief operating officer; Robert M. Jones, v.p.-sales; Harry Bytzek, Richard G. Hrga, Werner Ertel, Ueli Spring, Wolfgang Ruhland, George Schacht, Fred Jaeckel, group operating executives; D. Robin Sloan, sr. v.p.; David A. Copeland, treasurer; James R. McAlpine, exec. v.p. & chief financial officer; J. Brian Colburn, v.p., secretary & general counsel; Michael R. Hottinger, exec. v.p. & chief marketing officer; Stephen M. Richards, controller; Gary N. Benninger, v.p.; Alfred Hessler, v.p.-engineering; Lloyd P. Jones, III, v.p.-marketing; Frank Koeck, v.p.-mfg. & quality assurance; Donald Parker, v.p.-business systems.

Directors: Manfred Gingl, James F. McCallum, Frank Stronach, D. Robin Sloan, William B. Boggs, William J. Corcoran, George C. Hitchman, Donald Resnick, William G. Davis, Michael R. Hottinger, R. John Lawrence, James R. McAlpine, Heather Reisman, Lionel H. Schipper.

Areas of Work: Manufacturer of metal products, decorative products, mechanical devices, electronic and sheet metal components, and parts for the North American automotive industry.

Divisions:

Magna Manufacturing Group
Manufactures a variety of stamped, formed and welded metal products from motor mounts and scuff plates to underbodies and chassis components.

ATOMA Group
Produces a large variety of electro-mechanical devices, electronic components, instrument clusters and intricate mechanical assemblies for the automotive industry.

MAPLE Group
Manufactures assessory drive systems and reaction injection molded parts.

CONCORD Group
Develops and produces a variety of metal trim and plastic components including bumper covers, fascias, body panels and decorative trim products.

COSMA Group
Manufacturer of exterior body sheet metal components.

Machine-Tool and Equipment (MTE) Group
Manufactures automated welding lines and robotic systems to customer specifications; presses and accessories; automated material handling equipment.

Joint Ventures:

Webasto-Werk
Michigan
Sunroof manufacturer.

Grammer Seating Systems
West Germany
Seating systems.

Transfer Agent(s):

The Canada Trust Company
Toronto, Canada

Bank of Nova Scotia Trust Company of New York
New York, New York

Stock Exchange(s): Toronto; Over-the-Counter

Ticker Symbol: MG (Toronto); MAGAF (NASDAQ)

Number of Employees:

1986	10,300	1984	5,000
1985	7,500	1983	4,000

Sales and Earnings

	Net Sales	Net Income ‡
1986	$1,027,776,000	$ 47,259,000
1985	690,400,000	38,165,000
1984	493,559,000	29,489,000
1983	302,451,000	14,253,000
1982	226,534,000	5,178,000

	No. of Com Shares #	Earn. per Share †‡
1986	25,371,747	$ 1.93
1985	23,956,849	1.77
1984	17,024,911	1.81
1983	14,604,911	1.07
1982	9,929,172	0.48

‡ Restated to give effect to change in method of accounting for investment tax credits.
# Class A Common and Class B shares combined adjusted to reflect stock dividend.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock ‡

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.48	—	—
1985	0.46	—	—
1984	0.26	—	—
1983	0.10	100%	—
1982	0.15	—	—

‡ Restated.
+ Adjusted to reflect stock dividend.

Common Stock Equity ‡

	Total Equity	Equity Per Share †
1986	$ 345,910,000	$ 13.63
1985	289,403,000	12.08
1984	140,060,000	8.23
1983	80,075,000	5.48
1982	39,896,000	4.01

‡ Restated.
+ After allowing for preferred stock at stated value.
† Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended July 31	1986	1985 ‡
Net sales	$ 1,027,776	$ 690,400
Cost of sales	815,939	541,758
Expenses	107,463	74,140
Interest expense	14,985	3,582
Income before taxes	$ 89,389	$ 70,920
Income taxes	38,992	29,565
Minority interest	3,138	3,190
Net Income	$ 47,259	$ 38,165

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $36,375,000 in 1986 and $23,280,000 in 1985.

Assets
(000's)

As of July 31	1986	1985 ‡
Accts. receiv., net	$ 154,650	$ 133,795
*Inventories	133,669	120,634
Prepaid expenses	4,669	3,391
Current Assets	$ 292,988	$ 257,820
#Fixed assets	590,294	358,897
Investments	17,969	6,201
Other assets	7,040	6,704
Total Assets	$ 908,291	$ 629,622

Liabilities
(000's)

Long-term debt, curr.	$ 12,966	$ 12,279
Bank indebtedness	53,900	75,098
Accts. payable and accruals	155,620	107,409
Income taxes payable (recoverable)	2,171	(1,087)
Curr. Liabilities	$ 224,657	$ 193,699
Long-term debt	279,980	103,997
Minority interest	14,683	12,550
Deferred inc. taxes	43,061	24,873
+7% preferred stock	—	5,100
+Class A common stock	215,786	194,722
+Class B common stock	1,590	1,590
Retained earnings	128,534	93,091
Total Liabilities & Shareholders' Equity	$ 908,291	$ 629,622

‡ Restated.
* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.70	10.27
%Net Income to Sales	4.60	5.53
%Net Income to Equity	13.66	12.96
Sales to Inventories	7.69	5.16
Debt to Equity	1.00	0.65
Working Capital	$ 68,331,000	$ 64,121,000
Current Ratio	1.30	1.33
Shareholders' Equity	$345,910,000	$294,503,000

Mangood Corporation

155 Wicks Street
Grayslake, Illinois 60030
(312) 223-4801

Officers: Regis A. Vey, president; John L. Westermann, III, v.p.-finance, treasurer & secretary; Charles E. Heckman, v.p. & controller.

Directors: Marvin B. Levine, John L. Westermann, III, Regis A. Vey, Stanley Tulchin, Norman Tulchin, Irwin Nelson, Carroll Ladt, Anders Brag, Douglas L. Jackson, Marvin Schiller, Phillip W. Trueman.

Areas of Work: Produces electronic weighing systems for commerce and industry, in motion weighers, electronic process control and measurement systems, strain gauge load cells and related transducers, traffic counters and detectors, warning lights, emergency vehicle lights, and industrial and scientific counting systems.

Divisions and Subsidiaries:

Streeter Richardson Division
680 Van Houten Avenue
Clifton, New Jersey 07015

Streeter Richardson Division
155 Wicks Street
Grayslake, Illinois 60030

Howe Richardson, Inc.
217 Brunswick Boulevard
Pointe Claire, Quebec H9R 4R7 Canada

Chronos Richardson GmbH
Frankfurter Strasse 89-95
D-5205 Hennef 1, West Germany

Chronos Richardson SA
2/4 Avenue de la Cerisaie
Platane 306
F 94266 Fresnes Cedex, France

Chronos Richardson SA
Viale delle Industrie 11/3
1-20020 Arese, Milano, Italy

Chronos Richardson Ltd.
Arnside Road, Bestwood
Nottingham, NG5 5HD, England

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: MAB

Number of Employees:

1986	1,060	1985	1,120

Plant Footage:

1986	635,000 sq. ft.	1985	660,000

Sales and Earnings

	Net Sales	Net Income +
1986	$ 70,132,000	$ (3,143,000)
1985	60,618,000	(4,801,000)
1984	64,048,000	(1,397,000)
1983	17,417,000	530,000
1982	18,427,000	511,000

	No. of Com. Shares ‡	Earn. per Share ‡ +
1986	1,028,000	$ —
1985	628,748	—
1984	628,748	—
1983	628,748	0.84
1982	628,000	0.81

(Loss)
+ Including extraordinary gain of $3,097,000 in 1986.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ (3,286,000)	$ —
1985	(1,297,000)	—
1984	2,872,000	4.57
1983	4,771,000	7.59
1982	4,329,000	6.89

(Deficiency)
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 70,132,000	$ 60,618,000
Cost of sales	53,688,000	42,936,000
Expenses	20,195,000	19,486,000
Interest expense	2,500,000	2,743,000
Loss before taxes	$ (6,251,000)	$ (4,547,000)
Income taxes (credit)	(16,000)	254,000
Net Loss	$ (6,235,000)	$ (4,801,000)
Extraord. gain	3,092,000	—
Net Loss & extraord. gain	$ (3,143,000)	$ (4,801,000)

* Included in Costs and Expenses, Depreciation and Amortization: $650,000 in 1986 and $629,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 887,000	$ 1,791,000
Receiv., net	18,200,000	14,371,000
*Inventories	18,549,000	17,636,000
Prepaid expenses	1,867,000	965,000
Current Assets	$ 39,503,000	$ 34,763,000
#Fixed assets	5,831,000	4,787,000
Other assets	1,289,000	1,482,000
Total Assets	$ 46,623,000	$ 41,032,000

Liabilities

Long-term debt, curr.	$ —	$ 18,967,000
Accts. payable	8,417,000	7,347,000
Accruals	9,060,000	8,192,000
Income taxes	372,000	84,000
Notes payable	969,000	317,000
Curr. Liabilities	$ 18,818,000	$ 34,907,000
Long-term debt	23,899,000	4,298,000
Other liabilities	4,692,000	3,124,000
Redeem. preferred stock	2,500,000	—
+Common stock	19,000	7,000
Add. paid-in capital	3,921,000	2,783,000
Retained earnings (deficit)	(6,310,000)	(3,167,000)
Cum. trans. adj.	(285,000)	(289,000)
Treasury stock	(631,000)	(631,000)
Total Liabilities & Shareholders' Equity	$ 46,623,000	$ 41,032,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.78	3.44
Working Capital	$20,685,000	—
Current Ratio	2.10	—
Shareholders' Equity (Deficiency)	$(3,286,000)	$(1,297,000)

Mark Controls Corporation

5202 Old Orchard Road
Skokie, Illinois 60077
(312) 470-8585

Officers: Gary E. MacDougal, chairman & chief exec. officer; Harvey W. Branigar, Jr., vice chairman; William E. Bendix, group v.p.; Thomas C. Mattick, v.p.-finance & secretary; John J. Grad, Arne R. Salvesen, v.p.'s; R. Mark Mallory, v.p. & controller; Jan P. France, treasurer; George J. Uhrich, asst. secretary.

Directors: Gary E. MacDougal, chairman; Merle H. Banta, William E. Bendix, Harvey W. Branigar, Jr., John J. Grad, Frederic V. Malek, Thomas C. Mattick, Carl H. Pforzheimer, III, James M. Reed, Robert H. Strotz, Donald J. Sutherland.

Areas of Work: Designs, manufactures, installs and services computer-based building management systems that provide energy, maintenance, fire and security management for non-residential buildings. The Company also manufactures, sells and installs traditional pneumatic temperature control products, such as valves, thermostats and related accessories.

Divisions and Subsidiaries:

Center Line
1007 East Admiral Boulevard
Tulsa, Oklahoma 74120
(918) 587-9401
Standard butterfly and wafer check valves.

FlowSeal
3201 Walnut Avenue
Long Beach, California 90807
(213) 426-2531
High-performance butterfly valves.

MARPAC
7200 Oak Park Avenue
Niles, Illinois 60648
(312) 647-1522
Automated and manual ball valves and unions.

MCC Powers Control Systems
2942 MacArthur Boulevard
Northbrook, Illinois 60062
(312) 272-9555
Building control systems and services.

MCC Powers Process Controls
3400 Oakton Street
Skokie, Illinois 60076
(312) 673-6700
Temperature and pressure controls.

Pacific Valves
3201 Walnut Avenue
Long Beach, California 90807
(213) 426-2531

Transfer Agent(s):
Continental Illinois National Bank and Trust Company

Stock Exchange(s): New York

Ticker Symbol: MK

Number of Employees:

1986	2,678	1983	3,770
1985	3,302	1982	3,825
1984	3,672		

Plant Footage:
1986 . . . . . 578,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 262,720,000	$ 1,542,000
1985	278,954,000	2,170,000
1984	280,383,000	(5,815,000)
1983	268,902,000	4,094,000
1982	271,988,000	2,531,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,450,000	$ 0.10
1985	3,537,000	0.43
1984	4,041,000	—
1983	4,281,000	0.68
1982	4,204,000	0.32

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Building control syst.	$ 178,214,000	$ 176,036,000
Flow control prods.	84,506,000	102,918,000
Total	$ 262,720,000	$ 278,954,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.32	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.32	—	—
1982	0.32	—	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 26,512,000	$ 7.68
1985	29,847,000	8.44
1984	30,023,000	7.43

† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 262,720	$ 278,954
Cost of sales	180,191	196,621
Expenses	75,139	74,356
Interest expense	3,527	4,258
Interest income	(267)	(316)
Eq. in losses (earn.) of affil.	(12)	125
Prov. for restruc.	1,100	—
Income before taxes	$ 3,042	$ 3,910
Income taxes	1,500	1,200
Net Income	$ 1,542	$ 2,710

* Included in Costs and Expenses, Depreciation: $5,545,000 in 1986 and $6,317,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 2,052	$ 2,158
Accts. receiv., net	61,067	61,599
*Inventories	28,151	37,388
Other curr. assets	2,462	2,510
Current Assets	$ 93,732	$ 103,655
Investment in affil.	4,092	4,080
#Fixed assets	18,258	30,912
Total Assets	$ 116,082	$ 138,647

Liabilities
(000's)

Long-term debt, curr.	$ 2,085	$ 2,318
Accts. payable & accruals	34,072	41,718
Income taxes	1,961	—
Deferred income taxes	2,791	—
Curr. Liabilities	$ 40,909	$ 44,036
Long-term debt	17,850	30,648
Deferred inc. taxes & other liab.	11,126	14,431
+Preferred stock	984	984
+ +Common stock	4,263	4,263
Add. paid-in capital	21,034	21,052
Retained earnings	32,260	32,985
For. exch. adjust.	(1,174)	(1,199)
Treasury stock	(11,170)	(8,553)
Total Liabilities & Shareholders' Equity	$ 116,082	$ 138,647

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $1.20 cumulative convertible.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.16	1.40
%Net Income to Sales	0.59	0.97
%Net Income to Equity	3.34	5.47
Sales to Inventories	9.33	7.46
Debt to Equity	0.43	0.67
Working Capital	$52,823,000	$59,619,000
Current Ratio	2.29	2.35
Shareholders' Equity	$46,197,000	$49,532,000

Mark IV Industries, Inc.

One Towne Centre
501 John James Audubon Parkway
P.O. Box 450
West Amherst, New York 14428
(716) 689-4972

Officers: Sal H. Alfiero, chairman; Clement R. Arrison, president; William P. Montague, exec. v.p. & chief financial officer; L. [illegible]oby, exec. v.p.; Gerald S. Lippes, secretary; Freder[illegible] v.p.-finance; John J. Byrne, v.p. & treasurer; Rona[illegible]gs, v.p.

Directors: Sal H. Al[illegible]ro, chairman; Clement R. Arrison, Joseph G. Donohoo, Gerald S. Lippes, Herbert Roth, Jr.

Areas of Work: The Company's operations involved three industry segments: scientific, technical and industrial products; professional audio systems; and aerospace and defense.

Scientific, technical and industrial products include a wide variety of microprocessor and computer-based instruments and electronic components, equipment, and systems used for measuring, monitoring, information display and communication. Professional audio systems include sound equipment and components such as loudspeakers, speaker systems, and microphones for commercial and professional use. Aerospace and defense products include electronics and fluids control systems which are specially designed and engineered to operate with a high degree of reliability in outer space and other harsh environments.

Divisions and Subsidiaries:

TECHNICAL PRODUCTS

Automatic Signal
55 Green Street
Clinton, MA 01510
Traffic signals and controls.

T.J. Clarke
45 Norwood Avenue
Jamestown, NY 14701
(716) 487-1959
Child-resistant prescription enclosures.

Clar-Ban
199 Wales Avenue
Tonawanda, NY 14150
(716) 694-5076
Non-infrared instrument lighting.

Goodrich
3560 Chicago Drive
Hudsonville, MI 49426
(616) 669-1000
Resistance welding transformers.

Graphic Instruments
Gulton Industrial Park
East Greenwich, RI 02818
(401) 884-6800
Low frequency recorders.

Industrial Systems
55 Green Street
Clinton, MA 01510
(617) 835-1000
Extrusion process control systems.

Instruments Division LFE
11655 Chillicothe Road
Chesterland, OH 44026
(216) 729-1681
Specialized microprocessor controllers.

Interstate Highway Sign
6005 Scott Hamilton Drive
Little Rock, AR 72219
(501) 565-8484
Large-scale reflective highway signs.

Plasma Systems
55 Green Street
Clinton, MA 01510
(617) 835-1000
Plasma ashing and cleaning systems.

Lustreprint
622 Northumberland Avenue
Buffalo, NY 14215
(716) 835-2711
Flexible plastic packaging.

NRD
2937 Alt Boulevard
Grand Island, NY 14072
(716) 773-7634
Ionication elements add self-illuminating light sources.

Protective Closures (Caplugs)
2150 Elmwood Avenue
Buffalo, NY 14207
(716) 876-9855
Plastic closures.

Mokon
2150 Elmwood Avenue
Buffalo, NY 14207
(716) 876-9855
Oil and water temperature controls.

Rixson-Firemark
9100 West Belmont Avenue
Franklin Park, IL 60131
(312) 671-5670
Door control equipment.

West Instruments
Gulton Limited
The Hyde, Brighton
Sussex BN2 4JU England
011-44-273-606-271
Multiple-point temperature controllers.

PROFESSIONAL AUDIO AND INFORMATION PRODUCTS

Alston
1724 South Mountain Avenue
Duarte, CA 91010
(818) 357-2121
Telephone answering bureau equipment.

Altec Lansing
10500 West Reno
Oklahoma City, OK 73128
(405) 324-5311
Fixed-installation professional sound systems, broadcast dynamic microphones, and high performance loudspeakers.

Display Products—Asia
Conrac Singapore Pte. Ltd.
BLK 3015A, UBI Road 1—04-13
Kampong UBI
Industrial Estate
Singapore 1440
011-65-747-0177
High performance video displays.

Display Products—Europe
Conrac Elektron GmbH
Industriestrasse 18
D-6992 Weikersheim
Federal Republic of Germany
011-49-7934-101-0
High performance video displays.

Display Products—U.S.
600 North Rimsdale Avenue
Covina, CA 91722
(818) 966-3511
High performance video displays.

Electro-Voice
600 Cecil Street
Buchanan, MI 49107
(616) 695-6831
Fixed-installation professional sound systems, broadcast dynamic microphones and high performance loudspeakers.

Electo-Voice, S.A.
Keltenstrasse 5
CH-2563 Ipsach, Switzerland
011-41-32-51-68-33

Femco
2000 Bethel Drive
High Point, NC 27261
(919) 887-2611
Control carrier radio communications.

Luminator
1200 East Plano Parkway
Plano, TX 75074
(214) 424-6511
Mobile programmable information displays.

Systems Components
1700 South Mountain Avenue
Duarte, CA 91010
(818) 359-9141
Ruggedized video monitors.

AEROSPACE AND DEFENSE PRODUCTS

PCD
100 Skiff Street
Hamden, CT 06514
(203) 281-8000
Environmental control systems.

Gulton Data Systems
6600 Gulton Ct. NE
Albuquerque, NM 87109
(505) 345-9031
Satellite telemetry and command equipment.

Servonic
1644 Whittier Avenue
Costa Mesa, CA 92627
(714) 642-2400
Military and aerospace pressure transducers.

CONSUMER TELEPHONE PRODUCTS

Code-A-Phone
16261 S.E. 130th Avenue
Clackamas, OR 97015
(503) 655-8940
Consumer telephone answering machines and highly featured telephones.

Transfer Agent(s):
American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: IV

Number of Employees:
1987 4,000

Plant Footage:
1987 . . . . . 2,019,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1987	$ 291,529,000	$ 10,210,000
1986	82,958,000	4,738,000
1985	38,649,000	2,785,000
1984	34,829,000	1,858,000
1983	21,537,000	938,000

	No. of Com. Shares †	Earn. per Share ‡
1987	8,510,615	$ 1.20
1986	8,509,942	0.68
1985	N.A.	0.45
1984	N.A.	0.30
1983	N.A.	0.15

N.A. - Not Available.
† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1987	1986
Scientific, technical & industrial prods.	$ 155,708	$ 70,402
Professional audio syst.	68,223	—
Aerospace & defense	67,598	12,556
Total	$ 291,529	$ 82,958

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2 & 3-for-2
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 40,369,000	$ 4.74
1986	28,988,000	3.41
1985	10,496,000	—
1984	7,709,000	—
1983	5,849,000	—

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Feb. 28	1987	1986
Net sales	$ 291,529	$ 82,958
Cost of sales	190,005	52,588
Expenses	61,683	15,026
Depreciation & amortization	6,885	2,735
Interest expense	14,346	3,949
Income before taxes	$ 18,610	$ 8,660
Income taxes	8,400	3,922
Net Income	$ 10,210	$ 4,738

Assets
(000's)

As of Feb. 28	1987	1986
Cash	$ 6,513	$ 1,001
Marketable securities	79,086	—
Accts. receiv., net	47,746	17,746
Refundable taxes	—	4,418
*Inventories	64,855	17,140
Other curr. assets	4,903	7,399
Current Assets	$ 201,103	$ 47,704
Investments	4,765	48,928
Notes receivable	12,219	1,403
#Fixed assets	73,139	26,222
Intangibles	18,877	509
Total Assets	$ 312,103	$ 124,766

Liabilities
(000's)

Notes payable	$ 13,809	$ —
Long-term debt, curr.	725	272
Accts. payable	13,933	5,071
Accruals	11,623	6,656
Accrued interest	5,900	1,864
Accrued compensation	9,641	2,986
Income taxes	1,359	189
Curr. Liabilities	$ 56,990	$ 17,038
Long-term debt	208,624	76,076
Deferred inc. taxes	6,120	2,664
+Common stock	87	87
Add. paid-in capital	15,098	15,093
Retained earnings	24,085	13,875
For. curr. trans. adjust.	1,166	—
Treasury stock	(67)	(67)
Total Liabilities & Shareholders' Equity	$ 312,103	$ 124,766

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.38	10.44
%Net Income to Sales	3.50	5.71
%Net Income to Equity	25.29	16.34
Sales to Inventories	4.50	4.84
Debt to Equity	5.53	2.63
Working Capital	$146,113,000	$30,666,000
Current Ratio	3.56	2.80
Shareholders' Equity	$ 40,369,000	$28,988,000

Marshall Industries

9674 Telstar Avenue
El Monte, California 91731
(818) 442-7204

Officers: Gordon S. Marshall, chairman of the board, president, chief executive & chief operating officer; George J. Tarnawsky, sr. v.p.; Richard Bentley, v.p.-sales; Peter B. Heric, v.p.-management information systems; Carl R. Sitman, v.p.-facilities; David O. Zertuche, v.p.-finance, chief financial officer and secretary.

Directors: Gordon S. Marshall, chairman; Ralph W. James, Mason Phelps, Donald Royce, Jr., Raymond G. Rinehart, William G. Bone, Lathrop Hoffman.

Areas of Work: Engaged in the distribution of electronic components, wire termination devices, production supplies, hand tools, and assembly work station equipment to the electronics industry. Also performs assembly and wire stripping operations.

Transfer Agent(s):
Security Pacific National Bank
P.O. Box 2097, Terminal Annex
Los Angeles, California 90054

Stock Exchange(s): New York

Ticker Symbol: MI

Number of Employees:

1986	1,083	1983	700
1985	1,112	1982	682
1984	1,008		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 244,777,000	$ 2,857,000
1985	265,278,000	5,718,000
1984	245,591,000	10,467,000
1983	130,364,000	1,518,000
1982	117,999,000	(949,000)

	No. of Com. Shares #	Earn. per Share #†
1986	7,391,000	$ 0.39
1985	7,346,000	0.78
1984	6,790,000	1.54
1983	5,084,000	0.30
1982	4,922,000	—

(Loss)
† Including extraordinary gain of $146,000 ($0.03 per share) in 1983.
#Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 54,944,000	$ 7.43
1985	51,568,000	7.02
1984	45,503,000	6.70
1983	12,196,000	2.40
1982	10,522,000	2.14

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Income Account *

Year Ended May 31	1986	1985
Net sales	$ 244,777,000	$ 265,278,000
Cost of sales	185,855,000	198,137,000
Expenses	51,481,000	51,453,000
Interest expense	2,479,000	4,281,000
Income before taxes	$ 4,962,000	$ 11,407,000
Income taxes	2,105,000	5,689,000
Net Income	$ 2,857,000	$ 5,718,000

* Included in Costs and Expenses, Depreciation and Amortization: $591,000 in 1986 and $1,262,000 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 1,047,000	$ 3,089,000
Investments	2,935,000	3,565,000
Receiv., net	37,539,000	32,427,000
*Inventories	66,711,000	53,927,000
Prepaid expenses	188,000	286,000
Current Assets	$ 108,420,000	$ 93,294,000
#Fixed assets	25,792,000	16,982,000
Other assets	671,000	325,000
Total Assets	$ 134,883,000	$ 110,601,000

Liabilities

Long-term debt, curr.	$ 727,000	$ 1,415,000
Bankline, curr.	3,000,000	—
Accts. payable	24,293,000	9,086,000
Accruals	5,188,000	3,788,000
Income taxes	924,000	758,000
Deferred income taxes	3,305,000	2,841,000
Curr. Liabilities	$ 37,437,000	$ 17,888,000
Long-term debt	42,502,000	41,145,000
+Common stock	7,373,000	7,296,000
Add. paid-in capital	28,424,000	27,982,000
Retained earnings	19,147,000	16,290,000
Total Liabilities & Shareholders' Equity	$ 134,883,000	$ 110,601,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.03	4.30
%Net Income to Sales	1.17	2.16
%Net Income to Equity	5.20	11.09
Sales to Inventories	3.67	4.92
Debt to Equity	0.79	0.83
Working Capital	$70,983,000	$75,406,000
Current Ratio	2.90	5.22
Shareholders' Equity	$54,944,000	$51,568,000

Martin Marietta Corporation

6801 Rockledge Drive
Bethesda, Maryland 20817
(301) 897-6000

Officers: Thomas G. Pownall, chairman of the board & chief exec. officer; Norman R. Augustine, president & chief operating officer; Melvin A. McCubbin, v.p. & chief financial officer; Frank H. Menaker, Jr., v.p. & general counsel; Caleb B. Hurtt, David C. Dressler, Dan A. Peterson, sr. v.p.'s; J. Peter Dunston, Bobby F. Leonard, Peter B. Teets, A. Thomas Young, Philip H. Sendel, Marcus Bennett, Robert J. Polutchko, v.p.'s; Janice K. Henry, secretary; Robert W. Powell, Jr., v.p. & treasurer.

Directors: John J. Byrne*, A. James Clark*, James L. Everett, III, Melvin R. Laird*, Griffin B. Bell*, Thomas G. Pownall*, J. Donald Rauth*, Laurence J. Adams*, Edward L. Hennessy, Jr., John K. McKinley, John W. Vessey, Jr., Norman R. Augustine*, John B. Slaughter.

* Member of the Executive Committee.

Areas of Work: The Company's operations are divided into three segments: Aerospace, Information Systems, and Materials. The Aerospace segment, itself, is composed of three sub-divisions: Space and strategic systems which consist mainly of launch vehicles, spacecraft and instruments, major systems integration, and certain command, control, communications, and intelligence systems. The electronics and tactical systems sub-division is involved in the development and production of missile systems, precision guided projectiles, and air defense target acquisition and designation, navigation, and communications control systems. Aero-mechanical systems programs include missile launching systems, jet engine fan reversers, air-frame component manufacturing and assembly, and combat systems development, engineering, production and integration.

The Data Systems segment provides computing services, computer software, information systems management, and consulting services to government and commercial customers and manages the Company's internal computer operations.

The Materials segment consists of aggregates operations principally engaged in quarrying, processing, and selling crushed stone and gravel — primarily for highway and general construction and railroad ballast — and magnesia specialties operations, which quarry, process, and sell refractory materials used in steel production, chemical processing, and other industrial applications.

Divisions and Subsidiaries:

Martin Marietta Aerospace
6801 Rockledge Drive
Bethesda, Maryland 20817
(301) 897-6000

Martin Marietta Denver Aerospace
Denver, Colorado

Martin Marietta Michoud Aerospace
New Orleans, Louisiana

Martin Marietta Orlando Aerospace
Orlando & Ocala, Florida

Martin Marietta Baltimore Aerospace
Baltimore, Maryland

Martin Marietta Data Systems
Bethesda, Maryland

Martin Marietta Aggregates
Raleigh, North Carolina

Martin Marietta Magnesia Specialties
Hunt Valley, Maryland

Martin Marietta Energy Systems, Inc.
Oak Ridge, Tennessee

Martin Marietta Ordnance Systems, Inc.
Bethesda, Maryland

Martin Marietta Laboratories
Baltimore, Maryland

Martin Marietta Environmental Systems
Columbia, Maryland

Chesapeake Park, Inc.
Baltimore, Maryland

Orlando Central Park, Inc.
Orlando, Florida

Transfer Agent(s):

Maryland National Bank
225 North Calvert Street
Baltimore, Maryland 21203

Morgan Guaranty Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Pacific, Midwest, Philadelphia, London

Ticker Symbol: ML

Number of Employees:

1986	N.A.	1983	42,800
1985	66,000	1982	40,900
1984	61,000		

N.A. - Not Available

Sales and Earnings

	Net Sales + ($000's)	Net Income ($000's)
1986	$ 4,752,537	$ 202,344
1985	4,410,064	249,392
1984	3,920,400	(191,764)
1983	3,228,061	141,331
1982	3,033,082	91,642

	No. of Com. Shares #	Earn. per Share #
1986	55,147,793	$ 3.67
1985	56,619,040	4.36
1984	52,319,480	—
1983	46,254,220	2.82
1982	70,645,252	1.30

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Aerospace:		
Space & strategic syst.	$ 1,831,000	$ 1,790,100
Electronics & Tactical syst.	1,500,400	1,347,300
Aero-mechan. syst.	379,700	343,900
Basic Prods.	344,100	333,000
Info. Systems	888,600	755,600
Corporate	37,900	31,400
Intersegment	(229,200)	(191,200)
Total	$ 4,752,500	$ 4,410,100

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	0.973	—	3-for-2
1984	0.893	—	—
1983	0.863	—	3-for-2
1982	0.853	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 843,376,000	$ 15.29
1985	707,957,000	12.50
1984	511,113,000‡	9.77
1983	730,356,000‡	15.79
1982	321,560,000‡	4.55

Based on the average number of shares outstanding adjusted to reflect stock splits.
‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 4,752,537	$ 4,410,064
Cost of sales & expenses	4,421,794	4,116,358
Oper. profit	$ 330,743	$ 293,706
Other income	17,882	160,290
Total	$ 348,625	$ 453,996
Interest expense	21,181	35,704
Income before taxes	$ 327,444	$ 418,292
Income taxes	125,100	168,900
Net Income	$ 202,344	$ 249,392

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $152,990,000 in 1986 and $132,039,000 in 1985.

Assets
($000's)

As of Dec. 31	1986	1985
Cash & marketable securities	$ 194,995	$ 138,165
Accts. & notes receiv., net	421,602	459,810
*Inventories	363,993	317,694
Assets of discont. oper.	—	14,499
Other curr. assets	24,786	38,801
Current Assets	$ 1,005,376	$ 968,969
Investments	240,217	246,515
#Fixed assets	1,059,071	949,336
Other assets	157,177	70,391
Intangibles	8,904	22,858
Total Assets	$ 2,470,745	$ 2,258,069

Liabilities
($000's)

Long-term debt, curr.	$ 3,003	$ 26,541
Accts. payable & accruals	383,696	329,759
Accrued payroll	216,214	237,997
Income taxes	226,728	176,730
Curr. Liabilities	$ 829,641	$ 771,027
Long-term debt	227,700	220,413
Other liabilities	116,998	93,175
Deferred inc. taxes	453,030	465,497
+Common stock	109,404	109,404
Add. paid-in capital	690,845	687,381
Retained earnings	1,184,173	1,036,993
Treasury stock	(1,141,046)	(1,125,821)
Total Liabilities & Shareholders' Equity	$ 2,470,745	$ 2,258,069

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation, depletion and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.89	9.48
%Net Income to Sales	4.26	5.66
%Net Income to Equity	23.99	35.23
Sales to Inventories	13.06	13.88
Debt to Equity	0.27	0.35
Working Capital	$175,735,000	$197,942,000
Current Ratio	1.21	1.26
Shareholders' Equity	$843,376,000	$707,957,000

MATEC Corporation

75 South Street
Hopkinton, Massachusetts 01748
(617) 435-9039

Officers: Ted Valpey, Jr., chairman & chief exec. officer; Neil S. Bernstein, president & chief operating officer; Michael J. Kroll, v.p. & treasurer; John J. McArdle, III, secretary.

Directors: Ted Valpey, Jr., chairman; Neil S. Bernstein, Richard Damon, Eli Fleisher, Robert B. Gill, Lawrence Holsborg, John D. Hunt, Joseph Tiberio, Robert W. Valpey.

Areas of Work: Operates in three industry segments: Steel Cable, Electronics, and Diffusion Coating.

Subsidiaries:

Alloy Surfaces Company, Inc.
100 Locke Road
Wilmington, Delaware 19809
(302) 762-8900
Application of corrosion-resistant coatings to gas turbine engines; production of proprietary specialty chemicals sold to gas turbine engine manufacturers; production of pyrophoric materials for military countermeasure applications.

Bergen Cable Technologies, Inc.
Gregg Street
Lodi, New Jersey 07644
(201) 487-3521
Manufactures mechanical cable and cable assemblies.

Crystal Biotech, Inc.
New Englander Industrial Park
Hollision, Massachusetts 01746
(617) 429-5977
Designs and produces ultrasonic doppler systems for measuring blood flow in research and clinical applications.

Fiberoptic Fabrications, Inc.
56 Hudson Street
Northboro, Massachusetts 01532
(617) 393-3753
Produces a wide variety of custom-built fiberoptic components for industrial, medical, military and scientific customers.

Matec Instruments, Inc.
75 South Street
Hopkinton, Massachusetts 01748
(617) 435-9039
Designs and manufactures high-powered pulsed radio frequency (RF) instruments.

MEKonrol, Inc.
56 Hudson Street
Northboro, Massachusetts 01532
(617) 393-2451
Designs and manufactures photoelectric controls.

Valpey-Fisher Corporation
Frequency Control Division
75 South Street
Hopkinton, Massachusetts 01748
(617) 435-6831
Manufactures quartz crystals and crystal oscillators.

Valpey-Fisher Corporation
Ultrasound Division
75 South Street
Hopkinton, Massachusetts 01748
(617) 435-6831
Fabricates a broad range of piezoelectric components for industrial, medical, military and research applications.

Affiliate:

Sawyer Research Products, Inc. (34.2% interest)
Produces single crystal cultured quartz used extensively in electronic and optional applications.

Transfer Agent(s):

Bank of Boston
Box 644
Boston, Massachusetts 02105

Stock Exchange(s): American

Ticker Symbol: MXC

Sales and Earnings

	Net Sales +	Net Income
1986	$ 19,894,000	$ 479,000
1985	20,044,000	(122,000)
1984	20,268,000	1,395,000
1983	16,499,000	617,000
1982	15,518,000	255,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,330,000	$ 0.14
1985	3,409,000	—
1984	3,409,000	0.41
1983	3,413,000	0.18
1982	3,407,000	0.07

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Steel cable	$ 6,712,000	$ 7,515,000
Electronics	6,829,000	7,380,000
Diffusion coating	6,353,000	5,149,000
Total	$ 19,894,000	$ 20,044,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 14,128,700	$ 4.24
1985	13,977,099	4.10
1984	14,121,632	4.14
1983	12,768,443	3.74

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 19,894,081	$ 20,943,818
Cost of sales	13,629,123	13,013,349
Expenses	5,100,742	5,102,015
Interest income	(291,184)	(348,242)
Eq. in loss of Sawyer Research Prods.	94,966	155,724
Other expense (income)	(207,114)	531,765
Income before taxes	$ 1,567,548	$ 1,589,207
Income taxes	783,000	730,000
Income-cont. oper.	$ 784,548	$ 859,207
Loss-discont. oper.	(305,700)	(981,696)
Net Income (Loss)	$ 478,848	$ (122,489)

* Included in Costs and Expenses, Depreciation and Amortization: $865,110 in 1986 and $809,390 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 2,694,568	$ 2,927,240
Marketable securities	—	696,775
Accts. receiv., net	4,491,983	3,387,335
*Inventories	3,597,231	3,529,088
Deferred inc. taxes	616,327	618,537
Current Assets	$ 11,400,109	$ 11,158,975
Investment in Sawyer Research Prods.	1,063,893	1,158,859
#Fixed assets	7,892,769	7,013,079
Net assets of discont. oper.	—	1,011,965
Other assets	1,576,574	1,091,992
Total Assets	$ 21,933,345	$ 21,434,870

Liabilities

Notes payable	$ 145,000	$ —
Long-term debt, curr.	290,940	235,933
Accts. payable	844,510	981,994
Accruals	1,762,271	1,768,436
Income taxes	197,607	187,051
Curr. Liabilities	$ 3,240,328	$ 3,173,414
Long-term debt	3,155,101	2,774,032
Deferred income	82,250	94,250
Deferred inc. taxes	1,326,966	1,416,075
+Common stock	187,100	170,469
Add. paid-in capital	6,188,553	4,798,661
Retained earnings	9,487,136	9,008,288
Treasury stock	(1,734,089)	(319)
Total Liabilities & Shareholders' Equity	$ 21,933,345	$ 21,434,870

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Net Income to Equity	3.39	—
Sales to Inventories	5.53	5.68
Debt to Equity	0.25	0.22
Working Capital	$ 8,159,781	$ 7,985,561
Current Ratio	3.52	3.52
Shareholders' Equity	$14,128,700	$13,977,099

Materials Research Corporation

Route 303
Orangeburg, New York 10962
(914) 359-4200

Officers: Sheldon Weinig, chairman, president & chief exec. officer; Garrett E. Pierce, sr. v.p.-finance, treasurer & chief financial officer; Nancy M. Jakobs, Melvin H. Lipton, Daniel F. Yorke, Jacques Vidart, Lennard Wharton, v.p.'s; Thomas S. Catalano, v.p. & controller; Herbert Stoller, secretary.

Directors: Sheldon Weinig, Herbert Stoller, Joseph C. Abeles, Luther H. Hodges, Jr., Edward E. David, Jr., Robert F. Davis, Garrett E. Pierce.

Areas of Work: Supplies high purity metals, ceramics, sputtering and etching equipment to the electronics and telecommunications industries.

Division:

Advanced Materials Division
Refines and fabricates high purity metals and alloys into the forms required for industrial thin-film application.

Hybrid Products Division
Manufactures highest purity ceramic substrates for such hybrid circuit applications as microwaves and telecommunications.

Process Equipment Division
Designs, develops and manufactures thin film deposition and etching equipment (sputtering equipment).

Subsidiaries:

Materials Research, Ltd.
Penn, United Kingdom

Materials Research GmbH
Munich, West Germany

Materials Research, S.A.
Toulouse, France

Materials Research Sr.l.
Milan, Italy

Nihon MRC Company, Ltd. (73%-owned)
Tokyo, Japan

Transfer Agent(s):

Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10081

Stock Exchange(s): American

Ticker Symbol: MTL

Number of Employees:

1986	N.A.	1983	787
1985	1,014	1982	717
1984	989		

Plant Footage:

1986	N.A.	1983	298,300
1985	417,800 sq. ft.	1982	276,500
1984	298,300		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 89,095,000	$ (10,117,000)
1985*	104,321,000	2,560,000
1984	96,559,000	3,781,000
1983	62,031,000	(3,284,000)
1982	60,109,000	728,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,110,000	$ —
1985*	4,059,000	0.63
1984	4,051,000	0.93
1983	3,808,000	—
1982	3,463,000	0.21

(Loss)
* 53 weeks.
‡ Based on the average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.090	—	—
1985*	0.120	—	—
1984	0.120	—	—
1983	0.120	—	—
1982	0.120	—	—

* 53 weeks.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 32,312,000	$ 7.80
1985*	40,992,000	10.09
1984	37,649,000	9.29
1983	34,766,000	8.59
1982	25,567,000	7.38

* 53 weeks.

Income Account *

Year ended	11/1/86	11/2/85
Net sales	$ 89,095,000	$ 104,321,000
Cost of sales	70,696,000	71,533,000
Expenses	18,193,000	18,089,000
Development exp.	9,909,000	9,839,000
Interest expense	2,718,000	1,854,000
Other expense (income)	(147,000)	4,000
Income (loss) bef. taxes	$ (12,274,000)	$ 3,002,000
Income tax (credit)	(2,157,000)	442,000
Net Income (Loss)	$ (10,117,000)	$ 2,560,000

* Included in Costs and Expenses, Depreciation: $3,612,000 in 1986 and $3,427,000 in 1985.

Assets

As of	11/1/86	11/2/85
Cash	$ 580,000	$ 570,000
Receiv., net	22,433,000	21,203,000
*Inventories	24,466,000	24,255,000
Prepaid expenses & other assets	4,063,000	2,796,000
Current Assets	$ 51,542,000	$ 48,824,000
#Fixed assets	27,709,000	27,072,000
Other assets	1,497,000	2,334,000
Total Assets	$ 80,748,000	$ 78,230,000

Liabilities

Notes payable	$ 4,126,000	$ 4,062,000
Long-term debt, curr.	903,000	702,000
Accts. payable	11,409,000	9,846,000
Curr. Liabilities	$ 16,438,000	$ 14,610,000
Long-term debt	29,784,000	18,725,000
Deferred inc. taxes	—	2,980,000
Other liabilities	2,214,000	923,000
+Common stock	4,142,000	4,061,000
Add. paid-in capital	22,536,000	21,673,000
Retained earnings	5,053,000	15,540,000
Cum. trans. adj.	581,000	(282,000)
Total Liabilities & Shareholders' Equity	$ 80,748,000	$ 78,230,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.88
%Net Income to Sales	—	2.45
%Net Income to Equity	—	6.25
Sales to Inventories	3.64	4.30
Debt to Equity	0.95	0.47
Working Capital	$35,104,000	$34,214,000
Current Ratio	3.14	3.34
Shareholders' Equity	$32,312,000	$40,992,000

Matrix Corporation

One Ramland Road
Orangeburg, New York 10962
(914) 365-0190

Officers: Peter R. Harvey, chairman; Franklin G. Bishop, president & chief exec. officer; Michael Kochman, v.p.; Bruce Laskin, v.p.-strategic planning; Richard B. Rosalak, v.p.-marketing; Michael Druckman, v.p. & chief financial officer; Joseph L. Horowitz, v.p., secretary & gen. counsel; Elliot Schick, v.p.-special assignments & asst. secretary; Evelyn Bishop, asst. secretary & dir.-investor relations; Mark Z. Sappir, dir.-human resources; H. Philip Farnham, dir.-quality assurance.

Directors: Peter R. Harvey, chairman; Franklin G. Bishop, Michael Kochman, W. Campbell Allan, Edward J. Beattie, Robert Chappell, Lawrence B. Cohen, André Conix, Thomas P. Farkas, Edward Knight, Harold E. May, Gloria Brooks Reinish.

Areas of Work: Designs, manufactures and markets equipment used for electronic image acquisition recording, processing, storage, transmission and display.

Subsidiaries:

Industrial Communication Company
21470 Coolidge Highway
Oak Park, Michigan 48237
(313) 399-4900
Design and installation of custom sound and communication systems for commercial and institutional use.

Matrix (UK) Limited
Manufactures film recorders.

Matrix (PEI) Inc.
Manufactures film recorders and other computer graphics products.

Matrix Europe B.V.
Repair and service of company products.

Acquisition(s):

DigiRad Corporation
Palo Alto, California
Employs electronic x-ray film replacement technology using Reusable Image Medium to convert medical diagnostic imaging data into a computer readable format.

New Media Graphics Corporation
Burlington, Massachusetts
Manufactures video graphic display generators.

Rank Videometrix, Inc.
Westlake Village, California
Manufactures video coordinate measurement, image analysis and flaw detection systems for the manufacturing and scientific research markets.

Transfer Agent(s):-

Midlantic National Bank (common stock)
Corporate Trust Department
Metro Park Plaza, P.O. Box 600
Edison, New Jersey 08818

Continental Illinois National Bank and Trust Company of Chicago (convertible subordinated debentures)
30 North LaSalle Street
Chicago, Illinois 60693

Stock Exchange(s): American

Ticker Symbol: MAX (common); MAX.A, MAX.B (debentures)

Number of Employees:

1986 1,133

Plant Footage:

1986 ..... 351,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986*	$ 92,900,000	$ 10,100,000
1985	93,300,000	12,100,000
1984	75,000,000	9,400,000
1983	54,400,000	5,400,000
1982	40,400,000	4,000,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986*	13,100,000	$ 0.77
1985	12,900,000	0.94
1984	12,000,000	0.78
1983	10,700,000	0.50
1982	9,800,000	0.40

* Eleven months.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Optical/electronic systems	$ 86,600,000	$ 87,600,000
Sound & communications systems	6,300,000	5,700,000
Total	$ 92,900,000	$ 93,300,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 94,400,000	$ 7.21
1985	82,800,000	6.42
1984	69,100,000	5.76
1983	53,400,000	4.99

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	7/31/86 (11 months)	8/31/85
Net sales	$ 92,900	$ 93,300
Cost of sales	52,600	51,500
Expenses	25,100	23,000

Interest expense (income)	200	(300)
Other income	(1,800)	(1,100)
Income before taxes	$ 16,800	$ 20,200
Income taxes	6,700	8,100
Net Income	$ 10,100	$ 12,100

* Included in Costs and Expenses, Depreciation and Amortization: $2,500,000 in 1986 and $1,700,000 in 1985.

Assets (000's) As of	7/31/86	8/31/85
Cash	$ 1,800	$ 2,600
Marketable securities	58,100	25,500
Accts. receiv., net	31,900	29,500
*Inventories	31,000	29,100
Prepaid expenses	5,700	3,300
Current Assets	$ 128,500	$ 90,000
Marketable securities	27,800	6,300
Investments in owned cos.	—	3,700
#Fixed assets	20,600	16,200
Other assets	4,100	2,900
Intangibles	16,300	10,200
Total Assets	$ 197,300	$ 129,300
Liabilities (000's)		
Accts. payable	$ 5,300	$ 3,800
Accruals	5,500	5,000
Income taxes	1,300	1,100
Deferred income taxes	1,500	—
Curr. Liabilities	$ 13,600	$ 9,900
Long-term debt	86,300	34,500
Deferred inc. taxes	3,000	2,100
+Comon stock	13,200	13,000
Add. paid-in capital	38,700	36,700
Retained earnings	43,800	33,700
Unearned compensation	(100)	(100)
Treasury stock	(600)	(300)
Net unreal. loss on market. secur.	(300)	(200)
For. curr. trans.	(300)	—
Total Liabilities & Shareholders' Equity	$ 197,300	$ 129,300

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.08	21.65
%Net Income to Sales	10.87	12.97
%Net Income to Equity	10.70	14.61
Sales to Inventories	3.00	3.21
Debt to Equity	0.91	0.42
Working Capital	$114,900,000	$80,100,000
Current Ratio	9.45	9.09
Shareholders' Equity	$ 94,400,000	$82,800,000

McDonnell Douglas Corporation

P.O. Box 516
St. Louis, Missouri 63166
(314) 232-0232

Officers: Sanford N. McDonnell, chairman of the board & chief executive officer; John F. McDonnell, president; Robert C. Little, corporate v.p. & aerospace group exec.; James E. Worsham, corp. v.p. & aerospace group exec.; Gerald J. Meyer, corp. v.p.-communications; James S. McDonnell, III, corp. v.p.-aerospace marketing; James H. Macdonald, corp. v.p.-human resources; Jerry G. Grown, corp. v.p.-finance; Robert L. Harmon, corp. v.p.-civic affairs; Walter E. Diggs, Jr., corporate secretary; John T. Sant, corp. v.p.-general counsel; John W. Chase, corporate treasurer; Donald Malvern, corp. v.p.; James T. McMillan, president-McDonnell Douglas Finance Corporation; William P. Brown, president-McDonnell Douglas Helicopter Company; Paul W. Wiedenmann, corp. v.p.-ISG Finance; Jeremy J. Causley, corp. v.p. ISG executive officer; McDonnell Aircraft Company officers: William S. Ross, president; Irving L. Burrows, Jr., exec. v.p.-program management; John D. Wolf, exec. v.p.-operations; Douglas Aircraft Company officers: William T. Gross, president; Edward Curtis, sr. v.p.; Louis T. Harrington, sr. v.p.-commercial products; Richard M. Randall, sr. v.p.-finance & resource development; Thomas M. Ryan, Jr., sr. v.p.-government products; McDonnell Douglas Astronautics Company: John F. Yardly, president; Erwin F. Branson, exec. v.p.; C. James Dorrenbacher, v.p. & general manager-Huntington Beach; Fred J. Sanders, v.p. & gen. mgr.-St. Louis.

Directors: Sanford N. McDonnell*, chairman of the board; George H. Capps*, William H. Danforth, Donald S. Macdonald, Donald W. Douglas, Jr., George S. Graff*, Edwin S. Jones, Robert C. Little, John F. McDonnell*, William R. Orthwein, Jr.*, James S. McDonnell, III, Michael N. Chetkovich, B.A. Bridgewater, Jr., Jerry McAfee, Julian B. Goodman, William A. McDonnell; William E. Cornelius, William S. Kanaga.

* Member of the Executive Committee.

Areas of Work: The Company's operations can be divided into five areas: Combat aircraft, which includes the design, development and production of attack and fighter aircraft, including helicopters; Transport aircraft, which includes both commercial and military transport aircraft, training, spare parts, and related services; Space systems and missiles, which includes advanced studies and development and production of tactical and strategic missiles, satellite launching vehicles, space shuttle components and payloads, space station, laser communications, and ballistic missile defense systems; Information systems, which includes providing information systems solutions involving computer hardware, software, communications networking, and related services; and Financing and leasing.

Divisions and Subsidiaries:

McDonnell Douglas Finance Corporation (Subsidiary)
3855 Lakewood
Long Beach, California 90846
(213) 593-1722

Vitek Systems Inc. (Subsidiary)
595 Anglum Drive
Hazelwood, Missouri 63042
(314) 232-8444

MDC Realty Company (Subsidiary)
3855 Lakewood Boulevard
Long Beach, California 90846
(213) 593-5941

McDonnell Douglas Canada Ltd. (Subsidiary)
Malton, Ontario, Canada L5P 1B7
(416) 677-4341

McDonnell Douglas International Sales Corp. (Subsidiary)
Box 516
St. Louis, Missouri 63166
(314) 232-0232

McDonnell Douglas Astronautics Company (Division)
St Louis, Missouri
Titusville, Florida

McDonnell Douglas-Tulsa (Division)
2000 North Memorial Drive
Tulsa, Oklahoma 74115
(918) 836-1616

McDonnell Aircraft Company (Division)
Box 516
St. Louis, Missouri 63166
(314) 232-0232

Douglas Aircraft Company (Division)
3855 Lakewood Boulevard
Long Beach, California 90846
(213) 593-5511

McDonnell Douglas Helicopter Company
Mesa, Arizona

Information Systems Group

- McDonnell Douglas Health Systems Company
- McDonnell Douglas Manufacturing & Engineering Systems Company
- McDonnell Douglas Network Systems Company
- McDonnell Douglas Payment Systems Company
- McDonnell Douglas Communications Industry Systems Company
- McDonnell Douglas Computer Systems Company
- McDonnell Douglas Diversified Information Systems Company
- McDonnell Douglas Field Service Company
- McDonnell Douglas Information Processing Company
- McDonnell Douglas Information Systems International
- McAuto Systems Group Inc. (MSGI)
- Unitax

Transfer Agent(s):

Shareholder Records Department
McDonnell Douglas Corporation
St. Louis, Missouri

Centerre Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101

The Chase Manhattan Bank
One Chase Manhattan Plaza
New York, New York 10015

Stock Exchange(s)*: New York, Pacific, Brussels, Amsterdam.

* Listed and/or traded.

Ticker Symbol: MD

Number of Employees:

1986	105,696	1983	74,466
1985	97,067	1982	72,451
1984	88,391		

Sales and Earnings
(000's)

	Revenues	Net Income
1986	$ 12,831,500	$ 277,500
1985	11,665,800	345,700
1984	9,861,000	325,300
1983	8,292,800	274,900
1982	7,452,200	214,700

	No. of Com. Shares	Earn. per Share ‡
1986	40,600,000	$ 6.86
1985	40,300,000	8.60
1984	40,000,000	8.10
1983	39,400,000	6.91
1982	38,500,000	5.44

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Combat aircraft	$ 6,050,300	$ 6,067,500
Transport aircraft	3,518,900	2,785,200
Space systems & missiles	2,012,900	1,660,500
Information systems	1,189,800	1,104,500
Net earn. of MDFC	34,600	29,700
Non-oper. income	25,000	18,400
Total Sales	$ 12,831,500	$ 11,665,800

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.08	—	—
1985	1.84	—	—
1984	1.62	—	—
1983	1.42	—	—
1982	1.24	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 2,844,800	$ 70.13
1985	2,634,600	65.34
1984	2,343,800	58.55
1983	2,067,900	52.39
1982	1,819,600	47.24

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 12,660,600	$ 11,477,700
Other income	170,900	188,100
Revenues	$ 12,831,500	$ 11,665,800
Cost of sales	10,439,100	9,415,100
Expenses	1,828,600	1,614,300
Interest & debt exp.	101,600	95,100
Income before taxes	$ 462,200	$ 541,300
Income taxes	184,700	195,600
Net Income	$ 277,500	$ 345,700

* Included in Costs and Expenses, Depreciation and Amortization: $369,400,000 in 1986 and $312,400,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term investments	$ 77,500	$ 78,700
Receiv., net	1,463,400	1,266,800
Inventories & contracts	3,294,300	3,056,000
Prepaid expenses	106,100	73,400
Current Assets	$ 4,941,300	$ 4,474,900
#Fixed assets	2,007,600	1,700,400
Investment in MDFC	172,600	162,300
Rental equip.	199,100	228,000
Intangibles	305,800	416,500
Other assets	284,300	286,300
Total Assets	$ 7,910,700	$ 7,268,400

Liabilities
(000's)

Notes payable	$ 199,000	$ 361,900
Long-term debt, curr.	43,000	31,900
Accts. payable	997,100	968,400
Accruals	207,600	195,200
Employee compensation	327,900	282,800
Contract adjustments	1,514,800	1,274,800
Income taxes	1,017,200	915,700
Curr. Liabilities	$ 4,306,600	$ 4,030,700
Long-term debt	759,300	603,100
+Common stock	40,600	40,300
Add. paid-in capital	416,900	405,800
Retained earnings	2,388,500	2,195,300
Foreign curr. trans.	(1,200)	(6,800)
Total Liabilities & Shareholders' Equity	$ 7,910,700	$ 7,268,400

Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	3.60	4.64
%Net Income to Revenues	2.16	2.96
%Net Income to Equity	9.75	13.12
Debt to Equity	0.35	0.24
Working Capital	$ 634,700,000	$ 444,200,000
Current Ratio	1.15	1.11
Shareholders' Equity	$2,844,800,000	$2,634,600,000

McRae Industries, Inc.

P.O. Box 726
Mount Gilead, North Carolina 27306
(919) 439-6147

Officers: Branson J. McRae, chairman, president & treasurer; D. Gary McRae, first v.p.; Victor A. Karam, v.p.-footwear; Thaddeus R. Tedder, secretary; Harold W. Smith, v.p.-finance & accounting; James W. McRae, asst. secretary; Charles V. Rece, controller.

Directors: Branson J. McRae, chairman; Thaddeus R. Tedder, George M. Bruton, Brady W. Dickson, Victor A. Karam, D. Gary McRae, Harold W. Smith, Hilton J. Cochran, James W. McRae.

Areas of Work: Through its Compsee, Inc. subsidiary, the Company designs, manufactures and markets optical data collecting systems and related computer peripherals. The optical character recognition (OCR) and bar code readers produced by the Company interface with IBM, IBM-compatible, and Sperry terminals and are used in retail point-of-sale applications. In addition, the Company is engaged in the manufacture of military boots and other apparel, various leasing and financing activities, operates a restaurant and lodging facility, sells and services photocopies, and operates a printing business.

Subsidiaries:
Compsee, Inc.
McRae Graphics, Inc.
McRae Boot, Inc.
Raeprint Packaging, Inc.
Facts Business Equipment, Inc.
Sandhill Fabricators, Inc.
Hoke Development Company

Transfer Agent(s):
First Union National Bank
Corporate Trust Department
First Union Plaza
Charlotte, North Carolina 28288

Stock Exchange(s): American

Ticker Symbol: MRI-A and MRI-B

Number of Employees:
1986 490

Sales and Earnings

	Net Sales	Net Income
1986	$ 23,278,681	$ 1,184,822
1985*	22,338,782	833,200
1984	15,558,625	(598,607)
1983	12,369,319	141,215
1982	12,408,776	1,481,747

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,675,654	$ 0.44
1985*	2,675,654	0.31
1984	2,675,654	—
1983	2,671,970	0.05
1982	2,639,024	0.56

(Loss)
* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Footwear & apparel mfg.	$ 16,508,044	$ 17,287,880
Elec. syst. develop. & sales	3,196,529	2,981,976
Financing & leasing	67,621	127,041
Food & lodging	616,982	548,911
Photocopier sales & leasing	2,889,505	1,392,974
Total	$ 23,278,681	$ 22,338,782

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.10	—	—
1984	—	—	—
1983	0.025	—	—
1982	0.203	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 6,971,912	$ 2.61
1985	5,921,080	2.21
1984	5,221,679	1.95
1983	5,820,286	2.18

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	8/2/86	8/3/85 (53 weeks)
Net revenues	$ 23,278,681	$ 22,338,782
Cost of sales	18,035,631	17,770,896
Expenses	2,996,936	2,320,077
Other expense (income)	(149,897)	134,515
Interest expense	184,765	266,058
Eq. in loss of investees	59,774	192,592
Income before taxes	$ 2,151,472	$ 1,654,644
Income taxes	966,650	821,444
Net Income	$ 1,184,822	$ 833,200

* Included in Costs and Expenses, Depreciation: $478,464 in 1986 and $419,577 in 1985.

Assets

As of	8/2/86	8/3/85
Cash	$ 80,169	$ 332,060
Short-term invest.	12,570	460,173
Marketable securities	232,972	226,095
Accts. receiv., net	2,733,337	2,161,338
*Inventories	3,482,746	2,396,528
Invest. in cap. leases	367,265	214,837
Prepaid expenses	123,497	52,471
Current Assets	$ 7,032,556	$ 5,843,502
Investment — rel. cos.	193,318	253,092
Notes receiv. — rel. cos.	365,187	351,186
#Fixed assets	3,361,203	3,358,309
Land held for develop.	46,200	122,900
Invest. in cap. leases	401,047	278,870
Undeveloped land	150,720	271,723
Other assets	190,501	163,282
Total Assets	$ 11,740,732	$ 10,642,864

Liabilities

Notes payable	$ 1,046,800	$ 300,820
Long-term debt, curr.	190,118	265,450
Accts. payable	1,100,776	2,043,757
Accrued emp. benefits	475,519	271,114
Other accruals	669,005	447,430
Income taxes	78,971	416,178
Curr. Liabilities	$ 3,561,189	$ 3,744,749
Long-term debt	621,612	626,326
Deferred inc. taxes	586,019	350,709
+Common stock:		
Class A	1,343,888	1,339,742
Class B	1,331,766	1,335,912
Add. paid-in capital	576,771	576,771
Retained earnings	3,719,487	2,668,655
Total Liabilities & Shareholders' Equity	$ 11,740,732	$ 10,642,864

* At lower of cost or market. Footwear inventories at LIFO, all others at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.24	7.41
%Net Income to Sales	5.09	3.73
%Net Income to Equity	16.99	14.07
Sales to Inventories	6.68	9.32
Debt to Equity	0.27	0.20
Working Capital	$3,471,367	$2,098,753
Current Ratio	1.97	1.56
Shareholders' Equity	$6,971,912	$5,921,080

Measurex Corporation

One Results Way
Cupertino, California 95014
(408) 255-1500

Officers: David A. Bossen, president & chief executive officer; John C. Gingerich, exec. v.p.; Fernand Ostiguy, exec. v.p.; Jerome Raffel, sr. v.p.-operations; Robert McAdams, Jr., sr. v.p.-finance & administration; Doris S. Bossen, v.p.-corp. communications; Laslo Dudas, v.p.-Canada; Erik J. Hallman, Thomas A. King, v.p.-engineering; Lance M. Lissner, v.p.-Pacific; William H. Moore, sr. v.p. -sales & marketing, Pulp and Paper Group; John J. Burke, Eduard C. Richter, John P. Fabri, Richard Hill, William J. Weyand, Robert Hein, Harry D. Biehl, Faust Wertz, v.p.'s; K.L. Lukanovich, v.p.-Millwide Systems Europe; Phillip E. Peterson, v.p.-personnel; John G. Preston, v.p. & managing director-Europe; Glenn R. Wienkoop, president-Measurex Automation Systems; Harish S. Rao, v.p.-engineering, MAS; Dean A. Forseth, pres.-MDCC; Ralph R. Hodges, chairman-MDCC; Fred R. Bierbrauer, treasurer; Carl A. Thomsen, v.p. & controller; John W. Larson, secretary.

Directors: Graham Tyson, Paul Bancroft, III, Dwight C. Baum, Orion L. Hoch, David A. Bossen, John W. Larson, John W. McKittrick.

Area of Work: Develops, manufactures and markets automatic control systems (high-accuracy proprietary sensors linked to digital computers). Product line provides materials control, through output control, energy control and quality control for manufacturers in the continuous process industries.

Subsidiaries:

Measurex (Ireland) Ltd.
Industrial Estate
Waterford, Ireland

Measurex (Ireland), Ltd.
Mahon Industrial Estate
Cork, Ireland

Measurex Japan Ltd.
2-11 Higashi-kojiya 6-chome
Ohta-ku, Toyko 144
Japan

Measurex Automatic Systems (MAS)
Cupertino, California

Management Decisions Development Corp. (MDDC)
Fairfield, Ohio

MDDC Systems, Ltee.
Montreal, Canada

Transfer Agent(s):

Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): New York, Pacific

Ticker Symbol: MX

Number of Employees:

1986	2,490	1983	2,050
1985	2,360	1982	2,050
1984	2,300		

Sales and Earnings

	Operating Revenues	Net Income ‡
1986	$ 192,707,000	$ 21,068,000
1985	176,614,000	17,720,000
1984	160,268,000	14,424,000
1983	122,705,000	4,795,000
1982	118,145,000	(350,000)

	No. of Com. Shares #	Earn. per Share #‡
1986	18,882,000	$ 1.12
1985	18,340,000	0.97
1984	17,442,000	0.83
1983	14,704,000	0.33
1982	14,184,000	—

(Loss)

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

‡ Including extraordinary credits of $1,661,000 ($0.10 per share) in 1984 and $1,035,000 ($0.08 per share) in 1982.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.165	—	2-for-1
1985	0.12	—	—
1984	0.10	—	—
1983	—	—	2-for-1
1982	0.95	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 151,866,000	$ 8.04
1985	128,670,000	7.02
1984	110,460,000	6.33
1983	81,412,000	5.54
1982	75,318,000	5.31

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	11/30/86	12/1/85
Oper. revenues	$ 192,707	$ 176,614
Cost of sales, rentals & serv.	106,270	98,700
Expenses	47,793	40,188
New prod. devel. costs	14,123	14,502
Interest expense	1,041	777
Other income	(7,387)	(7,588)
Income before taxes	$ 30,867	$ 30,035
Income taxes	9,799	12,315
Net Income	$ 21,068	$ 17,720

* Included in Costs and Expenses, Depreciation and Amortization: $4,568,000 in 1986 and $3,650,000 in 1985.

Assets
(000's)

	11/30/86	12/1/85
Cash	$ 88,391	$ 71,202
Accts. receiv., net	44,077	35,150
*Inventories	31,781	28,787
Prepaid expenses	4,921	4,067
Current Assets	$ 169,170	$ 139,206
Lease contracts receiv.	5,805	9,062
Investments	3,938	4,417
Serv. parts	6,818	8,069
#Fixed assets	29,945	27,376
Other assets	9,191	4,939
Total Assets	$ 224,867	$ 193,069

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 486	$ 565
Accts. payable	5,349	4,789
Accruals	40,743	33,449
Income taxes	1,347	1,741
Curr. Liabilities	$ 47,925	$ 40,544
Long-term debt	6,084	6,176
Deferred inc. taxes	18,992	17,679
+Common stock	185	90
Add. paid-in capital	64,404	60,634
Retained earnings	91,187	73,136
For. curr. trans. adj.	(3,910)	(5,190)
Total Liabilities & Shareholders' Equity	$ 224,867	$ 193,069

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Oper. Rev.	16.02	17.01
%Net Income to Oper. Rev.	10.93	10.03
%Net Income to Equity	13.87	13.77
Debt to Equity	0.04	0.05
Working Capital	$121,245,000	$ 98,662,000
Current Ratio	3.53	3.43
Shareholders' Equity	$151,866,000	$128,670,000

Mechanical Technology Incorporated

968 Albany-Shaker Road
Latham, New York 12210
(518) 785-2211

Officers: Harry Apkarian, chairman & chief executive officer; Richard Schmidt, president & chief operating officer; John Recupero, treasurer; V.B. Boghosian, secretary; Bruce Goldwater, v.p. & gen. mgr.-Technology Group; Steve Sullivan, exec. v.p. & gen. mgr.-Ling Electronics, Inc.; Ignatius MacBrinn, v.p. & controller; John Dority, gen. mgr.-L.A.B. Division; Peter Davis, gen. mgr.-Instruments Division; Marshall Gladchun, gen. mgr.-SCMP; Lloyd R. Lawrence, v.p.-technology development; Lawrence Maciarello, dir.-human resources; Emily Ross, dir.-communications; Joseph P. Claeys, corp. counsel.

Directors: Harry Apkarian*, chairman; Beno Sternlicht, V.B. Boghosian, H. Kaye Kerr, Charles Janjikian*, Wayne B. Lyon*, Richard G. Mosteller*, Felix J. Ponzek, Alfred S. Howes, Iwan Akerman, Richard K. Schmidt.

* Member of the Executive Committee.

Area of Work: Operates in four different areas—Research & Development provides problem-solving research, development and prototype manufacturing services in mechanical engineering, electrical engineering, measurement science, and energy technology. Energy Systems develops, manufactures, and sells steam turbines and waste energy recovery systems. Quality Assurance Equipment and Instrumentation produces high accuracy inspection systems, and shock and vibration testing systems. Metal Fabrications manufactures decorative trim, stampings, and hardware, primarily for the auto industry.

Divisions:

Research & Development Division
Latham, New York
Malta, New York
Arlington, Virginia

Stirling Engine Systems Division
Latham, New York

Instruments Division
Latham, New York

L.A.B. Division
P.O. Box G
Skaneateles, New York 13152
(315) 685-5781

Shaker Research Division
Latham, New York

Subsidiaries:

Ling Electronics
4890 East LaPalma Avenue
Anaheim, California 92806

Ling Electronics Limited
Clydebank, Scotland

Turbonetics Energy Inc.
Malta, New York

St. Clair Metal Products Company
1721 Dove Street
Port Huron, Michigan 04860
(313) 984-5123

Transfer Agent(s):
Mechanical Technology Incorporated
968 Albany-Shaker Road
Latham, New York 12110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTIX (NASDAQ)

Number of Employees:

1986	741	1984	871
1985	823	1983	822

Plant Footage:

1986	260,000 sq. ft.	1984	310,000
1985	260,000	1983	310,000

Sales and Earnings

	Revenues +	Net Income
1986	$ 66,257,000	$ 2,614,000
1985	60,134,000	1,325,000
1984	54,402,000	79,000
1983	49,884,000	(5,070,00)
1982	44,910,000	22,000

	No. of Com. Shares	Earn. per Share #
1986	3,538,318	$ 0.74
1985	3,516,268	0.38
1984	3,516,268	0.03
1983	2,816,268	—
1982	2,815,068	0.01

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 23,709,000	$ 6.70
1985	21,006,000	5.97
1984	19,681,000	5.60
1983	14,702,000	5.22
1982	19,767,000	7.02

Income Account *

Year ended Sept. 30	1986	1985
Sales	$ 66,257,000	$ 60,134,000
Cost of sales	47,076,000	43,725,000
Expenses	12,275,000	11,703,000
Prod. develop. costs	1,921,000	1,584,000
Oper. profit	$ 4,985,000	$ 3,122,000
Interest expense	462,000	1,017,000
Other income	(503,000)	(570,000)
Income bef. taxes	$ 5,026,000	$ 2,675,000
Income taxes	2,412,000	1,350,000
Net Income	$ 2,614,000	$ 1,325,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,651,000 in 1986 and $1,743,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash & cert. of dep.	$ 5,398,000	$ 2,146,000
Refundable income taxes	969,000	1,117,000
Receiv., net	12,934,000	12,978,000
*Inventories	7,150,000	7,278,000
Prepaid expenses	598,000	326,000
Current Assets	$ 27,049,000	$ 23,845,000
#Fixed assets	8,859,000	8,901,000
Other assets	2,420,000	3,075,000
Total Assets	$ 38,328,000	$ 35,821,000

Liabilities

Long-term debt & cap. leases, curr.	$ 1,003,000	$ 1,115,000
Accts. payable	4,778,000	3,512,000
Accrued & other liabilities	4,373,000	4,092,000
Curr. Liabilities	$ 10,154,000	$ 8,719,000
Long-term debt & cap. leases	1,999,000	3,423,000
Deferred federal income taxes	2,466,000	976,000
Minority interest	—	1,697,000
+Common stock	3,538,000	3,516,000
Add. paid-in capital	13,062,000	12,995,000
Retained earnings	7,109,000	4,495,000
Total Liabilities & Shareholders' Equity	$ 38,328,000	$ 35,821,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.59	4.45
%Net Income to Sales	3.95	2.20
%Net Income to Equity	11.03	6.31
Sales to Inventories	9.27	8.26
Debt to Equity	0.13	0.22
Working Capital	$16,895,000	$15,126,000
Current Ratio	2.66	2.73
Shareholders' Equity	$23,709,000	$21,006,000

Medtronic, Inc.

7000 Central Avenue N.E.
Minneapolis, Minnesota 55432
(612) 574-4000

Officers: Earl E. Bakken, sr. chairman of the board; Winston R. Wallin, chairman, president & chief executive officer; Donald R. Stone, v.p., product assurance & regulatory affairs & standards; R.J. Dittrich, v.p., secretary & general counsel; Gerard C. Planchon, exec. v.p.-worldwide distribution; Richard F. Sauter, v.p.-ventures; Bobby I. Griffin, v.p.-pacing business unit; Daniel R. Luthringshauser, v.p.-international; Richard W. Nunn, asst. treasurer; William E. Drake, asst. secretary; Franklin R. Rick, controller.

Directors: Earl E. Bakken, Thomas E. Holloran, Gerald W. Simonson, Richard L. Schall, Winston R. Wallin, Jr., Richard E. Horner, F. Caleb Blodgett, Richard A. Swalin, Glen D. Nelson, Vernon H. Heath.

Areas of Work: Designs, manufactures and markets cardiac pacemakers and other cardiovascular, neurological and rehabilitative medical devices, patient monitoring & follow-up services, prosthetic heart valves and nuclear and ultra-sound imaging software.

Divisions and Subsidiaries:

Applied Concepts Research Division

Promeon Division
6700 Shingle Creek Parkway
Brooklyn Center, Minnesota 55430

Andover Medical Incorporated
Manufactures disposable electrodes and cable systems for medical diagnosis and patient monitoring.

Micro-Rel Division
2343 W. 10th Place
Tempe, Arizona 85283
(602) 968-6411
Markets custom integrated circuits for high-technology instrumentation.

Medtronic Fabrication
Zone Industrielle Sud
Route d'Anor
59610 Fourmies, France

New England Research Center Division
45 William Street
Wellesley, Massachusetts

Medtronic Physiological Research Laboratories
1500 Northdale Boulevard
Coon Rapids, Minnesota 55433

Medtronic Biomedical Pty. Ltd.
Suite 8
409 King George's Road
Beverly Hills
2209 N.S.W.
Australia

Medtronic do Brasil Ltda.
Avenida Tamboré 1433
Alphaville,
06400 Barueri
Sao Paulo, Brazil

Medtronic of Canada Ltd
6733 Kitimat Rd.
Mississauga, Ontario L5N 1W3
Canada
(416) 826-6020

Meditronic B.V.
Wenckebachstraat, 10
6466 Kerkrade-West
The Netherlands

Cardiocare Division
425 East 61st Street
New York, New York 10021
Provides heart rate monitoring both in person and through a telephone testing service.

Med Rel, Inc.
P.O. Box 8687
Humacao, Puerto Rico 00661

Medtronic Puerto Rico, Inc.
P.O. Box M
Villalba, Puerto Rico 00766

Neuro Division
Manufactures implantable spinal cord stimulators to relieve chronic pain.

Ventures Technology
Assesses market and technological potential of new ideas.

Medtronic Blood Systems, Inc.
Tascon Medical Technology, Inc.
Irvine, California
Has designed tissue valves intended to provide ease of use and safety at initial implant, and easier and faster replacement.

Xenotech Laboratories, Inc.
Irvine, California
Manufactures the INTACT tissue valve, with its maximum ability to handle stress and pressure within the heart; the INTACT valve is marketed in foreign countries.

Acquisition(s):

Vitatron, N.V.
Dieren, The Netherlands
Pacemaker manufacturer.

Biotec Technologie Biomediche, S.P.A.
Bologna, Italy
Pacemaker manufacturer.

Todd Medical Inc.
Canton, Ohio
Neurological product distributor.

Transfer Agent(s):
Norwest Trust Company, New York
New York, New York

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): New York

Ticker Symbol: MDT

Number of Employees:

1986	4,843	1983	5,065
1985	4,945	1982	4,856
1984	5,219		

Medtronic, Inc.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 402,811,000	$ 53,413,000
1985	363,883,000	38,155,000
1984	385,461,000	59,123,000
1983	348,597,000	54,149,000
1982	314,227,000	47,851,000

	No. of Com. Shares #	Earn. per Share #
1986	14,638,000	$ 3.65
1985	15,403,000	2.48
1984	16,263,000	3.64
1983	16,209,000	3.34
1982	16,090,000	2.97

+ Includes commissions.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.80	—	—
1985	0.76	—	—
1984	0.72	—	—
1983	0.64	—	—
1982	0.56	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 348,702,000	$ 24.27
1985	328,553,000	21.76
1984	335,414,000	20.69
1983	291,800,000	17.94
1982	245,500,000	15.19

Income Account *
(000's)

Year ended April 30	1986	1985
Net sales & commissions	$ 402,811	$ 363,883
Cost of sales	140,781	129,395
Expenses	185,683	186,339
Interest expense	4,130	3,501
Interest income	(12,184)	(12,919)
Litigation settlement	(7,300)	—
Income before taxes	$ 91,701	$ 57,567
Income taxes	24,263	5,734
Inc. - cont. oper.	$ 67,438	$ 51,833
Loss - discont. oper.	(14,025)	(13,678)
Net Income	$ 53,413	$ 38,155

* Included in costs and Expenses, Depreciation and Amortization: $23,315,000 in 1986 and $25,038,000 in 1985.

Assets
(000's)

As of April 30	1986	1985
Cash & temp. invest	$ 135,407	$ 137,061
Accts. receiv., net	118,811	90,773
*Inventories	77,299	70,162
Prepaid expenses	17,231	12,387
Prepaid inc. taxes	6,038	2,558
Current Assets	$ 354,786	$ 312,941
Assets of discont. oper.	(12,441)	13,586
Market. securities	14,912	16,103
#Fixed assets	108,638	108,635
Intangibles	48,274	3,719
Other assets	13,243	5,355
Total Assets	$ 527,412	$ 460,339

Liabilities
(000's)

Short-term borrowings	$ 36,056	$ 32,079
Accts. payable	34,564	20,186
Accrued payroll	21,831	19,495
Accruals	31,468	20,427
Income taxes	9,096	5,096
Curr. Liabilities	$ 133,015	$ 97,283
Long-term debt	15,323	8,313
Product warranties	14,374	13,871
Deferred inc. taxes	15,998	12,319
+Common stock	1,437	1,510
Add. paid-in capital	—	19,658
Retained earnings	348,036	315,172
Cum. trans. adjust.	(771)	(7,787)
Total Liabilities & Shareholders' Equity	$ 527,412	$ 460,339

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	15.32	11.61
Sales to Inventories	5.21	5.19
Debt to Equity	0.15	0.12
Working Capital	$221,771,000	$215,658,000
Current Ratio	2.67	3.22
Shareholders' Equity	$348,702,000	$328,553,000

Megadata Corporation

35 Orville Drive
Bohemia, New York 11716
(516) 589-6800

Officers: Y.N. Bachana, chairman of the board, president & chief exec. officer; John R. Keller, exec. v.p. & secretary.

Directors: Yitzhak N. Bachana, chairman; John R. Keller, Richard R. Schilling, Jr., Ronald S. Goldstein, Paul Alessandrini.

Areas of Work: Designs and assembles intelligent video display computer terminals and develops the related software, tailored to serve the specific business applications of its customers. The products are marketed for use in systems related to international monetary transfers for commercial banks; ground communications for airlines; text editing for news wire services and newspapers; data collection for telephone facilities, word processing systems for general office use; inventory control for large retail chains; and the monitoring of process controls for certain industries.

Subsidiaries:

TSD Display Products, Inc.
35 Orville Drive
Bohemia, New York 11716
(516) 589-6800
Develops, manufactures and markets touch screen digitizers, display monitors, and welded wire frames.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MDTA (NASDAQ)

Number of Employees:

1986	100	1984	127
1985	110		

Plant Footage:

1986	36,000 sq. ft.	1984	36,000
1985	36,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 9,002,776	$ 294,707
1985	12,384,453	886,237
1984	15,045,405	1,552,725
1983	11,627,703	934,876
1982	9,227,072	710,010

	No. of Com. Shares +	Earn. per Share #
1986	2,152,310	$ 0.14
1985	2,296,727	0.39
1984	2,303,100	0.67
1983	2,303,100	0.41
1982	2,303,100	0.31

+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 7,381,080	$ 3.43
1985	7,503,910	3.27
1984	6,885,736	2.99
1983	5,333,011	2.32
1982	4,398,135	1.91

Adjusted to reflect stock split.

Income Account *

Year ended Oct. 31	1986	1985
Net sales	$ 9,002,776	$ 12,384,453
Cost of sales	7,144,748	9,080,492
Expenses	1,526,618	1,793,997
Interest income	(124,937)	(90,330)
Interest expense	6,640	7,057
Income before taxes	$ 449,707	$ 1,593,237
Income taxes	155,000	707,000
Net Income	$ 294,707	$ 886,237

* Included in Costs and Expenses, Depreciation and Amortization: $659,517 in 1986 and $681,828 in 1985.

Assets

As of October 31	1986	1985
Cash	$ 2,525,561	$ 2,826,751
Accts. receiv., net	1,636,974	1,359,714
*Inventories	2,852,037	2,718,057
Prepaid expenses	228,946	68,478
Current Assets	$ 7,243,518	$ 6,973,000
#Fixed assets	1,241,719	1,703,083
Other assets	14,625	25,114
Total Assets	$ 8,499,862	$ 8,701,197

Liabilities

Accts. payable	$ 486,475	$ 525,032
Accruals	436,602	538,395
Income taxes	66,320	—
Curr. Liabilities	$ 989,397	$ 1,063,427
Deferred inc. taxes	129,385	133,860
+Common stock	23,031	23,031
Add. paid-in capital	1,883,731	1,883,731
Retained earnings	6,159,918	5,865,211
Treasury stock	(685,600)	(268,063)
Total Liabilities & Shareholders' Equity	$ 8,499,862	$ 8,701,197

* At lower of cost (FIFO) or market (replacement cost).
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.00	12.86
%Net Income to Sales	3.27	7.16
%Net Income to Equity	3.99	11.81

Sales to Inventories	3.16	4.56
Working Capital	$6,254,121	$5,909,573
Current Ratio	7.32	6.56
Shareholders' Equity	$7,381,080	$7,503,910

Metex Corporation

200-C Corporate Court
South Plainfield, New Jersey 07080
(201) 756-3400

Officers: Albert H. Cohen, chairman of the board & chief exec. officer; Mason N. Carter, president; Robert E. Schaffhauser, v.p.-finance; Frank S. Tamberelli, treasurer; David P. Lavery, controller; Lyonel E. Zunz, secretary; Lorraine A. Brown, asst. treasurer.

Directors: Albert H. Cohen, chairman; Jon Blauner, Marvin Eiseman, Walter F. Gips, Jr., William S. Hack, Samuel Lieben, Attilio F. Petrocelli, Anthony J. Petrocelli, C. Orvis Sowerwine, Lyonel E. Zunz.

Areas of Work: The Company's operations are divided into three principal operating units: Dorne & Margolin, Inc., the Technical Products Division, and the Field Transformer Division. The Dorne & Margolin business unit designs, manufactures and markets electronic rescue equipment and antenna systems for aircraft and ground-based operations. The Technical products business unit designs, manufactures and markets gaskets, seals, filters, silencers, mufflers, and shock and vibration isolators, all of which must function in adverse environments. The Field Transformer business unit designs, manufactures and markets dry-type specialty transformers and reactors for motor controllers, rectifiers, inverters and other electrical devices.

Divisions and Subsidiaries:

Dorne & Margolin, Inc.
Bohemia, New York

Technical Products Division
Edison, New Jersey

Field Transformers Division

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: MTX

Number of Employees:

1986 . . . . . 363 1985 475

Sales and Earnings

	Net Sales	Net Income
1986	$ 27,631,000	$ 1,048,000
1985	29,437,000	2,030,000
1984	28,247,000	1,649,000
1983	14,874,000	1,136,000
1982	12,265,000	32,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,350,086	$ 0.78
1985	1,343,491	1.51
1984	1,307,960	1.27
1983	1,248,534	0.91
1982	N.A.	0.03

N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 18,342,000	$ 13.59
1985	17,436,000	12.98
1984	15,343,000	11.79
1983	13,158,000	10.54
1982	12,022,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	$ 27,630,889	$ 29,436,991
Cost of sales	20,938,650	22,149,006
Expenses	5,441,003	4,795,322
Other income	(20,251)	(453,105)
Income before taxes	$ 1,271,487	$ 2,945,768
Income taxes	223,500	916,000
Net Income	$ 1,047,987	$ 2,029,768

* Included in Costs and Expenses, Depreciation and Amortization: $1,539,852 in 1986 and $1,233,810 in 1985.

Assets

As of	12/27/86	12/28/85
Cash	$ 143,305	$ 116,366
Marketable securities	140,000	1,411,813
Accts. receiv., net	5,252,345	6,627,261
*Inventories	8,504,952	5,564,067
Land & bldg. held for sale	1,028,771	1,006,576
Prepaid expenses	159,753	126,240
Current Assets	$ 15,229,126	$ 14,852,323
Assets pledged as collateral	3,643,750	3,524,053
#Fixed assets	7,175,883	7,484,357
Notes receivable	709,475	829,656
Other assets	792,606	682,501
Intangibles	318,003	326,025
Total Assets	$ 27,868,843	$ 27,698,915

Liabilities

Long-term debt, curr.	$ 110,300	$ 83,082
Short-term notes	650,000	—
Accts. payable	1,239,016	2,557,814
Accruals	1,483,511	1,881,877
Income taxes	630,409	296,955
Deferred income taxes	104,000	241,000
Curr. Liabilities	$ 4,217,236	$ 5,060,728
Long-term debt	3,797,798	3,908,098
Deferred inc. taxes	1,512,000	1,294,000
+Common stock	338,707	338,445
Add. paid-in capital	809,271	800,695
Retained earnings	17,538,536	16,490,549
Unrealized loss	(151,105)	—
Treasury stock	(193,600)	(193,600)
Total Liabilities & Shareholders' Equity	$ 27,868,943	$ 27,698,915

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.60	10.01
%Net Income to Sales	3.79	6.90
%Net Income to Equity	5.71	11.64
Sales to Inventories	3.25	5.29
Debt to Equity	0.21	0.23
Working Capital	$ 9,983,119	$ 9,791,595
Current Ratio	3.37	2.93
Shareholders' Equity	$18,341,809	$18,341,809

Methode Electronics, Inc.

7444 West Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600

Officers: William J. McGinley, president; William T. Jensen, executive vice president; Kevin Hayes, v.p. & treasurer; Dennis L. Stalzer, exec. v.p.; Michael G. Andre, exec. v.p.; Arnold A. Brevick, v.p.-Electrical Products Division; William T. Dwyer, v.p.-Technical Components Co., Inc. Daniel D. Ferguson, gen. mgr.-Interconnect Products Division; John L. Glasser, v.p.-Methode Electronics, Inc.-East; William J. Green, v.p.-Methode Development Company; Gerald E. Kirschenbaum, v.p.-Trace Laboratories West; Chun K. Leong, v.p.-Methode Electronics, Far East PTE, Ltd.; James W. McGinley, gen. mgr.-Connector Division; Terry W. O'Brien, gen. mgr.-Methode NSF Connectors Ltd.; James A. Robinson, pres.-Trace Instruments Co., Inc.; John A. Sider, gen. mgr.-Bus Bar Division; George A. Smith, v.p.-Trace Laboratories East; Eric L. Vollmar, pres.-Graphic Research, Inc.; James M. Monahan, gen. mgr.-Backplane Division.

Directors: William J. McGinley, William T. Jensen, George C. Wright, Robert C. Keck, Raymond J. Roberts, William C. Croft, Kevin Hayes, Dennis L. Stalzer, Michael G. Andre.

Areas of Work: Develops and manufactures electronic component devices, including printed circuits, connectors, switches, busbars and back-planes, used in the production of equipment such as computers, communication systems and consumer electronic equipment. Produces automated circuit verification test equipment and performs qualification testing and certification of printed circuit boards.

Divisions and Subsidiaries:

Methode Development Company
7447 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Electronic chemicals, materials, process refinement.

Electrical Products Division
7444 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Printed circuits.

Methode Electronics, Inc. East
Printed Circuit Division
One Industrial Park, Box M
Willingboro, New Jersey 08046
(609) 871-3500

Methode Electronics, Inc.-Rolling Meadows Division
1700 Hicks Road
Rolling Meadows, Illinois 60008
(312) 392-3500
Power/signal distribution systems, laminar bus bars, backplanes, voltage and ground plane distribution systems.

Connector Division
7447 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Connectors-card receptable, rack and panel, punched plate, connector circuit, card panel assemblies and wire panels, plyoduct conductor cables.

Graphic Research Inc.
9334 Mason Avenue
Chatsworth, California 91311
(213) 886-7340
Printed circuits.

Technical Components Company, Inc.
6633 W. 99th Street
Chicago, Illinois 60415
(312) 735-7363
High voltage leads and harnesses, jacks, and jack panel assemblies.

Trace Instruments Co., inc.
9020 Eton Ave
Canoga Park, California 91304
(213) 341-5593
Electronic testing equipment.

Trace Laboratories
Interconnect Products Division
Bus Bar Division
Backplane Division

Methode Electronics, Inc.

Methode Electronics, Far East PTE, Ltd.
Methode NSF Connectors Ltd.

Transfer Agent(s):
Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: METHA and METHB (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1987	$ 95,662,301	$ 2,942,221
1986	95,992,692	5,864,561
1985	82,441,504	5,107,669
1984	66,349,215	3,159,617
1983	53,176,355	2,321,106

	No. of Com. Shares†	Earn. per Share †
1987	10,831,000	$ 0.27
1986	10,473,000	0.56
1985	9,260,000	0.55
1984	8,780,000	0.36
1983	7,484,000	0.31

† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	$0.13	—	—
1986	0.1265	—	2-for-1
1985	0.11	—	—
1984	0.11	—	2-for-1
1983	0.1075	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1987	$ 43,100,767	$ 3.98
1986	40,408,327	3.74
1985	27,937,042	2.92
1984	20,532,234	2.32
1983	17,577,801	2.02

‡ After allowing for preferred stock at par value of $100 per share.
† Adjusted to reflect stock splits.

Income Account *

Year ended April 30	1987	1986
Net sales	$ 95,662,301	$ 95,992,692
Other income	591,966	797,169
Total income	$ 96,254,267	$ 96,789,861
Cost of sales	72,001,240	68,796,400
Expenses	17,730,350	16,748,984
Interest expense	580,456	679,916
Income before taxes	$ 5,942,221	$ 10,564,561
Income taxes	3,000,000	4,700,000
Net Income	$ 2,942,221	$ 5,864,561

* Included in Costs and Expenses, Depreciation and Amortization: $4,204,357 in 1987 and $3,333,880 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 5,589,346	$ 6,121,021
Accts. receiv., net	16,288,179	14,818,380
*Inventories	13,969,282	14,217,243
Prepaid expenses	770,351	421,462
Current Assets	$ 36,617,158	$ 35,578,106
#Fixed assets	25,065,414	23,329,224
Other assets	1,290,273	477,513
Total Assets	$ 62,972,845	$ 59,384,843

Liabilities

Long-term debt, curr.	$ 996,888	$ 512,249
Accts. payable	3,806,334	4,752,767
Accruals	2,325,880	1,620,639
Accrued payroll	2,680,182	2,511,430
Income taxes	2,707,739	2,210,309
Curr. Liabilities	$ 12,517,023	$ 11,607,394
Long-term debt:		
Bank note	2,480,000	3,110,000
Mortgage	1,019,304	1,062,225
Equip. contract	785,000	875,000
Deferred inc. taxes	858,000	725,000
Def. compensation	2,212,751	1,496,897
+ Preferred stock	100,000	100,000
+ + Common stock, class A	4,598,751	4,658,858
+ + Common stock, class B	772,497	788,115
Stock awards	(287,189)	(226,229)
Add. paid-in capital	12,260,801	11,848,126
Retained earnings	25,626,135	23,454,246
For. curr. trans. adjust.	(26,022)	(70,583)
Treasury stock	(44,206)	(44,206)
Total Liabilities & Shareholders' Equity	$ 62,972,845	$ 59,384,843

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value, Series A, 4% cumulative convertible.
+ + $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.17	11.01
%Net Income to Sales	3.06	6.11
%Net Income to Equity	6.83	14.48
Sales to Inventories	6.85	6.75
Debt to Equity	0.02	0.14
Working Capital	$24,100,135	$23,970,712
Current Ratio	2.93	3.07
Shareholders' Equity	$43,100,767	$40,508,327

Metro Tel Corp.

15 Burke Lane
Syosset, New York 11791
(516) 364-3377

Officers: Venerando J. Indelicato, president, chief executive officer & treasurer; Lloyd Frank, secretary.

Directors: Sheppard Beidler, Venerando J. Indelicato, Lloyd Frank, Michael Michaelson, Leopold Swergold.

Areas of Work: Engaged in the manufacture of telephone test and maintenance equipment, telephone subscriber equipment, telephone power supplies and coupling units, chemically-heated soldering irons, and transmission test equipment.

Subsidiaries:
Kenmode Mfg. Co. Inc.
15 Burke Lane
Syosset, New York 11791

Design Development, Inc.
1440 Atteberry Lane
San Jose, California 95131

Transfer Agent(s):
Registrar & Transfer Co.
10 Commerce Drive
Cranford, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTRO (NASDAQ)

Number of Employees:

1986	58	1983	54
1985	69	1982	48
1984	N.A.		

Plant Footage:

1986	30,525 sq. ft.	1983	23,000
1985	32,525	1982	23,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 5,489,193	$ 320,787
1985	4,415,229	386,804
1984	4,834,384	422,108
1983	4,834,065	294,312
1982	3,404,070	232,851

	No. of Com. Shares	Earn. per Share †#
1986	1,905,183	$ 0.17
1985	1,838,844	0.21
1984	1,661,199	0.23
1983	1,324,033	0.16
1982	1,324,033	0.12

† Including extraordinary gain of $17,794 ($0.01 per share) in 1983.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.03	5%	—
1985	0.03	5%	—
1984	0.025	—	—
1983	0.025	25%	—
1982	0.025	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,649,422	$ 1.39
1985	2,454,582	1.33
1984	1,996,188	1.20
1983	1,611,272	1.22
1982	1,350,061	1.02

Income Account *

Year ended June 30	1986	1985
Net sales	$ 5,489,193	$ 4,415,229
Cost of sales	3,145,301	2,776,746
Expenses	1,555,382	951,764
Interest expense	231,474	69,666
Interest income	(33,751)	(34,751)
Income before taxes	$ 590,787	$ 651,804
Income taxes	270,000	265,000
Net Income	$ 320,787	$ 386,804

* Included in Cost and Expenses, Depreciation and Amortization: $131,705 in 1986 and $76,557 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 714,207	$ 500,842
Accts. receiv., net	767,910	878,124
*Inventories	1,527,332	1,728,467
Prepaid expenses	73,680	103,040
Current Assets	$ 3,083,129	$ 3,210,473
#Fixed assets	821,437	877,715
Other assets	1,224,608	1,287,354
Total Assets	$ 5,129,174	$ 5,375,542

Liabilities

Long-term debt, curr.	$ 224,993	$ 211,215
Accts. payable	271,107	189,039
Accruals	154,086	427,568
Income taxes	31,989	75,451
Curr. Liabilities	$ 682,175	$ 903,273
Long-term debt	1,762,766	1,987,876
Deferred income taxes	34,811	29,811
+ Common stock	48,254	45,971
Add. paid-in capital	1,501,498	1,195,512
Retained earnings	1,168,420	1,213,099
Treasury stock	(68,750)	—
Total Liabilities & Shareholders' Equity	$ 5,129,174	$ 5,375,542

* At lower of cost (weighted average) or market.
# Less accumulated depreciation and amortization.
+ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.76	14.76
%Net Income to Sales	5.84	8.69
%Net Income to Equity	12.11	15.76
Sales to Inventories	3.59	2.55
Debt to Equity	0.75	0.90
Working Capital	$2,400,954	$2,307,200
Current Ratio	4.52	3.55
Shareholders' Equity	$2,649,422	$2,454,582

MICOM Systems, Inc.

4100 Los Angeles Avenue
P.O. Box 8100
Simi Valley, California 93062-8100
(805) 583-8600

Officers: William A. Norred, chairman; Roger L. Evans, president & chief executive officer; Christopher G. Kenber, v.p.-marketing; Joseph A. Fields, v.p.-manufacturing; Michael E. Barker, v.p. & pres.-MICOM-Interlan, Inc.; Robert A. Weaver, v.p.-finance & administration, chief financial officer & secretary; Alexander W. Saunders, v.p. & pres.-Technologies Division; Roger D. Shober, v.p. & pres.-Sales Division.

Directors: William A. Norred, chairman; Roger L. Evans, David M. Goodman, Francis P. Lucier, Thomas F. Stephenson, Sally B. Thornton, John M. Thornton, Charles P. Waite, Bertram H. Witham.

Areas of Work: The company is a leading producer of microcomputer-based data communications products. MICOM's products enable its customers, primarily minicomputer users, to more economically and efficiently communicate data among computer terminals and computers.

The products are in three major categories: remote communications applications, where data are transmitted primarily over leased telephone lines; local network applications, where terminals and their host computers are located within a building or complex of buildings; and catalog sales of low-cost data communications devices.

Divisions and Subsidiaries:

Black Box Corporation
Mayview Road at Park Drive
Lawrence, Pennsylvania 15055
(412) 746-2910

MICOM-Interlan, Inc.
155 Swanson Road
Boxborough, Massachusetts 01719
(617) 263-9929

MICOM-Borer Ltd.
Bel Court
15 Cradock Road
Reading, Berkshire RG2 OJT,
United Kingdom

MICOM Caribe, Inc.
Vicks Merrell Drive, Lot 10
Cayey, Puerto Rico 00633
(809) 738-4221

MICOM Asia Ltd.
1609 Shun Tak Centre
Hong Kong

MICOM Sales Division

MICOM Technologies Division

Transfer Agent(s):

Security Pacific National Bank
Shareholder Relations Department
P.O. Box 3546, Terminal Annex
Los Angeles, CA 90051

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MICS (NASDAQ)

Number of Employees:

1986	2,032	1984	1,847
1985	2,155	1983	987

Plant Footage:

1986	N.A.	1985	569,800 sq. ft.

N.A. — Not Available.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 189,538,000	$ 10,789,000
1985	193,277,000	25,712,000
1984	139,286,000	20,876,000
1983	86,651,000	12,361,000
1982	57,671,000	7,956,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	17,538,000	$ 0.62
1985	17,371,000	1.48
1984	17,062,000	1.22
1983	16,061,000	0.77
1982	14,973,000	0.53

† Including extraordinary gains of $130,000 ($0.01 per share) in 1986, $570,000 ($0.03 per share) in 1985 and $60,000 in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 157,739,000	$ 8.99
1985	144,825,000	8.34
1984	117,119,000	6.86
1983	59,137,000	3.68
1982	44,140,000	2.95

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Mar. 31	1986	1985
Net sales	$ 189,538	$ 193,277
Cost of sales	93,109	88,762
Expenses	85,409	70,195
Interest income	(1,654)	(1,266)
Income before taxes	$ 12,674	$ 35,586
Income taxes	2,015	10,444
Net Income	$ 10,659	$ 25,142
Extraord gain	130	570
Net Income & extraord. gain	$ 10,789	$ 25,712

* Included in Costs and Expenses, Depreciation and Amortization: $8,272,000 in 1986 and $6,327,000 in 1985.

Assets
(000's)

As of Mar. 31	1986	1985
Cash & cash equiv.	$ 20,877	$ 15,995
Accts. receiv., net	40,120	42,043
*Inventories	42,170	40,589
Def. tax benefit	1,936	1,997
Other curr. assets	4,169	6,260
Current Assets	$ 109,272	$ 106,884
Investments	22,675	12,675
#Fixed assets	48,987	48,326
Other assets	5,847	5,744
Total Assets	$ 186,781	$ 173,629

Liabilities
(000's)

Notes payable	$ 2,089	$ 1,315
Long-term debt, curr.	1,023	529
Accts. payable	5,492	6,419
Accruals	3,962	2,593
Accrued payroll	4,395	6,487
Income taxes	3,677	3,423
Curr. Liabilities	$ 20,638	$ 20,766
Long-term debt	6,904	6,660
Deferred inc. taxes	1,500	1,378
+Common stock	74,535	73,025
Retained earnings	53,274	72,485
Cum. trans. adjust.	(70)	(685)
Total Liabilities & Shareholders' Equity	$ 186,781	$ 173,629

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.69	18.41
%Net Income to Sales	5.69	13.01
%Net Income to Equity	6.84	17.36
Sales to Inventories	4.49	4.76
Debt to Equity	0.06	0.06
Working Capital	$ 88,634,000	$ 86,118,000
Current Ratio	5.29	5.15
Shareholders' Equity	$157,739,000	$144,825,000

Micro Mask, Inc.

695 Vaqueros Avenue
Sunnyvale, California 94086
(408) 245-7342

Officers: Joseph C. Ross, Jr., chairman of the board & president; Arthur W. Launder, sr. v.p.-Photolithography Products; Johnny H. Ashcraft, v.p., controller & treasurer; Donald J. Holthaus, v.p. & asst. secretary; Russell W. Weiss, v.p.-marketing & corp. development; Carl F. Pompei, v.p. & gen. mgr.-EMC Division; Victor A. Hebert, secretary; Carl F. Pompei, v.p. & pres.-Probe Technology Corp.

Directors: Joseph C. Ross, Jr., chairman; Joseph Chulick, Jr., Noel J. Fenton, Gordon E. Moore*, Isaac Stein, Berton P. Levin.

Areas of Work: Manufacturer of photomasks and hard surface photoplates required in the design, engineering and production of integrated circuits and semiconductors. Also produces a broad line of custom designed, wire-wound magnetic components for the electronics industry.

Divisions and Subsidiaries:

Micro Mask Division
Sunnyvale, California
Supplier of photomasks for the semiconductor and integrated circuit markets.

EMC Division
Azusa, California
Supplier of hard surface glass photoplates, required for manufacturing hard surface photomasks, used in the production of integrated circuits.

Probe Technology Corporation
Santa Clara, California
Develops, manufactures and markets high-quality probe cards and related products used to test integrated and hybrid circuits.

Transfer Agent(s):

First National Bank of Boston
Shareholder Services Divison
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Micro Mask, Inc.

Ticker Symbol: MCRO (NASDAQ)

Number of Employees:

1986	331	1983	415
1985	440	1982	420
1984	420		

Plant Footage:

1986	101,000 sq. ft.	1983	150,000
1985	144,000	1982	150,000
1984	132,000		

Sales and Earnings +

	Net Sales	Net Income
1986	$ 21,428,000	$ (4,477,000)
1985	20,666,000	(1,861,000)
1984	24,624,000	1,659,000
1983	22,665,000	1,583,000
1982	18,850,000	1,581,000

	No. of Com. Shares #	Earn. per Share #
1986	2,154,689	$ —
1985	2,140,943	—
1984	2,128,425	0.78
1983	2,104,166	0.75
1982	1,893,247	0.84

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and, when material, common share equivalents outstanding during the period, adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	10%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 10,616,000	$ 4.91
1985	14,968,000	7.00
1984	16,837,000	7.89
1983	14,964,000	7.01
1982	13,602,000	6.87

‡ Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 21,428	$ 20,666
Cost of sales	20,457	18,820
Expenses	4,768	4,558
Loss on disp. of assets	—	807
Interest expense	1,006	626
Loss bef. taxes	$ (4,803)	$ (4,145)
Tax credit	(620)	(2,030)
Loss-cont. oper.	$ (4,183)	$ (2,115)
Inc. (loss)-discont. oper.	(294)	254
Net Loss	$ (4,477)	$ (1,861)

* Included in Costs and Expenses, Depreciation and Amortization: $3,689,000 in 1986 and $3,267,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 361	$ 188
Accts. receiv., net	3,900	2,753
*Inventories	2,407	2,819
Refund. inc. taxes	43	1,352
Assets of discont. oper.	—	816
Prepaid expenses	132	126
Investment prop.	131	—
Current Assets	$ 6,974	$ 8,054
#Fixed assets	19,188	21,162
Restricted funds	334	607
Assets of discont. oper.	—	207
Deposits & other assets	217	232
Note receivable	288	—
Total Assets	$ 27,001	$ 30,262

Liabilities
(000's)

Note payable	$ 2,613	$ 1,400
Long-term debt & cap. lease oblig., curr.	6,675	1,730
Accts. payable	2,086	1,094
Accrued payroll	459	446
Other curr. liab.	727	195
Curr. Liabilities	$ 12,560	$ 4,865
Long-term debt	1,989	7,978
Cap. lease oblig.	1,536	1,625
Deferred inc. taxes	300	826
+Common stock	2,162	2,137
Add. paid-in capital	3,596	3,496
Retained earnings	4,858	9,335
Total Liabilities & Shareholders' Equity	$ 27,001	$ 30,262

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	8.90	7.33
Debt to Equity	1.21	0.85
Working Capital	—	$ 3,189,000
Current Ratio	—	1.66
Shareholders' Equity	$10,616,000	$14,968,000

Microdyne Corporation

P.O. Box 7213
491 Oak Road
Silver Springs Shores Industrial Park
Ocala, Florida 32672
(904) 687-4633

Officers: Louis H. Wolcott, chairman of the board, president & chief executive officer; Donald L. Feller, exec. v.p. & secretary; Michael S. Balbes, Hank S. Lin, v.p.'s; Eugene R. Day, v.p.-finance, treasurer & chief financial officer; R.B. Elsea, v.p.-marketing/Telemetry Products; David L. Alvarez, v.p.-marketing/Satellite Communications.

Directors: Louis H. Wolcott, chairman; Donald L. Feller, Michael S. Balbes, Hank S. Lin, Carl H. Cahill, Sean Boland.

Areas of Work: Electronic hardware manufacturer specializing in sophisticated radio receivers and related test equipment. These products are used in satellite communications (data, TV and weather), electronic surveillance systems, specialized ground communications, and in the testing of airplanes, guided missiles, and automobiles.

Divisions and Subsidiaries:

Rockville Operations
P.O. Box 1527
627 Lofstrand Lane
Rockville, Maryland 20850
(301) 762-8500

Cumberland Operations
11950 Upper Potomac
Valley Industrial Park
Cumberland, Maryland 21502

Microdyne Satellite Systems, Inc.

Shore Service Station, Inc.

Telemetry Division
P.O. Box 1527
627 Lofstrand Lane
Rockville, Maryland 20850
(301) 762-8500

Antennas for Communications
344 Cypress Road
Silver Springs Shores Industrial Park
Ocala, Florida 32672
(904) 687-4121

Transfer Agent(s):
Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MCDY (NASDAQ)

Number of Employees:

1986	465

Plant Footage:

1986	169,244 sq. ft.

Sales and Earnings

	Net Sales †	Net Income
1986	$ 24,734,000	$ (6,029,017)
1985	26,427,000	558,195
1984	27,975,000	221,837
1983	23,661,000	1,403,043
1982	24,911,000	2,093,467

	No. of Com. Shares	Earn. per Share +
1986	4,557,648	$ —
1985	4,557,648	0.12
1984	4,684,648	0.05
1983	4,613,648	0.30
1982	4,588,630	0.45

(Loss)
† Of continuing operations only.
+ Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.06	—	—
1985	0.06	—	—
1984	0.06	—	—
1983	0.06	—	—
1982	0.0[illegible]	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 27,325,[illegible]	[illegible]
1985	33,768,[illegible]	7.41
1984	33,688,146	7.19
1983	34,287,481	7.43
1982	33,402,121	7.28

Income Account *

Year ended	11/2/86	11/3/85
Net sales	$ 24,734,470	$ 26,427,423
Cost of sales	20,978,572	19,350,171
Expenses	4,076,092	4,762,803
Interest income	(3,288)	(144,565)
Income (loss) bef. taxes	$ (316,906)	$ 2,459,014
Income taxes (credit)	(62,098)	1,082,000
Inc. (loss) - cont. oper.	$ (254,808)	$ 1,377,014
Loss - discont. oper.	(5,774,209)	(818,819)
Net Income (Loss)	$ (6,029,017)	$ 558,195

* Included in Costs and Expenses, Depreciation and Amortization: $935,484 in 1986 and $949,976 in 1985.

Assets

As of	11/2/86	11/3/85
Cash	$ 1,237,159	$ 897,985
Short-term invest.	1,312,248	1,302,980
Marketable securities	—	78,875
Accts. receiv., net	8,141,515	9,383,506
*Inventories	10,096,587	13,080,433
Prepaid expenses	120,592	39,952
Income taxes	965,182	142,530
Current Assets	$ 21,873,283	$ 24,926,261
#Fixed assets	5,400,937	4,546,241
Market. securities	300,000	313,750
Receiv. on install. sales	108,834	407,430
Net assets held for dispos.	2,504,183	6,402,971
Other assets	545,825	509,786
Total Assets	$ 30,733,062	$ 37,106,439

Liabilities

Bank loan payable	$ 375,829	$ —
Cap. lease oblig., curr.	13,371	12,594
Notes payable	96,003	75,260
Accts. payable	557,280	804,315
Accruals	1,019,114	1,416,791
Customer deposits	101,156	46,502
Dividends payable	134,690	135,829
Curr. Liabilities	$ 2,297,443	$ 2,491,291
Long-term debt	1,110,160	471,368
Deferred tax credit	—	375,748
+Common stock	455,765	455,765
Add. paid-in capital	20,353,618	20,353,618
Net unreal. invest. loss	(200,000)	(186,250)
Retained earnings	7,014,864	13,314,399
Treasury stock	(298,788)	(169,500)
Total Liabilities & Shareholders' Equity	$ 30,733,062	$ 37,106,439

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	1.65
Sales to Inventories	2.45	2.02
Debt to Equity	0.06	0.02
Working Capital	$19,575,840	$22,434,970
Current Ratio	9.52	10.01
Shareholders' Equity	$27,325,459	$33,768,032

Micropac Industries, Inc.

905 East Walnut Street
P.O. Box 469017
Garland, Texas 75046
(214) 272-3571

Officers: Nicholas Nadolsky, chairman of the board, president & chief executive officer; Richard T. Schlueter, v.p.& mgr.-hybrid division; John R. Michener, v.p. & mgr.-microwave division; Connie Wood, v.p. & mgr.-optoelectronic division; June Bishop, assistant secretary.

Directors: Luther B. Nicholson, Nicholas Nadolsky, James K. Murphey, H. Kent Hearn, William J. Holt, Woodrow Brownlee.

Areas of Work: Engaged in the design, development, manufacture, and sale of hybrid microcircuits and optoelectronic components, assemblies and microcircuits. The technologies employed by Micropac in the production of hybrid microcircuits include thick film, thin film, solder assembly, chip and wire assembly, custom and standard. The principal markets for the products and services of Micropac are among manufacturers of both analog and digital circuits in military and industrial computers, communications equipment, electronic instrumentation and control equipment and other systems requiring microminiature electronic circuits.

Divisions:

Hybrid Circuits Division
Designs, develops and manufactures custom digital, analog and RF hybrid microcircuits incorporating both thick and thin film hybrid technologies.

Power Products Division
Designs, develops and manufactures both standard and custom hybrid power functions incorporating thick and thin film hybrid technologies.

Optoelectronics Division
Designs, develops and manufactures both standard and custom optoelectronic components, assemblies and optoelectronic/hybrid microcircuits incorporating both thick and thin film hybrid technologies.

Microwave Division
Offers a complete family of voltage controlled oscillator subsystems covering the 10MHz to 15MHz frequency range. VCO subsystems include options for linearization, internally heated, and voltage regulated. These units are used for multi-target simulators, ECM, ECCM, Radar, Microwave Sweep Generators and next-generation equipment applications.

Subsidiary:

Micropac GmbH
Bremen, Germany

Transfer Agent(s):

National Bank of Commerce
Dallas, Texas

Stock Exchange(s): Over-the-Counter

Number of Employees:

1985	N.A.	1983	N.A.
1984	157	1982	115

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1985	$ 9,326,448	$ 559,435
1984	8,082,320	540,232
1983	5,850,828	(322,731)
1982	5,408,489	186,339
1981	6,546,606	441,830

	No. of Com. Shares	Earn per Share #
1985	5,644,420	$ 0.10
1984	5,644,420	0.10
1983	5,644,420	—
1982	5,644,420	0.03
1981	5,644,420	0.08

(Loss)
Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 3,963,407	$ 0.70
1984	3,403,972	0.60
1983	2,863,740	0.51
1982	3,186,471	0.56
1981	3,000,132	0.53

Income Account *

Year ended Nov. 30	1985	1984
Net sales	$ 9,326,448	$ 8,082,320
Cost of sales	6,730,202	5,564,891
Expenses	1,512,273	1,513,968
Interest expense	122,592	92,681
Income bef. taxes	$ 961,381	$ 910,780
Income taxes	401,946	370,548
Net Income	$ 559,435	$ 540,232

* Included in Costs and Expenses, Depreciation: $397,129 in 1985 and $562,596 in 1984.

Assets

As of Nov. 30	1985	1984
Cash	$ 543,144	$ 440,711
Accts. receiv., net	1,925,927	1,970,901
*Inventories	2,209,394	1,945,947
Prepaid expenses	100,930	77,370
Inc. taxes receiv.	61,111	—
Def. inc. tax benefit	20,985	181,732
Current Assets	$ 4,861,491	$ 4,616,661
#Fixed assets	1,195,341	1,178,589
Total Assets	$ 6,056,832	$ 5,795,250

Liabilities

Notes payable	$ 846,111	$ 67,513
Long-term debt, curr.	58,090	108,746
Accts. payable & accruals	880,674	1,297,289
Inc. taxes payable	—	516,227
Curr. Liabilities	$ 1,784,875	$ 1,989,775
Long-term debt	259,633	317,723
Deferred income taxes	48,917	83,782
+Common stock	565,212	565,212
Add. paid-in capital	1,380,335	1,380,335
Retained earnings	2,029,310	1,469,873
Treasury stock	(11,450)	(11,450)
Total Liabilities & Shareholders' Equity	$ 6,056,832	$ 5,795,250

* At lower of cost or market. Gold inventories stated at LIFO; all others at FIFO.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.31	11.27
%Net Income to Sales	6.00	6.68
%Net Income to Equity	14.12	15.88
Sales to Inventories	4.22	4.15
Debt to Equity	0.29	0.15
Working Capital	$3,076,616	$2,626,886
Current Ratio	2.72	0.23
Shareholders' Equity	$3,963,407	$3,403,972

Microsemi Corporation

2830 South Fairview Street
Santa Ana, California 92704
(714) 979-8220

Officers: Richard L. Geiger, chairman of the board; Philip Frey, Jr., president & chief exec. officer; Jiri Sandera, v.p.-engineering; David R. Sonksen, v.p.-finance, treasurer & secretary.

Directors: Richard L. Geiger, chairman; Philip Frey, Jr., Lester Kilpatrick, Jiri Sandera, Fred Burns, Brad Davidson, Herman Fialkov.

Areas of Work: Engaged in the production of diodes, rectifiers and other semiconductor products.

Subsidiaries:

Microsemiconductor Ltd.
Hong Kong
Manufacturer of semiconductor products.

Microsemi Corp. - Scottsdale
Scottsdale, Arizona

Microcap, Inc.
San Diego, California
Manufacture of multilayer ceramic capacitors.

Semicon Electronics PVT. Ltd.
Bombay, India

Acquisition(s):

Bikor Corporation
Torrance, California
Manufactures power supplies for the telecommunications industry.

RPM Enterprises
Santa Ana, California
Produces semiconductor networks for signal conditioning and filtering.

Transfer Agent(s):
Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MSCC (NASDAQ)

Number of Employees:

1986	1,120	1983	890
1985	1,120	1982	656
1984	1,115		

Plant Footage:

1986	208,000 sq. ft.	1983	208,000
1985	208,000	1982	208,000
1984	208,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 38,742,000	$ 5,475,000
1985	34,578,000	4,046,000
1984	30,278,000	2,717,000
1983	24,422,000	1,111,000
1982	13,174,000	356,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	8,588,000	$ 0.64
1985	7,856,000	0.52
1984	7,362,000	0.38
1983	6,854,000	0.17
1982	5,608,000	0.07

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 33,360,000	$ 3.88
1985	17,301,000	2.20
1984	11,573,000	1.57
1983	4,682,000	0.68
1982	3,507,000	0.63

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	9/28/86	9/29/85
Net sales	$ 38,742,000	$ 34,578,000
Cost of sales	24,007,000	22,380,000
Expenses	5,870,000	5,259,000
Loss (gain) on sale	(318,000)	107,000
Interest expense	359,000	417,000
Other income	(301,000)	(329,000)
Income before taxes	$ 9,125,000	$ 6,744,000
Income taxes	3,650,000	2,698,000
Net Income	$ 5,475,000	$ 4,046,000

* Included in Costs and Expenses, Depreciation and Amortization: $871,000 in 1986 and $557,000 in 1985.

Assets

As of	9/28/86	9/29/85
Cash	$ 1,078,000	$ 586,000
Certificate of deposit	1,038,000	—
Marketable securities	10,493,000	—
Accts. receiv., net	6,195,000	5,781,000
*Inventories	10,772,000	10,600,000
Deferred inc. taxes	702,000	461,000
Other curr. assets	1,675,000	845,000
Current Assets	$ 31,953,000	$ 18,273,000
#Fixed assets	10,945,000	6,549,000
Other assets	5,531,000	4,629,000
Total Assets	$ 48,429,000	$ 29,451,000
Liabilities		
Notes payable	$ 2,415,000	$ 199,000
Long-term debt, curr.	83,000	54,000
Accts. payable & accruals	5,095,000	3,968,000
Income taxes	299,000	1,100,000
Curr. Liabilities	$ 7,892,000	$ 5,321,000
Long-term debt	6,746,000	6,458,000
Other liabilities	431,000	371,000
+Common stock	1,852,000	1,564,000
Add. paid-in capital	17,529,000	7,228,000
Retained earnings	13,979,000	8,509,000
Total Liabilities & Shareholders' Equity	$ 48,429,000	$ 29,451,000

* At lower of cost (FIFO) or market; Scottsdale, AZ, inventory at LIFO.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.55	19.50
%Net Income to Sales	14.13	11.70
%Net Income to Equity	16.41	23.39
Sales to Inventories	3.60	3.26
Debt to Equity	0.20	0.39
Working Capital	$24,061,000	$12,952,000
Current Ratio	4.05	3.43
Shareholders' Equity	$33,360,000	$17,301,000

Microwave Filter Company, Inc.

6743 Kinne Street
East Syracuse, New York 13057
(315) 437-3953

Officers: Carson Buck, chairman; Glyn Bostick, president; Emily Bostick, exec. v.p., corp. secretary & director of sales & marketing; Alice Berry, v.p. & director of employee development; William P. Johnson, v.p. & director of engineering; Richard L. Jones, v.p. & treasurer.

Directors: Carson Buck, chairman of the board; Glyn Bostick, Emily Bostick, Trudi Berwick Artini, Michael Chiappone, Henry Cramer, Edward Dietrich, Frederick Dix, Carl F. Fahrenkrug, William J. Fraser, Louis Misenti, David Robinson.

Areas of Work: Designs and manufactures microwave components and integrated microwave assemblies and systems for use in electronic communications industries, including cable television, satellite communications, microwave communications (including defense electronics), personal communications (amateur radio), and radio frequency electronics.

Transfer Agent(s):
Microwave Filter Company, Inc.
East Syracuse, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MFCO (NASDAQ)

Number of Employees:

1986	92	1985	118

Plant Footage:

1986	24,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 5,301,012	$ 234,549
1985	5,032,572	393,310
1984	4,491,192	381,607
1983	3,649,542	184,593
1982	2,825,609	110,344

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,355,855	$ 0.10
1985	2,342,526	0.17
1984	2,331,817	0.16
1983	2,323,569	0.08
1982	2,289,387	0.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	5%	—
1985	—	1.5%	—
1984	—	2%	—
1983	—	15%	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 1,901,706	$ 0.81
1985	1,630,876	0.70
1984	1,197,837	0.51
1983	781,657	0.34
1982	597,064	0.26

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 5,301,012	$ 5,032,572
Cost of sales	2,612,731	2,362,164
Expenses	2,387,523	2,049,566
Rental income	(50,970)	(51,640)
Other income	(7,863)	(18,362)
Interest income	(3,851)	(467)
Interest expense	74,375	65,343
Income before taxes	$ 289,067	$ 625,968
Income taxes	54,518	232,658
Net Income	$ 234,549	$ 393,310

* Included in Costs and Expenses, Depreciation and Amortization: $155,466 in 1986 and $140,469 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 49,708	$ 47,799
Accts. receiv., net	807,340	548,247
Refundable income taxes	141,257	—
*Inventories	790,545	848,539
Prepaid expenses	81,400	82,496
Current Assets	$ 1,870,250	$ 1,527,081
#Fixed assets	1,444,417	1,402,707
Other assets	40,000	53,114
Total Assets	$ 3,354,667	$ 2,982,902
Liabilities		
Notes payable	$ 245,186	$ 190,080
Accts. payable	228,754	292,397
Accrued payroll	289,460	143,771
Accrued inc. taxes	—	37,055
Accrued profit sharing	25,000	40,000
Curr. Liabilities	$ 688,400	$ 703,303
Long-term debt	618,098	549,714
Deferred comp.	38,429	28,829
Deferred inc. taxes	108,034	70,180
+Common stock	224,622	213,039
Add. paid-in capital	947,232	414,295

Retained earnings	733,155	1,005,582
Treasury stock	(3,303)	(2,040)
Total Liabilities & Shareholders' Equity	$ 3,354,667	$ 2,982,902

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.45	12.44
%Net Income to Sales	4.42	7.82
%Net Income to Equity	12.33	24.12
Sales to Inventories	6.71	5.93
Debt to Equity	0.57	0.45
Working Capital	$1,181,850	$ 823,778
Current Ratio	2.72	2.17
Shareholders' Equity	$1,901,706	$1,630,876

Midland-Ross Corporation

20600 Chagrin Boulevard
Cleveland, Ohio 44122
(216) 491-8400

Officers: Harry J. Bolwell, chairman of the board & chief executive officer; Edward C. Gendron, vice-chairman & chief administrative officer; Daniel W. Duval, president & chief operating officer; M.G. Carlson, R.H. Hollinger, Andre Launois, executive v.p.'s; Frank N. Fittipaldi, sr. v.p., general counsel & secretary; James D. Jung, v.p. & treasurer, Donald F. Kimmel, sr. v.p.-international; Judson E. Smith, sr. v.p. & controller; David S. Wasserman, sr. v.p.; David M. Pasco, v.p.-human resources; Kenneth A. Saban, v.p.-corp. communications; Ronald H. Rafal, controller.

Directors: Claude M. Blair, Harry J. Bolwell*, Daniel W. Duval, Edward C. Gendron*, Roy H. Holdt, Charles E. Hugel*, James W. Pilz, G.J. Tankersley*, Alton W. Whitehouse Jr.*, Jay A. Pritzker, Robert A. Pritzker.

* Member of the Executive Committee.

Areas of Work: Engaged in the manufacture of a wide range of thermal systems for the steel, metalworking, automotive, petroleum, petrochemical, glass and other industries; electrical products for the commercial, industrial and residential building markets; electronic connectors and other components for the telecommunications, data processing, instrumentation and other markets; aircraft components and systems for the commercial, military and general aviation markets.

Divisions and Subsidiaries:

Thermal Systems Group

Electro-Nite Co.
Philadelphia, Pa.; Long Beach, Calif.; Houthalen, Belgium; San Paulo, Brazil; Thionville, France; Syndey, Australia.
Expendable sensors and related instruments for metals producers; carbon graphite products.

MOCO Thermal Industries
Romulus, Mich.
Industrial ovens, parts washers and finishing systems for manufacturers of metal products for the electrical, transportation, glass and other industries.

Robotron Division
Southfield and Oak Park, Mich.; Windsor, Ontario.
Industrial electronic controls, including resistance welding controls, industrial power electronics and microcomputer-based industrial control systems; induction heating equipment.

Stein Heurtey
Bar-le-Duc, Lautenbach and Saint-Ouen l'Aumone, France; Wombourne, England; Victoria, Australia.
Furnaces, heaters and heat transfer equipment for the oil and petrochemical industries; melting, reheating, heat-treating, heat transfer and coating furnaces for the steel, ferrous and non-ferrous industries; glass furnaces and lehrs; special vacuum and atmosphere furnaces; gas generators; industrial drying and metal finishing plants; industrial burners; combustion and waste treatment equipment.

Surface Combustion Division
Toledo, Ohio
Heat-treating furnaces and supplementary equipment and controls used by the metalworking industries to impart desirable surface characteristics to manufactured metal products. High-temperature industrial furnace equipment and technology for refining, melting, reheating and heat-treating in the steel, non-ferrous, carbon and glass industries.

Petro-Chem Development Company
New York, New York
Fired process heaters, heat recovery process units and boilers, combustion air preheat systems and energy conservation systems for the petroleum and petrochemical industries.

Aerospace and Electrical Group

Electronic Connector Division
Cambridge, Mass.; Pittsfield, N.H.,; Pompano Beach, Fla.; Nogales, Mexico; Castleton, England.
Electronic components including miniature plug and jack connectors, integrated circuit sockets, terminal and splice connectors, socket panels and card files; insulated, non-insulated and wrap post terminals; spacers and standoffs; coil form inductors, battery holders, handles and panel hardware; thermoelectric modules and instruments.

Electrical Products Division
Pittsburgh, Pa.; Athens, Tenn.
Switch, outlet and floor boxes; conduit and cable fittings; hangers and supports; underfloor and trench header electrical distribution systems; metal framing systems for supporting conduit, cable, lighting and equipment; wiring products including solderless terminals, compression connectors, cable ties, wire marker books, heat-shrink tubing and relating tooling.

Grimes Division
Urbana, Ohio; Greenwood, S.C.
Aircraft navigation, formation and collision avoidance lighting systems, power supplies and controls; crew station displays, caution and warning systems, indicators, control panels and instrument lights; passenger cabin illumination, including emergency and reading lights, information signs, accent lighting and related electronic switching and dimming controls; wind-shield wiper systems; electroluminescent lamps, displays, control panels and signal devices for the aviation, auto, rail and other markets.

Aircraft Products Division
Delray Beach, Fla.
Aircraft galleys and service centers, carts, ovens, beverage makers, coffee makers and water boilers; lavatory water heaters.

Janitrol Aero Division
Columbus, Ohio; Plymouth, Conn.; Ocala, Fla.
Aircraft cabin heating, air-conditioning and pressurization systems; fuel filters; fans and blowers; heat transfer equipment; electronic cooling equipment; hydraulic, fuel and pneumatic valves; motor-operated valves; thermostatic controls and pressure valves; duct joints and supports; swivel extension joints; aircraft heaters; liquid heaters.

Midtex Division
North Mankato, Minn.; Watertown, S.D.; Burlington, Wis.; Seoul, Korea; Juarez, Mexico.
Miniature, power, solid state, general purpose, mercury-wetted, industrial and time delay relays for industrial controls, business machines, data processing and communications equipment, commercial electronics and energy management; transformers and couplers for telecommunications; quartz crystals and hybrid clock oscillators for timing references in computer-based electronic controls and instrumentation; DC-DC converters for telephones.

Electripak Consumer Products
Lindenhurst and North Amityville, N.Y.
Weatherproof die-cast switch and outlet boxes, cover plates, outdoor security lighting; outdoor decorative lighting; emergency lighting; multiple power outlet strips; photoelectric switching devices; low voltage lighting.

Russellstoll Division
Livingston and Fairfield, N.J.
Safety interlock receptacles, plugs and connectors; explosion-proof vaportight and high-intensity discharge lighting fixtures; electrical control devices; marine plugs, receptacles, lighting and controls; trolley and plug-in overhead electrification systems.

Superstrut Division
Oakland, Calif.;
Metal framing channel, fittings and hangers for electrical, mechanical, plumbing and refrigeration construction support requirements; seismic restraint systems for power plants and commercial buildings.

Castings Group

Bay City Foundry Co.
Bay City, Mich.
Medium to large-size carbon, low alloy, wear-resistant and stainless steel castings and grey, alloy and ductile iron castings for the automotive industry, steel mills and general industrial use; base and surface plates for dynamometer and stress testing, machine tooling and precision checking.

Capitol Castings Division
Tempe and Chandler, Ariz.
Naco cast alloy steel grinding balls; iron and steel castings for wear-resistant and structural applications.

Transfer Agent(s):
National City Bank
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: MLR

Number of Employees:

1985	9,200	1982	12,900
1984	10,300	1981	13,300
1983	11,600		

Sales and Earnings

	Net Sales +	Net Income
1985	$ 714,586,000	$ 19,461,000
1984	708,041,000	(35,299,000)
1983	619,427,000	(10,177,000)
1982	647,882,000	1,250,000
1981	627,402,000	24,691,000

	No. of Com. Shares	Earn per Share ‡
1985	13,732,000	$ 1.02
1984	12,971,000	—
1983	12,652,000	—
1982	12,138,000	0.10
1981	12,208,000	2.06

(Loss)
+ Of continuing operations only.
‡ Based on the average number of common shares outstanding.

Revenues By Line of Business

	1985	1984
Thermal systems	$ 301,043,000	$ 296,893,000
Electronics/Electrical	239,097,000	257,857,000
Aerospace	174,446,000	153,291,000
Total	$ 714,586,000	$ 708,041,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.00	—	—
1984	1.00	—	—
1983	1.10	—	—
1982	1.40	—	—
1981	1.40	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 201,018,400	$ 14.64
1984	182,890,400	14.10
1983	246,740,000	19.50
1982	265,570,000	21.88
1981	290,631,000	23.81

‡ After allowing for preferred stock at liquidation value.

Income Account
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 714,586	$ 708,041
Other income	19,016	22,982
Total Income	$ 733,602	$ 731,023
Cost of sales	502,326	496,582
Expenses	143,910	152,648
Depreciation & amortization	25,340	24,222
Interest expense	29,105	24,985
Inc. before taxes	$ 32,921	$ 32,586
Income taxes	13,460	11,790
Inc. -cont. oper.	$ 19,461	$ 20,796
Loss-discont. oper.	—	(56,095)
Net Income (Loss)	$ 19,461	$ (35,299)

Assets
(000's)

As of Dec. 31	1985	1984
Cash & marketable secur.	$ 44,080	$ 72,261
Accts. receiv., net	144,127	137,541
Notes receivable	23,049	6,191
*Inventories	182,821	167,415
Contracts in process	21,611	23,518
Prepaid expenses	7,409	9,608
Current Assets	$ 423,097	$ 416,534
Intangibles & other assets	125,972	105,174
Assets of businesses held for sale	6,480	42,045
#Fixed assets	136,136	134,913
Total Assets	$ 691,685	$ 698,666

Liabilities
(000's)

Long-term debt, curr.	$ 5,241	$ 4,163
Accounts payable	55,844	57,560
Adv. billings	32,551	35,404
Accruals	23,794	26,120
Dividends payable	4,688	4,857
Income taxes	1,634	13,150
Other liab.	49,723	52,427
Short-term borrowings	25,195	2,100
Curr. Liabilities	$ 208,670	$ 195,781
Long-term debt	149,139	152,902
Other liab.	37,316	53,006
Deferred inc. taxes	8,816	3,361
Notes payable	30,000	30,000
+Preferred stock:		
Series D	—	24,000
Series E	45,560	45,560
++Common stock	68,659	64,855
Add. paid-in capital	33,659	24,672
Retained earnings	123,400	123,259
Translation adjust.	(13,534)	(18,730)
Total Liabilities & Shareholders' Equity	$ 691,685	$ 698,666

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $5 par value.

Statistical Summary

% Income bef. Taxes to Sales	4.61	—
% Net Income to Sales	2.72	—
%Net Income to Equity	7.55	—
Sales to Inventories	3.91	4.23
Debt to Equity	0.60	0.60
Working Capital	$214,427,000	$220,753,000
Current Ratio	2.03	2.13
Shareholders' Equity	$257,744,000	$263,616,000

Milgray Electronics, Inc.

77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-9800

Officers: Herbert S. Davidson, chairman & president; Richard Hyman, exec. v.p. & v.p.-sales; Herschel M. Weinberg, secretary; John R. Tortorici, v.p.-finance & treasurer; Darren O'Donnell, Steven Sokoloff, v.p.'s-marketing; Gary Adams, Elliott Stevens, Thomas Woolf, regional v.p.'s-sales.

Directors: Herbert S. Davidson, chairman; Robert G. Davidoff, Richard Hyman, Herschel M. Weinberg.

Areas of Work: Engaged in the distribution of electronic components produced by a large number of manufacturers. Items sold consist principally of semiconductors, electromechanical devices (relays and electronic hardware) and capacitors.

Divisions and Subsidiaries:

Milgray/Cleveland, Inc.
6155 Rockside Road
Cleveland, Ohio 44131
(216) 447-1520

Milgray/Florida, Inc.
1850 Lee Road, Suite 104
Winter Park, Florida 32789
(305) 647-5747

Milgray/International, Inc.
77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-9800

Milgray/New England
79 Terrace Hall Avenue
Burlington, Massachusetts 01803
(617) 272-6800

Milgray/International Inc.
33 Bond Street
Brighton BN1 IRD Sussex, England

7320 Goeppingen
West Germany

Milgray/Delaware Valley, Inc.
3001 Greentree Executive Campus
Marlton, New Jersey 08053
(609) 983-5010

Milgray/Atlanta
17 Dunwoody Park, Suite 102
Atlanta, Georgia 30338
(404) 393-9666

Milgray/Kansas City, Inc.
6901 West 63rd Street
Overland Park, Kansas 66202
(913) 236-8800

Milgray/New York, Inc.
77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 391-3000

Milgray/Upstate New York
1200-A Scottsville Road
Rochester, New York 14624
(716) 235-0830

Milgray/Washington, Inc.
9801 Broken Land Parkway
Columbia, Maryland 21046
(301) 995-6169

Birnbach Co., Inc.
81 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-0400

Milgray/Connecticut
378 Boston Post Road
Orange, Connecticut 06477
(203) 795-0711

Milgray/Chicago, Inc.
765 Route 83
Bensenville, Illinois 60106
(312) 350-0490

Milgray/Dallas, Inc.
17060 Dallas Parkway
Dallas, Texas 75248
(214) 248-1603

Transfer Agent(s):
Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	300	1983	225
1985	280	1982	201
1984	260		

Plant Footage:

1986	80,000 sq. ft.	1983	80,000
1985	80,000	1982	52,695
1984	80,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 62,004,437	$ 175,738
1985	57,533,211	616,352
1984	75,496,907	4,180,257
1983	56,275,099	2,088,744
1982	40,727,966	354,039

	No. of Com. Shares	Earn. per Share
1986	778,690	$ 0.23
1985	778,690	0.79
1984	778,690	5.37
1983	778,690	2.68
1982	778,690	0.45

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 10,747,609	$ 13.80
1985	10,571,871	13.58
1984	9,955,519	12.78
1983	5,775,262	7.42
1982	3,686,518	4.73

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 62,004,437	$ 57,533,211
Cost of sales	46,810,264	42,795,515
Expenses	14,335,883	13,294,098
Interest expense	649,539	511,496
Income before taxes	$ 208,751	$ 932,102
Income taxes	33,013	315,750
Net Income	$ 175,738	$ 616,352

* Included in Costs and Expenses, Depreciation and Amortization: $235,419 in 1986 and $312,295 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 760,002	$ 844,376
Accts. receiv., net	9,913,307	6,887,882
*Inventories	15,746,798	13,739,221
Inc. tax refunds receiv.	32,123	813,525
Prepaid expenses & sundry receiv.	263,660	254,830
Current Assets	$ 26,715,890	$ 22,539,834
#Fixed assets	2,246,780	2,307,799
Other assets	204,814	332,460
Total Assets	$ 29,167,484	$ 25,180,093

Liabilities

Notes payable	$ 4,500,000	$ 1,200,000
Long-term debt, curr.	144,571	421,557
Accts. payable	7,049,077	7,121,414
Accruals & sundry liabilities	1,199,327	1,033,228
Def. income taxes	1,103,178	803,600
Curr. Liabilities	$ 13,996,153	$ 10,579,799

Long-term debt	4,301,322	3,906,023
Deferred income taxes payable	122,400	122,400
+Common stock	200,003	200,003
Add. paid-in capital	26,675	26,675
Retained earnings	10,571,496	10,395,758
Treasury stock	(50,565)	(50,565)
Total Liabilities & Shareholders' Equity	$ 29,167,484	$ 25,180,093

* At lower of cost (FIFO) or market (replacement cost).
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.34	1.45
%Net Income to Sales	0.28	1.07
%Net Income to Equity	1.64	5.83
Sales to Inventories	3.94	4.19
Debt to Equity	0.40	0.52
Working Capital	$12,719,737	$11,960,035
Current Ratio	1.91	2.13
Shareholders' Equity	$10,747,609	$10,571,871

Milton Roy Company

Suite 900
111 Second Avenue N.E.
P.O. Box 12169
St. Petersburg, Florida 33733
(813) 823-4444

Officers: Richard E. Schmidt, chairman & president; H. Rodman Smith, sr. v.p.; C. Edward Liggans, v.p.-administration; W. Barry Gilbert, Stephen G. Matthews, v.p.'s; Jean-Claude Degremont, v.p.-international; John M. McNamara, v.p.-finance & secretary; Darrell N. Clark, v.p.-human resources; Eileen L. Cole, asst. sec.; J. Ronald Moore, v.p. & controller; Luis E. Leon, treasurer.

Directors: Robert T. Sheen*, Dan L. McGurk, Edmund H. Damon, Raleigh W. Greene, James F. Healey*, John P. Horgan*, Philip A. Sprague*, John T. Subak*, Robert F. Murphy, Albert R. Snider, Richard E. Schmidt*, Jean-Claude Degremont.

* Member of the Executive Committee.

Divisions and Subsidiaries:

Analytical Instruments Group
Automatic liquid chromatographic detectors, liquid chromatographic accessories, spectrophotomers, laser light scattering instruments, image and color analyzers, diffraction gratings.

Analytical Products
Rochester, New York

Laboratory Data Control Division
Riviera Beach, Florida
(305) 844-5241

LDC-S.A.
Paris, France

Laboratory Data Control (U.K.) Ltd.
Stone, England

Laboratory Data Control-Shannon
Shannon, Ireland

Milton Roy (Deutschland) GmbH
Frankfurt, West Germany

Milton Roy K.K.
Tokyo, Japan

Milton Roy (Belgium) N.V.
Oostende, Belgium

Milton Roy (Hong Kong) Ltd.
Wanchai, Hong Kong

Fluid Control Group
Controlled volume pumps; combustion control equipment; gas analysis instruments; water quality systems; engineered chemical feed systems; special purpose centrifugal pumps.

Hartell Division
Ivyland, Pennsylvania

Flow Control Division
Ivyland, Pennsylvania

Milton Roy Industries, Ltd.
Peterborough, Ontario, Canada

Dosapro-Milton Roy S.A.
Pont-Saint-Pierre, France

DosiSistemas S.A. de C.V. (joint venture)
Mexico City, Mexico

Dosapro-Milton Roy Iberica S.A.
Madrid, Spain

Dosapro-Milton Roy S.P.A.
Milan, Italy

Dosapro-Milton Roy GmbH
Obertshausen, West Germany

Dosapro-Milton Roy (UK) Ltd.
Feltham, England

Transfer Agent(s):
Mellon Bank (East) N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230
(412) 456-8170

Stock Exchange(s): New York

Ticker Symbol: MRC

Number of Employees:

1986	1,324	1983	853
1985	1,456	1982	870
1984	1,114		

Sales and Earnings

	Net Sales †	Net Income
1986	$ 115,065,000	$ (3,786,000)
1985	97,887,000	882,000
1984	70,396,000	4,053,000
1983	62,375,000	3,394,000
1982	70,355,000	4,478,000

	No. of Com. Shares ‡	Earn. per Share #
1986	4,263,000	$ —
1985	4,199,000	0.22
1984	4,128,000	1.01
1983	4,086,000	0.86
1982	3,826,000	1.19

(Loss)
† Of continuing operations only; includes services.
‡ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Laboratory Analytical Instrumentation	$ 50,210	$ 41,350
Spec. Ball Valves & Components	6,609	5,149
Fluid Control Instrumentation	58,246	51,388
Total	$ 115,065	$ 97,887

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.44	—	—
1985	0.43	—	—
1984	0.39	—	—
1983	0.35½	—	—
1982	0.32½	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 36,800,000	$ 8.63
1985	40,024,000	9.53
1984	38,488,000	9.32
1983	36,171,000	8.85
1982	31,677,000	8.28

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 115,065,000	$ 97,887,000
Cost of sales	66,881,000	57,285,000
Expenses	43,351,000	35,811,000
Gain on dispos. of prod. lines	7,400,000	—
Prov. for prod. reinspec.	—	1,000,000
Interest expense	3,822,000	2,762,000
Other income	(653,000)	(99,000)
Income (loss) bef. taxes	$ (5,736,000)	$ 1,128,000
Income taxes (credit)	(1,950,000)	246,000
Net Income (Loss)	$ (3,786,000)	$ 882,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,114,000 in 1986 and $3,906,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 2,786,000	$ 3,592,000
Accounts & notes receiv.	24,087,000	23,703,000
*Inventories	22,786,000	30,204,000
Prepaid expenses	2,160,000	550,000
Deferred inc. taxes	5,203,000	2,264,000
Current Assets	$ 57,022,000	$ 60,313,000
#Fixed assets	23,781,000	27,624,000
Project fund	8,129,000	13,152,000
Notes receiv. & other assets	5,311,000	5,481,000
Intangibles	2,275,000	2,418,000
Total Assets	$ 96,518,000	$ 108,988,000

Liabilities

Long-term debt, curr.	$ 1,317,000	$ 929,000
Notes payable	4,359,000	6,048,000
Accts. payable & accruals	20,635,000	20,370,000
Income taxes	764,000	297,000
Curr. Liabilities	$ 27,075,000	$ 27,644,000
Long-term debt.	30,109,000	39,372,000
Deferred inc. taxes	1,769,000	1,355,000
Other liab.	765,000	593,000
+Common stock	4,263,000	4,199,000
Add. paid-in capital	8,664,000	7,829,000
Equity adjustment	(486,000)	(2,009,000)
Retained earnings	24,359,000	30,005,000
Total Liabilities & Shareholders' Equity	$ 96,518,000	$ 108,988,000

* At lower of cost (FIFO) or market; Portland Valve valued at LIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.90
%Net Income to Sales	—	2.20
%Net Income to Equity	—	3.24
Sales to Inventories	5.05	0.38
Debt to Equity	0.82	1.16
Working Capital	$29,947,000	$32,669,000
Current Ratio	2.11	2.18
Shareholders' Equity	$36,800,000	$40,024,000

Mini-Computer Systems, Inc.

5 Corporate Park Drive
White Plains, New York 10604
(914) 694-1101

Officers: Michael W. Brennan, president; Thomas DeLorenzo, Lawrence Howell, v.p.'s; William R. Doniger, chairman & chief financial officer.

Directors: William R. Doniger, chairman of the board; Michael W. Brennan, Michael S. O'Brien.

Areas of Work: Engaged in the development and marketing of minicomputer systems designed to handle normal business applications, primarily to distributors and original equipment manufacturers.

Subsidiaries:

Optim Computer Group (51%-owned)
London, England
Amsterdam, The Netherlands
Distributes computer hardware and software systems and provides extensive maintenance support to business markets.

Mini-Tech Research Corporation
Development of a UNIX-compatible product line.

Foise Inc.
Roswell, New Mexico

Transfer Agent(s):

American Transfer Company
44 Beaver Street
New York, New York 10022

Stock Exchange(s): Pacific

Ticker Symbol: MCS

Number of Employees:

1985	50	1982	97
1984	46	1981	189
1983	30		

Plant Footage:

1985	10,000 sq. ft.	1982	25,000
1984	11,480	1981	68,200
1983	N.A.		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income †
1985	$ 10,398,714	$ 540,788
1984	6,446,987	(456,215)
1983	6,178,553	594,033
1982	9,258,000	(4,545,191)
1981	15,010,000	(1,891,309)

	No. of Com. Shares +	Earn. per Share +†
1985	5,510,025	$ 0.08
1984	4,386,926	—
1983	2,013,535	0.30
1982	879,607	—
1981	879,607	—

(Loss)

† Including extraordinary gains of $240,000 ($0.04 per share) in 1985, $225,575 in 1984, $246,500 ($0.13 per share) in 1983 and $671,000 in 1982.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ (1,055,620)	$ —
1984	(1,440,078)	—
1983	(2,409,716)	—
1982	(5,561,487)	—
1981	(1,035,167)	—

(Deficiency)

Income Account *

Year ended Oct. 31	1985	1984
Revenues	$ 10,398,714	$ 6,446,987
Cost of sales	4,764,612	3,734,289
Expenses	4,890,928	3,061,030
Reversal of accts. pay.	(597,054)	—
Interest expense	608,558	260,805
Inc. (loss) bef. taxes	$ 731,670	$ (609,137)
Income taxes	331,882	72,653
Minority interest	99,000	—
Net Income (Loss)	$ 300,788	$ (681,790)
Extraord. gain	240,000	225,575
Net Income (Loss) & extraord. gain	$ 540,788	$ (456,215)

* Included in Costs and Expenses, Depreciation and Amortization: $309,674 in 1985 and $152,018 in 1984.

Assets

As of Oct. 31	1985	1984
Cash	$ 196,259	$ 170,610
Receiv., net	1,123,017	857,932
Notes receiv.	36,253	187,768
Loans receiv.	78,729	38,125
*Inventories	2,746,759	301,263
Prepaid expenses	271,403	48,027
Current assets	$ 4,452,420	$ 1,603,725
Goodwill	1,149,050	—
#Fixed assets	675,028	244,373
Notes receiv.	—	108,000
Computer Software Systems	392,162	504,208
Other assets	26,595	61,349
Total Assets	$ 6,695,255	$ 2,521,655

Liabilities

Conv. debentures	$ —	$ 165,000
Accounts payable	2,439,147	1,400,706
Notes payable	142,500	268,711
Accruals	2,380,183	917,080
Long-term debt, curr.	1,181,250	942,258
Income taxes payable	252,772	135,058
Curr. Liabilities	$ 6,395,852	$ 2,911,733
Conv. senior notes	1,050,000	1,050,000
Convert. deben.	305,023	—
+Common stock	540,223	528,812
Add paid-in Capital	6,636,266	6,643,477
Retained earnings (deficit)	(7,432,027)	(7,972,815)
Treasury stock	(42,000)	(42,000)
For. trans. adjust.	(318,814)	(110,433)
Notes receiv.	(439,268)	(439,268)
Deferred compensation	—	(47,851)
Total Liabilities & Shareholders Equity	$ 6,695,255	$ 2,521,655

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.04	—
%Net Income to Sales	2.89	—
Sales to Inventories	3.79	21.40
Shareholders' Equity (Deficiency)	$(1,055,620)	$(1,440,078)

Minnesota Mining and Manufacturing Company

3M Center
St. Paul, Minnesota 55144
(612) 733-1110

Officers: Allen F. Jacobsen, chairman of the board & chief executive officer; executive v.p.'s: L. D. DeSimone, Industrial & Consumer Sector; Allan J. Huber, Electronic & Information Technologies Sector; M.J. Monteiro, international operations; Kenneth A. Schoen, Graphic Technologies Sector; Jerry E. Robertson, Life Sciences Sector; Stanley W. Thiele, sr. v.p.-administrative services; v.p.'s & group v.p.'s: Darrell H. Boyd, Audio Visual and Commercial Graphics; Richard W. Brust, taxes; William E. Coyne, Health Care Products and Services Group; Charlton Dietz, legal affairs & general counsel; Ralph D. Ebbott, treasurer; Harry A. Hammerly, Europe; Douglas R. Hanson, Australia-Asia-Canada; George L. Hegg, strategic planning services; Lester C. Krogh, research & development; Joseph L. Kuhn, Tape, Adhesives and Decorative Products Group; Carl A. Kuhrmeyer, administration; Sidney M. Leahy, Chemicals, Film & Allied Products Group; Ronald A. Mitsch, Traffic and Personal Safety Products Group; J. Marc Adam, Consumer Products Group; Lawrence E. Eaton, Memory Technologies Group; Lauren L. Morin, quality & productivity; Donn R. Osmon, marketing and public affairs; Gerard G. Mueller, engineering; Gerald D. Pint, Electro-Telecommunications Group; Howard D. Punch, Abrasives, Cleaning Products & Industrial Minerals Group; Joseph F. Ramey, Commercial Markets Group; Roger W. Roberts, finance; Benjamin L. Shely, Photographic & Graphic Arts Group; Thomas P. Skoog, Information Systems Group; Christopher J. Wheeler, human resources; other officers: Arlo D. Levi, secretary; JoAnn J. Bohne; Raymond E. Johnson, Thomas J. Lyons, James A. Smith, Roger P. Smith, asst. secretaries; Dwight A. Peterson, asst. treasurer.

Directors: Joseph W. Barr, Charlton Dietz*, Lewis W. Lehr, Lee L. Morgan, Allen E. Murray, John G. Ordway, Jr., Norma T. Pace, Peter G. Peterson, J. Alexander McMahon, Allen F. Jacobson*, James A. Thwaits*, Edward A. Brennan, L. D. DeSimone*, Allan J. Huber*, M. J. Monteiro*, F. Alan Smith.

* Member of the Executive Committee.

Areas of Work: The Company's operations are organized into four sectors: Electronic & Information Technologies, Industrial & Consumer, Graphic Technologies, and Life Sciences.

Operating Sectors:

Electronic & Information Technologies
Produces electrical, electronics and telecommunications connectors and devices; electronic packaging and interconnection devices; testing and faultfinding equipment systems; cable joining and terminating products; electrical insulating materials; printers and teleprinters for use in remote computer access and electronic mail markets, as well as computer markets; magnetic recording products for numerous types of recording media; markets equipment and supplies for business and educational uses, including processor cameras, microfilm reader-printers, background music equipment, and communicating terminals.

- Electrical Products Division
- Electronic Products Division
- Engineering Systems Division
- Copying Products Division
- Magnetic Media Division
- TelComm Products Division
- Static Control Systems Division
- Office Systems Division
- Equipment Service and Support Division
- Broadcasting & Related Products Divison

Industrial & Consumer
Manufactures pressure sensitive tapes, abrasives, adhesives, specialty chemicals, roofing granules and decorative products.

- Automotive Specialties Division
- Industrial Abrasives Division
- Industrial Mineral Products Division
- Building Service and Cleaning Products Division
- Commercial Chemicals Division
- Household and Hardware Products Division
- Automotive Trades Division
- Commercial Office Supply Division
- Packaging Systems Division
- Industrial Specialties Division
- Industrial Tape Division
- Decorative Products Division
- Adhesives, Coatings and Sealers Division
- Specialty Chemcial and Film Division
- Converter Specialties Division

Graphic Technologies
Provides products and services for the graphic communications and advertising services areas.

- Dental Products Division
- Health Care Specialties Division
- Surgical Products Division
- Riker Laboratories, Inc.
- Traffic Control Materials Division
- Safety and Security Systems Division
- Occupational Health and Safety Products Division
- Orthopedic Products Division
- Advertising Services Division

Media Networks, Inc.
National Advertising Company
Audio Visual Division
Photo Color Systems Division
Imaging Systems Division
Commercial Graphics Division
Graphic Preparation Systems Division
Printing Products Division

Life Sciences
Markets a line of medical, surgical, dental and pharmaceutical products which promote health and safety; a line of traffic-control and crime-deterrent products.

Transfer Agent(s):

First Trust Company, Inc.
(common stock, notes & debentures)
P.O. Box 64008
St. Paul, Minnesota 55164

Morgan Guaranty Trust Company of New York
(common stock, notes & debentures)
30 West Broadway
New York, New York 10007

Manufacturers Hanover Trust Company
(notes & debentures)
40 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Pacific, Midwest, Paris, Amsterdam, Switzerland, Germany, Tokyo

Ticker Symbol: MMM

Number of Employees:

1986	81,847	1983	85,702
1985	85,466	1982	87,388
1984	86,707		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	$ 8,602,000	$ 779,000
1985	7,846,000	664,000
1984	7,705,000	733,000
1983	7,039,000	667,000
1982	6,601,000	631,000

	No. of Com. Shares	Earn. per Share #
1986	114,266,381	$ 6.80
1985	114,572,287	5.77
1984	116,298,365	6.27
1983	117,235,021	5.67
1982	117,890,724	5.37

‡ Includes other operating revenues.
# Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Industrial & consumer	$ 3,159,000	$ 2,848,000
Electronic & info. technologies	2,322,000	2,266,000
Graphic technologies	1,411,000	1,292,000
Life sciences	1,707,000	1,437,000
Eliminations	3,000	3,000
Total	$ 8,602,000	$ 7,846,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$3.60	—	—
1985	3.50	—	—
1984	3.40	—	—
1983	3.30	—	—
1982	3.20	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 4,463,000	$ 39.06
1985	4,008,000	34.98
1984	3,814,000	32.79
1983	3,698,000	31.54
1982	3,548,000	29.26

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales & revenues	$ 8,602,000	$ 7,846,000
Cost of sales	5,074,000	4,746,000
Expenses	2,118,000	1,950,000
Interest expense	106,000	104,000
Other income	(44,000)	(51,000)
Income before taxes	$ 1,348,000	$ 1,097,000
Income taxes	569,000	433,000
Net Income	$ 779,000	$ 664,000

* Included in Costs and Expenses, Depreciation and Amortization: $507,000,000 in 1986 and $444,000,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & securities	$ 545,000	$ 192,000
Accts. receiv., net	1,442,000	1,344,000
*Inventories	1,654,000	1,622,000
Other assets	320,000	315,000
Current Assets	$ 3,961,000	$ 3,473,000
Investments	433,000	344,000
#Fixed assets	2,754,000	2,594,000
Other assets	200,000	182,000
Total Assets	$ 7,348,000	$ 6,593,000

Liabilities
(000's)

Short-term debt	$ 411,000	$ 459,000
Accts. payable	519,000	411,000
Accrued payroll	271,000	220,000
Income taxes	254,000	169,000
Other liab.	368,000	320,000
Curr. Liabilities	$ 1,823,000	$ 1,579,000
Long-term debt	436,000	431,000
Deferred inc. taxes	386,000	364,000
Other liabilities	240,000	211,000
+Common stock	296,000	296,000
Retained earnings	4,734,000	4,389,000
Treasury stock	(313,000)	(265,000)
Cum. translation	(254,000)	(412,000)
Total Liabilities & Shareholders' Equity	$ 7,348,000	$ 6,593,000

* At lower of cost (FIFO) or market (lower of replacement cost or realizable value).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	15.67	13.98
%Net Income to Sales	9.06	8.46
%Net Income to Equity	17.45	16.57
Debt to Equity	5.20	0.32
Working Capital	$2,138,000,000	$1,894,000,000
Current Ratio	0.19	0.22
Shareholders' Equity	$4,463,000,000	$4,008,000,000

Missouri Research Laboratories, Inc.

3800 West Clay Street
St. Charles, Missouri 63301
(314) 946-6900

Officers: Walter Funk, Jr., chairman of the board & chief exec. officer; Jerome E. Adams, president & chief administrative officer; Lawrence C. Grazevich, vice chairman & chief operating officer; Alan G. Johnson, secretary.

Directors: Walter Funk, Jr. chairman; Robert J. Forthofer, William W. Halliday, Max Diamant, John H. Pahlmann, Lawrence C. Grazevich, Jerome E. Adams, Alan G. Johnson, Roswell Messing, Jr.

Areas of Work: The company manufactures products and supplies services in the following areas: electronics, industrial equipment, and utility products.

Divisions:

Electronics Group
Albuquerque, New Mexico
Manufactures high quality printed circuit boards and a wide variety of electronic assemblies. Offers contract personnel services including engineers, technicians, draftsmen and illustrators.

Utility Products & Services Group
Hoffman, Illinois
Manufactures and sells a line of mobile power equipment containing electrical generating capacity and other support equipment used by underground utility system construction and maintenance crews.

Industrial Equipment Group
St. Charles, Missouri
Performs general job shop fabrication services involving machining, welding, and sheetmetal forming operations.

Transfer Agent(s):

Mercantile Bank
St. Louis, Missouri

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MRES (NASDAQ)

Number of Employees:

1986	356

Plant Footage:

1986	204,900 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1987	$ 15,652,000	$ 127,000
1986	15,494,000	322,000
1985	13,312,000	23,000
1984	12,448,000	332,000
1983	13,654,000	457,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	2,180,000	$ 0.06
1986	2,189,000	0.15
1985	2,189,000	0.01
1984	2,206,000	0.15
1983	2,280,000	0.20

+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.07	—	—
1986	0.05	—	—
1985	0.09	—	—
1984	0.09	—	—
1983	0.13	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 4,861,000	$ 2.23
1986	4,910,000	2.24
1985	4,712,000	2.15
1984	4,885,000	2.21
1983	4,974,000	2.18

† Based on the weighted average number of common shares outstanding.

Missouri Research Laboratories, Inc.

Income Account *
(000's)

Year ended Jan. 31	1987	1986
Net sales	$ 15,652	$ 15,494
Cost of sales	13,592	13,489
Expenses	1,819	1,635
Interest expense	283	246
Interest income	(142)	(133)
Other income	(40)	(69)
Valuation allow.	—	37
Gain on sale of mfg. oper.	—	(128)
Inc. before taxes	$ 140	$ 417
Income taxes	13	95
Net Income	$ 127	$ 322

* Included in Costs and Expenses, Depreciation and Amortization: $671,000 in 1987 and $646,000 in 1986.

Assets
(000's)

As of Jan. 31	1987	1986
Cash	$ 43	$ 58
Cert. of deposit	—	200
Marketable securities	2,386	1,525
Accts. receiv., net	2,337	2,647
*Inventories	1,434	1,317
Prepaid expenses	116	58
Refundable income taxes	68	—
Current Assets	$ 6,384	$ 5,805
#Fixed assets	2,797	2,791
Other assets & defer. charges	259	304
Total Assets	$ 9,440	$ 8,900

Liabilities
(000's)

Long-term debt, curr.	$ 373	$ 330
Accts. payable	696	642
Accruals	172	166
Accrued payroll	349	335
Income taxes	—	11
Curr. Liabilities	$ 1,590	$ 1,484
Long-term debt	2,916	2,468
Deferred income taxes	73	38
+Common stock	232	231
Add. paid-in capital	1,328	1,318
Retained earnings	3,615	3,641
Treasury stock	(314)	(280)
Total Liabilities & Shareholders' Equity	$ 9,440	$ 8,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	2.61	6.56
Sales to Inventories	10.91	11.76
Debt to Equity	0.60	0.57
Working Capital	$4,794,000	$4,321,000
Current Ratio	4.02	3.91
Shareholders' Equity	$4,861,000	$4,910,000

Modern Controls, Inc.

6820 Shingle Creek Parkway
Minneapolis, Minnesota 55430
(612) 560-2900

Officers: Howard L. Demorest, chairman, treasurer & chief executive officer; William N. Mayer, president & secretary; Robert L. Demorest, exec. v.p.-sales & marketing; ; Ron Meyer, v.p.-operations; Vernon J. Vander Weide, asst. secretary.

Directors: Howard L. Demorest, chairman; Francis Faber, William N. Mayer, Dean B. Chenoweth, Ronald Esau, J. Leonard Frame, William Price.

Areas of Work: Manufactures and markets precision instruments used for quality control, production control, and testing purposes, primarily in the food, pharmaceutical, chemical, and packaging industries. Also manufactures and markets high-speed capsule sorting and weighing systems for the pharmaceutical industry.

Transfer Agent(s):

First Trust Company Inc.
Minneapolis, Minnesota 55480

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MOCO (NASDAQ)

Number of Employees:

1986	48	1983	38
1985	57	1982	38
1984	N.A.		

Plant Footage:

1986	21,600 sq. ft.	1983	20,000
1985	21,600	1982	20,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income ‡
12/31/86	$ 5,875,863	$ 818,576
12/31/85	6,402,247	1,000,603
12/31/84*	5,056,802	674,418
1/31/84	3,471,917	434,303
1/31/83	2,666,393	362,177

	No. of Com. Shares	Earn. per Share ‡
12/31/85	2,134,308	$ 0.38
12/31/85	2,108,332	0.45
12/31/84*	2,177,884	0.36
1/31/84	1,602,134	0.25
1/31/83	1,601,784	0.22

* 11 months.
+ Of continuing operations only.
‡ Including extraordinary credit of $135,599 ($0.08 per share) in 1983.

Common Stock Equity

	Total Equity	Equity Per Share
12/31/86	$ 5,472,127	$ 2.56
12/31/85	4,856,982	2.30
12/31/84	4,501,498	2.07
1/31/84	2,115,559	1.32
1/31/83	1,680,788	1.05

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 5,875,863	$ 6,402,247
Cost of sales	2,129,851	2,228,528
Research & development costs	427,641	505,064
Expenses	2,293,809	2,219,661
Interest income	(274,335)	(308,523)
Interest expense	9,123	10,575
Other expense (income)	(18,802)	23,439
Income before taxes	$ 1,308,576	$ 1,723,503
Income taxes	490,000	722,900
Net Income	$ 818,576	$ 1,000,603

* Included in Costs and Expenses, Depreciation and Amortization: $150,753 in 1986 and $106,488 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & temp. cash invest.	$ 3,874,047	$ 3,704,963
Accts. receiv., net	707,401	1,017,261
*Inventories	876,464	782,582
Prepaid expenses	71,925	41,816
Deferred income taxes	53,600	22,350
Current Assets	$ 5,583,437	$ 5,568,972
#Fixed assets	299,176	342,324
Other assets	205,466	240,150
Total Assets	$ 6,088,079	$ 6,151,446

Liabilities

Long-term debt, curr.	$ 26,877	$ 24,611
Accts. payable	187,500	292,010
Accruals	304,375	434,548
Warranty costs	17,100	20,000
Income taxes	—	417,268
Curr. Liabilities	$ 535,852	$ 1,188,437
Notes payable	61,400	88,277
Def. inc. taxes	18,700	17,750
+Common stock	213,431	210,833
Add. paid-in capital	3,009,699	3,002,205
Retained earnings	2,248,997	1,642,853
Total Liabilities & Shareholders' Equity	$ 6,088,079	$ 6,151,446

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	22.27	26.92
%Net Income to Sales	28.46	15.63
%Net Income to Equity	14.96	20.60
Sales to Inventories	6.70	8.18
Debt to Equity	0.01	0.02
Working Capital	$5,047,585	$4,380,535
Current Ratio	10.42	4.69
Shareholders' Equity	$5,472,127	$4,856,982

Molex Incorporated

2222 Wellington Court
Lisle, Illinois 60532
(312) 969-4550

Officers: John H. Krehbiel, chairman; John H. Krehbiel, Jr., president; Frederick Krehbiel, exec. v.p.; Kerry Krafthefer, v.p.-sales & marketing; Ronald L. Schubel, v.p.-operations; Ronald Canaday, v.p.-finance; John C. Psaltis, v.p. & treasurer; Louis A. Hecht, secretary & general counsel.

Directors: John H. Krehbiel, chairman; John H. Krehbiel, Jr., Frederick A. Krehbiel, Lewis E. Platt, Robert J. Potter, Robert H. Hayes.

Areas of Work: Engaged in the production and sale of connectors, conductor cable, terminals, interconnection systems, switches and associated application equipment for electrical and electronic products. Also involved in the extrusion of plastics, the laminating of multi-conductor cable, the further processing (notching, slitting, cutting) of such cable and fabricating these into cable connector assemblies.

Divisions and Subsidiaries:

Molex S.A. de C.V.
Molex Far East Management, Ltd.
Molex Japan Co., Ltd.
Molex Singapore Pte., Ltd.
Molex Taiwan Ltd.
Taiwan Connections Ltd.
Molex Hong Kong Ltd.
Molex Electronics Ltd. (Canada)
Molex Electronica Ltda.
Molex European Management Ltd.
Molex Export Inc.
France Connexion S.A. (85% owned)
Molex-ETC Division
Molex International, Inc.
Molex Electronics Ltd. (U.K.)
Molex Italia S.p.A.
Molex G.m.b.H.

Molex Svenska A.B.
Molex (Benelux) B.V.
Commercial Division
Data Products Division
Automotive Division
Data/Comm. Division
Switch Division
Special Products Division
Application Tooling Division
Manufacturing Tooling Division
Industrial Interface Division
Molex Ltd. Japan
Molex Illinois S.A.
Molex Parkfield Ltd.
Smithstown Light Eng. Ltd. (50% owned)
Technor (Pty.) Ltd. (30% owned)

Transfer Agent(s):

Harris Trust and Savings

Bank of Chicago

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MOLX (NASDAQ)

Number of Employees:

1986	4,403	1983	3,053
1985	4,163	1982	2,655
1984	4,166		

Plant Footage:

1986 . . . . . 1,357,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 291,912,549	$ 32,039,408
1985	253,213,654	30,900,672
1984	252,222,277	38,240,907
1983	175,976,080	22,020,163
1982	165,852,264	20,735,417

	No. of Com. Shares ‡	Earn. per Share ‡
1986	20,149,113	$ 1.59
1985	20,120,641	1.54
1984	19,993,687	1.91
1983	19,863,874	1.11
1982	19,767,534	1.05

‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.03	—	—
1985	0.03	—	—
1984	0.03	100%	—
1983	0.02	50%	—
1982	0.02	—	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1986	$ 254,562,901	$ 12.63
1985	186,099,932	9.25
1984	157,115,216	7.86
1983	118,225,815	5.95
1982	94,317,685	4.77

+ After allowing for preferred stock at par value.
‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 291,912,549	$ 253,213,654
Cost of sales	158,400,049	132,844,132
Expenses	81,341,571	70,268,018
Other income	(1,414,606)	(3,127,990)
Income before taxes	$ 53,585,535	$ 53,229,494
Income taxes	21,294,000	22,088,000
Minority interest	252,127	240,822
Net Income	$ 32,039,408	$ 30,900,672

* Included in Costs and Expenses, Depreciation and Amortization: $26,175,828 in 1986 and $19,078,797 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 7,846,635	$ 11,060,258
Accts. receiv., net	76,359,679	60,636,720
*Inventories	35,266,365	28,773,817
Prepaid expenses	1,457,002	665,329
Cert. of deposit	64,894,211	47,465,858
Current Assets	$ 185,823,892	$ 148,601,982
#Fixed assets	133,514,420	102,563,123
Other assets	8,901,724	4,281,771
Total Assets	$ 328,240,036	$ 255,446,876

Liabilities

Note payable	$ 735,095	$ 659,826
Long-term debt, curr.	1,046,990	2,046,946
Accts. payable	26,463,040	24,530,115
Accruals	6,940,703	9,176,557
Accrued payroll	6,795,681	5,057,078
Dividends payable	154,300	154,085
Income taxes	12,408,228	3,910,900
Accrued prof. sh. plan	1,773,967	3,153,044
Curr. Liabilities	$ 56,318,004	$ 48,688,851
Long-term debt	10,132,876	8,260,586
Deferred income	4,343,252	3,474,276
Deferred inc. taxes	1,690,587	5,817,966
Other deferred items	—	181,218
Minority interest	1,145,052	1,476,983
+Preferred stock	47,364	47,364
++Class B common stock	4,713	4,713
++Common stock	1,008,025	1,003,578
Add. paid-in capital	15,227,262	12,880,700
Retained earnings	218,617,327	187,185,608
Def. unearned comp.	(2,358,673)	(2,188,893)
Treasury stock	(1,958,948)	(1,303,881)
Cum. trans. adjust.	24,023,195	(11,481,893)
Total Liabilities & Shareholders' Equity	$ 328,240,036	$ 255,446,876

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 6% non-cumulative.
++ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.36	21.02
%Net Income to Sales	10.98	12.20
%Net Income to Equity	12.58	16.60
Sales to Inventories	8.28	8.80
Debt to Equity	0.05	0.06
Working Capital	$129,505,888	$ 99,913,431
Current Ratio	3.30	3.05
Shareholders' Equity	$254,610,265	$186,147,296

Monolithic Memories, Inc.

2175 Mission College Boulevard
Santa Clara, California 95054-1592
(408) 970-9700

Officers: Zeev Drori, chairman of the board; Irwin Federman, president & chief executive officer; Michael J. Callahan, exec. v.p. & chief operating officer; Thomas J. Branch, v.p.-sales; Kenneth W. Gates, v.p.-Worldwide Assembly; Gordon L. Peterson, v.p.-Military Products Division; William H. Bennett, v.p.-human resources; Robert G. Bortfeld, v.p.-research & development; George J. Kern, v.p.-manufacturing; James M. Eustice, treasurer; Larry W. Sonsini, secretary; John C. Bolger, v.p.-finance; H.T. Chua, v.p.-product & technology development; Cyrus Tsui, v.p.-commercial product divisions; Timothy J. Propeck, v.p.-marketing; Wayne Cantu, v.p.-product assurance; Jacob Dayan, v.p.-Worldwide Test & Finish Operations; Richard A. Forte, v.p. & gen. mgr.-Advanced Products Division.

Directors: Zeev Drori, chairman; Irwin Federman, Larry W. Sonsini, Charles M. Blalack, Eugene Kleiner, Charles L. Lea, Jr., Robert C. Wilson.

Areas of Work: The corporation designs, manufactures and markets large-scale integrated semiconductor circuits used in computers and computer peripheral equipment, military electronics, CAD/CAM systems, telecommunications and other digital equipment.

Subsidiaries:

Monolithic Memories GmbH
Mauerkircherstrasse 4
8000 Munich 80
West Germany

Monolithic Memories Limited
Monolithic House
1 Queens Road
Farnborough
Hampshire GU14 6DJ
England

Monolithic Memories (France) SARL
8 Rue de l'Esterel
Silic 463
94613 Rungis Cedex
France

MMI-Japan KK
Shinjuku Nomura Shoken Bldg. 5F
5-17-9 Shinjuku
Shinjuku-ku
Tokyo 160
Japan

Monolithic Memories (Malaysia) Sdn.Bhd.
Phase III, Free Trade Zone
11900 Bayan Lepas
Penang, Malaysia

MMI Integrated Circuits (Singapore) PTE Ltd.
19 Keppel Road 11-06
Jit Poh Building
Singapore 0208

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MMIC (NASDAQ)

Number of Employees:

1986	4,200	1983	3,000
1985	3,700	1982	2,700
1984	3,800		

Plant Footage:

1986	388,000 sq. ft.	1983	254,000
1985	472,600	1982	244,000
1984	327,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 204,880,000	$ 8,905,000
1985	177,690,000	10,457,000
1984	187,293,000	26,899,000
1983	105,391,000	10,154,000
1982	68,598,000	2,801,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	20,739,000	$ 0.43
1985	18,860,000	0.55
1984	18,978,000	1.42
1983	16,827,000	0.60
1982	13,486,000	0.21

‡ Based on the weighted average number of common shares and common share equivalents outstanding fully diluted adjusted to reflect stock split.

Monolithic Memories, Inc.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 224,745,000	$ 10.84
1985	169,633,000	8.99
1984	156,149,000	8.24
1983	124,348,000	7.39
1982	53,826,000	3.99

‡ Based on the weighted average number of common shares and common share equivalents outstanding fully diluted adjusted to reflect stock split.

Income Account *

As at	10/28/86	10/29/85
Net sales	$ 204,880,000	$ 177,690,000
Cost of sales	120,633,000	107,476,000
Expenses:		
Res., develop. & engineering	35,237,000	24,453,000
Marketing	29,736,000	24,160,000
Gen. & adm.	15,011,000	14,010,000
Emp. profit sharing	954,000	1,305,000
Other income	(5,596,000)	(5,791,000)
Income before taxes	$ 8,905,000	$ 12,077,000
Income taxes	—	1,620,000
Net Income	$ 8,905,000	$ 10,457,000

* Included in Costs and Expenses, Depreciation and Amortization: $28,774,000 in 1986 and $21,122,000 in 1985.

Assets

As at	10/28/86	10/29/85
Cash	$ 106,405,000	$ 51,132,000
Accts. receiv., net	30,492,000	24,168,000
*Inventories	23,978,000	19,935,000
Prepaid expenses	2,852,000	2,537,000
Prepaid income taxes	6,287,000	6,628,000
Current Assets	$ 170,014,000	$ 104,400,000
#Fixed assets	126,850,000	123,651,000
Other assets	5,338,000	963,000
Total Assets	$ 302,202,000	$ 229,014,000

Liabilities

Notes payable to bank	$ 7,662,000	$ 8,400,000
Long-term debt, curr.	398,000	1,112,000
Oblig. under cap. leases, curr.	1,162,000	657,000
Accts. payable	15,153,000	5,915,000
Accrued payroll	7,825,000	3,775,000
Def. inc. on ship. to distr.	11,465,000	5,504,000
Income taxes payable	—	7,645,000
Other accrued liab.	8,388,000	5,748,000
Curr. Liabilities	$ 52,053,000	$ 38,756,000
Long-term debt	1,174,000	2,319,000
Oblig. under cap. leases	5,755,000	3,326,000
Deferred inc. taxes	18,475,000	14,980,000
+Common stock	429,000	373,000
Add. paid-in capital	146,593,000	101,502,000
Curr. trans. adj.	1,060,000	—
Retained earnings	76,663,000	67,758,000
Total Liabilities & Shareholders' Equity	$ 302,202,000	$ 229,014,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.35	6.80
%Net Income to Sales	4.35	5.88
%Net Income to Equity	3.96	6.16
Sales to Inventories	0.85	9.91
Debt to Equity	0.04	0.09
Working Capital	$117,961,000	$ 65,644,000
Current Ratio	3.27	2.69
Shareholders' Equity	$224,745,000	$169,633,000

Monsanto Company

800 N. Lindbergh Boulevard
St. Louis, Missouri 63167
(314) 694-1000

Officers: Richard J. Mahoney, chairman & chief executive officer; Earle H. Harbison, Jr., president & chief operating officer; Nicholas L. Reding, exec. v.p.; Robert L. Berra, Howard A. Schneiderman, Harold J. Corbett, sr. v.p.'s; Francis A. Stroble, sr. v.p. & chief financial officer; Thomas L. Gossage, Robert G. Potter, group v.p.'s; Richard W. Duesenberg, sr. v.p., secretary & general counsel; Leonard A. Cohn, S. Allen Heininger, Martin J. Kallen, Stewart D. Daniels, Earl N. Brasfield, Richard A. Overton, David L. Sliney, Thomas H. Lafferre, James H. Senger, v.p.'s; Lawrence B. Skatoff, v.p. & controller; B. Clare Harris, v.p. & treasurer.

Directors: Richard J. Mahoney*, chairman; John W. Hanley*, Donald C. Carroll, C.R. Dahl, Richard I. Fricke, Jean Mayer, Stansfield Turner, Howard M. Love, Buck Mickel, Margaret Bush Wilson*, John B. Slaughter, Joan T. Bok, Earle H. Harbison, Jr.*, John S. Reed, William D. Ruckelshaus.

* Member of the Executive Committee.

Areas of Work: Engaged in the worldwide manufacture and sale of a widely diversified line of chemical and agricultural products, prescription pharmaceuticals, low caloric sweeteners, industrial process control equipment, man-made fibers, plastics, and electronic materials. In the electronics field, the Company manufactures silicon materials, semi-conductor materials, process controls, develops and produces power sources for the Atomic Energy Commission, space programs, the life sciences and oceanographic research.

Operating Units:

Monsanto Agricultural Company
Monsanto Chemical Company
Monsanto Electronic Materials Company
Fisher Controls International, Inc.
G.D. Searle & Co.
The NutraSweet Company

Electronics & Related Subsidiaries:

Fisher Controls International, Inc.
Manufactures and markets process measurement and control equipment.

Monsanto Enviro-Chem Systems, Inc.
Develops and markets engineered chemical facilities and pollution abatement systems.

Monsanto Research Corporation
Conducts research for government agencies and for Monsanto; produces nuclear sources; operates a government-owned laboratory for the Atomic Energy Commission.

Monsanto do Brasil, S.A.
Manufactures rubber chemical, phosphates and process control equipment.

Monsanto Electronics
Sendirian Berhad, Malaysia
Processes silicon wafers from slicing through polishing.

Kemp Company of Maryland
Designs and manufactures gas processing equipment.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Amsterdam, Brussels, Frankfurt, Geneva, London, Paris, Zurich

Ticker Symbol: MTC

Number of Employees:

1986	51,703	1983	48,835
1985	56,103	1982	52,199
1984	50,754		

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1986	$ 6,879,000	$ 433,000
1985	6,747,000	(98,000)
1984	6,691,000	439,000
1983	6,299,000	402,000
1982	6,325,000	352,000

	No. of Com. Shares †	Earn. per Share #‡
1986	77,659,089	$ 5.55
1985	76,752,553	—
1984	78,281,026	5.42
1983	81,842,592	4.89
1982	81,195,222	4.39

(Loss)
‡ Including extraordinary gains of $30,000,000 ($0.40 per share) in 1985, $33,000,000 ($0.41 per share) in 1983 and $23,000,000 ($0.29 per share) in 1982.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Agricultural prods.	$ 1,153,000	$ 1,152,000
Chemicals	3,548,000	4,051,000
Electronic materials	154,000	137,000
Fisher controls	645,000	652,000
NutraSweet	711,000	317,000
Pharmaceuticals	665,000	262,000
Oil & gas	—	172,000
Corp. items & eliminations	3,000	4,000
Total	$ 6,879,000	$ 6,747,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$2.575	—	—
1985	2.45	—	—
1984	2.25	—	2-for-1
1983	2.075	—	—
1982	1.975	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1986	$ 3,781,000	$ 48.69
1985	3,407,000	44.39
1984	3,634,000	46.42
1983	3,677,000	44.93
1982	3,490,000	42.98

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 6,879,000	$ 6,747,000
Cost of sales	4,344,00	4,841,000
Expenses	1,900,000	2,504,000
Oper. (loss)	$ 635,000	$ (598,000)
Other income	202,000	86,000
Total	$ 837,000	$ (512,000)
Interest expense	201,000	178,000
Gain from sale	—	(392,000)

Inc. (loss) bef. taxes	$ 636,000	$ (298,000)
Income taxes (credit)	203,000	(170,000)
Net Income (Loss)	$ 433,000	$ (128,000)
Extraord. gain	—	30,000
Net Income (Loss) & extraord. gain	$ 433,000	$ (98,000)

* Included in Costs and Expenses, Depreciation, Obsolescence and Depletion: $780,000 in 1986 and $599,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 206,000	$ 195,000
Marketable securities	68,000	98,000
Receiv., net	1,465,000	1,887,000
*Inventories	1,069,000	1,097,000
Current Assets	$ 2,808,000	$ 3,277,000
Investments & other assets	2,548,000	2,566,000
#Fixed assets	2,913,000	3,034,000
Total Assets	$ 8,269,000	$ 8,877,000

Liabilities
(000's)

Accounts payable	$ 460,000	$ 522,000
Wages & commissions	133,000	129,000
Income & other taxes	157,000	348,000
Misc. accruals	577,000	675,000
Short-term debt	389,000	704,000
Curr. Liabilities	$ 1,716,000	$ 2,378,000
Long-term debt	1,630,000	2,087,000
Other liabilities	594,000	421,000
Deferred inc. taxes	548,000	584,000
+Common stock	164,000	164,000
Add. paid-in capital	861,000	854,000
Accum. curr. adj.	(98,000)	(191,000)
Retained earnings	3,058,000	2,824,000
Treasury stock	(204,000)	(244,000)
Total Liabilities & Shareholders' Equity	$ 8,269,000	$ 8,877,000

* At lower of cost (domestic inventories at LIFO; all others at FIFO) or market.
# Less accumulated depreciation and depletion, etc.
+ $2 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.25	—
%Net Income to Sales	6.29	—
%Net Income to Equity	11.45	—
Sales to Inventories	6.43	6.15
Debt to Equity	0.43	0.61
Working Capital	$1,092,000,000	$ 899,000,000
Current Ratio	1.64	1.38
Shareholders' Equity	$3,781,000,000	$3,407,000,000

Moog Inc.

East Aurora, New York 14052
(716) 652-2000

Officers: William C. Moog, president & chairman; Jerald D. Bidlack, v.p. & pres.-International Group; Richard A. Aubrecht, admin. v.p. & secretary; Robert T. Brady, v.p. & president-Aerospace Group; Robert R. Banta, v.p.-finance; John Burgess, v.p. & president-Carleton Group; Daniel C. Clark; v.p. & president-Industrial Controls Group; Kenneth D. Garnjost, v.p.-engineering; Joe C. Green, v.p.-human resources; Robert H. Maskrey, v.p.; William J. Thayer, v.p.; William P. Burke, treasurer.

Directors: William C. Moog, Jerald D. Bidlack, Jane B. Moog, Kenneth J. McIlraith, Arthur S. Wolcott, Joe C. Green, Richard A. Aubrecht, Peter P. Poth, Steven B. Sample, Robert T. Brady, Warren B. Cutting, Director Emeritus.

Areas of Work: Manufactures advanced controls and control systems which utilize high performance servovalves for industrial and aerospace applications; manufactures numerically controlled metalcutting machine tools and computer numerically controlled machine tools throughout the world.

Divisions:

Industrial Controls Group
Manufactures electrohydraulic controls for the guidance systems of space boosters, missiles, and aircraft. For industrial markets, produces controls for machine tools, computer memory access systems, construction equipment, plastic molding equipment, and other process control systems.

Electronic Motion Controls Division
Manufactures and markets electronic motion controls products.

International Controls Division
Identifies and develops markets outside North America for precision control components and systems.

Aerospace Group

Missile Systems Division
Supplier of servovalves for missiles.

Aircraft Controls Division
Manufactures various types of servoactivators, hydromechanical control systems and helicopter products.

Space Products Division
Produces components for propulsion systems to control flight path.

Engine Controls Division

Carleton Group
Produces precision pneumatic components and systems.

Electronics & Systems Division
Product lines include plastic controls, secure radio controls, custom control systems, and specialized electronics assemblies.

Subsidiaries:

Market Development
East Aurora, New York

Moog GmbH
Boblingen, West Germany
(7031) 20011

Moog Japan Ltd. (75% owned)
Hiratsuka, Japan

Moog S.A.R.L.
Rungis, France

Moog Australia Pty. Ltd.
Melbourne, Australia

Moog Italiana S.R.L.
Italy

Moog (Ireland) Ltd.
Ringaskiddy, Ireland

Moog Controls Limited
Tewkesbury, England

Moog do Brasil
Sao Paulo, Brazil

Moog Norden A.B.
Sweden

Transfer Agent(s):
Mellon Securities Trust Company
67 Broad St.
New York, New York 10004

Stock Exchange(s): American

Ticker Symbol: MOG

Number of Employees:

1986	3,645	1983	2,908
1985	3,336	1982	2,889
1984	2,991		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 288,664,000	$ 10,193,000
1985	240,269,000	9,810,000
1984	196,859,000	7,441,000
1983	166,351,000	963,000
1982	154,357,000	6,910,000

	No. of Com. Shares #	Earn. per Share #
1986	8,842,000	$ 1.15
1985	8,781,000	1.12
1984	8,701,000	0.86
1983	8,650,000	0.11
1982	8,644,000	0.80

+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Controls	$ 235,276,000	$ 202,168,000
International Controls	53,388,000	38,101,000
Total	$ 288,664,000	$ 240,269,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 98,759,000	$ 11.17
1985	85,897,000	9.78
1984	75,919,000	8.73
1983	74,642,000	8.63
1982	75,976,000	8.79

† Based on the average number of shares outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 288,664,000	$ 240,269,000
Other income	1,194,000	809,000
Total income	$ 289,858,000	$ 241,078,000
Cost of sales	210,275,000	175,624,000
Expenses	50,115,000	38,910,000
Interest expense	10,896,000	9,431,000
Other charges	383,000	394,000
Loss (inc.) from currency trans.	(247,000)	(349,000)
Income before taxes	$ 18,436,000	$ 17,068,000
Income taxes	8,243,000	7,258,000
Net Income	$ 10,193,000	$ 9,810,000

* Included in Costs and Expenses, Depreciation and Amortization: $12,560,000 in 1986 and $10,105,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 4,985,000	$ 4,784,000
Accts. receiv., net	94,814,000	76,530,000
*Inventories	70,224,000	55,360,000
Deferred inc. taxes	9,076,000	8,670,000
Prepaid expenses	1,395,000	1,425,000
Current Assets	$ 180,494,000	$ 146,769,000
#Fixed assets	107,629,000	89,658,000
Other assets	4,073,000	2,799,000
Total Assets	$ 292,196,000	$ 239,226,000

Liabilities

Notes payable	$ 14,789,000	$ 13,135,000
Long-term debt, curr.	6,200,000	4,804,000
Accts. payable	21,368,000	17,569,000
Accruals	7,543,000	6,193,000
Accrued payroll	18,951,000	15,430,000
Income taxes	5,121,000	5,034,000
Advances & progress billings in excess of related costs	4,197,000	3,512,000
Current Liabilities	$ 78,229,000	$ 65,677,000
Long-term debt	94,460,000	72,470,000
Pension obligation	3,295,000	2,010,000
Minority interest	536,000	347,000
Deferred credits	224,000	171,000
Deferred inc. taxes	16,693,000	12,654,000
+Common stock	8,873,000	8,815,000
Add. paid-in capital	44,821,000	44,038,000
Retained earnings	43,417,000	35,497,000
Foreign curr. trans.	1,650,000	(2,451,000)
Treasury stock	(2,000)	(2,000)
Total Liabilities & Shareholders' Equity	$ 292,196,000	$ 239,226,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.39	7.10
%Net Income to Sales	3.53	4.08
%Net Income to Equity	10.32	11.42
Sales to Inventories	4.11	4.34
Debt to Equity	1.17	0.90
Working Capital	$102,265,000	$80,092,000
Current Ratio	2.31	2.23
Shareholders' Equity	$ 98,759,000	$85,897,000

Moore Products Co.

Sumneytown Pike
Spring House, Pennsylvania 19477
(215) 646-7400

Officers: Edwin G. Rorke, chairman of the board & president; Edward J. Curry, v.p. & dir.-corp. planning; Robert B. Adams, v.p.-engineering; Richard J. Faber, v.p.-mfg.; George W. Tall, v.p.-sales; Hugh S. Wilson, v.p.-int'l operations; William J. Young, v.p.-finance; William B. Moore, v.p.-operations planning; Charles H. Welles, III, secretary.

Directors: Robert W. Buhner, Thomas C. Moore, Edwin G. Rorke*, Charles H. Welles III, Ralph H. Owens, William J. Young*, James O. Moore, William B. Moore*, Edward J. Curry*, George W. Tall*.

* Member of the Executive Committee.

Areas of Work: Designs, manufactures and markets measurement and control equipment and systems for the process industries and dimensional measurement and control equipment for the bearing, automotive, and other hard good manufacturers. Researches and manufactures fluidic devices.

Subsidiaries:

Moore Instruments Ltd./Ltee.
Brampton, Ontario, Canada

Moore Products Co. (U.K.), Limited
Yeovil
Somerset, England

Moore Products Co. B.V.
Breda, The Netherlands

Moore Products Co. (Italia) S.r.L.
Milan, Italy

Moore Products de Mexico S.A. de C.V. (joint venture)
Ciudad Juanez
Chihuahua, Mexico

Transfer Agent(s):
Girard Bank
Philadelphia, Pennsylvania 19101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MORP (NASDAQ)

Plant Footage:

1986	410,000 sq. ft.	1983	374,000
1985	374,000	1982	374,000
1984	374,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 79,769,000	$ 4,710,000
1985	71,680,000	3,074,000
1984	62,309,000	3,028,000
1983	53,150,000	2,982,000
1982	64,909,000	5,278,000

	No. of Com. Shares	Earn. per Share ‡
1986	2,083,092	$ 2.27
1985	2,069,579	1.48
1984	2,069,579	1.46
1983	2,069,579	1.44
1982	2,069,579	2.56

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.88	—	—
1985	0.88	—	—
1984	0.88	—	—
1983	0.88	—	—
1982	0.86	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 46,235,000	$ 22.20
1985	42,816,000	20.69
1984	41,207,000	19.91
1983	40,893,000	19.76
1982	40,085,000	19.37

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 79,769	$ 71,680
Cost of sales	35,257	33,878
Expenses	36,483	33,605
Other income	(609)	(596)
Income before taxes	$ 8,638	$ 4,793
Income taxes	3,928	1,719
Net Income	$ 4,710	$ 3,074

* Included in Costs and Expenses, Depreciation and Amortization: $2,432,000 in 1986 and $2,155,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term investments	$ 9,495	$ 7,629
Accts. receiv., net	12,498	12,212
*Inventories	18,888	18,686
Prepaid expenses	1,713	1,316
Current Assets	$ 42,594	$ 39,843
#Fixed assets	14,575	13,405
Total Assets	$ 57,169	$ 53,248

Liabilities
(000's)

Accounts payable	$ 2,275	$ 3,029
Accruals	2,127	2,228
Adv. from cust.	1,124	1,911
Income taxes	1,161	1,110
Curr. Liabilities	$ 6,687	$ 8,278
Def. inc. taxes	1,451	1,221
Pension	1,308	757
Long-term debt	1,312	—
+Preferred stock	176	176
++Common stock	2,083	2,070
Add. paid-in capital	3,343	2,937
Retained earnings	42,343	39,462
For. curr. trans. adjust.	(1,534)	(1,653)
Total Liabilities & Shareholders' Equity	$ 57,169	$ 53,248

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value, 5% cumulative convertible.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.83	6.69
%Net Income to Sales	5.90	4.29
%Net Income to Equity	10.15	7.15
Debt to Equity	4.22	—
Sales to Inventories	0.03	3.84
Working Capital	$35,907,000	$31,765,000
Current Ratio	6.37	4.81
Shareholders' Equity	$46,411,000	$42,972,000

Morton Thiokol, Inc.

110 North Wacker Drive
Chicago, Illinois 60606-1560
(312) 807-2000

Officers: Charles S. Locke, chairman & chief exec. officer; Robert C. Hyndman, president & chief operating officer; U. Edwin Garrison, group v.p.-aerospace; William E. Johnston, Jr., group v.p.-salt; S. Jay Stewart, group v.p.-chemicals; John R. Bowen, v.p.-finance; Robert B. Gerrie, v.p.-legal affairs; Perry R. Grace, v.p.-management information and services; Hugh C. Marx, v.p.-human resources; James A. Robertson, v.p.-government relations; Thomas S. Russell, v.p.-corp. development & strategic planning; James R. Staley, gen. counsel; Charles L. McCulloch, treasurer; Thomas F. McDevitt, controller; P. Michael Phelps, secretary.

Directors: Charles S. Locke, chairman of the board; Ralph M. Barford, William T. Creson, Dennis C. Fill, Robert B. Gerrie, Everett A. Gilmour, Robert C. Hyndman, Robert T. Marsh, Neil McKay, Barry J. Shillito, A. Dean Swift, Harry H. Wetzel.

Areas of Work: The Company operates in three business segments: aerospace, specialty chemicals, and salt.

The aerospace segment consists of propulsion and ordnance products and services performed principally under contracts and subcontracts with various U.S. government agencies and aerospace prime contractors. Propulsion includes research, development, and production of solid propellant rocket motors systems for space vehicles, such as the Space Shuttle (booster motors); to position satellites in orbit; for strategic missiles, such as the Trident (submarine launched) and Peacekeeper; and for tactical missiles, such as the Maverick, Sidewinder & HARM. This propulsion technology has also been applied in the manufacture of gas generators for use in automobile passive restraint systems. Ordnance includes the development and production of air-dropped flares, ground-launched flares, munitions simulators for training, and conventional artillery munitions. Services include launch and recovery operations for the Space Shuttle.

The specialty chemical segment manufactures high technology chemical products for a wide variety of customer applications. The largest product group consists of laminating adhesives and coatings designed primarily for use in the manufacture of food packaging materials from paper, film and foil. The

second largest group consists of chemicals for the electronics market, including principally dry film photoresists and curable screen resists used as part of a process to imprint patterns onto printed circuit boards and semiconductors (silicon chips).

The salt segment produces and sells salt principally in the U.S. and Canada under the MORTON and WINDSOR trademarks, for human and animal consumption, water conditioning, and highway ice melting, as well as for industrial and chemical uses.

Aerospace Divisions and Subsidiaries:

Aerospace Group
3340 Airport Road
Ogden, Utah 84405

Elkton Division
P.O. Box 241
Elkton, Maryland 21921

Huntsville Division
Huntsville, Alabama 35807-7501

Ordnance Operations
1120 American Tower
401 Market Street
Shreveport, Louisiana 71101

Longhorn Division
P.O. Box 1149
Marshall, Texas 75671

Louisiana Division
P.O. Box 30058
Shreveport, Louisiana 71130

Omneco, Inc.
909 Industrial Park Drive
Carson City, Nevada 89701

Utah Division
3350 Airport Road
Ogden, Utah 84405

Wasatch Operations
P.O. Box 524
Brigham City, Utah 84302

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: MTI

Number of Employees:

1986	17,900	1983	15,700
1985	17,900	1982	5,900
1984	17,300		

Sales and Earnings

	Net Sales +	Net Income
1986	$1,949,900,000	$ 132,900,000
1985	1,832,300,000	53,000,000
1984	1,735,000,000	46,200,000
1983	1,270,400,000	38,500,000
1982	534,700,000	17,900,000

	No. of Com. Shares	Earn. per Share ‡
1986	47,423,000	$ 2.80
1985	49,186,000	4.01
1984	50,669,000	2.17
1983	45,692,000	1.72
1982	40,422,000	3.38

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Aerospace	$ 933,100,000	$ 864,500,000
Specialty chemicals	651,800,000	615,800,000
Salt	365,000,000	352,000,000
Total	$1,949,900,000	$1,832,300,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.685	—	—
1985	0.627	—	—
1984	0.574	—	—
1983	0.527	—	—
1982	0.507	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 821,900,000	$ 17.43
1985	704,800,000	14.98
1984	636,300,000	12.51
1983	550,500,000	10.93
1982	383,900,000	11.79

Income Account *
(000's)

Year ended	1986	1985
Net sales	$ 1,949,900	$ 1,832,300
Other income	16,200	14,900
Total income	$ 1,966,100	$ 1,847,200
Cost of sales	1,476,000	1,398,300
Expenses	241,300	219,700
Interest expense	23,600	24,100
Income before taxes	$ 225,200	$ 205,100
Income taxes	92,300	85,600
Income from cont. oper.	$ 132,900	$ 119,500
Income from discont. oper.	—	78,400
Net Income	$ 132,900	$ 197,900

* Included in Costs and Expenses, Depreciation and Amortization: $72,500,000 in 1986 and $61,200,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash & short-term invest.	$ 46,100	$ 93,500
Receivables	316,600	275,300
*Inventories	221,500	200,900
Prepaid expenses	12,400	13,100
Current Assets	$ 596,600	$ 582,800
#Fixed assets	593,900	560,700
Other assets	34,500	30,400
Intangibles	192,000	194,300
Total Assets	$ 1,417,000	$ 1,368,200

Liabilities
(000's)

Notes payable & long term debt, curr.	$ 26,500	$ 15,700
Accts. payable	128,900	131,000
Accrued payroll	55,400	48,500
Other accruals	85,200	92,300
Income taxes	57,000	29,500
Curr. Liabilities	$ 353,000	$ 317,000
Long-term debt	31,700	152,700
Deferred inc. taxes	161,700	139,500
Other liabilities	48,700	54,200
Common stock	51,100	51,100
Add. paid-in cahptal	75,800	76,100
Retained earnings	799,300	698,700
For. curr. trans. adjust.	(7,900)	(22,000)
Treasury stock	(96,400)	(99,100)
Total Liabilities & Shareholders' Equity	$ 1,417,000	$ 1,368,200

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	11.55	—
%Net Income to Sales	6.82	—
%Net Income to Equity	16.17	28.08
Sales to Inventories	8.80	9.12
Debt to Equity	0.07	0.24
Working Capital	$243,600,000	$265,800,000
Current Ratio	1.69	1.84
Shareholders' Equity	$821,900,000	$704,800,000

Motorola, Inc.

Motorola Center
1303 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-5000

Officers: Robert W. Galvin, chairman of the board; William J. Weisz, vice chairman & chief exec. officer; John F. Mitchell, president & chief operating officer; George M. C. Fisher, sr. exec. v.p. & deputy to the chief exec. officer; Stephen L. Levy, exec. v.p. & gen. mgr.-Japanese operations; Gary L. Tooker, sr. exec. v.p. & chief corp. staff officer; Levy Katzir, sr. v.p. & gen. mgr.-new enterprises; Donald R. Jones, exec. v.p. & chief financial officer; David W. Hickie, sr. v.p. & asst. chief financial officer; Kenneth J. Johnson, corp. v.p. & controller; Richard H. Weise, sr. v.p., general counsel & secretary; Jack Germain, sr. v.p. & dir.-quality; H. Richard Klotz, corp. v.p. & dir.-taxes; Victor R. Kopidlansky, corp. v.p. & asst. gen. counsel; William G. Howard, Jr., sr. v.p. & dir.-research & development; Keith J. Bane, corp. v.p. & dir.-strategy; William B. Dimitro, corp. v.p. & dir.-Career Redirection Center; C. Travis Marshall, sr. v.p. & dir.-government relations; Vincent J. Rauner, corp. v.p.-patents, trademarks & licensing; James D. Burge, corp. v.p. & dir.-employment regulatory affairs; James Donnelly, sr. v.p. & dir.-personnel; Joseph Miraglia, corp. v.p. & asst. dir.-personnel; Rhesa S. Farmer, exec. v.p. & gen. mgr.-Communications Sector; James A. Norling, exec. v.p. & general manager-Semiconductor Products Sector; Carl E. Lindholm, exec. v.p.-International operations; Gerhard Schulmeyer, sr. v.p. & gen. mgr.-Automotive & Industrial Electronics Group; James R. Lincicome, exec. v.p. & gen. mgr.-Government Electronics Group; Edward F. Staiano, sr. v.p. & gen. mgr.-General Systems Group.

Directors: Robert W. Galvin, William J. Weisz, John F. Mitchell, Arthur C. Nielson, Jr., Stephen L. Levy, B. Kenneth West, John T. Hickey, Wallace C. Doud, William G. Salatich, M. Joseph Lambert, Gardiner L. Tucker, Lawrence Howe, Anne P. Jones, Walter E. Massey, David R. Clare, George M.C. Fisher, Gary L. Tooker.

Areas of Work: Engaged in the design, manufacture and sale of a diversified line of electronic equipment and components, including two-way radios and other forms of electronic communication systems; semi-conductors, including integrated circuits, discrete semiconductors, and microprocessor units; information systems products such as multifunction computer systems, low, medium and high speed modems, multiplexers and network processors and multifunction computer systems for distributed data processing and office automation applications; electronic equipment for military and aerospace use; electronic engine controls, digital appliance controls, automobile radios and other automotive and industrial electronic equipment.

Divisions:

Automotive and Industrial Electronics Group
1299 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-8000

Products include automotive engine control systems, recording and monitoring systems for trucks, very- and ultra-high resolution monochrome monitors for use in the phototypesetting industry, cellular telephone equipment, and controls for appliances.

Passenger Car Electronic Division
Heavy Vehicle Electronics Business
Sensors and Power Controls Business
Electronic Appliance Controls Business
Display Business

Communications Sector
1301 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-1000

Mobile and portable FM two-way radio communications systems, radio paging systems, communications control centers, radio operations; microwave communications equipment and systems; single sideband radio equipment; and cellular mobile telephone systems.

Communications Distribution Group
Communications International Group
Communications Manufacturing Group
Product operations
Data Products Division

Semiconductor Products Sector
5005 East McDowell Road
Phoenix, Arizona 85008
(602) 244-6900

MOS and bipolar integrated circuits; power and small signal transistors; thyristors, varactors, zener and tuning diodes; optoelectronics, semiconductor chips, RF modules, microwave devices, triggers, suppressors; field effect transistors.

Discrete and Special Technologies Group
Integrated Circuits Wafer Manufacturing Group
International Semiconductor Group
European Semiconductor Group
Microprocessor Products Group
Standard Logic and Analog IC Group
Application Specific Integrated Circuits Division
Assembly Manufacturing and Equipment Engineering Division
MOS Memory Division

Government Electronics Group
8201 East McDowell Road
Scottsdale, Arizona 85252
(602) 949-3033

Products include government electronics products, such as diversified military and space electronic equipment, including aerospace telecommunications systems, military communications equipment, radar systems, data links display systems, positioning and navigation systems, missile guidance equipment, electronic ordnance devices and drone electronic systems.

Communications Division
Tactical Electronics Division
Radar Systems Division
Strategic Electronics Division

General Systems Group

Supplies cellular telephone systems and manufactures microcomputers and related communications software.

Cellular Group
Microcomputer Divisionure Division
Computer Systems Division
Field Service Division

Information Systems Group

Provides customers with products to handle complex data communication needs.

Codex Corporation
Canton, Massachusetts

Universal Data Systems, Inc.
5000 Bradford Drive
Huntsville, Alabama 35805
(205) 837-8100

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60603

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: MOT

Number of Employees:

1986	94,400	1983	88,800
1985	90,200	1982	78,800
1984	99,900		

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1986	$ 5,888,000	$ 194,000
1985	5,443,000	72,000
1984	5,534,000	349,000
1983	4,328,000	244,000
1982	3,786,000	178,000

	No. of Com. Shares #	Earn. per Share #‡
1986	126,500,000	$ 1.53
1985	119,000,000	0.61
1984	118,491,000	3.27
1983	117,138,000	2.09
1982	109,518,000	1.62

+ Includes other revenue.
‡ Including extraordinary gain of $8,000,000 ($0.23 per share) in 1982.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Communications products	$ 2,237,000	$ 2,016,000
Semiconductor products	1,880,000	1,728,000
Information systems products	465,000	428,000
Gov't electronic products	526,000	496,000
Other products	956,000	934,000
Eliminations	(176,000)	(159,000)
Total	$ 5,888,000	$ 5,443,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.64	—	—
1985	0.64	—	—
1984	0.61	—	3-for-1
1983	0.53	—	—
1982	0.53	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 2,754,000	$ 21.77
1985	2,284,000	19.19
1984	2,278,000	19.23
1983	1,948,000	16.63
1982	1,700,000	15.52

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales & other revenues	$ 5,888,000	$ 5,443,000
Cost of sales	3,647,000	3,406,000
Expenses	1,431,000	1,464,000
Depreciation	459,000	441,000
Interest expense	86,000	87,000
Income before taxes	$ 265,000	$ 45,000
Income taxes (credit)	71,000	(27,000)
Net Income	$ 194,000	$ 72,000

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term investments	$ 185,000	$ 176,000
Accts. receiv., net	851,000	813,000
Future tax benefits	194,000	187,000
*Inventories	831,000	784,000
Other assets	178,000	149,000
Current Assets	$ 2,239,000	$ 2,109,000
#Fixed assets	2,140,000	1,981,000
#Equip. leased to others	130,000	157,000
Sundry assets	173,000	123,000
Total Assets	$ 4,682,000	$ 4,370,000

Liabilities
(000's)

Long-term debt, curr.	$ 307,000	$ 291,000
Accts. payable	411,000	375,000
Accruals	536,000	455,000
Income taxes	117,000	64,000
Curr. Liabilities	$ 1,371,000	$ 1,185,000
Long-term debt	334,000	705,000
Deferred taxes	110,000	100,000
Other liabilities	113,000	96,000
+Common stock	385,000	358,000
Add. paid-in capital	817,000	486,000
Retained earnings	1,552,000	1,444,000
Total Liabilities & Shareholders' Equity	$ 4,682,000	$ 4,370,000

* At lower of average cost (FIFO) or market.
# Less accumulated depreciation.
+ $3 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.50	0.83
%Net Income to Sales	3.29	1.32
%Net Income to Equity	7.04	3.15
Sales to Inventories	7.09	6.94
Debt to Equity	0.12	0.44
Working Capital	$ 868,000,000	$ 924,000,000
Current Ratio	1.63	7.78
Shareholders' Equity	$2,754,000,000	$2,284,000,000

MSI Data Corporation

340 Fischer Avenue
Costa Mesa, California 92626
(714) 549-6000

Mailing address:

P.O. Box 11466
Santa Ana, California 92711

Officers: William J. Bowers, chairman of the board; Charles S. Strauch, president & chief executive officer; Richard W. Hoag, sr. v.p.-marketing & sales; Paul J. Schneider, v.p., secretary & chief financial officer; Herbert R. Espeland, v.p.-product engineering; Charles E. Butler, v.p.-international; Harold H. Simeroth, v.p.-engineering; George J. Harris, v.p.-field service; John A. Bertch, v.p.-U.S. sales; Richard A. Kain, v.p.-manufacturing.

Directors: William J. Bowers, chairman; John C. Martin, John A. Karsten, Harvey Klein, Jerry E. Goldress, Charles S. Strauch, Archie J. McGill.

Areas of Work: Designs, manufactures, sells and services handheld source data entry systems, designed for use in the collection of business information.

Subsidiaries:

MSI Data Limited
Data House
85-87, Basingstoke Road
Reading, Berkshire
RG2 0EZ England

MSI France S.a R.L.
2/4 Avenue de la Cerisaie
Platanes 311
94266 Fresnes Cedex
France

MSI Data GmbH
Horbellerstrasse 10-14
D-5000 Cologne 40
West Germany

MSI Data Italia s.r.l.
Via Crisoforo Colombo, 49
20090 Trezzano S. Naviglio
Milan, Italy

MSI Data International
Rue d' Arlon 15
1040 Brussels, Belgium

MSI Data GmbH
18 Ortsstrasse
A-2331 Voesendorf
Austria

MSI Switzerland
7 Chemin de la Bessonnette
CP. 66
Chene-Bougeric
CH-1224 Geneva

MSI Australia Pty. Limited
349 Pacific Highway
Suite 101
Crows Nest, Sydney, NSW 2065
Australia

Transfer Agent(s):
First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: MSI

Number of Employees:

1986	N.A.	1983	852
1985	711	1982	860
1984	N.A.		

Plant Footage:

1986	N.A.	1983	102,410
1985	47,200 sq. ft.	1982	102,400
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Revenues +	Net Income
1986	$ 62,545,000	$ 172,000
1985	56,159,000	(1,487,000)
1984	61,178,000	4,060,000
1983	58,672,000	3,422,000
1982	55,338,000	4,780,000

	No. of Com. Shares #	Earn. per Share #
1986	2,556,618	$ 0.07
1985	2,505,944	—
1984	2,494,892	1.63
1983	2,479,960	1.38
1982	2,446,137	1.95

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.30	—	—
1984	0.40	—	—
1983	0.40	—	—
1982	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 27,300,000	$ 10.68
1985	25,834,000	10.31
1984	28,782,000	11.54
1983	25,852,000	10.42
1982	23,137,000	9.46

† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	3/29/86	3/30/85
Revenues:		
Net sales	$ 45,583,000	$ 41,283,000
Field serv. & maint. support	16,962,000	14,876,000
Total revenues	$ 62,545,000	$ 56,159,000
Cost of revenues	35,540,000	32,024,000
Expenses	26,143,000	26,690,000
Interest exp.	298,000	149,000
Inc. (loss) bef. taxes	$ 564,000	$ (2,704,000)
Income taxes (credit)	392,000	(1,217,000)
Net Income (Loss)	$ 172,000	$ (1,487,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,149,000 in 1986 and $2,252,000 in 1985.

Assets

As of	3/29/86	3/30/85
Cash	$ 5,523,000	$ 1,288,000
Income taxes receiv.	219,000	1,563,000
Accts. receiv., net	14,978,000	15,155,000
*Inventories	10,068,000	9,734,000
Deferred inc. taxes	1,185,000	1,319,000
Prepaid expenses	503,000	123,000
Current Assets	$ 32,476,000	$ 29,182,000
#Fixed assets	8,702,000	8,288,000
Intangibles	1,675,000	1,673,000
Other assets	99,000	236,000
Total Assets	$ 42,952,000	$ 39,379,000

Liabilities

Accts. payable	$ 3,438,000	$ 4,058,000
Accrued payroll	3,049,000	2,079,000
Taxes payable	360,000	525,000
Deferred revenues	2,617,000	1,725,000
Other liabilities	2,084,000	1,717,000
Curr. Liabilities	$ 11,548,000	$ 10,104,000
Long-term debt	2,608,000	2,431,000
Deferred revenues	1,029,000	892,000
Other liabilities	467,000	118,000
+Common stock	2,528,000	2,536,000
Add. paid-in capital	7,254,000	7,270,000
Retained earnings	18,500,000	18,328,000
Foreign currency trans.	(982,000)	(2,300,000)
Total Liabilities & Shareholders' Equity	$ 42,952,000	$ 39,379,000

* At cost (FIFO) which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $1.00 par value.

Statistical Summary

%Income before Taxes to Revenues	0.90	—
%Net Income to Revenues	0.28	—
%Net Income to Equity	0.63	—
Debt to Equity	0.10	0.09
Working Capital	$20,928,000	$19,078,000
Current Ratio	2.81	2.89
Shareholders' Equity	$27,300,000	$25,834,000

MSI Electronics Inc.

34-32 57th Street
Woodside, New York 11377
(718) 672-6500

Officers: Albert Lederman, president, chief exec. officer & chairman of the board; Dominick Scaringella, vice president & secretary-treasurer.

Directors: T.R. Bashkow, Albert Lederman, E.L. Hurd.

Areas of Work: Manufactures voltage variable capacitor diodes, semiconductor components and instruments, and test instruments.

Subsidiaries:
Elyon Electronics Ltd. (98% owned)
East Grinstead, Sussex, England

MSI Seminconductor Corp.

Transfer Agent(s):
Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MSIE (NASDAQ)

Number of Employees:

1986	N.A.	1983	24
1985	26	1982	21
1984	26		

Plant Footage:

1986	7,440 sq. ft.	1983	6,200
1985	6,200	1982	6,200
1984	6,200		

N.A. - Not Available

Sales and Earnings

	Net Sales	Net Income
1986	$ 2,533,615	$ 580,521
1985	2,513,423	376,227
1984	2,344,031	584,127
1983	2,106,650	500,033
1982	2,046,076	489,968

	No. of Com. Shares †	Earn. per Share†
1986	1,365,214	$ 0.43
1985	1,367,622	0.27
1984	1,408,448	0.41
1983	1,408,448	0.36
1982	1,408,376	0.35

†Based on the average number of common shares and common share equivalents outstandng adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share†
1986	$ 3,832,452	$ 2.81
1985	3,258,181	2.38
1984	$3,005,614	2.13
1983	2,421,487	1.72
1982	1,921,454	1.36

† Adjusted to reflect stock splits.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 2,533,615	$ 2,513,423
Cost of sales	1,150,176	1,200,246
Expenses	774,601	755,341
Interest & dividend income	(342,052)	(249,304)
Income before taxes	$ 950,890	$ 807,140
Income taxes	370,369	430,913
Net Income	$ 580,521	$ 376,227

*Included in Costs and Expenses, Depreciation: $76,781 in 1986 and $71,459 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 312,506	$ 144,949
Treasury notes	2,534,151	2,719,404

Accts. receiv., net	583,243	392,633
Marketable securities	314,653	267,422
Interest receiv.	47,436	63,465
*Inventories	282,706	279,287
Prepaid expenses	4,042	2,355
Current Assets	$ 4,078,737	$ 3,869,515
#Fixed assets	510,484	175,173
Other assets	2,300	2,300
Total Assets	$ 4,591,521	$ 4,046,988
Liabilities		
Accts. payable	$ 636,333	$ 641,638
Income taxes	122,736	147,169
Curr. Liabilities	$ 759,069	$ 788,807
+Common stock	42,554	42,254
Add. paid-in capital	420,201	418,001
Retained earnings	3,502,107	2,921,586
Treasury stock	(132,410)	(123,660)
Total Liabilities & Shareholders' Equity	$ 4,591,521	$ 4,046,988

* At lower of cost or market.
\# Less accumulated depreciation.
\+ $0.03 par value.

Statistical Summary

%Income bef. Taxes to Sales	37.53	32.11
%Net Income to Sales	22.97	14.97
%Net Income to Equity	15.15	11.55
Sales to Inventories	8.96	9.00
Working Capital	$3,319,668	$3,080,708
Current Ratio	5.37	4.91
Shareholders' Equity	$3,832,452	$3,258,181

MTS Systems Corporation

14000 Technology Drive
Eden Prairie, Minnesota 55344
(612) 937-4000

Mailing Address:

P.O. Box 24012
Minneapolis, Minnesota 55424

Officers: George N. Butzow, chairman & chief exec. officer; Donald M. Sullivan, president & chief operating officer; Marshall L. Carpenter, v.p. & treasurer; George Doering, v.p.-Automation Systems Group; Richard W. Clarke, Milan L. Sebek, J. Howell Ownes, v.p.'s; Keith D. Zell, v.p.-prod. group; Gerald E. Magnuson, secretary.

Directors: Charles A. Brickman, George N. Butzow, Thomas E. Holloran, E. Thomas Binger, Thomas Stelson, Donald M. Sullivan, Marcelo Gumucio.

Areas of Work: Designs, manufactures and markets electronic instruments and software products; also hydraulic devices such as high-technology fluid power systems used in basic scientific research on materials, in the evaluation of new products, for production line quality control and for material forming manufacturing.

Division:

Temposonics Sensors Division
111 East Ames Court
Plainview, New York 11803
(516) 349-1950
Manufactures a proprietary line of position measuring instruments.

Subsidiaries:

MTS Vektronics Corporation
6349 Palomar Oaks Court
Carlsbad, California 92008
(619) 438-0992
Designs, manufactures and markets flexible automation systems.

MTS Systems GmbH
Potsdamer Str. 23/24
1000 Berlin 37
West Berlin

MTS (Japan) Ltd.
4-8-13 Kudan Minami
Chiyoda-Ku, Tokyo T102
Japan

MTS Systems France
MTS Systems (Hong Kong)
MTS Limited (UK)
MTS Testing Systems (Canada) Ltd.
MTS Systems SRL (Italy)
MTS International Ltd. (Barbados, West Indies)
MTS Systems Norden AB (Sweden)
MTS Sistemas do Brasil, Ltda
MTS Systems (China/Limited)

Transfer Agent(s):

Norwest Bank of Minneapolis, N.A.
Minneapolis, Minnesota 55440

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTSC (NASDAQ)

Number of Employees:

1986	1,199	1983	829
1985	1,161	1982	883
1984	973		

Plant Footage:

1986 . . . . . 249,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 109,842,000	$ 6,914,000
1985	95,879,000	5,025,000
1984	74,873,000	3,869,000
1983	67,457,000	2,361,000
1982	65,075,000	1,567,000

	No. of Com. Shares #	Earn. per Share #
1986	2,902,000	$ 2.38
1985	2,799,000	1.79
1984	2,738,000	1.41
1983	2,669,000	0.88
1982	2,607,000	0.60

\# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.26	—	—
1985	0.24	—	—
1984	0.21	—	3-for-2
1983	0.21	—	—
1982	0.21	—	—

\# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 48,805,000	$ 16.82
1985	40,314,000	14.40
1984	35,178,000	12.85
1983	31,921,000	11.96
1982	29,803,000	11.43

\+ Based on the weighted average number of shares outstandng adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 109,842,000	$ 95,879,000
Cost of sales	65,479,000	57,701,000
Expenses	32,290,000	27,837,000
Prof. sh. plan	1,857,000	1,199,000
Interest expense	869,000	1,050,000
Other expenses (income)	(2,733,000)	383,000
Income before taxes	$ 12,080,000	$ 7,709,000
Income taxes	5,166,000	2,684,000
Net Income	$ 6,914,000	$ 5,025,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,630,000 in 1986 and $3,125,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 4,340,000	$ 3,187,000
Interest bearing invest.	7,554,000	4,504,000
Accts. receiv., net	32,269,000	25,950,000
Income tax refund	1,102,000	—
*Inventories	21,962,000	23,989,000
Prepaid expenses	1,560,000	1,275,000
Current Assets	$ 68,787,000	$ 58,905,000
#Fixed assets	20,424,000	20,151,000
Other assets	7,245,000	7,940,000
Total Assets	$ 96,456,000	$ 86,996,000
Liabilities		
Notes payable	$ 229,000	$ 1,188,000
Long-term debt, curr.	1,617,000	1,614,000
Accts. payable	4,493,000	3,609,000
Accruals	9,973,000	7,554,000
Advance billings	4,137,000	3,382,000
Income taxes	14,321,000	15,066,000
Curr. Liabilities	$ 34,770,000	$ 32,413,000
Other liabilities	150,000	300,000
Long-term debt	9,995,000	11,441,000
Deferred inc. taxes	2,736,000	2,528,000
+Common stock	712,000	685,000
Add. paid-in capital	5,570,000	4,543,000
Retained earnings	41,757,000	35,568,000
Cum. trans. adjust.	766,000	(482,000)
Total Liabilities & Shareholders' Equity	$ 96,456,000	$ 86,996,000

* At lower of standard cost (FIFO) or market.
\# Less accumulated depreciation.
\+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.00	8.04
%Net Income to Sales	6.29	5.24
%Net Income to Equity	14.17	12.46
Sales to Inventories	5.00	4.00
Debt to Equity	0.20	0.35
Working Capital	$11,841,000	$26,492,000
Current Ratio	1.98	1.82
Shareholders' Equity	$48,805,000	$40,314,000

Mylee Digital Sciences, Inc.

155 Weldon Parkway
Maryland Heights, Missouri 63043
(314) 567-3420

Officers: James R. Moog, chairman of the board & chief exec. officer; Dennis M. Buchheit, v.p.-operations; Carlos R. Quinones, secretary, treasurer & chief financial officer; Timothy S. Keen, v.p.-marketing; Richard A. Heitman, v.p.-product development.

Directors: James R. Moog, Michael Nicholson.

Areas of Work: Engaged in the design, development, assembly and sale of data storage and retrieval systems for inventory control management, and in the maintenance and service of such systems.

Subsidiaries:

Mylee International, Ltd. (DISC)
Ladue Leasing Company
Mylee Technical Services Corp.
MSC Systems Corporation

Transfer Agent(s):

Mercantile Trust Co. (Debentures)
721 Locust Street
St. Louis, Missouri 63101

Mylee Digital Sciences, Inc. (Common stock)
155 Weldon Parkway
Maryland Heights, Missouri 63043

Stock Exchange(s): Over-the-Counter

Number of Employees:

1985 50

Plant Footage:

1985 . . . . . 15,600 sq. ft. 1984 15,600

Sales and Earnings

	Net Sales +	Net Income
1985	$ 2,104,972	$ (1,215,748)
1984	2,681,157	(1,041,408)
1983	3,216,940	(750,976)
1982	3,367,717	(545,742)
1981	2,502,916	(828,090)

	No. of Com. Shares †	Earn. per Share †
1985	7,477,351	$ —
1984	7,350,188	—
1983	4,945,652	—
1982	2,567,661	—
1981	2,561,153	—

(Loss)
+ Includes service income.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1985	$ 344,598	$ 0.05
1984	(1,536,015)	—
1983	(499,407)	—
1982	(940,831)	—
1981	(396,049)	—

(Deficiency)
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Oct. 31	1985	1984
Revenues	$ 2,104,972	$ 2,681,157
Cost of sales	583,765	958,744
Commissions	35,995	142,218
Expenses	2,478,474	2,506,469
Interest expense	201,162	101,797
Other expense	21,324	13,337
Net Loss	$ (1,215,748)	$ (1,041,408)

* Included in Costs and Expenses, Depreciation: $62,846 in 1985 and $52,440 in 1984.

Assets

As of Oct. 31	1985	1984
Cash	$ 40,803	$ 40,793
Accts. receiv., net	62,277	120,825
*Inventories	628,197	992,452
Prepaid expenses	16,440	19,930
Current Assets	$ 747,717	$ 1,174,000
#Fixed assets	236,872	198,118
Other assets	41,291	40,192
Total Assets	$ 1,025,880	$ 1,412,310

Liabilities

Notes payable	$ —	$ 1,360,000
Long-term debt, curr.	94,944	12,617
Accts. payable	1,557	260,664
Commissions payable	1,348	9,813
Accruals	337,946	679,387
Other	134,792	225,638
Curr. Liabilities	$ 570,587	$ 2,548,119
Long-term debt	25,095	92,501
Other liabilities	—	224,337
Commit. & contingencies	75,000	75,000
Deferred compensation	10,600	8,368
+Common stock	170,492	1,472,826
Add. paid-in capital	4,866,941	468,246
Retained earnings (deficit)	(4,680,993)	(3,465,245)
Treasury stock	(11,842)	(11,842)
Total Liabilities & Shareholders' Equity	$ 1,025,880	$ 1,412,310

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

Working Capital	$ 177,130	—
Current Ratio	1.31	—
Shareholders' Equity (Deficiency)	$344,598	$(1,536,015)

Napco Security Systems, Inc.

6 DiTomas Court
Copiague, New York 11726
(516) 842-9400

Officers: Richard Soloway, chairman of the board & secretary; Kenneth Rosenberg, president & treasurer; John J. Grein, v.p.-finance; Larry Badash, v.p.-sales; Raymond Gaudio, v.p.-engineering software applications; Alfred DePierro, v.p.-engineering micro computer applications.

Directors: Richard Soloway, chairman; Kenneth Rosenberg, Randy B. Blaustein, Richard Hickey.

Areas of Work: Manufactures electronic burglar and fire alarms and devices. Products include commercial and residential control panels, telephone dialers, sirens, passive infrared detection systems, and shock processors.

Subsidiaries:

E.E. Electronic Components
Raltech Logic, Inc.
Napco Security Systems International, Inc. (DISC)
UMI Manufacturing Corp.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NSSC (NASDAQ)

Number of Employees:

1986	273	1983	N.A.
1985	296	1982	N.A.
1984	238		

Plant Footage:

1986	42,200 sq. ft.	1983	N.A.
1985	42,200	1982	N.A.
1984	40,700		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 23,561,308	$ 2,933,404
1985	18,823,272	2,407,109
1984	14,207,054	1,649,173
1983	9,264,112	625,613
1982	8,468,359	606,858

	No. of Com. Shares †	Earn. per Share #
1986	4,345,467	$ 0.67
1985	4,335,681	0.00
1984	4,334,211	0.85
1983	4,333,246	0.32
1982	4,330,186	0.31

† Adjusted to reflect stock dividends.
# Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	50% & 50%	—
1984	—	—	—
1983	—	—	—
1982	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 10,613,832	$ 2.44
1985	7,662,341	1.77
1984	5,251,944	1.22
1983	3,601,138	0.84
1982	2,974,594	0.68

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 23,561,308	$ 18,823,272
Cost of sales	14,376,689	11,325,254
Expenses	4,042,238	3,456,279
Interest income	(247,075)	(123,811)
Interest expense	221,082	45,650
Other income	(1,030)	(4,209)
Income before taxes	$ 5,169,404	$ 4,124,109
Income taxes	2,236,000	1,717,000
Net Income	$ 2,933,404	$ 2,407,109

* Included in Costs and Expenses, Depreciation and Amortization: $243,367 in 1986 and $238,757 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,829,212	$ 1,300,938
Accts. receiv., net	3,584,988	2,585,469
*Inventories	4,709,001	3,488,338
Prepaid expenses	303,196	323,026
Current Assets	$ 10,426,397	$ 7,697,771
#Fixed assets	2,399,903	2,044,576
Other assets	3,188,642	3,184,940
Total Assets	$ 16,014,942	$ 12,927,287

Liabilities

Long-term debt, curr.	$ 3,407	$ 2,924
Accts. payable	679,978	554,594
Accrued payroll	351,199	378,799
Income taxes	29,846	80,201
Other accruals	232,850	207,673
Curr. Liabilities	$ 1,297,280	$ 1,224,191
Long-term debt	3,903,830	3,907,237
Deferred inc. taxes	200,000	133,518
+Common stock	58,743	58,646
Add. paid-in capital	657,162	639,172
Retained earnings	9,899,060	6,965,656
Treasury stock	(1,133)	(1,133)
Total Liabilities & Shareholders' Equity	$ 16,014,942	$ 12,927,287

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Napco Security Systems, Inc.

Statistical Summary

%Income bef. Taxes to Sales	21.94	21.91
%Net Income to Sales	12.45	12.79
%Net Income to Equity	27.64	31.41
Sales to Inventories	5.00	5.40
Debt to Equity	0.37	0.51
Working Capital	$ 9,129,117	$6,473,580
Current Ratio	8.04	6.29
Shareholders' Equity	$10,613,832	$7,662,341

National Computer Systems, Inc.

11000 Prairie Lakes Drive
Eden Prairie, Minnesota 55344
(612) 829-3000

Officers: Charles W. Oswald, chairman of the board & chief executive officer; David C. Malmberg, president & chief operating officer; Robert J. Korkowski, v.p.-finance & chief financial officer; Richard L. Poss, v.p.-Organization & Management Development; John W. Fenton, Jr., secretary & treasurer; Eugene W. Courtney, v.p.-Education; Peter B. Crawford, v.p.-Systems; Donald J. Gibson, v.p.-Scanning Products; Jay V. Clark, v.p.-Information Services; John D. Prudden, president-Commonwealth Leasing Corporation; James C. Slaughter, v.p.-Assessment & Human Resources.

Directors: Charles W. Oswald*, chairman; David C. Malmberg*, David P. Campbell, Edward C. Lund, Arthur E. Weisberg*, Robert F. Zicarelli*, David C. Cox, Stephen G. Shank, John W. Vessey.

* Member of the Executive Committee.

Areas of Work: The Company's business is primarily comprised of two segments: the production and marketing of optical mark reading systems, input documents, materials and test scoring services, and the production and marketing of data processing systems and services for bank trust departments and medical institutions.

Subsidiary:

Commonwealth Leasing Corporation
Minneapolis, Minnesota
Leases computer peripheral and office automation equipment.

Acquisition:

Kaiser Datentechnik GmbH
Nurenberg, Germany
Optical mark reading equipment supplier.

Transfer Agent(s):

Norwest Bank, Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NLCS (NASDAQ)

Number of Employees:

1987 ..... 2,001 1984 1,333
1986 ..... 1,859 1983 788
1985 1,589

Sales and Earnings

	Net Sales +	Net Income
1987	$ 262,099,000	$ 15,750,00
1986	215,803,000	15,191,000
1985	123,567,000	9,682,000
1984	81,570,000	7,284,000
1983	59,780,000	3,859,000

	No. of Com. Shares #	Earn. per Share #
1987	18,842,000	$ 0.84
1986	17,105,000	0.89
1985	15,611,000	0.62
1984	14,894,000	0.49
1983	13,877,000	0.28

+ Includes rentals & maintenance.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	$0.17	—	—
1986	0.13	—	3-for-2
1985	0.10	—	3-for-2
1984	0.09	—	3-for-2
1983	0.07	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 116,120,000	$ 6.14
1986	76,249,000	4.45
1985	48,884,000	3.19
1984	41,216,000	2.69
1983	26,404,000	1.91

† Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Jan. 31	1987	1986
Net sales	$ 157,538	$ 123,426
Rental & maintenance	104,561	92,377
Total	$ 262,099	$ 215,803
Other income	663	755
Total income	$ 262,762	$ 216,558
Cost of sales	95,155	74,387
Cost of rentals & maint.	75,154	60,925
Expenses	54,747	43,392
Interest expense	9,585	13,393
Income before taxes	$ 28,121	$ 24,461
Income taxes	12,371	9,270
Net Income	$ 15,750	$ 15,191

* Included in Costs and Expenses, Depreciation: $53,560,000 in 1987 and $45,633,000 in 1986.

Assets
(000's)

As of Jan. 31	1987	1986
Cash	$ 1,049	$ 968
Receivables, net	50,157	45,369
*Inventories	22,593	18,508
Other curr. assets	1,303	3,043
Current Assets	$ 75,102	$ 67,888
#Equipment leased to others	111,348	107,310
#Fixed assets	34,148	31,108
Other assets	27,667	23,859
Total Assets	$ 248,265	$ 230,165

Liabilities
(000's)

Notes payable	$ 2,379	$ 4,966
Long-term debt, curr.	3,631	13,616
Accts. payable	18,546	12,158
Accruals	14,070	14,682
Deferred income	4,268	4,334
Income taxes	(1,257)	(2,014)
Curr. Liabilities	$ 41,637	$ 47,742
Long-term debt	76,918	97,516
Deferred inc. taxes	13,590	8,658
+Common stock	568	514
Add. paid-in capital	58,161	31,073
Retained earnings	57,391	44,662
Total Liabilities & Shareholders' Equity	$ 248,265	$ 230,165

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.03 par value.

Statistical Summary

%Income bef. Taxes to Total Income	10.73	11.33
%Net Income to Total Income	6.01	7.04
%Net Income to Equity	13.56	19.92
Debt to Equity	0.66	1.52
Working Capital	$ 33,465,000	$17,755,000
Current Ratio	1.80	1.35
Shareholders' Equity	$116,120,000	$76,249,800

National Micronetics, Inc.

5630 Kearny Mesa Road
San Diego, California 92111
(619) 279-7500

Officers: Charles J. Lawson, Jr., chairman & acting chief exec. officer; Eric W. Markrud, sr. v.p.-finance, secretary & treasurer; Jan V. Peer, sr. v.p.-operations; Andre L. Dionne, Tugrul Yasar, vice presidents.

Directors: Charles J. Lawson, Jr., chairman of the board; George O. Pfaff, Edward R. Bedrosian, Charles C. Francisco, Owen J. Gaffney.

Areas of Work: Engaged in the manufacture and engineering of ferrites, advanced recording heads, head assemblies, advanced components for hybrid integrated circuits and subminiature resistor chips.

Divisions:

Semi-Films Division
Micronetics Division
Advanced Materials Division

Transfer Agent(s):

Mellon Financial Services
Fort Lee, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NMIC (NASDAQ)

Number of Employees:

1986 ..... 600 1985 900

Plant Footage:

1986 ..... 189,700 sq. ft. 1985 189,700

Sales and Earnings

	Net Sales	Net Income
1986	$ 42,897,000	$ (7,152,000)
1985	48,377,000	(44,637,000)
1984	63,489,000	4,398,000
1983	44,534,000	2,755,000
1982	41,827,000	3,379,000

	No. of Com. Shares #	Earn. per Share #
1986	9,182,000	$ —
1985	8,635,000	—
1984	7,905,000	0.56
1983	6,773,000	0.41
1982	5,128,000	0.67

(Loss)
Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Recording head prods.	$ 36,408	$ 42,809
Microelectronic components	6,489	5,568
Total	$ 42,897	$ 48,377

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	7-for-5

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 10,078,000	$ 1.10
1985	16,683,000	1.93
1984	33,945,000	6.82
1983	32,304,000	4.90
1982	28,823,000	4.45

‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 42,897	$ 48,377
Cost of sales	38,938	49,121
Research, develop. & engin.	3,312	4,721
Expenses	5,522	6,393
Interest expense	1,863	1,473
Interest income	(17)	(180)
Other expense	1,622	4,889
Loss bef. taxes	$ (8,343)	$ (18,040)
Tax credit	—	(469)
Loss - cont. oper.	$ (8,343)	$ (17,571)
Inc. (loss) - discont. oper.	1,191	(27,066)
Net Loss	$ (7,152)	$ (44,637)

* Included in Costs and Expenses, Depreciation and Amortization: $3,525,000 in 1986 and $4,419,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 1,024	$ 1,808
Accts. receiv., net	6,954	8,332
*Inventories	8,607	9,500
Other current assets	617	1,726
Current Assets	$ 17,202	$ 21,366
#Fixed assets	17,554	20,302
Other assets	384	1,616
Total Assets	$ 35,140	$ 43,284

Liabilities
(000's)

Long-term debt, curr.	$ 708	$ 786
Short-term debt	10,956	12,000
Accts. payable	5,173	3,174
Accrued payroll	863	1,499
Other accruals	2,179	3,578
Curr. Liabilities	$ 19,884	$ 21,037
Long-term debt	5,057	5,443
Deferred inc. taxes	121	121
+Common stock	918	908
Add. paid-in capital	47,776	47,239
Retained earnings (deficit)	(38,616)	(31,464)
Total Liabilities & Shareholders' Equity	$ 35,140	$ 43,284

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.98	5.09
Debt to Equity	0.50	1.09
Working Capital	—	$329,000
Current Ratio	—	1.02
Shareholders' Equity	$10,078,000	$16,683,000

National Semiconductor Corporation

2900 Semiconductor Drive
P.O. Box 58090
Santa Clara, California 95052-8090
(408) 721-5000

Officers: Peter J. Sprague, chairman of the board; Charles E. Sporck, president & chief exec. officer; David N. Martin, exec. v.p.-Information Systems Group & president-National Advanced Systems; F. Joseph Van Poppelen, v.p.-semiconductor marketing; Johnny M. Humphreys, v.p. & president-DATACHECKER/DTS Corp.; Clements E. Pausa, v.p.-international manufacturing; James M. Smaha, exec. v.p.-Semiconductor Group; Gary Arnold, v.p.-finance, treasurer & chief financial officer; J. Philip Russell, v.p. & controller; John G. Webb, v.p., general counsel & secretary; H. Gene McCown, asst. treasurer; Peter S. Feliciano, asst. treasurer.

Directors: Peter J. Sprague, chairman; Donald E. Weeden, Charles E. Sporck, Robert Beshar, Harry H. Wetzel, Neil Goldschmidt, David N. Martin, James M. Smaha.

Areas of Work: Engaged in the manufacture of monolithic integrated circuits, transistors, semiconductor devices and hybrid integrated circuits which are used in amplifying, switching, gating, commutating elements in telemetry, data processing and multiplexing; also high reliability testing, calculators, electronic watches, watch and clock modules, and POS electronic check-out systems.

Divisions and Subsidiaries:

National Advanced Systems
800 East Middlefield Road
Mountain View, California 94042
(415) 962-6000

National Semiconductor
DATACHECKER/DTS Corporation
800 Central Expressway
P.O. Box 58112
Santa Clara, California 95052
(408) 982-3000

National Semiconductor (UK) Ltd.
The Maple
Kembrey Park
Swindon, Wiltshire SN2 6UT
England

National Advanced Systems
John Busch House
277 London Road
Isleworth
Middlesex, TW7 5AX
England

National Semiconductor Pte., Ltd.
51 Goldhill Plaza
Newton Road
Singapore 1130

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Pacific

Ticker Symbol: NSM

Number of Employees:

1986	30,800	1983	35,600
1985	37,100	1982	38,300
1984	41,700		

Plant Footage:
1986 ..... 5,969,000 sq. ft. 1985 5,800,000

Sales and Earnings

	Net Sales +	Net Income †
1986	$1,478,100,000	$ (91,500,000)
1985	1,787,500,000	43,200,000
1984	1,655,126,000	63,960,000
1983	1,210,499,000	(14,176,000)
1982	1,104,095,000	(10,694,000)

	No. of Com. Shares #	Earn. per Share #†
1986	89,800,000	$ —
1985	89,800,000	0.48
1984	85,325,000	0.75
1983	70,608,000	—
1982	68,607,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary credits of $5,600,000 ($0.06 per share) in 1986, $8,800,000 ($0.10 per share) in 1985 and $7,755,000 ($0.09 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-1
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 592,000,000†	$ 7.91
1985	681,200,000	7.64
1984	619,029,000	7.12
1983	335,679,000	4.68
1982	336,607,000	4.83

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended May 31	1986	1985
Net sales	$ 1,478,100	$ 1,787,500
Cost of sales	1,096,900	1,258,500
Expenses	498,900	469,500
Interest expense	16,100	7,700
Inc. (loss) bef. taxes	$ (133,800)	$ 51,800
Income taxes	14,500	17,400
Net Income (Loss)	$ (148,300)	$ 34,400
Extraord. gain	5,600	8,800
Cum. effect of accntng. change	51,200	—
Net Income (Loss) & extraord. gain	$ (91,500)	$ 43,200

* Included in Costs and Expenses, Depreciation and Amortization: $157,800,000 in 1986 and $143,300,000 in 1985.

Assets
(000's)

As of May 31	1986	1985
Cash	$ 21,800	$ 12,200
Receiv., net	220,800	244,700
*Inventories	205,800	223,400
Prepaid expenses	34,200	29,000
Fut. inc. tax ben.	66,800	99,100
Current Assets	$ 549,400	$ 608,400
#Fixed assets	705,900	757,900
Goodwill	22,500	29,000
Other assets	17,600	15,200
Total Assets	$ 1,295,400	$ 1,410,500

Liabilities
(000's)

Loans payable	$ 5,000	$ 28,400
Accts. payable	161,800	117,400
Accruals	132,700	109,800
Income taxes	19,700	12,900
Def. inc. on shipments	—	91,600
Other liabilities	34,200	15,700
Curr. Liabilities	$ 353,400	$ 375,800
Long-term debt	123,400	225,900
Other liabilities	9,400	9,900
Deferred inc. taxes	92,200	117,700
+Preferred stock	100	—
+ +Common stock	45,300	44,500
Add. paid-in capital	484,500	350,900
Retained earnings	187,100	285,900
Total Liabilities & Shareholders' Equity	$ 1,295,400	$ 1,410,500

* At lower of standard cost (which approximates actual cost) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value; $40.00 convertible exchangeable.
+ + $0.50 par value.

Statistical Summary

%Income before Taxes to Sales	—	2.90
%Net Income to Sales	—	1.92
%Net Income to Equity	—	5.05
Sales to Inventories	7.18	8.00
Debt to Equity	0.18	0.37
Working Capital	$196,000,000	$232,600,000
Current Ratio	1.55	1.62
Shareholders' Equity	$717,000,000	$681,200,000

NBI, Inc.

P.O. Box 9001
3450 Mitchell Lane
Boulder, Colorado 80301
(303) 444-5710

Officers: Thomas S. Kavanagh, president; Jesse A. Simmons, v.p. & treasurer; David Klein, exec. v.p. & secretary; Charles L. Dumas, John C. Meyer, Robert K. Reid, A. Herschel Kranitz, Lynn B. King, Clifford F. Moss, v.p.'s; John F. Stasz, corporate controller.

Directors: William R. Hambrecht, Thomas S. Kavanagh, Howard W. Selby, III, Richard Hodgson, Robert M. Collins.

Areas of Work: Designs, manufactures and markets software-based office automation systems used in information and word processing and for communications within the office. Also supplier of office products to the end user, including furniture, equipment, supplies and related services.

Divisions and Subsidiaries:
NBI Office Products Division
NBI Office Systems Division

Commercial Office Products Co.
Aurora, Colorado

Integrated Solutions, Inc.
2240 Lundy Avenue
San Jose, CA 95131
Designs, manufactures and markets high-performance computers for engineering, scientific and other technical professionals.

Commercial Office Products Company
13800 East 39th Avenue
Aurora, CO 80011

Yukon Office Supply, Inc.
300 S.W. 41st Street
Renton, WA 98055

Peninsula Office Supply, Inc.
1089 Mills Way
P.O. Box 8010
Redwood City, CA 94063

NBI Canada Inc.
NBI Ltd. (United Kingdom)
NBIGmbH. (West Germany)
NBI, SA (France)
NBI Systems, Inc. (Hong Kong)
Foreign sales subsidiaries.

Acquisition(s):
Kershaw's, Inc.
Spokane, Washington
Office products distribution and retail sale in the Spokane, Washington area.

Transfer Agent(s):
The First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Pacific

Ticker Symbol: NBI

Number of Employees:

1986	3,193	1983	1,846
1985	3,291	1982	1,096
1984	2,052		

Plant Footage:

1986	560,653 sq. ft.	1984	N.A.
1985	1,197,490	1983	390,000

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 228,534,000	$ (3,868,000)
1985	174,798,000	13,215,000
1984	141,764,000	13,776,000
1983	96,780,000	4,590,000
1982	80,520,000	10,986,000

	No. of Com. Shares#	Earn. per Share#†
1986	9,679,000	$ —
1985	9,367,000	1.41
1984	9,869,000	1.40
1983	10,171,000	0.45
1982	9,341,000	1.18

(Loss)
† Including extraordinary gain of $330,000 in 1986.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 100,371,000‡	$ 10.32
1985	101,442,000‡	10.65
1984	82,219,000	9.02
1983	86,432,000	8.65
1982	78,676,000	7.98

‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 228,534	$ 174,798
Rental & serv.	53,820	41,915
Total income	$ 282,354	$ 216,713
Cost of sales	162,206	104,413
Expenses	122,888	88,994
Inc. from invest.	(2,437)	(3,946)
Interest expense	7,329	5,228
Income (loss) bef. taxes	$ (7,632)	$ 22,024
Income taxes (credit)	(3,434)	8,809
Net Income (Loss)	$ (4,198)	$ 13,215
Extraord. gain	330	—
Net Income (Loss) & extraord. gain	$ (3,868)	$ 13,215

*Included in Costs and Expenses, Depreciation: $16,473,000 in 1986 and $13,909,000 in 1985.

Assets
(000's)

As of June 30	1986	1985†
Cash & cash equiv.	$ 34,147	$ 28,506
Receivables	57,681	62,066
Marketable securities	1,314	5,375
*Inventories	42,800	49,392
Other curr. assets	2,691	2,509
Current Assets	$ 138,633	$ 147,848
Installment receiv.	6,328	8,732
#Rental equip.	2,978	4,358
‡Field spare parts	10,529	8,865
#Fixed assets	54,970	53,370
Deferred comm.	11,987	13,726
Total Assets	$ 225,425	$ 236,899

Liabilities
(000's)

Notes payable	$ 17,937	$ 14,899
Accts. payable	16,071	16,055
Accruals	17,961	18,953
Accrued inc. taxes	—	6,825
Deferred inc. taxes	3,027	3,621
Curr. Liabilities	$ 54,996	$ 60,353
Long-term debt	57,674	63,284
Deferred inc. taxes	6,451	5,887
+Preferred stock	59	59
+ +Common stock	1,043	1,031
Add. paid-in capital	73,622	71,497
Retained earnings	46,426	51,468
Curr. trans. adj.	(187)	(389)
Treasury stock	(14,659)	(16,291)
Total Liabilities & Shareholders' Equity	$ 225,425	$ 236,899

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated amortization.
+ $1 par value; Series A, 9% cumulative.
+ + $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	12.60
%Net Income to Sales	—	7.56
%Net Income to Equity	—	12.31
Sales to Inventories	5.34	3.54
Debt to Equity	0.54	0.73
Working Capital	$ 83,637,000	$ 87,495,000
Current Ratio	2.52	2.45
Shareholders' Equity	$106,304,000	$107,375,000

NCR Corporation

1700 South Patterson Boulevard
Dayton, Ohio 45479
(513) 445-5000

Officers: C.E. Exley, Jr., chairman of the board & president; Donald J. Herman, William F. Buster, Manuel Garcia, R. Elton White, Gilbert P. Williamson, exec. v.p.'s; D.W. Russler, sr. v.p.-finance & administration; V.F. Bean, v.p.-customer services; D.G. Laws, v.p. & president-Applied Digital Data Systems; Tom T. Tang, v.p.-research & development; Charles P. Russ, III, v.p., secretary & general counsel; John L. Giering, controller; James E. McElwain, v.p.-personnel resources; S. Richard Reece, treasurer; P.W. Lappetito, sr. v.p., United States Data Processing Group; A.J.R. Oosthuizen, v.p.-Business Systems Division; R.B. Reese, v.p., Customer Services Division; G. Bassani, v.p.-communications; Norman A. Cocke, v.p.-finance & adm.; V.W. Yates, v.p.-Personal Computer Division; H.M. Schene, v.p.-Europe; Robert C. James, v.p.-product marketing & support; Warren A. Castray, v.p.-Pacific; D.L. Clark, v.p.-Financial Systems D&P Division; C.N. Jorgensen, v.p.-manufacturing; Raymond L. Miolla, v.p.-Financial Systems Division; William J. Gotschall, v.p. & president-NCR Comten, Inc.; R.K. Kruse, v.p.-quality assurance; H.J. Lynch, v.p.-General Purpose Systems D&P Division; J.H. Van Tassel, v.p.-Microelectronics Division; Carl J. Steinmetz, v.p.-Retail Systems Division; Edward J. McHugh, v.p.-Systemedia Group; Frederick Newall, v.p.-marketing; Mohsen Y.

Stephan, v.p.-Latin America/Middle-East/Africa Group; James G. Adamson, v.p.-Retail Systems D&P Division.

Directors: William S. Anderson*, C.A. Anderson*, W.G. Bowen, G.A. Costanzo, C.E. Exley, Jr.*, C.H. Hardesty, Jr.*, H. Holiday, Jr.*, J.J. Horan, Nicholas F. Brady, C.S. Morawetz, E.J. Schlegel.

* Member of the Executive Committee.

Areas of Work: Develops, manufactures, markets, installs and services total business information processing systems for selected worldwide markets. These markets are primarily in the retail, financial, commercial, industrial, healthcare, education, and government sectors. Computers range from small business systems to powerful general-purpose processors, and are supported by a spectrum of terminals, peripherals, data communications networks and an extensive library of software products. Supplemental services and products include field engineering, data centers, systems services, educational centers, and a line of business forms and supplies. Also manufactures components, including semiconductor products and component subassemblies, which are marketed to other manufacturers.

Divisions and Subsidiaries:

Data Processing Group
Direct Marketing and Customer Support
NCR markets its products through 1,200 offices in more than 120 countries. It operates 87 facilities worldwide for the development and manufacture of products and systems. Operates 48 Data Centers worldwide. Products and systems are marketed through 831 districts in the United States and, internationally, through 72 company-owned organizations and 21 authorized distributors.

The Systemedia Group

Business Forms and Supplies Division
Business forms and supplies are manufactured in 9 U.S. plants and 48 overseas facilities, and are sold to both NCR and non-NCR equipment users.

The Micrographic Systems Division
Mountain View, California
Manufactures and markets a complete line of Computer Output Microfiche recorders, duplicators, and readers, and is a supplier of COM equipment.

Direct Marketing Division
Provides catalog sales of business forms and supplies for smaller users.

Source Document Services Division
Kettering, Ohio
Markets conventional microfiche and ultrafiche processing systems and related equipment for publishers, printers, and libraries.

NCR Comten, Inc.
St. Paul, Minnesota
Produces, markets, and services programmable communications processors, proprietary communications software, and computer performance measurement systems.

Independent Marketing Organization
Responsible for new markets not covered by the traditional direct sales organization. Markets NCR computers, terminals and subsystems to independent software houses, system integrators, distributors, dealers and manufacturers of information processing equipment.

Development and Production Group
Consists of 5 divisions: Retail Systems, General Purpose Systems, CI/MEG Systems, Financial Systems and Microelectronics. Comprises 24 operating units in 9 countries.

Applied Digital Data Systems, Inc.
Hauppauge, New York
Manufactures and markets a line of general-purpose computer video display terminals and small business computers.

Transfer Agent(s):
AmeriTrust Co.
Corporate Trust Division
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, London, Main Swiss Exchanges.

Number of Employees:

1986	62,000	1983	62,000
1985	62,000	1982	63,000
1984	62,000		

Plant Footage:
1986 . . . . . 7,100,000 sq. ft. 1985 7,100,000

Sales and Earnings

	Net Sales ‡ + (000's)	Net Income (000's)
1986	$ 4,881,641	$ 336,524
1985	4,317,166	315,216
1984	4,074,327	342,640
1983	3,730,951	287,665
1982	3,526,217	234,411

	No. of Com. Shares #	Earn. per Share †
1986	93,984,451	$ 3.42
1985	97,895,256	3.15
1984	99,636,968	3.30
1983	105,717,120	2.64
1982	106,975,072	2.19

‡ Includes income from sales, services and equipment rental.
+ Of continuing operations only.
# Adjusted to reflect stock split.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.92	—	—
1985	0.88	—	—
1984	0.80	—	4-for-1
1983	0.65	—	—
1982	0.60	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$2,396,332,000	$25.50
1985	2,318,350,000‡	23.68
1984	2,075,932,000‡	20.84
1983	2,044,841,000‡	19.34
1982	1,936,517,000‡	18.10

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 2,914,087	$ 2,579,768
Rentals and services	1,967,554	1,737,398
Revenues	$ 4,881,641	$ 4,317,166
Cost of sales	2,585,071	2,275,569
Expenses	1,698,912	1,501,605
Other income	(57,629)	(63,074)
Interest expense	35,563	40,250
Income before taxes	$ 619,724	$ 562,816
Income taxes	283,200	247,600
Net Income	$ 336,524	$ 315,216

* Included in Costs and Expenses, Depreciation: $277,294,000 in 1986 and $251,067,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & investments	$ 669,585	$ 793,718
Receiv., net	1,048,247	974,107
Other current assets	122,181	105,654
*Inventories	671,621	695,883
Current Assets	$ 2,511,634	$ 2,569,362
#Rental equip.	226,057	223,674
#Fixed assets	734,225	646,779
Exc. of acq. cost over assets of bus. acq.	126,174	114,444
Invest. & other assets	416,901	385,581
Total Assets	$ 4,014,991	$ 3,939,840

Liabilities
(000's)

Short-term borrowings	$ 53,713	$ 57,661
Accts. payable	172,081	151,248
Accrued payroll	157,152	153,188
Accrued taxes	191,144	212,038
Deposits & prepayments	319,204	284,186
Other liab.	358,574	349,025
Curr. Liabilities	$ 1,251,868	$ 1,207,346
Long-term debt	129,417	231,688
Int'l emp. pension	104,218	82,145
Minority interest	133,156	100,301
+ Preferred stock	—	10
+ + Common stock	544,125	544,125
Retained earnings	2,443,192	2,200,522
For. curr. transl.	(78,763)	(118,718)
Treasury stock	(512,222)	(307,579)
Total Liabilities & Shareholders' Equity	$ 4,014,991	$ 3,939,840

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $5 par value; $1.25 cumulative convertible.
+ + $5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	12.69	13.04
%Net Income to Revenues	6.89	7.30
%Net Income to Equity	14.04	13.60
Debt to Equity	0.05	0.12
Working Capital	$1,259,766,000	$1,362,016,000
Current Ratio	2.01	2.13
Shareholders' Equity	$2,396,332,000	$2,318,360,000

Network Systems Corporation

7600 Boone Avenue North
Minneapolis, Minnesota 55428
(612) 424-4888

Officers: James E. Thornton, chairman of the board; Lyle D. Altman, president & chief exec. officer; Gary S. Christensen, v.p.-development; Mahlon L. Moore, v.p.-marketing; Gerald R. Olson, v.p.-operations; Richard A. Fisher, v.p.-finance & treasurer; Malcolm Reid, v.p. general counsel & secretary; Harold W. Durrett, v.p.-information systems; Robert R. Burns, v.p.-planning; James W. Checco, v.p.-product engineering; Donald Humphrey, v.p.-new product design; David M. Brown, v.p.-field services; Walter W. Miller, v.p.-European operations; William R. Franta, v.p. & gen. mgr.-consulting services.

Directors: James E. Thornton, chairman; Lyle D. Altman, Donald W. Feddersen, Eugene F. Barth, Daniel J. Haggerty, Thomas G. Herschbach, Jess R. Marzak, James G. Miles, William A. Hodder.

Areas of Work: The company designs, manufactures, markets and services high-performance data communications systems composed of HYPERchannel and HYPERbus adapters and NETEX software which together create very high-speed computer and terminal networks.

Subsidiaries:

Network Systems Ltd.
Toronto, Ontario, Canada

Network Systems France
Neuilly sur Seine, France

Network Systems Norge A/S
Oslo, Norway

NSC Network Systems AB
Sollentuna, Sweden

Network Systems Corporation

Network Systems (Schweiz) AG
Zurich, Switzerland

Network Systems Nederland b.v.
Maarseen, The Netherlands

Network Systems Limited
Ascot, Berkshire, United Kingdom

Network Systems GmbH
Frankfurt, West Germany

Transfer Agent(s):
Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NSCO (NASDAQ)

Number of Employees:

1986	911	1983	462
1985	908	1982	342
1984	675		

Plant Footage:

1986	100,000 sq.ft.	1983	76,000
1985	100,000	1982	59,000
1984	92,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 108,792,000	$ 18,007,000
1985	90,084,000	17,054,000
1984	71,179,000	15,621,000
1983	47,030,000	10,030,000
1982	28,399,000	5,566,000

	No. of Com. Shares #	Earn. per Share #
1986	29,042,000	$ 0.62
1985	29,091,000	0.59
1984	27,894,000	0.56
1983	27,394,000	0.37
1982	24,663,000	0.22

Based on the weighted average number of common shares and dilutive common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share#
1986	$ 170,530,000	$ 5.87
1985	150,442,000	5.17
1984	103,646,000	3.72
1983	85,900,000	3.14
1982	37,748,000	1.53

Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 108,792	$ 90,084
Other income	6,083	6,670
Total income	$ 114,875	$ 96,754
Cost of sales	33,699	25,765
Expenses	49,430	40,695
Interest expense	439	290
Income bef. taxes	$ 31,307	$ 30,004
Income taxes	13,300	12,950
Net Income	$ 18,007	$ 17,054

* Included in Costs and Expenses, Depreciation: $4,019,000 in 1986 and $2,545,000 in 1985.

Assets
(000's)

As at Dec. 31	1986	1985
Cash & cash equiv.	$ 88,136	$ 74,833
Accts. receiv., net	53,349	50,505
Notes receiv. from off.	367	1,314
*Inventories	21,800	24,151
Prepaid expenses	1,623	1,391
Deferred inc. taxes	2,340	2,485
Current Assets	$ 167,615	$ 154,679
#Fixed assets	20,279	14,718
Other assets	5,936	3,187
Total Assets	$ 193,830	$ 172,584

Liabilities
(000's)

Notes payable	$ —	$ 3,459
Accts. payable	2,618	5,099
Accruals	8,801	6,964
Income taxes	5,515	3,650
Long-term debt, curr.	19	—
Current Liabilities	$ 16,953	$ 19,172
Cap. lease oblig.	2,977	1,000
Deferred inc. taxes	3,370	1,970
+Common stock	581	578
Add. paid-in capital	99,830	98,657
Retained earnings	69,252	51,245
Foreign curr. translation adjust.	867	145
Treasury stock	—	(183)
Total Liabilities & Shareholders' Equity	$ 193,830	$ 172,584

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	28.78	33.31
%Net Income to Sales	16.55	18.93
%Net Income to Equity	10.56	11.34
Sales to Inventories	4.99	3.73
Debt to Equity	1.75	0.03
Working Capital	$150,662,000	$135,507,000
Current Ratio	9.89	8.07
Shareholders' Equity	$170,530,000	$150,442,000

Networks Electronic Corp.

9750 De Soto Avenue
Chatsworth, California 91311
(818) 341-0440

Officers: Mihai D. Patrichi, chairman of the board, president, treasurer & chief executive officer; Edwin J. Turner, exec. v.p.; Herman J. Landolt, v.p., secretary & gen. mgr.-U.S. Bearing Division; Majed Hariri-Vigeh, asst. v.p.-U.S. Bearing Division.

Directors: Mihai D. Patrichi, Edwin J. Turner, Kenneth S. Yamamoto.

Areas of Work: Produces and markets spherical bearings used in the aircraft industry, and thermal relay switches, glass-to-metal seals and miniaturized electro-pyrotechnic devices used in the missile and space industry.

Divisions:
U.S. Bearing Division
Ordnance Division

Transfer Agent(s):
First Interstate Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NWRK (NASDAQ)

Number of Employees:

1986	126	1983	135
1985	129	1982	100
1984	117		

Plant Footage:

1986	85,000 sq. ft.	1983	85,000
1985	85,000	1982	85,000
1984	85,000		

Sales and Earnings

	Net Sales	Net Income #
1986	$ 6,343,000	$ (334,738)
1985	6,153,000	1,527,802
1984	4,532,000	(878,313)
1983	5,129,000	32,889
1982	4,819,000	(347,297)

	No. of Com. Shares	Earn. per Share #
1986	2,275,472	$ —
1985	2,279,672	0.67
1984	2,331,372	—
1983	2,340,872	0.01
1982	2,327,272	—

(Loss)
Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity *	Equity Per Share
1986	$ 4,200,619	$ 1.85
1985	4,555,480	2.00
1984	3,224,181	1.38
1983	4,137,397	1.77
1982	4,019,508	1.73

Income Account *

Year ended June 30	1986	1985
Net sales	$ 6,342,579	$ 6,153,452
Cost of sales	5,601,159	4,590,238
Expenses	1,167,100	1,072,038
Gain on sale	—	(1,745,655)
Interest expense	119,767	99,895
Other income	(81,405)	(77,596)
Inc. (loss) bef. taxes	$ (464,042)	$ 2,214,532
Income taxes (credit)	(129,304)	686,730
Net Income (Loss)	$ (334,738)	$ 1,527,802

* Included in Costs and Expenses, Depreciation and Amortization: $502,912 in 1986 and $371,934 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 279,760	$ 422,189
Accts. receiv., net	1,212,034	920,964
Receivables	32,718	—
*Inventories	1,918,623	2,389,486
Prepaid expenses	585	101,900
Refund. inc. taxes	376,688	—
Deferred inc. taxes	87,543	99,000
Current Assets	$ 3,907,951	$ 3,933,539
Investments	43,596	43,596
#Fixed assets	2,484,553	2,825,435
Total Assets	$ 6,436,100	$ 6,802,570

Liabilities

Notes payable	$ 450,000	$ 30,000
Long-term debt, curr.	19,551	17,706
Accts. payable	215,480	198,355
Accruals	413,508	379,312
Income taxes	—	510,301
Curr. Liabilities	$ 1,098,539	$ 1,135,674
Long-term debt	816,885	836,387
Deferred inc. taxes	320,057	275,029
+Common stock	616,999	618,049
Add. paid-in capital	2,325,761	2,344,834
Retained earnings	1,257,859	1,592,597
Total Liabilities & Shareholders' Equity	$ 6,436,100	$ 6,802,570

* At lower of cost (moving average) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	35.99
%Net Income to Sales	—	24.83
%Net Income to Equity	—	33.54
Sales to Inventories	3.31	2.58
Debt to Equity	0.31	0.19
Working Capital	$2,809,412	$2,797,865
Current Ratio	3.56	3.46
Shareholders' Equity	$4,200,619	$4,555,480

New Brunswick Scientific Co., Inc.

P.O. Box 4005
44 Talmadge Road
Edison, New Jersey 08818-4005
(201) 287-1200

Officers: David Freedman, chairman & president; Stanley Yakatan, exec. v.p. & chief operating officer; Sigmund Freedman, treasurer; Myron Tannenbaum, v.p.-operations; Ezra Weisman, v.p.; Adele Lavender, corp. secretary.

Directors: David Freedman, Sigmund Freedman, Julius Berger, Kiyoshi Masuda, Martin Siegel, Ezra Weisman, Marvin Weinstein, Ernest Gross, Myron Tannenbaum, Stanley Yakatan.

Areas of Work: Manufactures a range of research apparatus and instrumentation for the growth, measurement and control of biochemical processes in the life sciences. Also manufactures controlled environment incubation equipment in a variety of models; biological shakers; research fermentors; tissue culture apparatus DNA synthesizers, and bacterial detection equipment; metering pumps, and distributes centrifugation processing equipment.

Subsidiaries:

New Brunswick Scientific International, Inc.
New Brunswick Scientific (U.K.) Limited
NBS Tech (Ltd.)
NBS GmbH
NBS Sales Company Ltd.
Bioresearch, Inc.
Designs, develops, manufactures and markets computerized equipment for the synthesis of DNA and peptide molecules.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NBSC (NASDAQ)

Number of Employees:

1986	N.A.	1984	N.A.
1985	346	1983	394

N.A. - Not Available.

Plant Footage:

1986	N.A.	1984	243,000
1985	243,000 sq. ft.	1983	243,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 31,515,000	$ 1,474,000
1985	26,550,000	728,000
1984	23,524,000	1,600,000
1983	18,425,000	662,000
1982	20,077,000	1,544,000

	No. of Com. Shares	Earn. per Share #
1986	3,720,728	$ 0.40
1985	3,720,728	0.20
1984	3,701,728	0.43
1983	3,796,728	0.19
1982	2,906,728	0.53

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 31,971,000	$ 8.59
1985	30,426,000	8.18
1984	28,910,000	7.81
1983	28,567,000	7.52
1982	14,960,000	5.15

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 31,515,000	$ 26,550,000
Cost of sales	16,845,000	15,765,000
Expenses	12,934,000	10,431,000
Interest income	(131,000)	(474,000)
Income before taxes	$ 1,867,000	$ 828,000
Income taxes	393,000	100,000
Net Income	$ 1,474,000	$ 728,000

* Included in Costs and Expenses, Depreciation: $1,057,000 in 1986 and $796,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 359,000	$ 1,194,000
Cert. of deposit	7,392,000	7,860,000
Accts. receiv., net	7,600,000	6,739,000
*Inventories	15,038,000	12,685,000
Prepaid expenses	419,000	569,000
Current Assets	$ 30,808,000	$ 29,047,000
#Fixed assets	5,351,000	5,405,000
Other assets	4,940,000	4,287,000
Total Assets	$ 41,099,000	$ 38,739,000

Liabilities

Notes payable	$ 900,000	$ 250,000
Long-term debt, curr.	1,205,000	163,000
Accts. payable	3,685,000	3,891,000
Income taxes	575,000	224,000
Curr. Liabilities	$ 6,365,000	$ 4,528,000
Long-term debt	2,358,000	3,403,000
Deferred inc. taxes	405,000	382,000
+Common stock	232,000	232,000
Add. paid-in capital	20,324,000	20,324,000
Retained earnings	11,443,000	9,969,000
Curr. trans. adj.	(28,000)	(99,000)
Total Liabilities & Shareholders' Equity	$ 41,099,000	$ 38,739,000

* At lower of cost (FIFO or actual) or market.
# Less accumulated depreciation.
+ $0.0625 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.92	3.12
%Net Income to Sales	4.68	2.74
%Net Income to Equity	4.61	2.39
Sales to Inventories	2.10	2.09
Debt to Equity	0.07	0.53
Working Capital	$24,443,000	$24,519,000
Current Ratio	4.84	6.41
Shareholders' Equity	$31,971,000	$30,426,000

Newport Corporation

18235 Mt. Baldy Circle
P.O. Box 8020
Fountain Valley, California 92708
(714) 963-9811

Officers: Erwin Tomash, chairman; Milton Chang, president & chief exec. officer; Thomas A. Galantowicz, sr. v.p.; Aaron Gara, Dean T. Hodges, Tony Hsu, Timothy O'Leary, Dennis C. Terry, vice presidents, Walter J. Ludt III, v.p., secretary & treasurer.

Directors: Edward C. Berry, William J. Biehl, Frank G. Chambers, Milton Chang, H.R. Goff, Vincent N. Marafino, C. Kumar N. Patel, Erwin Tomash.

Areas of Work: The Company designs, manufactures and markets a broad line of vibration isolation table systems, related mechanical and electro-optical components, optical instruments and holographic equipment for laser research, experimentation and other sophisticated applications.

Subsidiaries:

Newport Electro-optics Systems (65%-owned)
Supplies subsystems primarily used in the development of automated wafer inspection equipment.

Newport GmbH
Darmstadt, West Germany
Foreign Sales Corporation (FSC).

Transfer Agent(s):

U.S. Stock Transfer Corporation
1745 Gardena Avenue, Suite 200
Glendale, California 91204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEWP

Number of Employees:

1986	306	1985	298

Sales and Earnings

	Net Sales	Net Income
1986	$ 40,774,000	$ 6,269,000
1985	37,542,000	7,946,000
1984	27,970,000	6,814,000
1983	20,794,000	4,794,000
1982	18,169,000	3,716,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,420,375	$ 0.67
1985	9,425,315	0.84
1984	9,385,579	0.73
1983	N.A.	0.56
1982	N.A.	0.47

N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.06	—	—
1985	0.06	—	—
1984	0.053	50%	—
1983	0.053	—	—
1982	0.043	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 64,254,096	$ 6.82
1985	58,265,900	6.17
1984	50,530,533	5.38
1983	41,143,600	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *

Year ended July 31	1986	1985
Net sales	$ 40,774,441	$ 37,541,909
Cost of sales	19,383,175	16,013,485

Expenses	12,467,514	9,684,733
Interest income	(2,823,034)	(2,932,015)
Income before taxes	$ 11,746,246	$ 14,775,706
Income taxes	5,477,000	6,830,000
Net Income	$ 6,269,246	$ 7,945,706

* Included in Costs and Expenses, Depreciation and Amortization: $1,570,284 in 1986 and $955,581 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 28,102,265	$ 32,102,951
Marketable securities	1,246,875	949,516
Accts. receiv., net	8,527,835	7,867,097
*Inventories	12,198,706	10,206,538
Prepaid expenses	2,450,646	1,906,577
Current Assets	$ 52,526,327	$ 53,032,679
Investments	6,883,641	4,109,390
#Fixed assets	7,416,797	5,537,680
Other assets	384,664	300,951
Total Assets	$ 67,211,429	$ 62,980,700
Liabilities		
Accts. payable	$ 483,659	$ 1,691,456
Accrued payroll	954,960	1,075,322
Other accruals	647,679	195,256
Income taxes	871,035	1,852,766
Curr. Liabilities	$ 2,957,333	$ 4,814,800
+Common stock	3,286,268	3,281,039
Add. paid-in capital	27,622,763	27,412,493
Retained earnings	33,345,065	27,472,368
Total Liabilities & Shareholders' Equity	$ 67,211,429	$ 62,980,700

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.35 stated value.

Statistical Summary

%Income bef. Taxes to Sales	28.81	39.36
%Net Income to Sales	15.38	21.16
%Net Income to Equity	9.76	13.66
Sales to Inventories	3.34	3.68
Working Capital	$49,568,994	$48,217,879
Current Ratio	17.76	11.01
Shareholders' Equity	$64,254,096	$58,165,900

Newport Electronics, Inc.

630 East Young Street
Santa Ana, California 92705
(714) 540-4914

Officers: Barret B. Weekes, chairman, president & chief executive officer; Harold H. Weiss, v.p.-marketing; Nicholas Testa, v.p.-operations; Francis G. Shinsato, v.p.-finance & chief financial officer; James R. Lees, v.p.-Europe; Karl Hinrichs, v.p.-engineering; John Virtue, secretary.

Directors: Robert H. Davis, Norman E. Gray, John Virtue, Barret B. Weekes, George Pratt.

Areas of Work: Engaged in design, manufacture and marketing of precision digital electronic measurement and control instruments, including digital panel voltmeters and digital temperature meters. Also manufactures complementary products such as printers, digital clocks, comparators and remote digital displays and digital bus controllers.

Subsidiaries:

Newport Electronics International, Inc. (FSC)
Santa Ana, California

Newport Electronics GmbH
7269 Deckenpfronn
Gaustrasse 28-30
Federal Republic of Germany

Newport Electronique S.A.R.L.
9, rue Denis Papin
78190 Trappes, France

Newport Electronics B.V.
Postbus 8034
1180 LA Amstelveen
The Netherlands

Newport Electronics Ltd.
Cavendish
Stevenage, Hertfordshire SG1 2ET
United Kingdom

Transfer Agent(s):

U.S. Stock Transfer Corporation
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEWE (NASDAQ)

Number of Employees:

1986	207	1983	155
1985	185	1982	180
1984	185		

Plant Footage:

1986	40,500 sq. ft.	1983	35,000
1985	35,000	1982	35,000
1984	35,000		

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 13,259,000	$ 537,000
1985	11,062,000	265,000
1984	11,063,000	705,000
1983	8,623,000	(526,000)
1982	8,809,000	236,000

	No. of Com. Shares	Earn. per Share ×†
1986	1,173,333	$ 0.44
1985	1,188,073	0.22
1984	1,195,476	0.58
1983	1,195,276	—
1982	1,193,746	0.20

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $26,000 ($0.02 per share) in 1986, $88,000 ($0.07 per share) in 1985 and $145,000 ($0.12 per share) in 1984.
× Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share#
1986	$ 5,425,000	$ 4.62
1985	4,951,000	4.13
1984	4,712,000	3.94
1983	4,006,000	3.35
1982	4,528,000	3.79

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 13,259,000	$ 11,162,000
Cost of sales	6,932,000	6,587,000
Prod. develop.	754,000	686,000
Expenses	4,730,000	3,585,000
Income before taxes	$ 843,000	$ 304,000
Income taxes	332,000	127,000
Net Income	$ 511,000	$ 177,000
Extraord. gain	26,000	88,000
Net Income & extraord. gain	$ 537,000	$ 265,000

* Included in Costs and Expenses, Depreciation and Amortization: $379,000 in 1986 and $308,000 in 1985.

Assets
(000's)

As at Dec. 31	1986	1985
Cash	$ 424,000	$ 456,000
Accts. & notes receiv., net	2,578,000	2,174,000
Accounts receivable	327,000	—
*Inventories	2,527,000	2,338,000
Prepaid expenses	274,000	107,000
Current Assets	$ 6,130,000	$ 5,075,000
#Fixed assets	2,211,000	1,408,000
Other assets	75,000	31,000
Total Assets	$ 8,416,000	$ 6,514,000
Liabilities		
Notes payable	$ 300,000	$ —
Long-term debt, curr.	138,000	50,000
Accts. payable	540,000	647,000
Accruals	1,152,000	502,000
Income taxes	445,000	108,000
Deferred inc. taxes	12,000	12,000
Current Liabilities	$ 2,587,090	$ 1,319,000
Deferred income taxes	97,000	91,000
Representative indemnity	60,000	53,000
Long-term debt	247,000	100,000
+Common stock	12,000	12,000
Add. paid-in capital	1,274,000	1,337,000
Retained earnings	4,139,000	3,602,000
Total Liabilities & Shareholders' Equity	$ 8,416,000	$ 6,514,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.36	2.72
%Net Income to Sales	3.85	1.59
%Net Income to Equity	9.42	3.58
Sales to Inventories	5.25	4.77
Debt to Equity	0.02	0.03
Working Capital	$3,543,000	$3,756,000
Current Ratio	2.37	3.85
Shareholders' Equity	$5,425,000	$4,951,000

Nicolet Instrument Corporation

5225 Verona Road
Madison, Wisconsin 53711
(608) 271-3333

Officers: John B. Krauss, president & chief exec. officer; Robert E. Penrod, Arthur F. Smith, group v.p.'s; Hiroshi Bando, v.p. & representative director-Nicolet Japan Corporation; Keith E. Brue, v.p. & chief financial officer; Richard J. Cushing, v.p. & president-Nicolet Analytical Division; Gregory B. Johnson, v.p.-international operations; Robert L. Olsen, v.p. & president-Nicolet Biomedical Division; Joseph R. Hohmann, Jeremy C. Wright, v.p.'s; David Montgomery, controller; L.V. Ackman, secretary.

Directors: L.V. Ackman, John B. Krauss, John G. Bollinger, Jeanette Grasselli, Odell E. Powers, Tania Amochaeu, Thomas Skoog.

Areas of Work: Designs, manufactures and markets electronic instruments for measurement, analysis and display applications. Analytical instruments include infrared spectrometers, data acquisition systems, mass spectrometers, and x-ray diffractometers and imaging systems; Test instruments include digital oscilloscopes, integrated development instruments, logic analyzers and related accessories; Biomedical instruments include electro-diagnostic testing systems, medical data acquisition systems and related accessories. Also produces hearing diagnostic equipment and hearing aid devices.

Divisions and Subsidiaries:

Nicolet X-Ray Products
5225 Verona Road
Madison, Wisconsin 53711

Nicolet Instrument GmbH
Senefelderstrasse 162
D-6050 Offenbach am Main
West Germany

Nicolet Instruments Limited
Budbrooke Road
Warwick, Warwickshire
England CV34 5XH

Nicolet Instrument Canada Limited
1-1200 Aerowood Drive
Mississauga, Ontario L4W 2S7 Canada

Nicolet Analytical Division
5225 Verona Road
Madison, Wisconsin 53711

Nicolet Biomedical Division
5225 Verona Road
Madison, Wisconsin 53711
(608) 271-3333

Test Instruments Division
Madison, Wisconsin
Manufactures digital oscilloscopes and logic analyzers as well as disk drive testers, in-circuit emulators, and application-specific test systems.

Audiodiagnostics Division
Manufactures hearing diagnostic equipment as well as improved hearing aid devices.

Nicolet Japan Corporation
Daisho Building 8-7-6 Chome
Nishi-Nakajima, Yodogawa-ku
Osaka 532, Japan

Nicolet Instrument S.A.R.L.
Z-1 Les Gatines
Rue Elsa Triolet
78370 Plaisir, France

Nicolet Instrument-FSC, Inc.
U.S. Virgin Islands

Nicolet Xentronics Corporation
Manufactures area detectors and other accessories for the x-ray diffraction market.

Braintech, Inc. (majority-owned)
Developing BEAM (Brain Electrical Activity Mapping) technology.

Nicolet Paratronics Corporation
Manufacturer of logic analyzers.

Transfer Agent(s):
First Trust Company, Inc.
St. Paul Minhesota

Stock Exchange(s): New York

Ticker Symbol: NIC

Number of Employees:

1987	1,128	1984	1,153
1986	1,069	1983	1,100
1985	1,289		

Plant Footage:

1987	N.A.	1984	N.A.
1986	341,000 sq. ft.	1983	400,000
1985	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1987	$ 121,586,000	$ 14,842,000
1986	105,571,000	2,855,000
1985	98,669,000	4,793,000
1984	81,937,000	4,969,000
1983	73,630,000	1,061,000

	No. of Com. Shares #	Earn. per Share #
1987	6,600,000	$ 2.25
1986	6,500,000	0.44
1985	6,300,000	0.76
1984	6,200,000	0.80
1983	5,330,000	0.20

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.09	—	—
1986	0.12	—	—
1985	0.12	—	—
1984	0.06	—	—
1983	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 78,959,000	$ 12.08
1986	65,180,000	9.96
1985	59,292,000	9.41
1984	54,834,000	8.84
1983	36,221,000	6.80

Income Account *
(000's)

Year ended	3/27/87	3/28/86
Revenues	$ 121,586	$ 105,571
Cost of sales	59,474	51,309
Expenses	51,717	48,328
Prov. for organiz. vestrus.	—	4,000
Interest expense	1,221	821
Income before taxes	$ 9,174	$ 1,113
Income taxes	3,760	156
Inc.-cont. oper.	$ 5,414	$ 957
Income- discont. oper.	9,428	1,898
Net Income	$ 14,842	$ 2,855

* Included in Costs and Expenses, Depreciation and Amortization: $3,822,000 in 1987 and $3,187,000 in 1986.

Assets
(000's)

As of	3/27/87	3/28/86
Cash & marketable securities	$ 6,178	$ 4,754
Receiv., net	41,467	32,965
*Inventories	31,705	27,641
Deposits	2,770	1,755
Recov. inc. taxes	2,904	—
Sundry	2,751	2,581
Current Assets	$ 87,775	$ 69,696
#Fixed assets	20,141	20,897
Intangibles, net	11,168	4,615
Other assets	4,141	5,228
Total Assets	$ 123,225	$ 100,436

Liabilities
(000's)

Notes payable	$ 5,123	$ 4,571
Long-term debt, curr.	7,429	722
Accts. payable	8,973	7,774
Accruals	3,399	3,985
Contingency reserve-discont. operations	1,168	1,994
Employee compens.	3,774	4,201
Income taxes	1,986	902
Unearned revenue	7,952	2,931
Curr. Liabilities	$ 39,804	$ 27,080
Long-term debt	3,647	8,176
Deferred inc. taxes	815	—
+Common stock	1,634	1,637
Add. paid-in capital	36,957	34,959
Retained earnings	39,901	28,332
Cum. trans. adj.	467	252
Total Liabilities & Shareholders' Equity	$ 123,225	$ 100,436

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	18.80	4.38
Debt to Equity	0.21	0.21
Working Capital	$47,971,000	$42,616,000
Current Ratio	2.21	2.57
Shareholders' Equity	$78,959,000	$65,180,000

Nortek, Inc.

50 Kennedy Plaza
Providence, Rhode Island 02903
(401) 751-1600

Officers: Ralph R. Papitto, chairman of the board & chief exec. officer; Richard L. Bready, president, chief financial & chief operating officer; Frank P. Ganzer, William J. Wind, George C. Neumann, vice presidents/group operations; J.R. Potter, v.p., general counsel & secretary; Almon C. Hall, v.p., controller & chief accounting officer; Richard J. Harris, v.p. & treasurer; Lloyd E. Brumley, v.p. & controller-operations; Eric W. Dehmel, v.p.-employee relations/administration; Bruce E. Fleming, v.p.-corp. development.

Directors: Ralph R. Papitto, chairman; Richard L. Bready, Richard J. Harris, Philip B. Brooks, Douglass N. Ellis, Jr., Leo Goldberg, Edward W. Ricci, Thomas J. Paolino, David J. Stone, Richard H. Hochman.

Areas of Work: Operations are organized into three business segments. In the area of Commercial and Residential Building Products are included the fabrication and installation of glass and aluminum curtain walls, caulking and waterproofing services, home ventilation equipment, range hoods, bathroom cabinets, lighting fixtures, sound system intercoms, and heating and cooling systems. In the area of Aerospace and Industrial Products are included fasteners for military and commercial aircraft, air-powered tools and line support clamps for the aerospace and construction industries, landing gear and precision metal components, and self-contained sanitation units. In the area of Electrical Materials Products are included reinforced plastic composites, flexible steel conduit, PVC-coated conduit and flexible wiring systems, and high-performance wire and cable for the electronics, computer and communications industries.

Divisions and Subsidiaries:

Broan Mfg. Co., Inc.
P.O. Box 140
Hartford, Wisconsin 53027

Monarch Metal Products Corporation
1901 Estes Ave.
Elk Grove Village, Illinois 60007

Music & Sound, Inc.
2861 Congressman Lane
Dallas, Texas 75201

Gemaire Distributors, Inc.
198 Lock Road
Deerfield Beach, Florida 33441

Jensen Industries, Inc.
1946 East Yeth Street
Los Angeles, California 90058

Dixieline Lumber Company
San Diego, California

Glassalum Engineering Corp.
7933 NW 71 St.
Miami, Florida 33166

The Major Glass Company Inc.
285 Salem St.
Woburn, Massachusetts 01888

Roman Caulking and Waterproofing Company of Florida, Inc.
6710 NW 15th Way
Fort Lauderdale, Florida 33309

Diamond Architecturals, Inc.
P.O. Box 428
27 Horton Avenue
New Rochelle, New York 10810

Aerospace Fasteners
3423 South Garfield Ave.
Los Angeles, California 90040

Custom Craft
8557 Higuera St.
Culver City, California 90230

J & M Products, Inc.
1919 Victory Place
Burbank, California 91504

Intertherm Inc.
Textone, Inc.
Mammoth
Governair
Temtrol
Hone

Peacock Engineering
10620 Firestone Boulevard
Norwalk, California 90650

Sanitation Group
4030 Freeman Boulevard
Redondo Beach, California 90278

Chester Hoist
Salem Road
Lisbon, Ohio 44432

American Flexible Conduit Company, Inc.
55 Samuel Barnett Boulevard
New Bedford, Massachusetts 02745

The Glastic Co.
4321 Glenridge Road
Cleveland, Ohio 44121

Montrose Products
Auburn Industrial Park
Auburn, Massachusetts 01501

Acquisition(s):

Quality Aluminum Forge, inc.
Orange, California
Manufactures aluminum precision forgings.

Nortron Industries, Ltd.
Manufactures range hoods, fans, heaters, central vacuums, door chimes, lighting fixtures and other residential products.

Universal-Rundle Corporation
Manufactures bath products, including tubs, lavatories, faucets, fixtures, vanities, and medicine cabinets.

L.J. Smith, Inc.
Manufactures custom hardwood stairs and stair rail parts.

Mohawk Flush Doors, Inc.
Manufactures interior hollow core flush doors.

American Door Company of Michigan, Inc.
Manufactures interior hollow core flush doors.

Bend Millwork Company/Pozzi Window Co.
Manufactures exterior wood doors, insulated windows and millwork.

Transfer Agent(s):

State Street Bank and Trust
Boston, Massachusetts 02101

Stock Exchange(s): New York

Ticker Symbol: NTK

Number of Employees:

1986 10,900

Plant Footage:

1986 . . . . . 5,925,400 sq. ft.

Sales and Earnings

	Net Sales +	Net Income ‡
1986	$ 962,765,00	$ 29,000
1985	545,827,000	17,600,000
1984	438,669,000	16,900,000
1983	267,950,000	7,100,000
1982	119,290,000	6,300,000

	No. of Com. Shares ‡	Earn. per Share ‡‡
1986	16,238,000	$ 2.00
1985	13,269,000	1.52
1984	9,123,000	1.83
1983	8,986,000	1.01
1982	5,621,000	1.19

+ Of continuing operations only.
† Adsjusted to reflect tock split.
‡ Including extraordinary loss of $8,000,000 ($0.55 per share) in 1986.
‡‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Busines
(000's)

	1986	1985
Commercial & residential building products	$ 754,268	$ 344,546
Aerospace & industrial prods.	74,674	68,449
Elec. material prods.	107,061	103,593
Businesses sold	26,762	29,239
Total	$ 962,765	$ 545,827

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.085	—	4-for-3
1985	0.08	—	—
1984	0.08	—	—
1983	0.08	—	—
1982	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 240,829,000	$ 14.83
1985	177,793,000	13.40
1984	127,343,000	13.96
1983	109,775,000	12.21
1982	72,293,000	12.86

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 962,765	$ 545,827
Cost of sales	714,434	387,096
Expenses	171,532	98,393
interest & debt expense	68,447	46,489
Interest income	(33,048)	(20,526)
Gain on sale of secur.	(18,900)	(18,125)
Income bef. taxes	$ 60,300	$ 52,500
Income taxes	23,300	19,400
Inc.—cont. oper.	$ 37,000	$ 33,100
Loss—discont. oper.	—	(15,500)
Net Income	$ 37,000	$ 17,600
Extraord. loss	(8,000)	—
Net Income & extraord. loss	$ 29,000	$ 17,600

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $24,939,000 in 1986 and $13,308,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 54,359	$ 17,023
Market. securities	256,850	291,366
Accts. receiv., net	155,045	92,188
*Inventories	177,212	103,673
Current Assets	$ 643,466	$ 504,250
#Fixed assets	182,630	121,400
Other assets	40,135	51,001
Intangibles	134,487	78,434
Def. debt exp.	14,443	15,134
Total Assets	$ 1,105,161	$ 770,219

Liabilities
(000's)

Long-term debt, curr.	$ 58,938	$ 9,624
Accts. payable	58,534	40,371
Accruals	63,955	43,816
Income taxes	5,618	3,396
Curr. Liabilities	$ 187,045	$ 97,207
Long-term debt	100,552	44,516
Sr. subord. deben.	250,819	246,533
Subord. deben.	92,081	137,757
Convert. deben.	117,000	45,000
Other liabilities	26,835	21,413
+Common stock	12,347	10,015
+Special common stock	4,056	—
Add. paid-in capital	136,703	106,888
Retained earnings	100,543	72,512
Treasury stock	(3,056)	(958)
Deferred comp.	(9,764)	(10,664)
Total Liabilities & Shareholders' Equity	$ 1,015,161	$ 770,219

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation and depletion.
+ $1 par value

Statistical Summary

%Income bef. Taxes to Sales	6.26	—
%Net Income to Sales	3.84	—
%Net Income to Equity	15.36	9.90
Sales to Inventories	5.43	5.92
Debt to Equity	0.66	0.30
Working Capital	$456,421,000	$407,043,000
Current Ratio	3.44	5.19
Shareholders' Equity	$240,829,000	$177,793,000

North American Philips Corporation

(66%-owned by N.V. Philips of The Netherlands)

100 East 42nd Street
New York, New York 10017
(212) 697-3600

Officers: Cees Bruynes, chairman & president; Richard A. Daunoras, exec. v.p. & chief financial officer; Frank Hopkins, Edward Klein, Stephen C. Tumminello, Winifred C.J. van't Hoff, exec. v.p.'s; Robert T. Cavanagh & Daniel F. Minahan, senior v.p.'s; Wallace E.J. Collins, vice president, secretary & general counsel; Charles F. Dransfield, Patrick J. Greaney, Albert A. Ruttner, Donald L. Hamilton, Charles E. Ferguson, John C. Messerschmitt, Larry J. French, Paul S. Friedlander, Bruce D. Bengston, Arthur J. Dojan, v.p.'s; Stanley I. Cundey, Jr., v.p. & treasurer; James S. Cole, v.p. & controller; William E. Curran, assistant treasurer; Joseph C. Miranda, asst. secretary; Ronald Phillips, Denis J. Riordan, Emil J. Misisco, James P. Mooney, John T.D. Rich, Lewis J. Shiolena, staff v.p.'s.

Directors: Edward J. Boling, Cees Bruynes, Joseph A. Rice, Fletcher L. Byrom, Frank Chapman, Robert G. Dettmer, Robert L. Newell, Pieter C. Vink, Hamilton B. Mitchell, Robert A. Powers, William M. Rees, Charles S. Minter, Jr., R.J. Ventres.

Areas of Work: The Company is engaged in four basic areas: consumer products; electrical/electronic components, lighting products, and professional equipment. Products include Magnavox, Philco and Sylvania home entertainment products, Norelco electric razors and coffee makers, Philips lamps, medical systems, and electronic instruments, Genie garage door openers, Baker furniture, Ohmite resistors, and Dialight indicators, among others.

Divisions and Subsidiaries:

Advance Transformer Company
2950 North Western Avenue
Chicago, Illinois 60618
Ballasts for fluorescent and high intensity discharge lamps; dimming and control systems; power units for microwave cooking.

Amperex Electronic Corporation
Slatersville, Rhode Island
Electron tubes, electro-optical devices; semiconductors; integrated circuits; electronic components.

Consumer Products Divisions
Stamford, Connecticut
Norelco® electric shavers; hearing aids; personal care and home appliances; electrical housewares; tape recorders and blank cassettes; AKG® microphones and headphones; Norelco Service, Inc. for service, parts and accessories.

Dialight Corporation
Manasquan, New Jersey
Indicator lights, numeric readouts, LED devices, switches, plugs, mounting accessories, electronic educational kits.

Electrical Industries
691 Central Avenue
Murray Hill, New Jersey 07974
Hermetic glass-to-metal seals for component manufacturers; glass preforms; wire preforms; metal stampings; coined component parts; screw machine products.

N.A.P. Consumer Electronics Corp.
Knoxville, Tennessee
Manufactures home entertainment products including complete television-stereo consoles, radio-phonograph components and components systems, portable table and clock radios, tape recorders, cassette changers and accessories.

Magnavox Government and Industrial Electronics Company
1700 Magnavox Way
Fort Wayne, Indiana 46804
Engaged in the areas of defense communications, minicomputers and computer terminals, airborne submarine surveillance systems and position-location and navigation systems.

Magnavox Advanced Products and Systems Company
Torrance, California

Magnavox Electronic Systems Company
Fort Wayne, Indiana

Airpax Corporation
Cheshire Industrial Park
Cheshire, Connecticut 06410
Electro-mechanical and electronic timing and control systems; timing, control and stepper motors; aircraft timing systems; microminiature and subminiature electro-mechanical and electronic relays.

North American Philips Lighting Corporation
Somerset, New Jersey
Mercury vapor lamps, sodium lighting products, reflector-type lamps; projection lamps for movies and slides; spotlights and floodlights; flashbulbs; miniature and sub-miniature lamps; sun lamps; heat lamps; household bulbs; fluorescent lamps; special discharge lamps; lighting fixtures.

Ohmite Manufacturing Company
3601 Howard Street
Skokie, Illinois 60076
Wirewound power resistors and rheostats; power tap switches, variable transformers; relays; solid state power controls and other components.

Philips Business Systems, Inc.
Woodbury, New York 11797
Dictation systems including desk, portable and pocket models; intercom equipment; pocket paging systems, office computers and peripherals.

Philips Electronic Instruments, Inc.
Mahwah, New Jersey 11797
Analytical instrumentation and systems; transmission electron microscopes; X-ray diffraction and spectrographic equipment; X-ray radiographic equipment; IRS, UV, VIS and AA spectrophotometers; liquid chromatographs; air and water pollution monitors; X-ray baggage inspection equipment; canning electron microscopy.

Mepco/Centralab, Inc.
Riviera, Florida

Philips Laboratories
345 Scarborough Road
Briarcliff Manor, New York 10510
Research and development in electro-optics with related programs in solid state electronics and instrumentation.

American Color & Chemical Corporation
Charlotte, North Carolina

Anchor Brush Company, Inc.
Montgomery, Illinois

Philips ECG, Inc.
Seneca Falls, New York

The Selmer Company
Elkhart, Indiana

Magnavox CATV Systems, Inc.
Manlius, New York

Philips Medical Systems, Inc.
710 Bridgeport Avenue
Shelton, Connecticut 06484
Diagnostic and therapeutic X-ray systems for medical, dental, podiatry and veterinary applications; medical electronic systems; hospital planning and equipment and supplies consulting.

Phillips Home Products, Inc.
Akron, Ohio

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: NPH

Number of Employees:

1986	50,400	1983	56,550
1985	51,800	1982	45,823
1984	57,400		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	4,531,600	$ 68,500
1985	4,395,200	81,500
1984	4,325,900	130,500
1983	3,799,825	95,712
1982	3,168,052	73,564

	No. of Com. Shares ‡	Earn. per Share #
1986	29,100,000	$ 2.36
1985	28,900,000	2.82
1984	28,800,000	4.53
1983	28,704,082	3.38
1982	27,702,856	2.66

‡ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Consumer electronics	$ 1,311,600	$ 1,214,300
Elec. consumer prods.	889,700	907,200
Other consumer prods. & services	201,300	209,100
Electrical & electronic components	892,600	863,000
Professional equipment	1,236,400	1,201,600
Total	$ 4,531,600	$ 4,395,200

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	0.85	—	2-for-1
1982	0.85	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 1,096,200	$ 37.78
1985	1,050,600	36.35
1984	986,800	34.30
1983	883,874	30.79
1982	783,512	28.28

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 4,531,600	$ 4,395,200
Cost of sales	3,577,300	3,437,800
Expenses	807,700	759,300
Restructuring of oper.	(10,100)	27,000
Other income	(7,100)	(7,200)
Interest expense	62,000	67,100
Income before taxes	$ 101,800	$ 111,200
Income taxes	20,600	29,700
Dividend payable on stock of subsid.	12,700	—
Net Income	$ 68,500	$ 81,500

* Included in Costs and Expenses, Depreciation and Amortization: $110,400,000 in 1986 and $98,000,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 48,600	$ 41,700
Accts. & notes receiv., net	965,400	956,400
Deferred tax benefits	45,800	31,400
*Inventories	956,800	838,500
Prepaid expenses	29,300	28,100
Due from sub.	17,400	32,400
Current Assets	$ 2,063,300	$ 1,928,500
#Fixed assets	738,700	649,800
Other assets	83,800	64,700
Total Assets	$ 2,885,800	$ 2,643,000

Liabilities
(000's)

Notes payable	$ 92,500	$ 22,300
Long-term debt, curr.	2,700	12,700
Accts. payable	229,200	200,500
Accruals & other liabilities	442,300	448,600
Dividends payable	7,200	7,200
Income taxes	33,500	1,300
Due to affiliates	93,300	78,800
Curr. Liabilities	$ 900,700	$ 771,400
Long-term debt	552,500	495,600
Interest in pref. stock of subsid.	212,000	212,000
Deferred income taxes	109,900	101,300
Other liabilities	14,500	12,100
+Common stock	151,600	150,900
Add. paid-in capital	107,100	103,200
Retained earnings	849,600	808,600
Treasury stock	(12,100)	(12,100)
Total Liabilities & Shareholders' Equity	$ 2,885,800	$ 2,643,000

* At lower of cost or market.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.25	2.53
%Net Income to Sales	1.51	1.85
%Net Income to Equity	6.25	7.76
Sales to Inventories	5.29	5.24
Debt to Equity	0.50	0.51
Working Capital	$ 1,162,600	$ 1,157,100
Current Ratio	2.29	2.50
Shareholders' Equity	$1,096,200,000	$1,050,600,000

North Atlantic Industries, Inc.

60 Plant Avenue
Hauppauge, New York 11788
(516) 582-6500

Officers: Malcolm D. Widenor, president; Walter Lipkin, sr. vice president, treasurer and secretary; Robert Carlson, v.p. & president-Military Products Division; Jay S. Truesdell, v.p.-industrial relations; Michael McCrain, v.p. & chief financial officer; Brian Clare, v.p.-materials management.

Directors: Walter Lipkin, Malcolm D. Widenor, John D. May, Robert Rosenthal.

Areas of Work: Manufactures electronic instrumentation for the measurement of complex A.C. signals; manufactures computer peripherals, tape drives, printers, data storage system and angle position indicators.

Divisions and Subsidiaries:

Printer Products Division
Engaged in the production of dot matrix, Tempest dot matrix and Tempest laser printers.

Data Storage Products Division
Markets and manufactures streaming tape drives, tape loaders and data storage systems.

Instrument Division
Instrument products include specialized analog/digital signal processing equipment used for measurement test, control and maintenance in the aerospace, military and commercial avionic markets.

Military Products Division
Designs, develops and markets militarized computer peripherals.

North Atlantic Industries Singapore, Pte. Ltd. (95%-owned)
Produces streaming tape drives for the U.S. and overseas markets.

Transfer Agent(s):
The American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NATL (NASDAQ)

Number of Employees:

1986	516	1983	N.A.
1985	467	1982	395
1984	N.A.		

N.A. - Not Available.

Plant Footage:

1986	154,000 sq. ft.	1983	91,000
1985	138,000	1982	91,000
1984	139,600		

Sales and Earnings ‡

	Net Sales	Net Income
1986	$ 35,242,000	$ 1,409,000
1985	31,563,000	1,038,000
1984	26,198,000	1,393,000
1983	27,133,000	2,386,000
1982	22,684,000	1,400,000

	No. of Com. Shares +	Earn. per Share +
1986	3,559,000	$ 0.40
1985	3,505,000	0.30
1984	3,489,000	0.40
1983	3,254,000	0.73
1982	2,717,000	0.52

‡ Restated to reflect change in inventory costing.
+ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—
1982	—	50%	—

Common Stock Equity ‡

	Total Equity	Equity Per Share +
1986	$ 18,238,000	$ 5.12
1985	16,592,000	4.73
1984	15,370,000	4.41
1983	13,812,000	4.24
1982	5,994,000	2.21

‡ Restated.
+ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended	1/3/87	12/28/85 ‡
Net sales	$ 35,242,000	$ 31,563,000
Cost of sales	22,635,000	18,784,000
Expenses	9,853,000	9,628,000
Interest income	(39,000)	(13,000)
Interest expense	510,000	479,000
Equity in loss of unconsol. affil.	100,000	1,299,000
Gain on sale of prop.	(101,000)	—
Income before taxes	$ 2,284,000	$ 1,386,000
Income taxes	875,000	348,000
Net Income	$ 1,409,000	$ 1,038,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,252,000 in 1986 and $867,000 in 1985.
‡ Restated.

Assets

As of	1/3/87	12/28/85 ‡
Cash	$ 983,000	$ 270,000
Accts. receiv., net	8,038,000	7,590,000
Notes receivable	333,000	—
Income taxes	357,000	135,000
*Inventories	12,574,00	9,987,000
Other curr. assets	115,000	117,000
Current Assets	$ 22,400,000	$ 18,099,000
#Fixed assets	10,281,000	7,417,000
Investments	—	100,000
Other assets & deposits	431,000	55,000
Total Assets	$ 33,112,000	$ 25,671,000

Liabilities

Notes payable	$ 4,775,000	$ 2,900,000
Long-term debt, curr.	702,000	269,000
Accts. payable	2,672,000	1,717,000
Accrued payroll & commissions	324,000	303,000
Accrued pension expense	241,000	279,000
Other accruals	1,215,000	752,000
Inc. taxes payable	—	398,000
Deferred income taxes	222,000	154,000
Other curr. liab.	50,000	—
Curr. Liabilities	$ 10,201,000	$ 6,772,000
Long-term debt	3,879,000	1,853,000
Def. income taxes	490,000	454,000
Redeem. preferred stock	304,000	—
+Common stock	347,000	343,000
Add. paid-in capital	7,231,000	6,998,000
Retained earnings	10,660,000	9,251,000
Total Liabilities & Shareholders' Equity	$ 33,112,000	$ 25,671,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.48	4.39
%Net Income to Sales	4.00	3.29
%Net Income to Equity	7.73	6.26
Sales to Inventories	2.80	3.16
Debt to Equity	0.51	0.30
Working Capital	$12,199,000	$11,327,000
Current Ratio	2.20	2.67
Shareholders' Equity	$18,238,00	$16,592,000

North Hills Electronics, Inc.

1 Alexander Place
Glen Cove, New York 11542
(516) 671-5700

Officers: Leo Staschover, chairman & chief exec. officer; Howard G. Anders, president, chief oper./financial officer & treasurer; Michael T. Pappas, v.p.; John F. Wilkens, secretary.

Directors: Leo Staschover, chairman; Michael T. Pappas, Howard G. Anders, Joe P. Schindler.

Areas of Work: Engaged in the design, development, manufacture and sale of high voltage and high current electronic power products and sources, microwave transmitting and receiving equipment, and component integration and wideband signal processing devices.

Divisions:
Communications Products Division
Power Products Division
Special Products Division

Subsidiaries:

Displex, Inc.
Markets uninterruptible power supplies and a series of power line conditioners.

North Hills International, Inc. (majority-owned)
Coordinates the Company's manufacturing and sales operations in Israel.

Transfer Agent(s):
Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NOHL (NASDAQ)

Number of Employees:

1987	N.A.	1984	83
1986	95	1983	80
1985	95		

Plant Footage:

1987	N.A.	1984	24,000
1986	24,000 sq. ft.	1983	19,000
1985	24,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1987	$ 4,510,597	$ (1,278,546)
1986	3,063,432	(844,870)
1985	5,048,640	544,512
1984	4,210,485	622,276
1983	3,384,232	438,795

	No. of Com. Shares +	Earn. per Share #
1987	2,654,412	$ —
1986	2,654,412	—
1985	2,625,186	0.20
1984	2,614,686	0.24
1983	1,975,368	0.21

(Loss)
+ Adjusted to reflect stock splits.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—

1985	—	—	—
1984	—	—	3-for-2 & 2-for-1
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 5,026,659	$ 1.89
1986	6,301,699	2.37
1985	7,074,442	2.69
1984	6,495,080	2.48
1983	1,593,110	0.81

+ Adjusted to reflect stock splits.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 4,510,597	$ 3,063,432
Cost of sales	2,886,083	2,116,547
Expenses	3,371,267	2,828,577
Other income	(293,330)	(276,261)
Interest expense	122,639	145,405
Loss before taxes	$ (1,576,062)	$ (1,750,836)
Tax credit	(297,516)	(905,966)
Net Loss	$ (1,278,546)	$ (844,870)

* Included in Costs and Expenses, Depreciation and Amortization: $387,867 in 1987 and $321,585 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	$ 790,174	$ 1,651,860
Accts. receiv., net	781,955	433,458
*Inventories	2,446,629	1,907,418
Refundable income taxes	256,246	921,973
Notes receivable	—	495,445
Prepaid expenses	299,699	160,565
Current Assets	$ 4,574,703	$ 5,570,719
#Fixed assets	3,166,226	2,0[illegible]
Bond proceeds	—	2[illegible]
Goodwill	481,288	
Other assets	419,356	3[illegible]
Total Assets	$ 8,641,573	$ 8,712,738

Liabilities

Long-term debt, curr.	$ 164,644	$ 159,644
Notes payable	658,000	220,000
Accts. payable	509,068	140,915
Accruals	232,812	232,930
Curr. Liabilities	$ 1,564,524	$ 753,489
Long-term debt	2,050,390	1,603,034
Deferred inc. taxes	—	54,516
+Common stock	26,544	26,544
Add. paid-in capital	4,626,006	4,622,500
Retained earnings	374,109	1,652,655
Total Liabilities & Shareholders' Equity	$ 8,641,573	$ 8,712,738

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	1.84	1.61
Debt to Equity	0.41	0.31
Working Capital	$3,010,179	$4,817,230
Current Ratio	2.92	7.39
Shareholders' Equity	$5,026,659	$6,301,699

Northern Telecom Limited

(52.3% owned by Bell Canada Enterprises Inc.)

33 City Centre Drive
Mississauga, Ontario L5B 3A2
Canada
(416) 275-0960

Officers: Edmund B. Fitzgerald, chairman & chief executive officer; David G. Vice, president; Donald A. Nobe, exec. v.p.-corporate; John A. Roth, exec. v.p.-product line mgmt.; J. Derek M. Davies, exec. v.p.-corp. strategy; Clive Y. Allen, sr. v.p. & gen. counsel; Stephen N. Bowen, sr. v.p.-public affairs; Donald K. Peterson, sr. v.p.-finance & chief financial officer; John P. Strimas, v.p.-corp. relations; L.C. Beaumont, sr. v.p.-technology; Philip T. Erickson, v.p.-patents & licenses; R. Brian O'Regan, v.p.-public affairs; Robert Kenedi, A.R. Ian Munns, v.p.'s-product line planning; Charles M.H. Shiu, v.p.-market development; John E. Ellsworth, v.p.-human resources; Hugh A. Hamilton, v.p.; Bruce H. Tavner, v.p.; David W. Kendall, Jr., v.p. & treasurer; Anthony J. Lafleur, secretary; Anthony S. Thornley, controller.

Directors: Ian A. Barclay, William O. Beers, Owen B. Butler, A. Jean de Grandpré*, Edmund B. Fitzgerald*, Donald S. Harvie, Robert S. Hurlbut*, Walter F. Light*, John H. Moore*, Paul F. Oreffice, Charles Perrault*, Gérard Plourde, O.C.*, Walter M. Robinson, Jr., Donald J. Schuenke, Robert C. Scrivener, William M. Sobey, E. Peter Loughead, Bowie K. Kuhn, David G. Vice*.

* Member of the Executive Committee.

Areas of Work: Electromechanical and electronic analog and digital switching systems; cable systems; optoelectronic systems; channel banks; repeaters; fuses; relays; dryreed relays; power equipment; printed-circuit board and packs; step-by-step switching systems; sheet metal and piece parts; networks and sensors; residential and business telephones and components; electronic equipment and test sets; analog and digital transmission equipment; multiplex, voice frequency and radio equipment; capacitors; protectors; custom large-scale-integrated circuits; distributed data processing terminals and systems, disks and disk storage devices, video displays, printers, magnetic tape drives, software development, printed circuit boards, on-line terminal systems, remote batch and multifunction terminal systems; private switching networks; test equipment, data communications diagnostic systems, analog and digital private branch exchanges.

Divisions and Subsidiaries:

Bell-Northern Research Ltd. (70% owned)
3500 Carling Avenue
Ottawa, Ontario K2H 8E9
Canada
(613) 726-2211

BNR Inc.
685A East Middlefield Road
Mountain View, California 94039
(415) 969-9170

Netas-Northern Electric
Telekomünikasyon A.S.
Alemdag Caddesi
Ümraniye, Usküdar
Istanbul, Turkey

Northern Telecom AG
Drahtzugstrasse 18
8008 Zurich, Switzerland

Northern Telecom (Asia) Limited
Keck Seng Tower
133 Cecil Street #15-01
Singapore 0106

Northern Telecom (CALA) Corporation
14701 N.W. 77th Avenue
Miami Lakes, Florida 33014
(305) 558-4858

Northern Telecom Canada Limited
304 The East Mall
Islington, Ontario M9B 6E4
Canada
(416) 232-2000

Northern Telecom Electronics Ltd.
33 City Centre Drive
Mississauga, Ontario L5B 3A2

Northern Telecom Finance Corporation
Northern Telecom Plaza
220 Athens Way
Nashville, Tennessee 37228
(615) 734-5200

Northern Telecom Inc.
Northern Telecom Plaza
220 Athens Way
Nashville, Tennessee 37228
(615) 734-4000

Northern Telecom (France) S.A.
185 Avenue Charles-de-Gaulle
F-92200 Neuilly-sur-Seine
France

Northern Telecom Industries Sdn. Bhd.
Bayan Lepas
Free Trade Zone,
Penang, West Malaysia

Northern Telecom plc
Berkeley Square House
Berkeley Square
London W1X 5LB
England

Northern Telecom (Ireland) Limited
Mervue Industrial Estate
Galway, Republic of Ireland

Northern Telecom International Limited
33 City Centre Drive
Mississauga, Ontario L5B 3A2
Canada
(416) 275-0960

Northern Telecom International Finance B.V.
Daalmeerstraat 4
2131 HC, Hoofddorp
Hoofddorp, The Netherlands

Northern Telecom Japan Inc.
San Miyanaga Building
5-12 Moto-Akasaka
1-chome, Minato-ku
Tokyo-107 Japan

Northern Telecom Europe Limited
Berkeley Square House
Berkeley Square
London W1X 5LB
England

Northern Telecom GmbH
Lyoner Strasse 30
6000 Frankfurt am Main 71
West Germany

Northern Telecom Pacific Limited
Oak Minami Azabu Building
19-23 Minami / zabu
3-chome, Minato-ku
Tokyo 106, Japan

Transfer Agent(s):

Corporate Offices
800 Place Victoria, Suite 250
Montreal, Quebec, Canada
H4Z 1A2

Corporate Offices
483 Bay Street
Floor 2, South Tower
Toronto, Ontario, Canada
M5G ZE1

Montreal Trust Company
Halifax, Winnipeg, Regina, Calgary & Vancouver, Canada

Manufacturers Hanover Trust Company
New York, New York

Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

The Royal Trust Company
London, England

Stock Exchange(s): Montreal, New York, Toronto, Vancouver, London (U.K.), Tokyo.

Ticker Symbol: NT (New York); NTL (Montreal, Toronto, Vancouver)

Number of Employees:

1986	46,202	1983	39,318
1985	46,549	1982	34,449
1984	46,993		

Plant Footage:

1986	8,619,000 sq. ft.	1984	8,085,000
1985	8,423,000	1983	8,090,000

Northern Telecom Limited

Sales and Earnings ×

	Revenues (000's)	Net Income (000's)
1986	$ 4,383,600	$ 313,200
1985	4,262,900	299,200
1984	3,374,000	255,800
1983	2,680,200	N.A.
1982	2,463,400	N.A.

	No. of Com. Shares +	Earn. per Share +
1986	116,974,000	$ 2.45
1985	116,011,447	2.36
1984	115,000,454	2.11
1983	110,926,011	1.95
1982	105,492,399	1.07

N.A. - Not Available.
× Restated to reflect the change in reporting to U.S. dollars.
+ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock ‡

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.36	—	—
1984	0.31	—	—
1983	0.32	—	3-for-1
1982	0.27	—	—

‡ Restated.
+ Adjusted to reflect stock split.

Common Stock Equity ×

	Total Equity (000's)	Equity Per Share ‡
1986	$ 1,894,900†	$ 16.20
1985	1,614,600†	13.92
1984	1,379,800	12.00
1983	1,198,300	10.62
1982	818,600	7.76

× Restated.
† After allowing for preferred stock at redemption value.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985‡
Revenues	$ 4,383,600	$ 4,262,900
Cost of revenues	2,730,500	2,708,900
Expenses	1,239,100	1,131,900
Other income	(29,500)	(17,600)
Interest expense	50,000	52,500
Unrealized currency losses (gains)	2,300	(5,000)
Eq. in earn. of subsid.	(49,900)	(39,800)
Income before taxes	$ 441,100	$ 432,000
Income taxes	127,900	132,800
Net Income	$ 313,200	$ 299,200

* Included in Costs and Expenses, Depreciation and Amortization: $249,200,000 in 1986 and $204,600,000 in 1985.
‡ Restated.

Assets
(000's)

As of Dec. 31	1986	1985 ‡
Cash	$ 362,300	$ 81,900
Accts. receiv., net	1,150,800	1,007,100
*Inventories	651,400	780,200
Prepaid expenses	19,100	16,700
Current Assets	$ 2,183,600	$ 1,885,900
Long-term receiv.	18,400	16,000
Investments	656,700	518,600
#Fixed assets	1,097,900	1,065,100
Other assets	4,500	4,400
Total Assets	$ 3,961,100	$ 3,490,000

Liabilities
(000's)

Notes payable	$ 800	$ 31,100
Long-term debt, curr.	800	4,000
Accts. payable & accruals	705,300	820,700
Income taxes	68,200	6,900
Res. investment contracts due	—	7,900
Deferred income taxes	19,800	81,400
Current Liabilities	$ 994,900	$ 952,000
Long-term debt	101,000	107,600
Non-consolid. subsid.	294,700	317,400
Minority interest	17,800	16,200
Deferred income	7,400	2,800
Deferred inc. taxes	207,400	128,600
Redeem. pref. stock	281,000	277,500
+ Preferred stock - Class A Series 4	73,300	73,300
+Common stock	755,800	720,500
Retained earnings	1,266,200	1,030,800
For. exch. adjust.	(127,100)	136,700)
Total Liabilities & Shareholders' Equity	$ 3,961,100	$ 3,490,000

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.06	10.13
%Net Income to Sales	7.14	7.02
%Net Income to Equity	15.91	17.73
Sales to Inventories	6.73	5.46
Debt to Equity	0.05	0.08
Working Capital	$1,188,700,000	$ 933,900,000
Current Ratio	2.19	1.98
Shareholders' Equity	$1,968,200,000	$1,687,900,000

Northrop Corporation

1840 Century Park East
Century City
Los Angeles, California 90067-2199
(213) 553-6262

Officers: Thomas V. Jones, chairman of the board & chief executive officer; Frank W. Lynch, vice chairman; Kent Kresa, president & chief operating officer; John B. Campbell, v.p. & controller; Jaime Oaxaca, v.p. & president-Wilcox Electric, Inc.; Les Daly, v.p.-public affairs; Stanley Ebner, sr. v.p.-government relations; William M. Elliott, sr. v.p. & general counsel; David N. Ferguson, group v.p.-Electronics Systems Group; Joseph T. Gallagher, v.p. & gen. mgr.-Aircraft Division; Welko E. Gasich, exec. v.p.-programs management; C. Robert Gates, sr. v.p.-international; Sheila M. Gibbons, v.p. & secretary; Gene W. Hauser, v.p. & gen. mgr.-Electronics Division; L. Bruce James, v.p. & gen. mgr.-Ventura Division; Richard B. Lohrer, treasurer; Willis J. Shaddix, v.p. and president, Northrop Worldwide Aircraft Services Inc.; Fred J. Manzella, v.p.; William G. McGagh, sr. v.p.-finance; J. William Jenkins, v.p. & president-Northrop Services, Inc.; John R. Moore, v.p. & gen. mgr.-Electro-Mechanical Division; John Patierno, v.p. & gen. mgr.-Advanced Systems Division; John J. Richardson, v.p.-human resources; Wallace C. Solberg, v.p. & gen. mgr.-Defense Systems Division; Joseph Yamron, v.p. & gen. mgr.-Precision Products Division.

Directors: Thomas V. Jones, chairman; William F. Ballhaus*, Richard J. Flamson, III, Ivan A. Getting*, Earle M. Jorgensen, Tom Killefer*, O. Meredith Wilson*, Richard E. Horner, Charles W. Robinson, George T. Scharffenberger, Frank W. Lynch, William G. McGagh, Robert L.J. Long*, Howard P. Allen.

* Member of the Executive Committee.

Divisions:

Aircraft Division
One Northrop Avenue
Hawthorne, California 90250
Aircraft research, development and manufacturing.

Advanced Systems Division
8900 E. Washington Boulevard
Pico Rivera, California 90660-3737
Research and development of the USAF Advanced Technology Bomber.

Defense Systems Division
600 Hicks Road
Rolling Meadows, Illinois 60008
Military electronic warfare systems.

Precision Products Division
100 Morse Street
Norwood, Massachusetts 02062
Gyroscopes, accelerometers, and inertial guidance and control systems.

Electronics Division
2301 West 120th Street
Hawthorne, California 90250
Electronics research, development, and manufacturing.

Ventura Division
1515 Rancho Conejo Boulevard
Newbury Park, California 91320
Unmanned aircraft and aircraft sub-assemblies.

Electro-Mechanical Division
500 East Orangethorpe Avenue
Anaheim, California 92801
Electronic sensor and tracking systems, automatic test equipment, and fabricated products.

Northrop Research and Technology Center
One Research Park
Rancho Palos Verdes, California 90274
Advanced technology research programs.

Subsidiaries:

Northrop Services, Inc.
108 Powers Court
Sterling, Virginia 22170
Managerial and technical support services.

Northrop Worldwide Aircraft Services, Inc.
21 Northwest 44th Street
Lawton, Oklahoma 73505
Aircraft maintenance and base support services.

Wilcox Electric, Inc.
2001 North East 46th Street
Kansas City, Missouri 64116
Ground-based air navigation and instrument landing systems.

Affiliated Companies:

Construcciones Aeronauticas, S.A. (casa) (13.3% owned)
Calle del Rey Francisco, 4, Apartado 193
Madrid, 28008, Spain
Military and commercial aircraft development and manufacturing.

Electronica Basica, S.A. (5.2% owned)
Carretera Nal., 2, KM 577,3 Esparraguera
Barcelona, Spain
Printed circuit boards.

N.V. Koninklijke Nederlandse Vliegtuigenfabriek Fokker (19.8% owned)
P.O. Box 12222
1100 AE, Amsterdam-Zuidoost
The Netherlands
Commercial and military aircraft development and manufacturing.

Transfer Agent(s):
Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: NOC

Number of Employees:

1986	46,800	1983	37,200
1985	46,900	1982	35,500
1984	41,500		

Plant Footage*:

1986	18,600,000 sq.ft.	1983	14,600,000
1985	17,100,000	1982	14,278,000
1984	15,800,000		

* Includes U.S. Government-owned facilities used by Northrop Corporation.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 5,608,400	$ $41,200
1985	5,056,600	214,400
1984	3,687,800	166,900
1983	3,260,600	100,700
1982	2,472,900	5,400

	No. of Com. Shares #	Earn. per Share #
1986	46,500,000	$ 0.89
1985	46,300,000	4.63
1984	45,900,000	3.63
1983	45,600,000	2.21
1982	45,300,000	0.12

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Aircraft	$ 4,238,400	$ 3,885,800
Electronics/ Communications	1,247,900	938,300
Services	254,200	400,900
Interseg. elim.	(124,500)	(113,000)
Total	$ 5,616,000	$ 5,112,000

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.20	—	—
1984	0.90	—	3-for-1
1983	0.60	—	—
1982	0.60	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 898,700,000	$ 19.33
1985	899,000,000	19.42
1984	724,800,000	15.79
1983	576,900,000	12.65
1982	493,900,000	10.90

+ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 5,608,400	$ 5,056,600
Cost of sales	4,985,900	4,205,400
Other income	(7,600)	(7,700)
Interest expense	28,900	17,400
Claim settlement	—	(50,000)
Income bef. taxes	$ 49,500	$ 348,100
Income taxes	8,300	133,700
Net Income	$ 41,200	$ 214,400

* Included in Costs and Expenses, Depreciation and Amortization: $225,600,000 in 1986 and $193,400,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash items	$ 4,800	$ 7,100
Accts. receiv., net	620,300	492,860
*Inventories	505,900	405,900
Prepaid expenses	29,500	24,900
Current Assets	$ 1,160,500	$ 930,700
Investments	35,000	31,200
#Fixed assets	1,487,100	1,351,300
Other assets	16,200	19,500
Total Assets	$ 2,698,800	$ 2,332,700

Liabilities
(000's)

Notes payable	$ 499,900	$ 164,000
Accts. payable	341,500	310,900
Adv. on contracts	20,000	44,100
Accrued compensation	142,900	165,800
Income taxes	466,300	495,500
Other liabilities	238,600	163,800
Curr. Liabilities	$ 1,709,200	$ 1,344,100
Long-term obligations	32,400	38,300
Deferred inc. taxes & credits	58,500	51,300
+Common stock	176,800	161,600
Retained earnings	740,900	755,500
Unvested employee restricted shares	(19,000)	(18,100)
Total Liabilities & Shareholders' Equity	$ 2,698,800	$ 2,332,700

* At lower of average cost or market.
# Less accumulated depreciation & amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	0.88	6.88
%Net Income to Sales	0.73	4.24
%Net Income to Equity	11.09	23.85
Debt to Equity	0.599	0.23
Shareholders' Equity	$898,700,000	$899,000,000

Nuclear Data, Inc.

1330 East Golf Road
Schaumburg, Illinois 60196
(312) 884-3600

Officers: Richard J. Sandberg, president and chief executive officer; Harold E. Tellefsen, senior vice president; Gerald W. Gaughran, v.p.-engineering; C. Stewart Havens, v.p.-finance, secretary and treasurer; Raymond C. Master, Loren G. Pieper, Albert E. Puhlman, Jr., v.p.'s.

Directors: Richard J. Sandberg, Harold E. Tellesfsen, James A. Lynch, George K. Hendrick, Jr., C. Stewart Havens.

Areas of Work: Manufactures multilayer printed circuit boards; designs, manufactures and markets computer-based multichannel analyzers used in nuclear physics, nuclear power plants and medical instrumentation.

Divisions and Subsidiaries:

Metropolitan Circuits Incorporated
Santa Ana, California 92626
Manufactures and markets printed circuit boards.

Nuclear Data, Inc. ND
Frankfurt, West Germany
Sales and services subsidiary.

Nuclear Data, Inc. (U.K.)
Bourne End, England
Sales and service branch office.

Nuclear Data Instruments AB
Uppsala, Sweden
Marketing subsidiary.

Nuclear Data Instrumentation Division
Schaumburg, Illinois
Design, manufacture and marketing of computer-based multichannel analyzers used in nuclear physics, nuclear power plants and medical instrumentation.

Molsgaard Medical A/S
Copenhagen, Denmark
Diagnostic instruments incorporating nuclear technology.

Nuclear Data Medical
Schaumburg, Illinois
Design, manufacture and markets two types of bone densitometry systems.

Nuclear Data OEM
Schaumburg, Illinois
Supplies private label products for original equipment manufacturers. Principal products consist of high resolution video cameras and multiformat imagers used with diagnostic imaging systems.

Transfer Agent(s):

LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60603

Stock Exchange(s): American

Ticker Symbol: NDI

Sales and Earnings

	Net Sales	Net Income
1987	$ 44,710,000	$ (10,237,000)
1986	52,778,000	(1,590,000)
1985	65,272,000	1,926,000
1984	45,172,000	(2,182,000)
1983	46,686,000	(994,000)

	No. of Com. Shares #	Earn. per Share #
1987	1,782,000	$ —
1986	1,856,000	—
1985	2,015,000	0.96
1984	1,702,000	—
1983	1,695,000	—

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Printed circuit boards	$ 16,711,000	$ 25,822,000
Instrumentation	27,999,000	26,956,000
Total	$ 44,710,000	$ 52,778,000

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 4,991,000	$ 2.80
1986	15,552,000	8.38
1985	17,703,000	8.79
1984	14,320,000	8.41
1983	16,450,000	9.71

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Feb. 28	1987	1986
Net sales	$ 44,710,000	$ 52,778,000
Other income	3,163,000	3,078,000
Gain on sale	711,000	—
Total Income	$ 48,584,000	$ 55,856,000
Cost of sales	34,261,000	39,109,000
Expenses	16,888,000	16,667,000
Research & develop.	1,981,000	2,130,000

Interest expense	1,397,000	1,045,000
Prov. for asset. restruc.	4,465,000	—
Loss bef. taxes	$ (10,408,000)	$ (3,105,000)
Tax credit	(171,000)	(1,515,000)
Net Loss	$ (10,237,000)	$ (1,590,000)

* Included in Costs and Expenses, Depreciation, and Amortization: $1,768,000 in 1987 and $2,008,000 in 1986.

Assets

As of Feb. 28	1987	1986
Cash	$ 128,000	$ 119,000
Recov. inc. taxes	—	366,000
Accts. receiv., net	13,209,000	14,315,000
*Inventories	6,539,000	6,223,000
Prepaid expenses & sundry accts.	1,296,000	1,653,000
Current Assets	$ 21,172,000	$ 22,676,000
#Fixed assets	6,862,000	9,711,000
Other assets	3,466,000	4,885,000
Total Assets	$ 31,500,000	$ 37,272,000
Liabilities		
Note payable	$ 998,000	$ 734,000
Long-term debt, curr.	9,723,000	278,000
Accts. payable	6,978,000	4,698,000
Accruals	4,422,000	4,165,000
Reserve for asset restructuring	950,000	—
Curr. Liabilities	$ 23,071,000	$ 9,875,000
Long-term debt	368,000	11,243,000
Deferred gain on sale	1,729,000	—
Deferred pension liab.	749,000	—
Capital lease oblig.	—	64,000
Deferred inc. taxes	91,000	287,000
Redeem. common stock	501,000	251,000
+Common stock	1,006,000	1,006,000
Add. paid-in capital	10,819,000	10,818,000
Treasury stock	(1,666,000)	(1,167,000)
Retained earnings (def.)	(5,042,000)	5,195,000
Deferred compensation	(262,000)	(386,000)
Translation adj.	136,000	86,000
Total Liabilities & Shareholders' Equity	$ 31,500,000	$ 37,272,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	6.84	8.48
Debt to Equity	0.07	0.79
Working Capital	—	$12,801,000
Current Ratio	—	2.30
Shareholders' Equity	$4,991,000	$15,552,000

Oak Industries Inc.

16935 West Bernardo Drive
Rancho Bernardo, California 92127
(714) 485-9300

Officers: E.L. McNeely, chairman of the board & chief exec. officer; Monty A. Houdeshell, chief financial officer; v.p.-finance, treasurer & controller; Scott A. Larson, v.p.-human resources; S. James Miller, Jr., v.p., secretary & gen. counsel; Daniel A. Hathaway, sr. atty. & asst. secretary.

Directors: E.L. McNeely, chairman; Franklin A. Cole*, James F. Calvert*, Lawrence H. Rogers, II, Bernard Schwartz, Roderick M. Hills*.

* Member of the Executive Committee.

Areas of Work: Manufactures and markets controls and components for gas and electric appliances, low power rotary and other switches, and quartz crystal oscillators and filters used in consumer, industrial and military products; produces communications equipment for use in cable television systems and satellite television systems.

Divisions and Subsidiaries:

Oak Switch Systems Inc.
Crystal Lake, Illinois 60014
Low power rotary, pushbutton, keyboard, membrane and lever switches.

McCoy Electronics Company
Mt. Holly Springs & Mercerberg, Pennsylvania 17065
High-frequency and low-frequency crystals, crystal filters and oscillators for communications equipment.

O/E/N India Limited (45% owned)
Cochin, Kerala, India
Assembles and markets switches and relays.

Harper-Wyman Company
Hinsdale, Sterling & Princeton, Illinois
Gas controls and components; electric range controls, gas grills.

Diamond H. Controls Ltd.
Volcan Road North
Norwich, NOR 85N
Norfolk, England
Thermostats; energy regulators; thermal switches; relays, time delay units and solenoids, rotary and toggle switches; snap-in-devices, rotary, lever, moduline switches; indicator lights, electronic temperature and process controls.

Oak Communications Inc.
Rancho Bernardo, California
Manufactures converters, decoders, and other equipment used to receive cable television programs and encoding and decoding devices for satellite transmissions.

Oak East Industries Ltd.
Taipei, Taiwan, Republic of China
Manufactures pay-television decoders and cable television converters.

Acquisition(s):

Croven Crystals Ltd.
Whitby, Ontario, Canada

Houston Electronics Corp.
Kane, Pennsylvania

Ovenaire-Audio-Carpenter
Charlottesville, Virginia

All involved in the manufacture of quartz cystal components.

Railway Maintenance Equipment Company
Milwaukee, Wisconsin

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: OAK

Number of Employees:

1986	4,017	1983	9,514
1985	5,286	1982	11,985
1984	8,489		

Plant Footage:

1986	1,194,349 sq. ft.	1983	N.A.
1985	1,210,327	1982	2,600,000
1984	2,095,904		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 151,745,000	$ 60,243,000
1985	153,116,000	(37,576,000)
1984	183,116,000	(149,250,000)
1983	203,153,000	(122,113,000)
1982	301,138,000	(39,897,000)

	No. of Com. Shares #	Earn. per Share #†
1986	59,420,211	$ 1.01
1985	24,442,085	—
1984	16,356,657	—
1983	16,334,842	—
1982	16,287,116	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $25,578,000 ($0.43 per share) in 1986.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	0.06	—	—
1982	0.24	—	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 59,813,000	$ 1.01
1985	(70,133,000)†	—
1984	(59,183,000)†	—
1983	84,956,000†	5.20
1982	208,552,000†	12.80

(Deficiency)
† After allowing for preferred stock at redemption value of $25 per share for Series C.
‡ Based on the average number of shares outstanding adjusted.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 151,745	$ 153,116
Cost of sales	130,329	129,117
Expenses	38,745	44,961
Interest expense	14,047	30,654
Interest income	(3,991)	2,043
Other expense (income)	203	(239)
Loss before taxes	$ (27,588)	$ (49,334)
Income taxes	2,709	1,992
Loss - cont. oper.	$ (30,297)	$ (51,326)
Inc. - discont. oper.	64,962	13,750
Net Income (Loss)	$ 34,665	$ (37,576)
Extraord. gain	25,578	—
Net Income (Loss) & extraord. gain	$ 60,243	$ (37,576)

* Included in Costs and Expenses, Depreciation and Amortization: $8,706,000 in 1986 and $10,526,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 5,507	$ 8,231
Marketable securities	42,107	23,875
Receiv., net	25,509	24,999
*Inventories	41,322	42,153
Other curr. assets	5,352	1,232
Current Assets	$ 119,797	$ 100,490
Investments	847	702
#Fixed assets	35,560	39,303
Notes receiv.	736	6,800
Cert. of deposit	4,000	4,876
Cap. debt expense	559	4,877
Other assets	2,600	3,962
Net assets of discont. oper.	—	69,619
Total Assets	$ 164,099	$ 230,629

Liabilities		
Long-term debt, curr.	$ 3,595	$ 243
Accts. payable	11,625	8,855
Accruals	36,661	39,710
Curr. Liabilities	$ 51,881	$ 48,808
Long-term debt	36,213	229,847
Liab. of discont. oper.	2,755	9,676
Deferred compensation & accrued pensions	11,479	9,654
Deferred inc. taxes	746	822
Other liabilities	1,212	1,753
+Common stock	72,195	33,902
Add. paid-in capital	194,376	168,514
Retained earnings (deficit)	(203,796)	(264,014)
Cum. trans. adjust.	(1,570)	(7,727)
Other	(1,392)	(606)
Total Liabilities & Shareholders' Equity	$ 164,099	$ 230,629

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary		
%Net Income to Equity	57.96	—
%Sales to Inventories	3.67	3.63
Debt to Equity	0.67	—
Working Capital	$67,916,000	$51,682,000
Current Ratio	2.31	2.06
Shareholders' Equity (Deficiency)	$(59,813,000)	$(69,931,000)

OEA, Inc.

34501 East Quincy Avenue
P.O. Box 10488
Denver, Colorado 80210
(303) 693-1248

Officers: Ahmed D. Kafadar, chairman; Charles B. Kafadar, president; John E. Banko, sr. v.p. & treasurer; John M. Cuthbert, v.p.-engineering; Nuri Y. Olcer, v.p.-engineering mechanics.

Directors: Ahmed D. Kafadar, chairman; John E. Banko, Ralph A.L. Bogan, Jr., J. Robert Burnett, G. Ben Huber, Philip E. Johnson, Charles B. Kafadar, James G. Maynard, Lewis W. Watson.

Areas of Work: Designs, develops, and manufactures propellant and explosive-actuated devices for aircraft personnel escape systems and space and missile applications. Also manufactures flexible linear-shaped charges and mild detonating cord systems, and hot-gas and explosive-actuated valves and fluid-control systems.

Subsidiaries:

Explosive Technology, Inc.
P.O. Box KK
Fairfield, California 94533
(707) 422-1880

Aerotest Operations, Inc.
3455 Fostoria Way
San Ramon, California 94583
(415) 866-1212

Pyronetics Devices, Inc.
34501 E. Quincy Avenue
Denver, Colorado 80210
(303) 693-1411

Inflation Systems International, Inc.
34501 E. Quincy Avenue
Denver, Colorado 80210
(303) 699-7962

Transfer Agent(s):
Bank of America National Trust and Savings Association
Denver, Colorado

Stock Exchange(s): American

Ticker Symbol: OEA

Number of Employees:
1986 480

Plant Footage:
1986 . . . . . 190,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 41,023,205	$ 5,340,858
1985	34,311,494	4,711,124
1984	33,383,525	5,176,915
1983	32,978,965	4,521,144
1982	28,666,223	2,810,157

	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,327,062	$ 1.61
1985	3,327,062	1.42
1984	3,327,062	1.56
1983	3,075,555	1.47
1982	2,715,062	1.04

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1986	1985
Government contracting	$ 37,190,183	$ 30,902,171
Commercial	3,833,022	3,409,323
Total	$ 41,023,205	$ 34,311,494

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—
1982	0.125	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 41,062,882	$ 12.34
1985	35,722,024	10.74
1984	31,020,900	9.32
1983	25,833,785	7.76
1982	12,304,499	4.53

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended July 31	1986	1985
Net sales	$ 41,023,205	$ 34,311,494
Cost of sales	26,810,996	21,466,982
Expenses	4,848,799	4,987,577
Interest expense	29,074	56,066
Interest income	(596,549)	(695,110)
Other income	(75,072)	(60,281)
Income before taxes	$ 10,005,957	$ 8,556,260
Income taxes	4,665,099	3,845,136
Net Income	$ 5,340,858	$ 4,711,124

* Included in Costs and Expenses, Depreciation: $1,241,250 in 1986 and $1,210,993 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 848,073	$ 205,688
Marketable securities	10,324,692	9,963,698
Accts. receiv., net	13,206,796	10,628,163
Unbilled costs on contracts in progress	9,759,629	8,640,397
Prepaid expenses	327,424	346,856
Current Assets	$ 39,456,331	$ 34,543,215
#Fixed assets	7,323,895	7,086,810
Deferred contract costs	1,126,475	530,329
Cash value of life insur.	441,321	376,004
Other assets	359,199	204,491
Total Assets	$ 48,707,221	$ 42,740,849

Liabilities		
Accts. payable	$ 2,088,447	$ 1,412,865
Accrued payroll	1,741,157	1,211,944
Accrued profit-sharing	430,730	796,580
Other accruals	788,457	549,881
Income taxes	473,032	766,142
Deferred income taxes	745,331	890,031
Curr. Liabilities	$ 6,267,154	$ 5,627,443
Notes payable to insur. cos.	327,865	292,967
Deferred comp.	327,159	818,610
Deferred inc. taxes	722,161	279,805
+Common stock	366,95	366,995
Add. paid-in capital	11,661,500	11,661,500
Retained earnings	30,081,252	24,740,394
Treasury stock	(1,046,865)	(1,046,865)
Total Liabilities & Shareholders' Equity	$ 48,707,221	$ 42,740,849

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	24.39	24.94
%Net Income to Sales	13.02	13.73
%Net Income to Equity	13.01	13.19
Debt to Equity	0.01	0.01
Working Capital	$33,189,177	$28,915,772
Current Ratio	6.30	6.14
Shareholders' Equity	$41,062,882	$35,722,024

The Ohmart Corporation

4241 Allendorf Drive
P.O. Box 9026
Cincinnati, Ohio 45209
(513) 272-0131

Officers: Carl K. Gieringer, chairman of the board & president; Thomas E. Dewey, executive vice president; Lou Cook, v.p.; Paul Sieck, v.p.-manufacturing; James J. Guthrie, Jr., v.p.-sales & marketing; Syndor I. Davis, assistant secretary; Wm. G. Dorna, secretary & treasurer.

Directors: Nicholas Bauer, Carl F. Evert, Carl K. Gieringer, C. Ross Whiting, Lewis M. Crowe, Estelle Gieringer, Edward C. Pandorf, Thomas E. Dewey.

Areas of Work: Produces beta thickness gauges, conveyor scales, nuclear and electronic measuring devices used in process control.

Divisions and Subsidiaries:

WeighART Division
WebART Division
Instruments Division

Transfer Agent(s):

The First National Bank of Cincinnati
5th and Walnut Streets
Cincinnati, Ohio 45202

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	N.A.	1983	155
1985	N.A.	1982	155
1984	150		

The Ohmart Corporation

Plant Footage:

1986	N.A.	1983	61,000
1985	N.A	1982	61,000
1984	61,000 sq. ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 8,592,940	$ 242,416
1985	8,472,523	209,525
1984	8,377,473	391,189
1983	7,396,621	266,499
1982	8,194,923	517,140

	No. of Com. Shares	Earn. per Share
1986	123,238	$ 1.97
1985	123,238	1.70
1984	123,238	3.17
1983	123,238	2.16
1982	123,238	4.20

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.40	—	—
1982	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 4,925,805	$ 39.97
1985	4,745,008	38.50
1984	4,597,102	37.30
1983	4,267,532	34.63
1982	4,050,328	32.87

Income Account *

Year ended Nov. 30	1986	1985
Net sales	$ 8,592,940	$ 8,472,523
Other income	268,288	170,234
Total income	$ 8,861,228	$ 8,642,757
Cost of sales	4,169,811	3,922,219
Expenses	4,276,045	4,517,932
Interest expense	26,456	33,081
Income before taxes	$ 388,916	$ 169,525
Income taxes (credit)	146,500	(40,000)
Net Income	$ 242,416	$ 209,525

* Included in Costs and Expenses, Depreciation and Amortization: $184,140 in 1986 and $204,005 in 1985.

Assets

As of Nov. 30	1986	1985
Cash & temporary cash investments	$ 1,810,922	$ 1,625,085
Marketable secur.	449,911	312,086
Accts. receiv., net	1,400,949	1,315,665
*Inventories	1,318,404	1,412,142
Prepaid expenses	11,250	5,823
Refundable income taxes	—	208,775
Deferred inc. taxes	124,000	110,000
Current Assets	$ 5,115,436	$ 4,989,576
#Fixed assets	1,207,625	1,306,215
Other assets	20,698	20,378
Total Assets	$ 6,343,759	$ 6,316,169
Liabilities		
Long-term debt, curr.	$ 88,148	$ 85,090
Accts. payable	185,953	320,952
Accruals	547,859	595,818
Advance payments	200,276	222,072
Income taxes	93,636	—
Curr. Liabilities	$ 1,115,872	$ 1,223,932
Long-term debt	167,082	255,229
Deferred taxes	135,000	92,000
+Common stock	146,568	146,568
Add. paid-in capital	283,574	283,574
Retained earnings	4,495,663	4,314,866
Total Liabilities & Shareholders' Equity	$ 6,343,759	$ 6,316,169

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.53	2.00
%Net Income to Sales	2.82	2.47
%Net Income to Equity	4.92	4.42
Sales to Inventories	6.52	6.00
Debt to Equity	0.03	0.07
Working Capital	$3,999,564	$3,765,644
Current Ratio	4.58	4.08
Shareholders' Equity	$4,925,805	$4,745,008

Optical Radiation Corporation

1300 Optical Drive
Azusa, California 91702
(818) 969-3344

Officers: Richard D. Wood, chairman of the board & president; John N. Wilkinson, sr. v.p.-corp. development & secretary; Horst Funfstuck, group v.p.-Optical Components Group, & administration; R.J. McMullen, v.p.-finance & treasurer; Martin Levy, v.p.-legal; Michael L. Furillo, group v.p.-vision care group; R. Richard Geatty, group v.p.-Scientific & Industrial Group.

Directors: Richard D. Wood, chairman; John N. Wilkinson, Louis W. Biegler, Vernon H. Blackman, Roland Seidler, Jr., Frank D. Wood, Horst Funfstuck.

Areas of Work: Designs and manufactures a wide variety of precision optical components and optical systems for medical, industrial, and scientific applications. Products include ophthalmic lenses, optical projection systems, high-intensity light sources, photo exposure systems and precision metal optics.

Divisions and Subsidiaries:

Omega Optical Co.
Precision Optics, Inc.
Milroy Optical, Inc.
Arizona State Optical, Inc.

Theater and Audio-Visual Division
Electroforming Division
IC100 Division
Electronic Products Division
Lamp Division
Opthalmic Products Division
Orcolite Division

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 60228
Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORCO (NASDAQ)

Number of Employees:

1986	1,404	1983	474
1985	1,565	1982	334
1984	585		

Plant Footage:

1986	478,000 sq. ft.	1983	161,000
1985	504,000	1982	161,000
1984	161,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 95,637,000	$ 8,346,000
1985	96,505,000	12,476,000
1984	48,260,000	7,850,000
1983	26,656,177	3,086,154
1982	18,554,718	1,234,129

	No. of Com. Shares #	Earn. per Share #
1986	8,284,000	$ 1.01
1985	8,330,000	1.50
1984	7,496,000	1.05
1983	6,616,480	0.47
1982	5,870,852	0.21

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1 & 2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 88,141,000	$ 10.77
1985	77,819,000	9.83
1984	41,399,000	5.86
1983	31,528,255	4.59
1982	11,679,086	2.00

‡ Adjusted to reflect stock splits.

Income Account *

Year ended July 31	1986	1985
Net sales	$ 95,637,000	$ 96,505,000
Cost of sales	52,441,000	48,138,000
Expenses	32,621,000	28,913,000
Interest income	(2,378,000)	(2,645,000)
Interest expense	825,000	589,000
Other expenses	616,000	—
Income before taxes	$ 11,512,000	$ 21,510,000
Income taxes	3,166,000	9,034,000
Net Income	$ 8,346,000	$ 12,476,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,428,000 in 1986 and $2,842,000 in 1985.

Assets

As at July 31	1986	1985
Cash & short-term invest.	$ 36,453,000	$ 28,499,000
Accts. receiv., net	14,730,000	16,544,000
*Inventories	17,246,000	15,176,000
Prepaid inc. taxes	—	800,000
Land held for sale	3,548,000	—
Prepaid expenses	1,370,000	802,000
Current Assets	$ 73,347,000	$ 61,821,000
#Fixed assets	28,282,000	27,917,000
Other assets	1,058,000	802,000
Exc. of cost over assets acq.	10,852,000	11,136,000
Total Assets	$ 113,539,000	$ 101,676,000
Liabilities		
Long-term debt, curr.	$ 536,000	$ 412,000
Accts. payable	2,146,000	3,670,000
Accruals	4,208,000	3,309,000
Accrued payroll	3,682,000	3,841,000
Income taxes payable	4,534,000	3,376,000
Curr. Liabilities	$ 15,104,000	$ 14,608,000
Deferred income taxes	1,843,000	1,160,000
Long-term debt	8,451,000	8,089,000
+Common stock	4,092,000	3,960,000
Add. paid-in capital	44,820,000	42,976,000
Retained earnings	39,229,000	30,883,000
Total Liabilities & Shareholders' Equity	$ 113,539,000	$ 101,676,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.04	22.29
%Net Income to Sales	8.73	12.93
%Net Income to Equity	9.47	16.03
Sales to Inventories	5.55	6.36
Debt to Equity	0.09	0.11
Working Capital	$58,243,000	$47,213,000
Current Ratio	4.86	4.23
Shareholders' Equity	$88,141,000	$77,819,000

Orbit Instrument Corporation

80 Cabot Court
Hauppauge, New York 11788
(516) 435-8300

6431 Global Drive
Cypress, California 90630
(714) 527-0561

Officers: Max Reissman, chairman & president; Mitchell Binder, v.p.-finance & treasurer; Darwin C. Dornbush, secretary.

Directors: Max Reissman, chairman of the board; Mitchell Binder, Darwin C. Dornbush.

Areas of Work: Designs, manufactures and markets high-quality electrical components and subsystems for use in military, air traffic control and console applications. Products include: Operator Control Trays for data tracking and surveillance, Ball Trackers, Force Transducers and Joysticks for cursor movement on radar consoles, and Data Entry, Computer Controlled Action Entry Panels for information display and decision operator assistance.

Subsidiaries:

Orbit Semiconductor, Inc. (80%-owned)
1230 Bordeaux Drive
Sunnyvale, California 94089
(408) 744-1800
Manufacture of customized semiconductor chips.

Orbit Instrument of California, Inc.
6431 Global Drive
Cypress, California 90630
(714) 527-0561

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORBT (NASDAQ)

Number of Employees:

1986 . . . . . 296 1985 199

Plant Footage:

1986 . . . . . 69,500 sq. ft. 1985 61,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 31,147,000	$ 6,631,000
1985	20,009,400	4,231,400
1984	16,172,500	4,056,900
1983	11,219,000	2,500,500
1982	8,418,400	2,037,000

	No. of Com. Shares	Earn. per Share ‡
1986	8,838,000	$ 0.76
1985	7,925,386	0.51
1984	7,603,798	0.51
1983	5,739,726	0.38
1982	2,583,974	0.33

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 45,046,000	$ 5.10
1985	35,345,400	9.00
1984	30,354,200	3.99
1983	14,978,100	2.61
1982	11,228,300	4.35

Income Account *

Year ended June 30	1986	1985
Net sales	31,147,000	20,009,400
Cost of sales	16,896,000	10,049,600
Expenses	3,154,000	3,746,000
Interest expense	561,600	98,600
Invest. income	(1,621,000)	(1,491,300)
Income before taxes	$ 12,157,000	$ 7,606,400
Income taxes	5,526,000	3,375,000
Net Income	$ 6,631,000	$ 4,231,400

* Included in Costs and Expenses, Depreciation and Amortization: $1,659,000 in 1986 and $139,800 in 1985.

Assets

As of June 30	1986	1985
Cash & cash equiv.	$ 8,523,000	$ 91,900
Marketable securities	8,908,000	14,552,600
Accts. receiv., net	8,908,000	5,685,500
*Inventories	21,091,000	15,233,000
Prepaid expenses	210,000	1,038,800
Current Assets	$ 47,640,000	$ 36,601,800
#Fixed assets	8,449,000	2,533,600
Other assets	991,000	256,300
Total Assets	$ 57,080,000	$ 39,391,700
Liabilities		
Long-term debt, curr.	2,166,000	135,900
Accts. payable	1,673,000	713,500
Accruals	998,000	536,000
Cust. advances	463,000	754,400
Income taxes	1,680,000	592,400
Curr. Liabilities	$ 6,980,000	$ 2,732,200
Long-term debt	4,483,000	1,109,100
Deferred inc. taxes	292,000	205,000
Minority interest	279,000	—
+Common stock	982,000	880,500
Add. paid-in capital	23,447,000	17,166,500
Retained earnings	24,186,000	17,554,900
Treasury stock	(919,000)	(256,500)
Compensatory stock	(2,650,000)	—
Total Liabilities & Shareholders' Equity	$ 57,080,000	$ 39,391,700

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	39.03	38.01
%Net Income to Sales	21.29	21.15
%Net Income to Equity	14.72	11.97
Sales to Inventories	1.48	1.31
Debt to Equity	0.10	0.04
Working Capital	$40,660,000	$33,869,600
Current Ratio	6.83	13.40
Shareholders' Equity	$45,046,000	$35,345,400

Orion Research Incorporated

The Schrafft Center
529 Main Street
Boston, Massachusetts 02129
(617) 242-3900

Officers: Alexander Jenkins, III, president and chief exec. officer; Stelios Papadopoulos, exec. v.p. & chief operating officer; Albert Diggens, v.p.-marketing; Anderson Kurtz, v.p.-personnel; Howard J. Langejans, v.p.-sales; James W. Ross, Jr., v.p.-research; Peter W. Smith, v.p.-finance & treasurer; Bernard Stein, v.p.-chemical operations; H. Kenneth Fish, clerk; Susan F. Stewart, v.p.-legal & asst. clerk.

Directors: James W. Ross, Jr., Alexander Jenkins, III, Louis B. Barnes, David A. Hatch, Robert B. Schmidt, William J. Kennedy, Richard D. Condon, Raymond W. Strohm.

Areas of Work: Manufactures specific ion electrodes, digital and analog pH meters and specific ion meters, and related electronic instruments used to analyze chemical solutions and to display and record the resulting data. Also manufactures syringe and tubing pumps employed for various scientific, industrial and medical purposes and a line of stat blood analyzers for use in hospitals.

Subsidiaries:

Orion Research Puerto Rico, Inc.
Rio Piedras, Puerto Rico
Manufacturer of chemical sensors (electrodes) and related products.

Orion Research AG
Kusnacht, Switzerland

Orion Resdel Corporation
Rio Grande, New Jersey
Manufactures centrifugally cast epoxy tubing and molded parts.

Orion Scientific Instruments Corp.
Hawthorne, New York
Manufactures automated laboratory analyzers using the company's ion-selective electrodes and other detectors.

Orion Research Far East, Inc.
Morrison Hill Road
Hong Kong

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORIR (NASDAQ)

Number of Employees:

1986 . . . . . 414 1983 432
1985 . . . . . 482 1982 410
1984 434

Plant Footage:

1986 . . . . . 110,000 sq. ft. 1985 90,000

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 32,706,000	$ (1,675,000)
1985	32,726,000	2,538,000
1984	26,131,000	426,000
1983	25,591,000	1,714,000
1982	22,555,000	(321,000)

	No. of Com. Shares †	Earn. per Share ‡×
1986	2,485,684	$ —
1985	2,449,778	1.02
1984	2,395,566	0.18
1983	2,312,190	0.74
1982	2,224,052	—

(Loss)
‡ Including extraordinary credits of $265,000 ($0.21 per share) in 1985 and $90,000 ($0.08 per share) in 1983.
† Adjusted to reflect stock split.
× Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Orion Research Incorporated

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ×
1986	$ 11,364,000	$ 4.57
1985	12,841,000	5.24
1984	10,038,000	4.19
1983	9,219,000	3.99
1982	7,154,000	3.22

× Adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 32,706,000	$ 32,726,000
Cost of sales	17,794,000	15,437,000
Expenses	16,291,000	14,060,000
Interest expense	110,000	124,000
Income (loss) before taxes	$ (1,489,000)	$ 3,105,000
Income taxes	186,000	832,000
Net Income (Loss)	$ (1,675,000)	$ 2,273,000
Extraordinary gain	—	265,000
Net Income (Loss) & extraord. gain	$ (1,675,000)	$ 2,538,000

* Included in Costs and Expenses, Depreciation and Amortization: $977,000 in 1986 and $715,000 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 119,000	$ 1,075,000
Accts. receiv., net	6,996,000	7,313,000
*Inventories, net	8,195,000	9,287,000
Prepaid expenses	385,000	496,000
Current Assets	$ 15,695,000	$ 18,171,000
#Fixed assets	6,641,000	3,509,000
Intangible	200,000	227,000
Investments	278,000	—
Total Assets	$ 22,814,000	$ 21,907,000

Liabilities

Long-term debt, curr.	$ 8,000	$ 72,000
Accts. payable	2,335,000	2,208,000
Accruals	1,647,000	2,699,000
Income taxes	748,000	1,294,000
Curr. Liabilities	$ 4,738,000	$ 6,273,000
Long-term debt	5,700,000	1,900,000
Cap. lease oblig.	19,000	25,000
Deferred compensation	249,000	—
Deferred gain	744,000	868,000
+Common stock	249,000	123,000
Add. paid-in capital	3,748,000	3,683,000
Retained earnings	7,367,000	9,042,000
Treasury stock	—	(7,000)
Total Liabilities & Shareholders' Equity	$ 22,814,000	$ 21,907,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	9.49
%Net Income to Sales	—	6.95
%Net Income to Equity	—	17.70
Sales to Inventories	3.99	3.52
Debt to Equity	0.50	0.16
Working Capital	$10,957,000	$11,898,000
Current Ratio	3.31	2.90
Shareholders' Equity	$11,364,000	$12,841,000

Pacific Scientific Company

1350 South State College Boulevard
Anaheim, California 92803
(714) 535-8141

Officers: Harry R. Goff, chairman of the board; Edgar S. Brower, president & chief executive officer; Richard V. Platt, sr. v.p.-finance & administration and secretary; Charles A. Collins, Robert J. Dal Ponte, Douglas D. Fockler, Joseph J. Sacco, Jr., v.p.'s & division presidents; William L. Nothwang, controller; Peer A. Swan, treasurer.

Directors: Harry R. Goff, chairman; W.P. Balderston, Ralph O. Briscoe, Edgar S. Brower, James D. Hodgson, William A. Preston, Thomas P. Stafford, Harry W. Todd.

Areas of Work: Operates in three areas: Restraint equipment; Instruments and Components; and Motors and Controls.

Divisions and Subsidiaries:

Kin-Tech Division
Anaheim, California
Develops and markets mechanical shock arrestors, restraint equipment and other safety devices for nuclear power plants; manufactures restraint systems, electro-mechanical flight control components, and hydraulic actuators for military and commercial aircraft.

Instrument Division
Silver Spring, Maryland
Manufactures instruments for the measurement and control of appearance properties, colorimeters for use in the textile and food markets, and related software; manufactures a line of near-infrared analyzers used in the analysis of agricultural and industrial products to measure proteins, moisture, fiber, oil and similar components in organic substances; also manufactures electro-optical instruments that measure size and distribution of particules in fluids, air and powders.

IMEC Corp.
Boston, Massachusetts
Produces electronic controllers for the robotic, machine tool, and process machinery markets.

Belfab Division
Daytona Beach, Florida
Manufactures welded and formed metal bellows, and mechanical seals.

Motor & Control Division
Rockford, Illinois
Manufactures low inertia, permanent magnet DC and brushless motors.

Electro Kinetics Division
Santa Barbara, California
Manufactures AC and DC generators and electro-mechanical actuators.

Pacific Scientific, Ltd.
Bucks, England

Pacific Scientific, GmbH
Leonberg, West Germany

Pacific Scientific, S.A.R.L.
Palaiseau, France

Pacific Scientific International Sales Corp.
St. Thomas, U.S. Virgin Islands

Acquisition(s):

Sigma Instruments, Inc.
Braintree, Massachusetts
Designs, manufactures and markets electrical and electro-mechanical products for electric utilities and other industries, as well as stepping motors and associated electronics systems for automation applications.

HTL Industries, Inc.
Arcadia, California
Manufactures fire detection and suppression equipment, alternators, pneumatic and electro-mechanical actuators, and other aerospace components.

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): New York, Midwest

Ticker Symbol: PSX

Number of Employees:

1986	836	1983	728
1985	935	1982	900
1984	1,057		

Plant Footage:

1986	409,000 sq. ft.	1983	290,000
1985	448,000	1982	273,000
1984	448,000		

Sales and Earnings

	Revenues +	Net Income
1986	$ 88,992,000	$ 2,840,000
1985	89,832,000	5,699,000
1984	92,142,000	7,000,000
1983	81,421,000	10,846,000
1982	76,298,000	9,240,000

	No. of Com. Shares	Earn. per Share
1986	5,500,000	$ 0.52
1985	5,420,000	1.05
1984	5,411,000	1.29
1983	5,346,000	1.98
1982	5,252,000	1.60

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Restraint equip.	$ 30,478,000	$ 26,948,000
Electronic instruments	33,011,000	36,487,000
Corporate	2,689,000	3,693,000
Motors & controls	22,814,000	22,704,000
Total	$ 88,992,000	$ 89,832,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.38	—	—
1982	0.34	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 58,650,000	$ 10.66
1985	57,463,000	10.60
1984	53,879,000	9.96
1983	48,480,000	9.07
1982	37,824,000	7.20

Income Account *
(000's)

Year ended	12/26/86	12/27/85
Net sales	$ 86,085	$ 86,062
Other income	2,907	3,770
Total income	$ 88,992	$ 89,832
Cost of sales	57,362	54,794
Expenses	24,432	24,360
Interest expense	2,318	2,473
Cost of instrument div. consol.	1,200	—
Income before taxes	$ 3,680	$ 8,205
Income taxes	840	2,506
Net Income	$ 2,840	$ 5,699

* Included in Costs and Expenses, Depreciation and Amortization: $4,725,000 in 1986 and $4,274,000 in 1985.

Assets
(000's)

As of	12/26/86	12/27/85
Cash & short-term invest.	$ 36,282	$ 31,157
Trade receiv., net	17,074	14,816
*Inventories	23,737	26,152
Prepaid expenses	2,281	4,420
Current Assets	$ 79,374	$ 76,545
#Fixed assets	15,262	15,512
Other assets	7,525	7,255
Total Assets	$ 102,161	$ 99,312

Liabilities
(000's)

Accts. payable	$ 6,697	$ 4,044
Accrued payroll	2,018	2,287
Other accruals	197	193
Other liab.	3,048	3,112
Curr. Liabilities	$ 11,960	$ 9,636
Long-term debt	27,537	28,637
Deferred income taxes	1,844	1,963
Accrued benefit plan	2,170	1,613
+Common stock	5,500	5,420
Add. paid-in capital	4,099	3,636
Retained earnings	49,051	48,407
Total Liabilities & Shareholders' Equity	$ 102,161	$ 99,312

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.27	9.53
%Net Income to Sales	3.30	6.62
%Net Income to Equity	4.84	9.92
Sales to Inventories	3.63	3.29
Debt to Equity	0.47	0.50
Working Capital	$67,414,000	$66,909,000
Current Ratio	6.64	7.94
Shareholders' Equity	$58,650,000	$57,463,000

Panelgraphic Corporation

10 Henderson Drive
West Caldwell, New Jersey 07006
(201) 227-1500

Officers: Edward E. Finney, chairman of the board & president; Stewart Nellis, v.p.-marketing & sales; Jules Denzler, secretary & general counsel; Darryl W. Brixius, v.p. & technical director; James M. Johnson, v.p.-operations & treasurer.

Directors: Edward E. Finney, chairman; Henry Avery, William E. Kulsar.

Areas of Work: Produces specialty coatings for plastics. The company has developed a series of high-performance transparent coatings to achieve a marked upgrading of engineering plastics to create high value-added composites.

Transfer Agent(s):
Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	85	1984	N.A.
1985	85	1983	100

Plant Footage:

1986	50,000 sq. ft.	1984	N.A.
1985	50,000	1983	50,000

N.A. - Not Available

Sales and Earnings

	Net Sales	Net Income
1986	$ 4,554,000	$ (48,697)
1985	4,399,000	(53,063)
1984	3,938,000	82,562
1983	3,968,000	154,386
1982	4,185,000	58,173

	No. of Com. Shares #	Earn. per Share #
1986	453,408	$ —
1985	453,408	—
1984	452,158	0.18
1983	452,158	0.34
1982	446,870	0.13

(Loss)
Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 733,706	$ 1.62
1985	782,403	1.73
1984	832,653	1.84
1983	*750,091	1.66
1982	589,455	1.32

#-Based on the weighted average number of shares outstanding.

Income Account *

Year ended Aug. 31	1986	1985
Revenue	$ 4,553,767	$ 4,399,184
Cost of sales	2,959,849	2,761,410
Expenses	1,552,106	1,646,108
Interest expense	90,059	102,115
Loss bef. taxes	$ (48,247)	$ (110,449)
Income taxes (credit)	450	(57,386)
Net Loss	$ (48,697)	$ (53,063)

* Included in Costs and Expenses, Depreciation and Amortization: $91,777 in 1986 and $92,031 in 1985.

Assets

As of Aug. 31	1986	1985
Cash	$ 35,184	$ 14,390
Accts. receiv., net	734,654	712,839
*Inventories	462,456	427,652
Prepaid expenses	23,937	18,115
Current Assets	$ 1,256,231	$ 1,172,996
#Fixed assets	713,713,779	741,961
Defer. expenses	30,339	52,461
Total Assets	$ 2,000,349	$ 1,967,418

Liabilities

Long-term debt, curr.	$ 50,182	$ 44,227
Cap. lease oblig., curr.	—	3,083
Accts. payable	380,639	270,679
Accrued expenses	170,239	175,160
Curr. Liabilities	$ 601,060	$ 493,149
Notes payable	631,163	657,446
Deferred inc. taxes	34,420	34,420
+Common stock	45,341	45,341
Add. paid-in capital	293,220	293,200
Retained earnings	395,145	443,842
Total Liabilities & Shareholders' Equity	$ 2,000,349	$ 1,967,418

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	9.85	10.29
Debt to Equity	0.86	0.90
Working Capital	$655,171	$679,847
Current Ratio	2.09	2.38
Shareholders' Equity	$733,706	$782,403

Paradyne Corporation

8550 Ulmerton Road
P.O. Box 2826
Largo, Florida 34294
(813) 530-2000

Officers: Paul J. Ferri chairman; Jerry T. Kendall, president & chief exec. officer; George B. Pressly, F. William Siegrist, sr. v.p.'s; Fred T. Melberg, exec. v.p. & chief staff officer; Cletus L. Gardenhour, sr. v.p.-engineering; James L. Slattery, sr. v.p., secretary & general counsel; Peter A. Gugliemi, v.p.-finance & treasurer; John A Koehler, v.p.-customer service; John K. Mullaney, v.p.-sales; Richard L. Popp, v.p.-product development; H.Edward Thompson, v.p.-operations; F. Selby Welman, v.p.-marketing; Barry H. Black, asst. treasurer; Douglas P. Hotchkiss, asst. controller.

Directors: Paul J. Ferri, chairman; Henry H. Greer, J. Thomas Lawson, James K. Taggart, William F. Souders, Jerry T. Kendall.

Areas of Work: Designs, manufactures, markets, and services medium and high speed data communications equipment. The two principal product lines include: Modems and Analysis systems to allow transmission of computer information over telephone lines and PIX systems designed to communicate between remote peripheral devices and IBM computers.

Subsidiaries:

Paradyne Canada, Ltd.
100 York Boulevard, Suite 200
Richmond Hill, Ontario L4B 1J8
Canada
(416) 494-0453

Ark Electronic Products, Inc.
325 W. Hibiscus Blvd.
Melbourne, Florida 32901
(305) 724-5260

Paradyne European Headquarters
Paradyne House, 14 Upton Rd.
Watford, Hertfordshire, England WD1 7EP
44 (923) 55550

Paradyne Far East Corporation
Bank of America Tower
Suite 3403
12 Harcourt Road
Central, Hong Kong
852-5-243148

Paradyne Japan, KK
WAKO Number 15 Building 8
1-Chome Honcho, Nihonbashi
Chuo-Ku, Tokyo
Japan
81-3-245-0431

Solid State Circuits, Inc.
3300 South Golden Avenue
Springfield, Missouri 65807
(417) 887-0823

Transfer Agent(s):
State Street Bank & Trust Company
225 Franklin Street
Boston, Massachusetts 02101

Stock Exchange(s): New York

Ticker Symbol: PDN

Number of Employees:

1986	3,457	1983	3,452
1985	3,749	1982	3,072
1984	4,042		

Plant Footage:
1986 ..... 709,500 sq. ft.

Paradyne Corporation

Sales and Earnings

	Revenues	Net Income
1986	$ 261,109,000	$ (38,461,000)
1985	252,529,000	(31,182,000)
1984	289,981,000	11,048,000
1983	208,959,000	3,652,000
1982	207,341,000	26,872,000

	No. of Com. Shares †	Earn. per Share †
1986	22,750,000	$ —
1985	22,589,000	—
1984	22,515,000	0.49
1983	22,357,000	0.16
1982	21,692,000	1.24

(Loss)
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 146,043,000	$ 6.42
1985	184,167,000	8.15
1984	213,763,000	9.49
1983	199,819,000	8.94
1982	193,379,000	8.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 184,585	$ 180,701
Other income	76,524	71,828
Total revenues	$ 261,109	$ 252,529
Cost of sales & revenues	184,408	173,624
Expenses	101,183	107,660
Interest expense	12,818	16,214
Other income		(11,047)
Unusual items	(321)	—
Loss before taxes	$ (37,621)	$ (33,922)
Income taxes (credit)	840	(2,740)
Net Loss	$ (38,461)	$ (31,182)

* Included in Costs and Expenses, Depreciation and Amortization: $26,016,000 in 1986 and $26,016,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash invest.	$ 30,784	$ 51,522
Accts. receiv., net	60,353	60,289
Install. receiv.	21,649	36,524
*Inventories	60,652	79,531
Prepaid expenses	5,756	4,149
Current Assets	$ 179,194	$ 232,015
Install. receiv.	15,932	24,663
Field support spares	18,430	15,607
#Equip. on oper. leases	5,607	9,549
#Fixed assets	62,172	66,959
Other assets	6,584	5,785
Total Assets	$ 287,919	$ 354,578

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 6,940	$ 999
Accts. payable	11,640	12,247
Accruals	26,790	15,144
Income taxes	3,147	3,368
Curr. Liabilities	$ 48,517	$ 31,758
Long-term debt	93,221	137,689
Def. maint. rev.	138	964
+Common stock	2,282	2,266
Add. paid-in capital	144,949	143,907
Retained earnings	805	39,266
Cum. trans. adjust.	(1,993)	(1,272)
Total Liabilities & Shareholders' Equity	$ 287,919	$ 354,578

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.69	0.75
Working Capital	$130,677,000	$160,852,000
Current Ratio	3.69	6.12
Shareholders' Equity	$146,043,000	$184,167,000

Park Electrochemical Corp.

5 Dakota Drive
Lake Success, New York 11042
(516) 354-4100

Officers: Jerry Shore, chairman, chief executive officer and president; Stanley H. Randall, E. Philip Smoot, v.p.'s; Harry Linzer, v.p. & secretary; Allen Levine, controller; Joseph A. Gemmo, treasurer.

Directors: Anthony Chiesa, Leon H. Keyserling, Jerry Shore, Norman M. Schneider, Brian E. Shore, Lloyd Frank.

Areas of Work: Engaged in the design, manufacture and marketing of electronic materials and components, plumbing hardware, and industrial components. The electronic products include sophisticated multilayer circuitry materials used in electronic interconnections, as well as front panels and nameplates, for use in electronic equipment. The plumbing hardware products include bath spouts, shower heads, kitchen hose and spray head units, and faucets manufactured for original equipment manufacturers, hardware and plumbing wholesalers and home improvement centers. The industrial components consist of decorative hardware used primarily by manufacturers of household appliances and automobiles.

Divisions and Subsidiaries:

New England Laminates Co., Inc.
3 Elm Street
Walden, New York 12586

Zin-Plas Corporation
25 North Park Street
Comstock Park, Michigan 49321

Dielectric Polymers, Inc.
218 Race Street
Holyoke, Massachusetts 01040

Hallmark Nameplate, Inc.
1855 New Highway
Farmingdale, New York 11735

Nelco Products, Inc.
1411 E. Orangethorpe Avenue
Fullerton, California 92631

New England Laminates (U.K.) Limited
1 Paddock Road
Skelmersdale, Lancashire,
United Kingdom

Grand Rapids Die Casting Corp.
Grand Rapids, Michigan

Stem Search Corp.
Gardena, California

Nelco, S.A.
Mirebeau-sur-Beze, France

Nelco Products Pte. Ltd.
Jurong, Singapore

Transfer Agent(s):
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: PKE

Sales and Earnings

	Net Sales	Net Income
1987	$ 102,777,000	$ 5,885,000
1986	87,786,000	4,380,000
1985*	92,587,000	7,250,000
1984	73,183,000	5,252,000
1983	56,916,000	1,722,000

	No. of Com. Shares #	Earn. per Share #
1987	5,156,000	$ 1.14
1986	5,151,000	0.85
1985*	5,141,000	1.41
1984	4,785,000	1.10
1983	4,032,000	0.43

* 53 weeks.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1987	1986
Electronics	$ 81,091	$ 64,897
Plumbing hardware	16,145	15,572
Industrial components	5,541	7,317
Total	$ 102,777	$ 87,786

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	3-for-2
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 52,870,000	$ 10.25
1986	46,798,000	9.09
1985	41,339,000	8.04
1984	34,798,000	7.27
1983	15,867,000	3.94

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended	3/1/87	3/2/86
Net sales	$ 102,777,000	$ 87,786,000
Cost of sales	81,762,000	70,605,000
Expenses	13,510,000	11,226,000
Interest income	(558,000)	(803,000)
Income before taxes	$ 8,063,000	$ 6,758,000
Income taxes	2,178,000	2,378,000
Net Income	$ 5,885,000	$ 4,380,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,787,000 in 1986 and $3,040,000 in 1985.

Assets

As of	3/1/87	3/2/86
Cash	$ 56,202,000	$ 17,559,000
Accts. receiv., net	18,803,000	14,400,000
*Inventories	10,009,000	9,109,000
Prepaid & other assets	2,057,000	1,580,000
Current Assets	$ 87,071,000	$ 42,648,000
#Fixed assets	26,616,000	23,779,000
Other assets	2,580,000	994,000
Total Assets	$ 116,267,000	$ 67,421,000

Liabilities

Bank loans & notes payable	$ 4,355,000	$ 708,000
Long-term debt, curr.	590,000	405,000
Accts. payable	11,008,000	8,583,000
Accruals	4,219,000	3,110,000
Income taxes	1,269,000	1,507,000
Curr. Liabilities	$ 21,441,000	$ 14,313,000
Long-term debt	37,070,000	2,232,009
Deferred inc. taxes	4,886,000	4,078,000
+Common stock	516,000	515,000
Add. paid-in capital	17,211,000	17,195,000
Retained earnings	33,906,000	28,640,000
Cum. trans. adj.	1,237,000	448,000
Total Liabilities & Shareholders' Equity	$ 116,267,000	$ 67,421,000

* At lower of cost (FIFO) or market.
\# Less accumulated depreciation and amortization.
\+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.85	7.70
%Net Income to Sales	5.73	4.99
%Net Income to Equity	11.13	9.36
Sales to Inventories	10.27	9.64
Debt to Equity	0.70	0.07
Working Capital	$65,630,000	$28,335,000
Current Ratio	4.06	2.98
Shareholders' Equity	$52,870,000	$46,798,000

Parker Hannifin Corporation

17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Officers: Patrick S. Parker, chairman of the board; Paul G. Schloemer, president & chief exec. officer; R. C. Barnd, v.p. & president-International Sector; Frederick A. Downey, exec. v.p.-finance & administration; Jack E. Chappell, v.p.; Duane E. Collins, v.p. & president-Fluid Connectors; James P. Mockler, v.p. & president-Fluidpower; Robert H. Rau, v.p. & president-Aerospace; Zdenek J. Lansky, v.p. and technical director; Dennis W. Sullivan, exec. v.p. & chief operating exec.-Industrial & Automotive Aftermarket Sector; Harold C. Gueritey, Jr., controller; Joseph D. Whiteman, v.p., general counsel & secretary; Wallace C. Young, treasurer.

Directors: Keith S. Benson*, Allen H. Ford*, Frank A. LePage, Reynold C. MacDonald, Patrick S. Parker*, Philip Rauch*, Scott A. Rogers, Jr., Maurice L. Schwarz, Richard Bertea*, John G. Breen, Robert H. Cannon, Jr., Paul G. Schloemer*, Frederick A. Downey, Dennis W. Sullivan, Allan L. Rayfield, Paul C. Ely, Jr.

* Member of the Executive Committee.

Areas of Work: Industrial products include: hydraulic, pneumatic and cryogenic cylinders, valves, controls, and filters; hydraulic pumps, accumulators, motors, and power system units; hose, tube and applicable connectors and fittings; sealing devices; worm drive clamps; refrigeration and air conditioning system components. Aviation/Space/Marine products include; gas turbine fuel injection control valves and nozzles; precision control valves for cryogenic and conventional fuels; valves for pressurized gases used in space experiments and space craft altitude jets; hydraulic valves. Automotive products include: worm drive clamps; thermostats; windshield wiper blades and refills; windshield washer pumps; turn signal and hazard warning flashers; mirrors; radio antennas; air conditioner fittings, hose assemblies, receiver-dryers, valves, couplers and mufflers; grease guns; oilers; tire valves, gauges and hardware; air line couplers; blow guns; seals; disc and drum brake fluids and components; biomedical products.

Operating Groups:

Parker Bertea Aerospace Group
18321 Jamboree Boulevard
Irvine, California 92715
(714) 833-3000

Automotive Aftermarket Group
707 Skokie Boulevard
Suite 500
Northbrook, Illinois 60062
(312) 272-9600

Biomedical Group
17352 Von Karman Avenue
Irvine, California 92714
(714) 851-3357

Fluid Connectors Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Fluid Connectors Group - Europe
Star House
P.O. Box 192
69/71 Clarendon Road
Watford WD1 1DQ
Herts, England

Fluidpower Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Fluidpower Group - Europe
Parker Hannifin N.M.F. GmbH
Geestemunder Strasse 42
D5 Koln 60
West Germany

Intercontinental Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Parker Nichols Group
1040 Waltham Street
P.O. Box 800
Lexington, Massachusetts 02173
(617) 862-8550

Refrigeration Components Group
270 Holbrook Drive
Wheeling, Illinois 60090
(312) 459-1411

Seal Group
2360 Palumbo Drive
Lexington, Kentucky 40509
(606) 269-2351

Seal Group - Europe
Parker-Pradifa GmbH
Postfach 328
D-7120 Bietigheim-Bissingen
West Germany

Acquisition(s):

United Aircraft Products, Inc.
Manufactures heat transfer components primarily for the aerospace market.

Compumotor Corporation
Manufactures electronic components and systems used to control motion.

Metal Bellows Corporation
Manufactures precision welded bellows, pumps, accumulators and fabricated assemblies for aerospace and other high technology applications.

Transfer Agent(s):

AmeriTrust Company N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: PH

Number of Employees:

1986	26,564	1983	19,582
1985	23,616	1982	20,523
1984	22,692		

Sales and Earnings ‡

	Net Sales ('000's)	Net Income ('000's)
1986	$ 1,730,248	$ 88,187
1985	1,504,226	84,059
1984	1,345,795	75,257
1983	1,121,165	33,587
1981	1,230,238	60,820

	No. of Com. Shares +	Earn. per Share #
1986	45,137,000	$ 1.98
1985	44,355,000	1.91
1984	43,044,000	1.76
1983	42,462,000	0.80
1982	41,883,000	1.46

‡ Restated to include operations of Compumotor Corp. and Metal Bellows Corp. acquired on a pooling of interests basis.
\+ Adjusted to reflect stock splits.
\# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
('000's)

	1986	1985
Industrial	$ 967,457	$ 828,408
Aviation/Space/Marine	457,623	375,394
Automotive	306,552	301,457
Interseg. sales	(1,384)	(1,033)
Total	$ 1,730,248	$ 1,504,226

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.76	—	3-for-2
1985	0.73	—	—
1984	0.69	—	—
1983	0.65	—	3-for-2
1982	0.64	—	—

\+ Adjusted to reflect stock splits.

Common Stock Equity ‡

	Total Equity	Equity Per Share †
1986	$ 672,186,000	$ 14.89
1985	594,823,000	13.41
1984	536,135,000	12.46
1983	487,655,000	11.48
1982	478,463,000	11.42

‡ Restated.
† Adjusted to reflect stock splits.

Income Account *
('000's)

Year ended June 30	1986	1985 ‡
Net sales	$ 1,730,248	$ 1,504,226
Cost of sales	1,316,243	1,134,910
Expenses	237,195	204,818
Interest expense	23,960	16,310
Interest & other income	(3,318)	(4,474)
Loss on disposal of assets	746	5,023

Parker Hannifin Corporation

Income before taxes	$ 155,422	$ 147,639
Income taxes	67,235	63,580
Net Income	$ 88,187	$ 84,059

* Included in Costs and Expenses, Depreciation: $54,203,000 in 1986 and $43,694,000 in 1985.
‡ Restated.

Assets
(000's)

As of June 30	1986	1985 ‡
Cash & cash equiv.	$ 18,247	$ 10,489
Marketable securities	150	4,267
Accts. receiv., net	267,585	221,000
*Inventories	411,195	333,261
Prepaid expenses	15,252	10,200
Current Assets	$ 712,429	$ 579,217
Investments & other assets	33,270	15,963
#Fixed assets	515,358	402,402
Intangibles	8,601	3,166
Total Assets	$ 1,269,658	$ 1,000,748

Liabilities
(000's)

Notes payable	$ 79,812	$ 27,243
Accts. payable	100,169	97,406
Accrued payroll	47,153	36,142
Accrued taxes	36,644	14,538
Other accruals	81,763	61,479
Current Liabilities	$ 345,541	$ 236,908
Long-term debt	207,756	134,089
Deferred inc. taxes	44,175	34,928
+Common stock	22,569	14,786
Add. paid-in capital	110,254	107,324
Retained earnings	561,876	506,086
For. curr. trans. adj.	(22,513)	(33,373)
Total Liabilities & Shareholders' Equity	$ 1,269,658	$ 1,000,748

‡ Restated.
* At lower of cost or market. Majority of domestic inventories stated at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.98	9.81
%Net Income to Sales	5.10	5.59
%Net Income to Equity	13.12	14.13
Sales to Inventories	4.2	4.51
Debt to Equity	0.41	0.27
Working Capital	$366,882,000	$342,309,000
Current Ratio	2.06	2.44
Shareholders' Equity	$672,186,000	$594,823,000

The Penn Central Corporation

500 West Putnam Avenue
Greenwich, Connecticut 06836
(203) 629-5000

Officers: Carle H. Lindner, chairman of the board; Alfred W. Martinelli, president & chief exec. officer; Herbert S. Winokur, Jr., sr. exec. v.p.; Francis A. Kareken, sr. v.p., general counsel & secretary; Edward F. Kosnik, exec. v.p. & chief fin. officer; David H. Street, v.p.-finance; Robert W. Olson, v.p. & deputy general counsel; Frederick W. rovet, v.p.-real estate; Douglas P. Klassen, v.p.-financial services; Robert J. Siverd, v.p.-litigation; Robert F. Amory, controller; Robert C. Schumacker, treasurer; Stephen H. Meyers, v.p.-administration; Neil M. Hahl, v.p.-accounting & taxes.

Directors: Carl H. Lindner*, chairman; Richard Dicker, A. Leon Fergenson, John W. Ingraham, Ronald F. Walker*, Thomas M. Hunt, John H. Williams*, Edward F. Kosnik, Alfred W. Martinelli*, Herbert S. Winokur, Jr., James E. Evans, S. Craig Lindner.

* Member of the Executive Committee.

Areas of Work: The company manufactures products and supplies services in the following areas: electronics and defense, telecommunications, energy, natural resources and property.

Divisions and Subsidiaries:

Electronics, Defense and Telecommunications Group
Woodcliff Lake, New Jersey
(201) 573-8200

Sprague Electric Company
Lexington, Massachusetts
(617) 862-5500
Manufacture of electronic and electrical circuit components.

Sprague World Trade Corporation
Geneva, Switzerland
011-41-022-98-4021
Manufacture of electronic and electrical circuit components in Belgium, France and West Germany.

Sprague Solid State Inc.
Willow Grove, PA
(215) 657-8400
Manufacture of complementary metal oxide semiconductors.

G & H Technology
Santa Monica, California
(213) 450-0561
Manufacture of electromechanical connectors and umbilical disconnects.

Penn Central Federal Systems Company
Alexandria, Virginia
(703) 739-2400

Penn Central Technical Security Company
Marlton, New Jersey
(609) 983-0909
Design, engineering and installation of complex security systems.

Vitro Services
Ft. Walton Beach, Florida
(904) 244-7711
Manufacture of precision tracking and meteorological radar systems.

QualCorp, Inc.
Danbury, CT
(203) 796-5000
Provides engineering, technical services, quality assurance and quality control instrumentation systems and services through the following units: Automation Industries Pty. Ltd., Automation Systems, Conam Inspection, Nuclear Energy Services, Sperry Products and Sperry Rail Service.

Vitro Corporation
Silver Spring, Maryland
(301) 231-1000
Systems engineering for the design, coordination and integration of components into unified and effective weapons systems for the U.S. Navy.

Penn Central Telecommunications Company
Woodcliff Lake, New Jersey
(201) 573-8200
Manufactures and markets a broad range of wire and cable products for voice, data, and electrical transmission. Other products include high-performance connectors for defense applications and installation and monitoring equipment for communications networks.

General Cable Company
Woodbridge, New Jersey
(201) 636-5500
Manufacture of wire and cable and related products for the telecommunications market.

General Cable International
Woodcliff Lakes, New Jersey
(201) 573-8200
Manufacture of wire and cable related products for the telecommunications market through foreign equity investments in Brazil, Colombia, Venezuela and Spain.

Gulf Energy Development Corporation
San Antonio, Texas
(512) 340-4070
Natural gas gathering, processing and marketing.

Marathon Group
Houston, Texas
(713) 659-7444

Marathon Battery Company
Waco, Texas
(817) 776-0650
Manufacture of nickel-cadmium and magnesium batteries.

Marathon Alcad Limited
Redditch, Worcestershire, England
011-44527-62351
Manufacture of nickel-cadmium batteries.

Marathon Flite-Tronics Company
Burbank, California
(818) 841-3210
Manufacture of static inverters.

Marathon LeTourneau Company
Houston, Texas
(713) 659-7444
Manufacture of mobile offshore oil and gas drilling rigs and components; marine repair and parts services; manufacture of heavy equipment.

Marathon LeTourneau Offshore Pte. Ltd.
Republic of Singapore
011-65-861-2744
Manufacture of mobile offshore oil and gas drilling rigs and components; marine repair and parts services.

Oilfield Services Companies
Houston, Texas
(713) 659-7444

Butler-Johnson, Inc.
Shreveport, Louisiana
(318) 226-0731
Contract oil and gas drilling.

Cubby Drilling, Inc.
Midvale, Ohio
(614) 922-9431
Contract oil and gas drilling.

Western Oil Well Service Co.
Billings, Montana
(406) 245-7109
Oil well service and workover.

Willis Drilling Co. Inc.
Edinburg, Texas
(512) 383-3888

Transfer Agent(s):
Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Philadelphia, Pacific

Ticker Symbol: PC

Number of Employees:

1986	24,300	1983	34,700
1985	34,500	1982	37,200
1984	34,500		

Sales and Earnings

	Net Sales	Net Income
1986	$2,387,900,000	$ 154,200,000
1985	2,527,300,000	110,800,000
1984	2,569,100,000	170,000,000
1983	2,538,900,000	19,700,000
1982	3,165,400,000	131,500,000

	No. of Com. Shares	Earn. per Share #
1986	41,169,956	$ 3.85
1985	42,164,534	2.76
1984	40,029,864	3.82
1983	31,845,120	—
1982	31,997,413	3.02

Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Diversified industries	$ 364,400	$ 520,100
Telecommunications	654,800	549,800
Federal systems	367,600	351,700
Electronic/ electrical comp.	449,100	492,100
Energy	552,000	613,600
Total	$ 2,387,900	$ 2,527,300

Common Stock Equity

	Total Equity	Equity Per Share
1986	$2,092,200,000	$ 50.82
1985	1,825,900,000	43.30
1984	1,619,200,000	40.45
1983	1,441,400,000	45.26
1982	1,467,700,000	45.87

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 2,387,900	$ 2,527,300
Cost of sales	1,413,400	1,528,300
Oper. expenses	527,700	513,100
Depreciation & amortization	125,000	128,100
Gen. & adm. expenses	155,700	161,700
Div. & interest income	(20,000)	(17,600)
Interest & de[illegible]ase	36,600	44,800
Income taxes	17,900	19,600
Other income	(548,000)	(41,800)
Prov. for asset redeployment	408,900	—
Income before taxes	$ 270,500	$ 191,100
Income taxes	116,300	80,300
Net Income	$ 154,200	$ 110,800

Assets
(000's)

As of Dec. 31	1986	1985
Cash & temp. invest.	$ 1,078,600	$ 193,000
Receivables, net	296,100	404,900
*Inventories	294,400	416,800
Prepaid expenses	32,700	35,500
Current Assets	$ 1,701,800	$ 1,050,200
Investments	418,700	372,000
#Fixed assets	571,400	1,065,900
Other assets	42,400	80,000
Intangibles	198,200	305,800
Total Assets	$ 2,932,500	$ 2,873,900

Liabilities
(000's)

Long-term debt, curr.	$ 16,000	$ 37,400
Bank borrowings	5,400	33,800
Accts. payable	145,500	185,000
Other curr. liab.	336,200	282,500
Curr. Liabilities	$ 503,100	$ 538,700
Long-term debt	86,700	241,700
Other liab.	192,700	145,900
Minority interest	23,000	24,500
Deferred inc. taxes	34,800	97,200
+ Common stock	52,000	51,600
Add. paid-in capital	1,814,000	1,636,100
Retained earnings	737,000	584,700
Treasury stock	(510,800)	(446,500)
Total Liabilities & Shareholders' Equity	$ 2,932,500	$ 2,873,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.33	7.56
%Net Income to Sales	6.46	4.38
%Net Income to Equity	7.37	6.07
Sales to Inventories	8.11	6.06
Debt to Equity	0.04	0.15
Working Capital	$1,198,700,000	$ 511,500,000
Current Ratio	3.38	1.95
Shareholders' Equity	$2,092,200,000	$1,825,900,000

Penril Corp.

5520 Randolph Road
Rockville, Maryland 20852
(301) 881-8151

Officers: Alva T. Bonda, chairman, president, chief exec. officer & treasurer; Harry O. Christenson, exec. v.p. & chief operating officer; James A. McCoy, v.p.-finance; Vito L. Greco, v.p. & gen. mgr.-Electro-Metrics Division; John D. Phillips, v.p. & gen. mgr.-Technipower; Warren J. Hess, v.p. & president-Triplett Electrical Instrument Corp.; David L. Johnson, v.p. & gen. mgr.-Data Comunications Division; Charles C. Zwingman, Jr., v.p.-administration & secretary.

Directors: Alva T. Bonda, chairman; Dennis B. Heffernan, Richard D. Margolis, Gerald E. Wedren, Harry O. Christenson, Clifford L. Alexander, Jr., James S. Rice.

Areas of Work: Designs, manufactures and markets data communications equipment, electronic test and measurement instruments, electronics power supplies, electronic power conversion and consumer audio equipment.

Divisions and Subsidiaries:

Data Communications Division
207 Perry Parkway
Gaithersburg, Maryland 20877-2197
(301) 921-8600

Designs, manufactures and markets data communications networking products, including a complete line of modems.

Electro-Metrics Division
100 Church Street
Amsterdam, New York 12010-4299
(518) 843-2600

Manufactures test instruments for measurement of KFI/EMI (radio frequency and other electromagnetic interference).

Technipower Division
Commerce Drive
Commerce Industrial Park
Danbury, Connecticut 06810-9990
(203) 748-7001

Manufactures power conversion equipment including high reliability encapsulated power supplies, auto transformers and voltage regulators.

Penril Technical S.A.
6 Rue De La [illegible]az
CH 1820
Montreux, Switzerland 623651

Manufactures high reliability encapsulated power supplies.

Tripplett Electrical Instrument Corporation
1 Tripplett Drive
Bluffton, Ohio 45817
(419) 358-5015

Manufactures analog and digital test instruments, universal frequency counters, telephone communications testers, programmable bar graphs, and standard or custom-designed panel instruments.

Alltest Division
2125 Stonington Avenue
Hoffman Estates, Illinois 60195-2016
(312) 519-0900

Develops automotive test equipment.

Triplett de Mexico, S.A.
1597 Altos Boulevard Diaz Ordaz
La Mesa, Tijuana, Baja California
Mexico
(706) 681-1636

Transfer Agent(s):
National Bank of Washington
4340 Connecticut Avenue, N.W.
Washington, D.C. 20008

Morgan Guaranty & Trust Company of New York
30 West Broadway
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: PNL

Number of Employees:

1986	1,150	1983	950
1985	N.A.	1982	600
1984	1,250		

Plant Footage:

1986	166,170 sq. ft.	1983	245,000
1985	N.A.	1982	212,000
1984	400,000		

N.A. - Not Available.

Sales and Earnings

	Revenues +	Net Income
1986	$ 55,762,000	$ (11,777,000)
1985	48,073,000	39,000
1984	43,880,000	2,470,000
1983	28,618,000	1,447,670
1982	30,470,000	1,672,849

	No. of Com. Shares #	Earn. per Share #
1986	2,146,000	$ —
1985	2,150,000	0.02
1984	2,092,000	1.18
1983	2,018,195	0.72
1982	1,976,214	0.85

(Loss)

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.17	—	—
1982	0.17	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 11,166,000	$ 5.20
1985	22,888,000	10.65
1984	22,757,000	10.88
1983	19,954,286	9.89
1982	17,379,945	8.79

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended July 31	1986	1985
Net sales & revenues	$ 55,762,000	$ 48,073,000
Cost of sales	34,351,000	31,625,000
Expenses	22,690,000	16,538,000
Interest expense	3,523,000	3,322,000
Realized loss on sale of invest.	1,825,000	447,000
Interest income	(772,000)	(1,283,000)
Other income	(246,000)	(94,000)
Loss bef. taxes	$ (5,789,000)	$ (2,482,000)
Income taxes	[illegible],000	1,867,000
Loss-cont. oper.	$ (4,981,000)	$ (615,000)
Inc. (loss)-discont. oper.	(6,796,000)	654,000
Net Income (Loss)	$ (11,777,000)	$ 39,000

*Included in Costs and Expenses, Depreciation and Amortization: $3,204,000 in 1986 and $2,135,000 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 889,000	$ 1,370,000
Accts. receiv., net	17,739,000	12,628,000
Tax refund receiv.	1,566,000	1,945,000
*Inventories	28,914,000	26,019,000
Other assets	1,140,000	1,258,000
Current Assets	$ 50,248,000	$ 43,220,000
Investment securities	—	6,207,000
#Fixed assets	7,998,000	9,703,000
Other assets & intangibles	5,845,000	10,062,000
Total Assets	$ 64,091,000	$ 69,192,000

Liabilities

Long-term debt, curr.	$ 683,000	$ 752,000
Due to bank under loan agree.	16,863,000	—
Accts. payable	10,081,000	5,131,000
Banker's acceptances	854,000	3,551,000
Accrued comp.	2,057,000	2,096,000
Accrued interest	1,411,000	1,048,000
Other expenses	3,655,000	3,093,000
Curr. Liabilities	$ 35,604,000	$ 15,671,000
Long-term debt	16,851,000	29,518,000
Other liabilities	463,000	740,000
Deferred inc. taxes	7,000	375,000
+Common stock	22,000	21,000
Add. paid-in capital	13,139,000	12,841,000
Retained earnings (def.)	(730,000)	11,261,000
Unrealized loss	—	(1,157,000)
Note receiv.	(1,340,000)	(43,000)
Foreign curr. trans.	75,000	(35,000)
Total Liabilities & Shareholders' Equity	$ 64,091,000	$ 69,192,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	1.17
Sales to Inventories	1.93	1.85
Debt to Equity	1.57	1.32
Working Capital	$14,644,000	$27,549,000
Current Ratio	1.41	2.76
Shareholders' Equity	$11,166,000	$22,888,000

Pentron Industries, Inc.

1655 N. Main Street, Suite 240
Walnut Creek, California 94596

Officers: Robert H. Chappell, chairman of the board; Paul C. Knauff, president & chief exec. officer; Marc L. Berman, v.p.; George S. Marino, IV, secretary & treasurer; Irving Cooper, v.p.; Stephen J. Russo, v.p. & chief financial officer.

Directors: Robert H. Chappell, chairman; Paul C. Knauff, Marc L. Berman, Irving Cooper, William A. Morse, Edward F. Crawford, Stephen W. Curran.

Areas of Work: Distributes and markets electronic measuring and testing products to the consumer and industrial automotive aftermarket; electrical power conditioning products to the telecommunications and microcomputer industries; electrical power source protectors to the personal computer industry; electronic home security sensing devices; peripheral information input products and related software for certain personal computers; and head-mounted, battery-operated lights for hands-free use. Also manufactures and markets lithographed metal housewares, large plastic containers and other plastic items.

Divisions and Subsidiaries:

Ballonoff Home Products Division
Columbiana, Ohio

Pentron Products, Inc.
San Jose, California

PTI Industries
Scotts Valley, California

Compugard, Inc.
Scotts Valley, California

Acquisition(s):

Koala Technologies Corporation
San Jose, California
Produces and markets a line of computer digitizing tablets for applications in the graphics and desk-top publishing markets.

Pan-American Industries, Inc.
San Jose, California
Manufactures and markets head-mounted lights which provide hands-free lighting for auto mechanics, plumbers and others.

Rotational Moldings, Inc.
Gardena, California
Manufactures and distributes molded plastic containers.

Transfer Agent(s):

American Stock Transfer Co.
New York, New York

Stock Exchange(s): American

Ticker Symbol: PEN

Number of Employees:

1986	220	1983	N.A.
1985	144	1982	279
1984	N.A.	1	

Plant Footage:

1986	329,000 sq. ft.	1983	N.A.
1985	211,000	1982	342,000
1984	N.A.		

N.A. — Not Available.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 28,420,000	$ 1,305,200
1985	16,259,490	(864,855)
1984	10,579,432	(1,718,985)
1983	12,560,444	(2,278,256)
1982	16,429,357	(1,677,284)

	No. of Com. Shares #	Earn. per Share #†
1986	11,625,000	$ 0.11
1985	4,990,000	—
1984	3,685,748	—
1983	3,230,256	—
1982	3,220,294	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $788,000 ($0.07 per share) in 1986.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 3,403,100 +	$ 0.29
1985	(1,016,364) +	—
1984	(486,374)	—
1983	636,058	0.20
1982	2,914,314	0.90

(Deficiency)
+ After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 28,420,000	$ 16,259,490
Cost of sales	16,153,500	11,995,360
Expenses	9,471,100	4,611,170
Interest expense	1,600,800	874,135
Other income	(283,600)	(114,728)
Gain on sale of prod. line	—	(284,011)
Income bef. taxes	$ 1,478,200	$ (822,436)
Income taxes	924,500	—
Minority interest	36,500	42,419
Net Income (Loss)	$ 517,200	$ (864,855)
Extraord. gain	788,000	—
Net Income (Loss) & extraord. gain	$ 1,305,200	$ (864,855)

* Included in Costs and Expenses, Depreciation and Amortization: $848,800 in 1986 and $465,894 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,156,000	$ 442,858
Cash - restricted	—	1,048,000
Accts. & notes receiv., net	6,437,700	5,273,277
*Inventories	6,018,300	4,370,087
Prepaid expenses & curr. assets	284,100	164,500
Current Assets	$ 13,896,100	$ 11,298,722
#Fixed assets	2,389,700	1,348,868
Intangibles	12,872,900	4,396,290
Other assets	278,200	187,190
Total Assets	$ 29,436,900	$ 17,231,070

Liabilities

Notes payable	$ 1,997,200	$ 2,335,107
Long-term debt, curr.	2,210,300	1,696,735
Accts. payable	2,227,200	2,005,596
Accrued liabilities	2,716,200	1,769,981
Curr. Liabilities	$ 9,150,900	$ 7,807,419
Long-term debt	13,489,300	9,353,033
Convert. note	1,200,000	—
Deferrd inc. taxes & credits	396,600	509,063
Minority interest	—	45,419
Redem. preferred stock	1,436,500	—
+Preferred stock	360,500	532,500
++Common stock	8,866,000	4,990,000
Add. paid-in capital	—	334,865
Retained earnings (deficit)	(5,036,100)	(6,341,229)
Deferred offering costs	(426,800)	—
Total Liabilities & Shareholders' Equity	$ 29,436,900	$ 17,231,070

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $5 par value; convertible.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.20	—
%Net Income to Sales	1.82	—
%Net Income to Equity	13.74	—
Sales to Inventories	4.72	3.72
Debt to Equity	4.17	—
Working Capital	$4,745,200	$3,491,303
Current Ratio	1.52	1.45
Shareholders' Equity (Deficiency)	$3,763,600	$ (483,864)

The Perkin-Elmer Corporation

761 Main Avenue
Norwalk, Connecticut 06859
(203) 762-1000

Officers: Horace G. McDonell, Jr., chairman & chief executive officer; Gaynor N. Kelley, president & chief operating officer; Philip C. Danford, v.p.-finance; Julianne A. Grace,

v.p.-administration; C. Wendell Bergere, Jr., v.p., general counsel & secretary; Walter E. Morgan, sr. v.p. & gen. mgr.-Instrument Group; Charles E. Minihan, sr. v.p. & gen. mgr.-Semiconductor Equipment Group; Mercade A. Cramer, Jr., sr. v.p. & gen. mgr.-Optical Group; Kenneth E. Davis, sr. v.p. & gen. mgr.-Materials and Surface Technology Group; Ronald G. Anderson, David A. Huchital, v.p.'s.

Directors: Horace G. McDonell*, chairman of the board; E. Russell Eggers, J. David Parkinson, John S. Scott*, James L. Bast, Donald R. Melville, Richard F. Tucker*, Joseph F. Abely, Jr.*, John M. Deutch, Gaynor N. Kelley*, George C. Dacey, Robert H. Hayes, Burnell R. Roberts.

*Member of the Executive Committee.

Areas of Work: Products include analytical instruments; semiconductor processing equipment; minicomputers and software systems; electro-optical systems and precision optics; avionics and missile systems; thermal spray technology.

Divisions and Subsidiaries:

Instrument Group
Analytical instruments.

North American Instrument Division
Norwalk, Connecticut

Instrument Sales and Service Division
Norwalk, Connecticut

Bodenseewerk Perkin-Elmer and Co., G.m.b.H
Uerberlingen, West Germany

Perkin-Elmer Limited
Beaconsfield, England and Llantrisant, Wales

Concurrent Computer Corporation (82%-owned)
32-bit minicomputers and computer software systems.

Semiconductor Equipment Group
Equipment for semiconductor processing.

Electron Beam Technology Division
Hayward, California

Microlithographic Division
Wilton, Connecticut

Perkin-Elmer Censor
Vaduz, Liechtenstein

Optical Group
Electro-optical systems and precision optics.

Applied Optics Division
Garden Grove, California

Applied Science Division
Pomona, California

Military Systems Division
Danbury, Connecticut

Space Science Division
Danbury, Connecticut

Systems Operations Division
Danbury, Connecticut

MRJ, Inc.
Fairfax, Virginia

Materials & Surface Technology Group
Surface technology systems.

Metco Division
Westbury and Hicksville,
New York and Chobham, England

Bodenseewerk Geraetetechnik G.m.b.H.
Avionic instruments and missile systems.
Ueberlingen, West Germany

Physical Electronics Division
Eden Prairie, Minnesota

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Pacific

Ticker Symbol: PKN

Number of Employees:

1986	14,581	1983	14,372
1985	15,515	1982	14,100
1984	15,480		

Plant Footage:

1986 . . . . . 4,337,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$1,290,558,000	$ 72,572,000
1985	1,304,612,000	82,133,000
1984	1,182,256,000	66,088,000
1983	1,015,402,000	50,242,000
1982	1,036,774,000	62,669,000

	No. of Com. Shares †	Earn. per Share †
1986	45,186,000	$ 1.61
1985	44,650,000	1.84
1984	44,466,000	1.49
1983	43,671,000	1.15
1982	43,250,000	1.45

† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Instrument group	$ 362,600	$ 327,200
Semiconductor equipment group	250,500	315,900
Concurrent computer corp.	244,800	262,800
Optical group	183,800	190,600
Materials & surface tech. group	150,400	132,000
Geraetetechnik	126,700	96,000
Inter-segment	(28,200)	(19,900)
Total	$ 1,290,600	$ 1,304,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.59	—	—
1985	0.545	—	—
1984	0.50	—	—
1983	0.50	—	—
1982	0.485	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 705,748,000	$ 15.62
1985	619,328,000	13.87
1984	562,702,000	12.65
1983	515,245,000	11.80
1982	482,703,000	11.16

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended July 31	1986	1985
Net sales	$ 1,290,558	$ 1,304,612
Cost of sales	726,975	732,863
Expenses	448,071	437,525
Interest expense	19,401	15,097
Interest income	(14,472)	(11,663)
Other income	(3,381)	(1,272)
Patent settlement	—	(18,000)
Gain on sale	(5,600)	—
Prov. for restruc. oper.	7,275	14,095
Income before taxes	$ 112,289	$ 135,967
Income taxes	39,717	53,834
Net Income	$ 72,572	$ 82,133

* Included in Costs and Expenses, Depreciation and Amortization: $48,812,000 in 1986 and $43,399,000 in 1985.

Assets
(000's)

As of July 31	1986	1985
Cash & other short-term invest.	$ 188,252	$ 114,444
Accts. receiv., net	356,705	306,889
*Inventories	429,184	384,418
Prepaid expenses & other assets	58,745	40,638
Current Assets	$ 1,032,886	$ 846,389
Marketable securities & time deposits	34,831	9,205
#Fixed assets	262,851	227,253
Other assets	68,045	52,136
Total Assets	$ 1,398,613	$ 1,134,983

Liabilities
(000's)

Loans payable	$ 172,889	$ 90,958
Accts. payable	106,909	111,344
Accrued payroll	66,480	60,900
Income taxes	46,959	37,227
Other accruals	103,721	88,357
Curr. Liabilities	$ 496,958	$ 388,786
Long-term debt	84,773	75,625
Other liabilities	72,092	46,600
Minority interest	39,042	4,644
+Common stock	44,876	44,399
Add. paid-in capital	110,473	99,804
Retained earnings	548,593	502,370
Trans. adjustment	1,806	(27,245)
Total Liabilities & Shareholders' Equity	$ 1,398,613	$ 1,134,983

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.70	10.42
%Net Income to Sales	5.62	6.30
%Net Income to Equity	10.28	13.26
Sales to Inventories	3.01	3.79
Debt to Equity	0.12	0.27
Working Capital	$535,928,000	$457,603,000
Current Ratio	2.08	2.18
Shareholders' Equity	$705,748,000	$619,328,000

Personal Computer Products, Inc.

11590 West Bernardo Court
San Diego, California 92127
(619) 485-8411

Officers: Edward W. Savarese, chairman of the board & chief exec. officer; Daniel W. Zipkin, president & chief operating officer; Glenn R. Zinser, v.p.-finance, secretary & treasurer.

Directors: Edward W. Savarese, chairman; Irwin Roth, Harry J. Saal.

Areas of Work: The Company develops, markets and supplies microcomputers and microcomputer accessory products and technology. Products include a laser printer controller board, which enables the host computer to fully utilize the capacities of certain laser printer engines; an IBM PC-compatible modularized microcomputer and related add-on printed circuit boards; and microprocessor-based printed circuit boards designed to plug into Apple microcomputers.

Transfer Agent(s):

Bank of America National Trust & Savings Association
555 South Flower Street
Los Angeles, California 90071

Personal Computer Products, Inc.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PCPI (NASDAQ)

Number of Employees:
1986 . . . . . 29 1985 34

Plant Footage:
1986 . . . . . 9,400 sq. ft. 1985 9,400

Sales and Earnings

	Net Sales	Net Income †
1986	$ 2,311,900	$ (994,400)
1985	4,496,200	(2,296,200)
1984	4,391,100	206,700
1983	1,439,700	87,400

	No. of Com. Shares ‡	Earn. per Share †
1986	1,701,000	$ —
1985	1,688,400	—
1984	1,417,100	0.15
1983	952,400	0.09

(Loss)
† Including extraordinary gain of $9,600 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ (226,700)†	$ —
1985	976,800	0.58
1984	3,273,000	2.31
1983	73,400	0.08

(Deficiency)
† After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Sales of prods.	$ 1,840,600	$ 3,915,200
License fees	460,500	526,100
Interest income	10,800	54,900
Total revenues	$ 2,311,900	$ 4,496,200
Cost of sales	1,581,000	4,107,200
Expenses	1,722,600	2,750,200
Loss bef. taxes	$ (991,700)	$ (2,361,200)
Income taxes (credit)	2,700	(65,000)
Net Loss	$ (994,400)	$ (2,296,200)

* Included in Costs and Expenses: Depreciation and Amortization: $174,900 in 1986 and $140,700 in 1985.

Assets

As of June 30	1986	1985
Cash & cash equiv.	$ 1,299,200	$ 28,680
Accts. receiv., net	615,400	854,600
*Inventories	721,500	1,174,000
Prepaid expenses	162,700	107,300
Current Assets	$ 2,798,800	$ 2,164,500
#Fixed assets	323,200	441,200
Other assets	16,700	18,100
Total Assets	$ 3,138,700	$ 2,623,800

Liabilities

Notes payable	$ 725,000	$ 625,000
Accts. payable	443,600	617,300
Accruals	177,100	182,500
Other curr. liabilities	73,700	50,800
Curr. Liabilities	$ 1,429,400	$ 1,475,600
Other liabilities	95,700	171,100
+ Redeem. preferred stock	300	300
+ + Conv. preferred stock	1,850,000	—
+ + + Common stock	18,100	17,900
Add. paid-in capital	2,775,800	2,985,000
Retained earn. (deficit)	(3,020,500)	(2,026,100)
Treasury stock	(100)	—
Total Liabilities & Shareholders' Equity	$ 3,138,700	$ 2,623,800

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; convertible.
+ + $1,000 par value; 5% convertible.
+ + + $0.01 par value.

Statistical Summary

%Inc. bef. Taxes to Sales	—	—
%Net Income to Sales	—	—
%Net Income to Equity	—	—
Sales to Inventories	2.55	3.42
Debt to Equity	0.45	0.64
Working Capital	$1,379,400	$688,900
Current Ratio	1.97	1.47
Shareholders' Equity	$1,623,300	$976,800

Photographic Sciences Corporation

770 Basket Road
P.O. Box 338
Webster, NY 14580
(716) 265-1600

Officers: John E. Blackert, chairman, chief exec. officer & treasurer; Carol Ann Blackert, v.p.-administration & corp. secretary; Thomas S. Duerr, v.p. & controller; L. Michael Hone, pres.-PS Webster operations; Jay Eastman, exec. v.p.-PS Webster operations; Robert Wagner, pres.-Techtran Inc.; Thomas Bristow, pres.-Metrology Division.

Directors: John E. Blackert, chairman; A.R. Solomon, Milton P. Axelrod, W. John Bennett, Jr., Christopher dePont Roosevelt, Robert S. Ehrlich.

Areas of Work: Manufactures and distributes technology-based products principally for bar code instrumentation and instrumentation associated with automatic test equipment. The Company conducts its business through three operating units. The Photographic Sciences unit designs, manufactures and markets film masters, bar code verifiers, laser diode bar code scanners, form slides and computer graphics equipment. The Techtran unit operates in the automatic test equipment field producing switching systems, digital data recorders and interface assemblies for bar code scanners and decoders. The Metrology unit designs and manufactures surface profilers for measuring defects on the surfaces of optical elements, computer hard disks and finely polished metallic surfaces.

Subsidiaries:
Photographic Sciences International Sales Corporation
Photographic Sciences GmbH
Photographic Sciences (Bar Code Products) Limited
Photographic Sciences International Limited
Photographic Sciences (U.K.) Limited

Acquisition(s):
Techtran, Inc.
200 Commerce Drive
Rochester, New York 14623
(716) 334-9640
Manufactures digital data recording equipment, reed relay switching systems and automatic test equipment systems.

Optel Bar Code Systems, Inc.
Rochester, New York
Manufactures laser diode scanners used to collect data by scanning bar codes printed on labels, tags, containers and other materials.

Transfer Agent(s):
Chase Lincoln First Bank, N.A.
Rochester, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PSCX (NASDAQ)

Number of Employees:
1986 141

Plant Footage:
1986 . . . . . 42,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
12/31/86	$ 5,652,263	$ (571,921)
12/31/85*	1,622,703	120,096
6/30/85	2,744,731	(134,371)
6/30/84	2,629,829	(282,119)
6/30/83	4,764,792	(1,280,240)

	No. of Com. Shares ‡	Earn. per Share †‡
12/31/86	2,369,949	$ —
12/31/85*	2,061,102	0.06
6/30/85	2,012,932	0.07
6/30/84	1,572,995	—
6/30/83	1,235,537	—

(Loss)
* 6 months.
+ Of continuing operations only.
† Including extraordinary gains of $35,000 ($0.02 per share) in the period ending December 31, 1985 and $272,750 ($0.14 per share) in the year ending June 30, 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
12/31/86	$ 3,168,525	$ 1.34
12/31/85	1,243,453	0.60
6/30/85	961,677	0.48
6/30/84	797,622	0.51
6/30/83	(392,928)	—

(Deficiency)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec.31	1986	1985 (6 months)
Net sales	$ 5,652,263	$ 1,622,703
Cost of sales	3,234,040	893,411
Expenses	2,035,200	540,880
Interest expense	163,156	20,762
Other expense	29,435	8,701
Income before taxes	$ 190,432	$ 158,949
Income taxes	66,500	52,867
Income from cont. oper.	$ 123,932	$ 106,082
Loss from discont. oper.	(695,853)	(20,986)
Net Income (Loss)	$ (571,921)	$ 85,096
Extraord. gain	—	35,000
Net Income (Loss) & extraord. gain	$ (571,921)	$ 120,096

* Included in Costs and Expenses, Depreciation and Amortization: $229,527 in 1986 and $110,778 in 1985.

Assets

Asof Dec. 31	1986	1985
Cash & invested funds	$ 1,486,695	$ 258,768
Accts. receiv., net	1,726,005	629,367
*Inventories	1,731,761	316,895
Prepaid expenses	135,253	30,070
Revenues in exc. of billings	280,075	—
Current Assets	$ 5,359,789	$ 1,235,100
Investments	—	322,741
#Fixed assets	1,729,084	607,747
Other assets	401,761	129,424
Intangibles	3,646,627	548,780
Note receivable	473,955	—
Total Assets	$ 11,611,216	$ 2,843,792

Liabilities

Line of credit	$ —	$ 75,000
Long-term debt, curr.	460,897	297,313
Accts. payable	861,466	427,437
Accruals	799,682	137,707
Accrued payroll	206,556	44,913
Curr. Liabilities	$ 2,328,601	$ 982,370
Long-term debt	3,557,144	617,969
Other liabilities	146,946	—
Convert. debentures	2,410,000	—
+Common stock	31,308	20,523
Add. paid-in capital	6,536,559	4,050,351
Retained earnings (deficit)	(3,399,342)	(4,827,421)
Total Liabilities & Shareholders' Equity	$ 11,611,216	$ 2,843,792

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	6.84
Sales to Inventories	3.26	5.12
Debt to Equity	1.27	0.74
Working Capital	$3,032,188	$ 252,730
Current Ratio	2.30	1.26
Shareholders' Equity	$3,168,525	$1,243,453

Pico Products, Inc.

103 Commerce Boulevard
Liverpool, New York 13088
(315) 451-7700

Officers: Bernard K. Hitchcock, chairman & chief exec. officer; George M. Knapp, president & chief operating officer; James D. O'Connell, exec. v.p.; Ralph H. Yahn, chief financial officer, secretary & treasurer.

Directors: Bernard K. Hitchcock, chairman; George M. Knapp, James D. O'Connell, Peter E. Rhodes, J. Michael Sills, Walter R. Woods.

Areas of Work: Designs, manufactures, imports and markets a wide range of products which receive, distribute, and secure telecommunications signals. Products include cable and video accessories, satellite systems for home and commercial applications, and Pay TV security devices.

Division:

Home Satellite Division
Manufactures products for the home satellite reception market.

Subsidiaries:

Pico Macom, Inc.
12500 Foothill Boulevard
Lakeview Terrace, California 91342

Pico (St. Kitts) Limited
P.O. Box 328
Pond Industrial Estate
Basseterre, St. Kitts
West Indies

Pico (St. Vincent) Limited
Campden Park Industrial Estate
Saint Vincent, West Indies

Pico Korea, Ltd.
Room 401, San Ta Bldg., #97
Ta Dong, Chung-Ku
Seoul, Korea

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
20 Clinton Avenue South
Rochester, New York 14603

Stock Exchange(s): American

Ticker Symbol: PPI

Number of Employees:

1986 357

Plant Footage:

1986 . . . . . 215,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 25,778,000	$ (2,552,000)
1985	23,849,000	(8,819,000)
1984	19,999,000	207,000
1983	11,461,000	901,000
1982	8,927,000	1,014,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	3,519,000	$ —
1985	3,512,000	—
1984	3,553,000	0.06
1983	2,918,000	0.31
1982	1,966,000	0.52

(Loss)
† Including extraordinary gain of $43,185 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 13,125,000	$ 3.73
1985	15,677,000	4.45
1984	24,466,000	6.99
1983	24,631,000	7.06
1982	8,823,000	3.22

Income Account *

Year ended July 31	1986	1985
Net sales	$ 25,777,859	$ 23,849,059
Cost of sales	18,678,547	17,978,208
Expenses	8,171,660	9,173,602
Unusual charges	1,368,977	5,728,971
Other expense (income)	154,203	(201,768)
Loss before taxes	$ (2,595,528)	$ (8,829,954)
Tax credit	—	(11,000)
Net Loss	$ (2,595,528)	$ (8,818,954)
Extraord. gain	43,185	—
Net Loss & extraord. gain	$ (2,552,343)	$ (8,818,954)

* Included in Costs and Expenses, Depreciation and Amortization: $1,266,705 in 1986 and $1,368,847 in 1985.

Assets

As of July 31	1986	1985
Cash	$ 1,103,235	$ 2,577,329
Accts. receiv., net	3,373,227	2,874,561
Refundable taxes	65,934	140,054
*Inventories	5,963,129	6,657,195
Prepaid expenses	381,379	345,229
Current Assets	$ 10,886,904	$ 12,594,368
#Fixed assets	6,308,696	7,113,830
Patents & licenses	994,665	941,071
Intangibles	498,037	526,909
Other assets	609,534	553,988
Total Assets	$ 19,297,836	$ 21,730,166

Liabilities

Notes payable	$ 2,242,922	$ 414,424
Long-term debt, curr.	537,815	931,324
Accts. payable	1,529,838	1,459,457
Accrued payroll	261,969	242,453
Accrued commissions	22,348	21,261
Accrued interest	14,838	14,571
Curr. Liabilities	$ 4,609,730	$ 3,083,490
Long-term debt	1,563,144	2,969,371
+Common stock	35,191	35,191
Add. paid-in capital	21,413,934	21,413,934
Retained earnings (deficit)	(8,324,163)	(5,771,820)
Total Liabilities & Shareholders' Equity	$ 19,297,836	$ 21,730,166

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	4.32	3.58
Debt to Equity	0.33	0.28
Working Capital	$ 6,277,174	$ 9,510,878
Current Ratio	2.36	4.08
Shareholders' Equity	$13,124,962	$15,677,305

Pioneer-Standard Electronics, Inc.

4800 East 131st Street
Cleveland, Ohio 44105
(216) 587-3600

Officers: Preston Heller, Jr., chairman & chief executive officer; James L. Bayman, president & chief operating officer; Lawrence R. Cowin, Jr., financial vice president, treasurer & asst. secretary; Gerald J. Buddenbaum, sr. v.p.-sales & branch operations; Carmen J. Riazzi, v.p. & gen. mgr.-Srepco Division; Arthur Rhein, sr. v.p.-marketing; William A. Papenbroch, secretary.

Directors: William C. Fine, Preston Heller, Jr., Victor Gelb, Edwin Z. Singer, Bruce Tucker, Frederick A. Downey, James L. Bayman, Thomas C. Sullivan, Lawrene R. Cowin, Jr.

Areas of Work: Distributes industrial and consumer electronic components east of the Rocky Mountains. Also operates laboratories for the manufacture, modification and repair of electronic meters and instruments.

Divisions:

Pioneer/Mid-American Division
4433 Interpoint Boulevard
Dayton, Ohio 45424
(513) 236-9900
Distributes industrial-type electronic components to manufacturers, research laboratories, schools, governmental agencies, and other users.

Pioneer/Instrumentation Division
4800 East 131st Street
Cleveland, Ohio 44105
(216) 587-3600
Operates laboratories for the manufacture, modification, and repair of electronic meters and instruments. The manufactured products include Magsense solid state sensing devices and the "Peaklok," a peak-reading voltmeter.

Pioneer/Northeast Division
60 Crossways Park West
Woodbury, New York 11797

Srepco Division
2290 Arbor Boulevard
Dayton, Ohio 45439
(513) 224-0871
Distributes consumer-type electronic components and units to radio-television repairmen and dealers. Based in Dayton, Ohio, it operates branches in nine other Ohio cities.

Affiliate:

Pioneer Technologies Group, Inc.
(50% owned)
9100 Gaither Road
Gaithersburg, Maryland 20760
(301) 948-0710
Distributes industrial-type electronic components to manufacturers, research laboratories, schools, governmental agencies, and other users.

Transfer Agent(s):

Ameri Trust Company N.A.
P.O. Box 6477
Cleveland, Ohio 44114

Pioneer-Standard Electronics, Inc.

Stock Exchange: Over-the-Counter

[illegible] PIOS (NASDAQ)

Employees:

19[illegible]	837	1984	1,142
1986	936	1983	1,118
1985	1,042		

Sales and Earnings

	Net Sales +	Net Income
1987	$ 212,234,000	$ 462,003
1986	186,805,000	(2,072,629)
1985	215,743,000	3,671,093
1984	198,116,000	4,123,031
1983	118,400,000	1,111,733

	No. of Com. Shares #	Earn. per Share #
1987	5,401,932	$ 0.09
1986	5,401,932	—
1985	5,401,932	0.68
1984	5,397,232	0.76
1983	5,384,132	0.21

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$0.12	—	—
1986	0.12	—	—
1985	0.118	—	2-for-1
1984	0.103	—	—
1983	0.093	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 29,232,277	$5.41
1986	29,418,506	5.45
1985	32,139,367	5.95
1984	29,103,002	5.39
1983	25,463,336	4.72

Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986
Net sales	$ 212,234,262	$ 186,804,915
Cost of sales	162,321,322	141,993,222
Expenses	42,019,825	40,639,703
Oper. profit	$ 7,893,115	$ 4,171,990
Eq. in earn. of 50%-owned co.	(481,469)	(44,778)
Other income	—	(8,279)
Interest expense	5,245,909	5,303,927
Inc. (loss) bef. taxes	$ 3,128,675	$ (1,078,880)
Income taxes (credit)	1,290,000	(614,000)
Inc. (loss)-cont. oper.	$ 1,848,675	$ (464,880)
Loss-discont. oper.	(1,386,672)	(1,607,749)
Net Income (Loss)	$ 462,003	$ (2,072,629)

* Included in Costs and Expenses, Depreciation and Amortization: $2,537,118 in 1987 and $2,315,507 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 1,903,106	$ 257,870
Accts. receiv., net	31,492,708	30,220,990
Refundable income taxes	—	1,446,661
*Inventories	59,103,892	51,412,417
Prepaid expenses	464,576	463,454
Assets of discont. oper.	1,732,038	4,497,343
Current Assets	$ 94,696,320	$ 88,298,735
Investments & other assets	8,444,368	8,164,371
#Fixed assets	12,499,534	12,668,477
Total Assets	$ 115,640,222	$ 109,131,583

Liabilities

Notes payable	$ 1,000,000	$ 3,000,000
Long-term debt, curr.	226,581	331,261
Accts. payable	24,378,960	15,575,020
Accruals	2,821,225	1,863,167
Accrued payroll	2,279,089	1,934,624
Liab. of discont. oper.	2,535,894	2,501,228
Curr. Liabilities	$ 33,241,749	$ 25,205,300
Long-term debt	53,064,196	54,290,777
Def. inc. taxes	102,000	217,000
+Common stock	5,401,932	5,401,932
Add. paid-in capital	1,325,829	1,325,829
Retained earnings	22,504,516	22,690,745
Total Liabilities & Shareholders' Equity	$ 115,640,222	$ 109,131,583

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $1 stated value.

Statistical Summary

%Net Income to Equity	1.58	—
Sales to Inventories	3.59	3.63
Debt to Equity	1.82	1.86
Working Capital	$61,454,571	$63,048,435
Current Ratio	2.85	3.50
Shareholders' Equity	$29,232,277	$29,418,506

Pitney Bowes Inc.

Stamford, Connecticut 06926-0700
(203) 356-5000

Officers: George B. Harvey, chairman, president & chief exec. officer; Carmine F. Adimando, v.p. & controller; James L. Bast, pres.-Dictaphone Corporation; Marc C. Breslawsky, v.p.-finance & administration; Allan A. Crystal, v.p. & treasurer; Guy L. Fougere, v.p.-corp. engineering & technology; Edward M. Harris, Jr., v.p., secretary & gen. counsel; Hiro R. Hiranandani, group v.p.-Pitney Bowes Business Systems, International; Thomas R. Loemker, pres.-Pitney Bowes Business Systems; Thomas F. McGarry, v.p.-corp. communications; Harry W. Neinstedt, pres.-Pitney Bowes Financial Services; Robert C. Rugen, v.p.-employee relations; Carole F. St. Mark, v.p.-corp. planning & development; Elton R. Vogel, pres.-Pitney Bowes Business Supplies.

Directors: George B. Harvey, chairman; Fred T. Allen, Colin G. Campbell, Samuel A. Casey, Donald W. Davis, John C. Emery, Jr., David T. Kimball, Denis F. Mullane, Eleanor Holmes Norton, Phyllis Shapiro Sewell, Frederick C. Smith, Arthur R. Taylor, Julia M. Walsh.

Areas of Work: The Company manufactures, markets and services products in three industry segments: business equipment, retail systems, and business supplies.

The business equipment segment includes postage meters and mailing and shipping systems and facsimile systems, copiers and copier supplies, and voice processing systems which include dictating systems, automatic telephone answering systems, and communications recorders.

The retail systems segment includes equipment and supplies used by retailers and their suppliers to encode price, content, item identification and other merchandise information, and retail security systems.

The business supplies segment includes custom and stock continuous business forms, data processing supplies, and other business supplies, including those sold through direct mail catalogs.

Operating Units:

Pitney Bowes Business Systems—U.S.

Pitney Bowes Business Systems—International
Pitney Bowes Ges.m.b.H., Austria
Pitney Bowes of Canada Ltd.
Pitney Bowes Oy, Finland
Pitney Bowes Deutschland GmbH
Dodwell Pitney Bowes K.K., Japan
Pitney Bowes Svenska Aktiebolag, Sweden
Pitney Bowes A.G., Switzerland
Pitney Bowes plc, U.K.

Pitney Bowes Facsimile Systems

Pitney Bowes Business Supplies
Monarch Marking Systems, Inc., U.S.
Monarch Marking Systems Australia Pty. Ltd.
Monarch Marking Systems Ltd., Canada
Monarch Marking Systems de Mexico, S.A. de C.V.
Monarch Marking (S.E.A.) Pte. Ltd., Singapore
Pitney Bowes Marking Systems Ltd., U.K.
Pitney Bowes France S.A.
Data Documents, Inc., U.S.
Data Documents S.A., Belgium
Data Documents E.V., Netherlands
Data Documents Systems, Inc., U.S.
Wheeler Group Inc., U.S.

Pitney Bowes Financial Services
Pitney Bowes Credit Corporation, U.S.
Colonial-Pacific Leasing Company, U.S.
PB Leasing Limited, U.K.
Pitney Bowes Canada Ltd.-Leasing Division
Adrema Leasing Corporation, West Germany

Voice Processing Systems
Dictaphone Corporation, U.S.
Dictaphone Canada Ltd.
Dictaphone International A.G., Switzerland
Dictaphone Company Limited, U.K.

Transfer Agent(s):

The Chase Manhattan Bank N.A. (common, preference, and preferred)
Shareholder Services Division
One New York Plaza
New York, New York 10081-6000

Union Trust Company (common)
Corporate Trust Department
300 Main Street
Stamford, Connecticut 06904-0700

Stock Exchange(s): New York, Midwest*, Philadelphia*, Boston*

* Unlisted trading privileges.

Ticker Symbol: PBI

Number of Employees:

1986	29,166	1983	26,468
1985	28,995	1982	24,475
1984	27,976		

Sales and Earnings

	Net Sales +	Net Income
1986	$1,986,686,000	$ 167,924,000
1985	1,815,808,000	150,357,000
1984	1,715,217,000	138,171,000
1983	1,587,878,000	N.A.
1982	1,399,492,000	N.A.

	No. of Com. Shares ‡	Earn. per Share ‡
1986	79,224,699	$ 2.12
1985	79,127,040	1.90
1984	78,732,842	1.76
1983	78,210,624	1.11
1982	77,020,232	1.08

N.A. - Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Business equip.:		
Mailing systems	$ 1,085,300	$ 976,100
Copying systems	213,000	206,900

Voice processing systems	234,500	203,400
Retail systems	219,100	200,900
Business supplies	234,800	228,500
Total	$ 1,986,700	$ 1,815,800

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.66	—	—
1985	0.60	—	2-for-1
1984	0.52	—	—
1983	0.45	—	—
1982	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 901,211,000	$ 11.70
1985	781,933,000	10.35
1984	649,645,000	9.05
1983	539,598,000	7.86

† After allowing for preferred stock at stated values.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	$ 1,986,686	$ 1,815,808
Cost of sales	736,937	696,141
Expenses	1,032,396	952,525
Interest expense	21,717	9,903
Interest income	(6,023)	(5,786)
Income before taxes	$ 201,659	$ 163,025
Income taxes	93,343	71,381
Eq. in inc. of fin. subsid.	(57,739)	(50,072)
Income from cont. oper.	$ 166,055	$ 141,716
Income from discont. oper.	1,869	8,641
Net Income	$ 167,924	$ 150,357

* Included in Costs and Expenses, Depreciation and Aortization: $122,659,000 in 1986 and $103,416,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 15,656	$ 17,004
Short-term invest.	52,569	45,753
Accts. receiv., net	321,667	307,340
Receiv. from fin. subsid.	42,804	34,334
*Inventories	341,740	289,900
Other curr. assets	17,148	20,171
Current Assets†	$ 791,584	$ 714,502
#Fixed assets	401,953	384,667
#Rental equip.	346,530	276,211
Prop. undercap leases	29,880	29,284
Eq. in finance subsid.	247,146	185,909
Intangibles	60,859	63,356
Long-term receivables	149,625	108,839
Total Assets	$ 2,027,577	$ 1,762,768

Liabilities
(000's)

Long-term debt, curr.	$ 74,249	$ 58,144
Accts. payable & accruals	317,964	266,770
Income taxes	74,926	57,288
Advance billings	204,649	195,437
Curr. Liabilities	$ 671,788	$ 577,639
Long-term debt	127,131	107,182
Cap. lease oblig.	47,200	47,550
Deferred inc. taxes	268,537	227,550
+ Preferred stock	339	483
+ + Preference stock	11,371	20,431
+ + + Common stock	157,018	76,350
Add. paid-in capital	100,830	159,624
Retained earnings	706,321	589,884
Cum. trans. adjust.	(25,456)	(26,421)
Treasury stock	(37,502)	(17,504)
Total Liabilities & Shareholders' Equity	$ 2,027,577	$ 1,762,768

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $50 par value; 4% convertible.
+ + No par value; $2.12 convertible.
+ + + $2 par value.

Statistical Summary

%Net Income to Equity	18.39	20.31
Debt to Equity	0.27	0.27
Working Capital	$119,796,000	$136,863,000
Current Ratio	1.18	1.24
Shareholders' Equity	$912,921,000	$802,847,000

Plantronics, Inc.

1762 Technology Drive
Suite 225
San Jose, California 95110
(408) 998-8388

Officers: Neil J. Hynes, president & chief executive officer; Robert Lee, v.p.-human resources; John Tymoczko, Jr., v.p.-strategic planning; Thomas W. Stuart, v.p. & controller; Thomas A. Blinn, sr. v.p.; Carlos E. Garner, v.p.-manufacturing & operations; Robert J. Bernardi, v.p.-engineering & development; Albert P. Pepper, v.p.-sales & marketing.

Directors: Alan B. Simpkins, Trude C. Taylor, Weldon B. Gibson, Stanley F. Damkroger, Clifford A. Warren, Neil J. Hynes, J. Sidney Webb.

Areas of Work: Manufacture and distribution of lightweight telecommunications headsets, computer controlled data switching systems, telephone transmission products, visual data terminals, data communications products and automated test and measurement equipment for electronic product manufacturers.

Subsidiaries:

Frederick Electronics Corporation
P.O. Box 502
7630 Hayward Road
Frederick, Maryland 21701
(301) 662-5901
Produces solid data switching systems and data communications equipment.

Kentrox Industries, Inc.
14375 N.W. Science Park Drive
Portland, Oregon 97229
(503) 643-1681
Develops and manufactures telephone signal conditioning equipment.

Plantronics/Santa Cruz
345 Encinal Street
Santa Cruz, California 95060
(408) 426-5858

Wilcom Products, Inc.
Rt. 3, Daniel Webster Highway
P.O. Box 508
Lacoma, New Hampshire 03246
(603) 524-2622
Telephone test and measurement equipment.

Plantronics Futurecomms, Inc.
P.O. Box 3159
7630 Haywood Road
Frederick, Maryland 21701
(301) 662-5901

Walker Equipment Corporation
Ringgold, Georgia

Plamex, S.A.
Tijuana, Mexico

Plantronics, A.G.
Wadenswil, Switzerland

Transfer Agent(s):
First Interstate Bank of California
405 Montgomery Street
San Francisco, California 94104

Stock Exchange(s): New York, Pacific

Ticker Symbol: PLX

Number of Employees:

1986	1,569	1983	1,445
1985	1,549	1982	1,767
1984	1,588		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 99,576,000	$ 8,466,000
1985	88,407,000	5,558,000
1984	88,833,000	5,851,000
1983	80,165,000	8,291,000
1982	88,973,000	9,711,000

	No. of Com. Shares #	Earn. per Share #
1986	6,397,000	$ 1.32
1985	6,728,000	0.82
1984	6,589,000	0.89
1983	6,538,000	1.27
1982	6,485,000	1.50

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.16	—	—
1982	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 60,058,000	$ 9.39
1985	52,050,000	7.74
1984	90,355,000	13.71
1983	83,671,000	12.86
1982	75,715,000	11.72

Income Account *

Year ended	6/28/86	6/29/85
Net sales	$ 99,576,000	$ 88,407,000
Cost of sales	52,485,000	50,722,000
Expenses	28,542,000	25,351,000
Corp. expenses	3,212,000	2,769,000
Interest expense	1,113,000	2,074,000
Prov. for tele. restruc.	—	(332,000)
Gain on sale of invest.	(3,414,000)	(517,000)
Loss on investment	2,244,000	—
Income before taxes	$ 15,394,000	$ 8,340,000
Income taxes	6,928,000	3,501,000
Inc. - cont. oper.	$ 8,466,000	$ 4,839,000
Inc. - discont. oper.	—	719,000
Net Income	$ 8,466,000	$ 5,558,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,561,000 in 1986 and $3,465,000 in 1985.

Plantronics, Inc.

Assets

As of	6/28/86	6/29/85
Cash	$ 959,000	$ 942,000
Accts. receiv., net	28,325,000	18,389,000
Due from Zehntel	—	219,000
*Inventories	35,529,000	33,970,000
Def. inc. taxes	1,829,000	2,795,000
Current Assets	$ 66,642,000	$ 56,315,000
#Fixed assets	21,756,000	25,783,000
Notes receiv.	392,000	692,000
Other assets	12,393,000	5,828,000
Total Assets	$ 101,183,000	$ 88,618,000

Liabilities

Accts. payable	$ 6,358,000	$ 4,054,000
Long-term debt, curr.	1,061,000	565,000
Notes payable	9,500,000	16,100,000
Accruals	7,102,000	4,998,000
Income taxes	3,084,000	1,671,000
Curr. Liabilities	$ 27,105,000	$ 27,388,000
Long-term debt	10,919,000	5,490,000
Deferred inc. taxes	3,101,000	3,690,000
+Common stock	12,380,000	12,154,000
Retained earnings	49,468,000	42,054,000
Notes receivable for stockholder	(1,790,000)	(2,149,000)
Total Liabilities & Shareholders' Equity	$ 101,183,000	$ 88,618,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	14.10	10.68
Sales to Inventories	2.80	2.60
Debt to Equity	0.20	0.43
Working Capital	$39,537,000	$28,927,000
Current Ratio	2.46	2.06
Shareholders' Equity	$60,058,000	$52,050,000

Porta Systems Corp.

575 Underhill Boulevard
Syosset, New York 11791
(516) 364-9300

Officers: Paul V. DeLuca, chairman of the board & chief executive officer; Vincent F. Santulli, president & chief operating officer; William V. Carney, sr. v.p.-Connector Products; Garet M. Romeo, exec. v.p.; Eladio Rodriguez, v.p.-Caribbean operations; Michael A. Tancredi, v.p.-finance & treasurer; John Gazzo, v.p.-research & development; Daniel G. Romero, v.p.-marketing; Warren Marcus, v.p.-Electronic Products; Jane M. Jozefek, v.p. & general counsel; Giovanni Magistrali, sr. v.p.-operations; Daniel J. Fleming, v.p. & controller; Thomas O'Connor, v.p.-human resources.

Directors: Paul V. DeLuca, chairman; Vincent F. Santulli, William V. Carney, Michael A. Tancredi, Paul Kelly, Thomas Connors, Leopold P. Oberst, Garet M. Romeo.

Areas of Work: Designs and manufactures telecommunications systems and equipment for telephone operating companies, and suppliers and manufacturers of telecommunications systems and equipment. Major products include equipment used to connect lines and trunks entering central offices with central office equipment, and to provide electrical protection to switching equipment and office personnel; and computer-based electronic systems for testing and identifying faults with subscriber lines and central office switching equipment.

Subsidiaries:

Porta System-Caribbean Corp.
Guaynabo, Puerto Rico

Porta Systems Limited
Swindon, England

Porta Systems, S.A. de C.V.
Matamoros, Mexico

Transfer Agent(s):
Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: PSI

Number of Employees:
1986 ..... 587 1985 550

Plant Footage:
1986 ..... 133,686 sq. ft. 1985 177,660

Sales and Earnings

	Net Sales	Net Income
1986	$ 40,708,759	$ 2,500,490
1985	40,516,912	2,840,729
1984	29,433,994	1,798,080
1983	22,953,112	572,485
1982	23,120,721	2,468,947

	No. of Com. Shares #	Earn. per Share #
1986	5,462,060	$ 0.46
1985	5,461,060	0.52
1984	5,461,560	0.33
1983	5,458,260	0.11
1982	5,448,410	0.45

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 24,146,286	$ 4.42
1985	21,717,239	3.98
1984	18,846,358	3.45
1983	16,985,053	3.11
1982	16,389,603	3.01

‡ Based on the weighted number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 40,708,759	$ 40,516,912
Cost of sales	25,347,403	24,096,180
Expenses	11,338,261	12,396,872
Other expense	1,522,605	1,183,131
Net Income	$ 2,500,490	$ 2,840,729

* Included in Costs and Expenses, Depreciation and Amortization: $1,063,302 in 1986 and $791,450 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 3,522,910	$ 2,351,600
Accts. receiv., net	12,928,408	14,675,053
*Inventories	22,610,345	21,842,753
Prepaid expenses & other assets	311,693	148,832
Current Assets	$ 39,373,356	$ 39,018,238
#Fixed assets	4,764,814	4,772,554
Def. computer software	1,667,691	1,748,266
Intangibles	78,899	74,156
Employee loans	1,843,850	1,017,050
Debt issuance expenses	993,989	1,098,723
Deter. charges	563,294	331,992
Total Assets	$ 49,285,893	$ 48,060,979

Liabilities

Accts. payable	$ 3,429,734	$ 5,411,910
Accruals	1,832,123	1,886,280
Curr. Liabilities	$ 5,261,857	$ 7,298,190
Long-term liab.	19,877,750	19,045,550
+Common stock	54,653	54,643
Add. paid in capital	7,401,923	7,391,433
Cum. trans. adj.	(81,943)	—
Retained earnings	16,774,903	14,274,413
Treasury stock	(3,250)	(3,250)
Total Liabilities & Shareholders' Equity	$ 49,285,893	$ 48,060,979

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Sales	6.14	7.01
%Net Income to Equity	10.36	13.08
Sales to Inventories	1.80	1.85
Working Capital	$34,111,499	$31,720,048
Current Ratio	7.48	5.35
Shareholders' Equity	$24,146,286	$21,717,239

Powell Industries, Inc.

8550 Mosley Drive
Houston, Texas 77075
(713) 944-6900

Mailing address:
P.O. Box 12818
Houston, Texas 77217
(713) 944-6900

Officers: Thomas W. Powell, chairman of the board, president & chief executive officer; Anthony R. McKeon, controller & asst. secretary; Robert L. Mitchell, v.p., secretary & treasurer; Mauro G. Togneri, president-Powell Process Systems, Inc.; N.A. Holian, president-Unibus, Inc.; Adam Janas, president-Delta Unibus, Inc.; Larry D. Davis, president-U.S. Turbine Corp.; Jorge Thomas, president-Raintight Corporation.

Directors: Thomas W. Powell, chairman; Nathaniel H. Conder, Jesse R. Milam, Jr., Elbert D. Stewart, George W. Hansen, Stephen W. Seale, Jr., D.D. Sykora, Bonnie Powell.

Areas of Work: Designs, manufactures, and markets electrical power distribution and control systems, pre-packaged electrical and instrumentation control room buildings, patented and proprietary electronic and computerized process control products and systems and digital control valves.

Divisions and Subsidiaries:

Powell Electrical Manufacturing Company
P.O. Box 12818
8550 Mosley Drive
Houston, Texas 77075
(713) 944-6900

Powell Process Systems, Inc.
P.O. Box 12848
8540 Mosley Drive
Houston, Texas 77075
(713) 947-9470

Powell Industries Offshore
16535 Jacinto Port Boulevard
Channelview, Texas 77530
(713) 452-4885

Unibus, Inc.
15242 Foltz Industrial Pkwy.
Strongville, Ohio 44136
(216) 238-7035
Manufactures custom-designed bar and cable bus systems for utilities, general industry and research and development facilities.

Delta-Unibus Corporation
11323 West Franklin Avenue
Franklin Park, Illinois 60131
(312) 451-1982

Manufactures isolated phase bus duct used primarily in high reliability, maximum protection power generation applications.

U.S. Turbine Corporation
7685 South State Route 48
Maineville, Ohio 45039
(513) 683-6100
Manufactures gas turbine generator sets for utilities and general industry, including cogeneration systems.

Raintight Corporation
7735 East Little York Road
Houston, Texas 77016
(713) 635-1293
Designs and manufactures modular buildings.

Transfer Agent(s):
InterFirst Bank Houston, N.A.
Trust Department
P.O. Box 2555
InterFirst Plaza
Houston, Texas 77001

Stock Exchange(s): Over-the-Counter

Ticker Symbol: POWL (NASDAQ)

Number of Employees:

1986	592	1984	N.A.
1985	576	1983	346

Plant Footage:

1986	485,750 sq. ft.	1984	N.A.
1985	485,750	1983	334,000

N.A. - Not Available.

Sales and Earnings

	Revenues +	Net Income
1986	$ 78,697,000	$ (558,000)
1985	65,601,000	(2,607,000)
1984	61,558,000	1,060,000
1983	56,389,000	1,755,000
1982	61,816,000	1,252,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,204,482	$ —
1985	10,204,482	—
1984	10,204,482	0.10
1983	10,204,482	0.17
1982	10,204,482	0.12

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Electronics distribution equipment	$ 69,341,000	$ 59,600,000
Process control indust.	9,356,000	6,001,000
Total	$ 78,697,000	$ 65,601,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 20,036,000	$ 1.96
1985	20,594,000	2.02
1984	23,201,000	2.27
1983	22,141,000	2.17
1982	20,403,000	2.00

‡ Based on the average number of shares outstanding.

Income Account *

Year ended Oct. 31	1986	1985
Revenues	$ 78,697,000	$ 65,601,000
Cost of sales	65,370,000	57,898,000
Expenses	10,573,000	11,830,000
Interest expense	1,997,000	1,259,000
Res. & develop.	1,730,000	1,247,000
Loss bef. taxes	$ (973,000)	$ (6,633,000)
Tax credit	(415,000)	(4,026,000)
Net Loss	$ (558,000)	$ (2,607,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,506,000 in 1986 and $2,191,000 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	$ 552,000	$ 615,000
Accts. receiv., net	17,797,000	13,502,000
Refund. inc. taxes	1,050,000	2,087,000
*Inventories	14,258,000	18,368,000
Prepaid expenses	1,156,000	589,000
Deferred income taxes	652,000	1,048,000
Current Assets	$ 35,465,000	$ 36,209,000
#Fixed assets	15,107,000	15,296,000
Other assets	2,707,000	1,311,000
Total Assets	$ 53,279,000	$ 52,816,000

Liabilities

Long-term debt, curr.	$ 1,523,000	$ 669,000
Accts. payable	7,333,000	8,950,000
Accruals	2,388,000	1,851,000
Accrued payroll	1,209,000	1,571,000
Progress billings	1,339,000	423,000
Curr. Liabilities	$ 13,792,000	$ 13,464,000
Long-term debt	15,940,000	15,138,000
Deferred inc. taxes	1,958,000	1,946,000
Deferred comp.	1,553,000	1,674,000
+Common stock	102,000	102,000
Add. paid-in capital	2,903,000	2,903,000
Retained earnings	17,031,000	17,589,000
Total Liabilities & Shareholders' Equity	$ 53,279,000	$ 52,816,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.87	0.77
Working Capital	$21,673,000	$22,745,000
Current Ratio	2.57	2.69
Shareholders' Equity	$20,036,000	$20,594,000

Premier Industrial Corporation

4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Officers: Morton L. Mandel, chairman of the board; Jack N. Mandel, finance committee chairman; Joseph C. Mandel, exec. committee chairman; Robert Warren, president; William M. Hamilton, sr. v.p.; Philip S. Sims, sr. v.p. & treasurer; Grant C. Grinnell, v.p. & secretary; J. Robert McCabe, John E. Mackenzie, Denis M. Bohm, Bruce W. Johnson, David R. Eva, Denis A. Moore, William H. Barnes, v.p.'s; Phillip Vander Pol, v.p. & controller.

Directors: John C. Colman, John A. Gelbach, Jack N. Mandel, Joseph C. Mandel, Morton L. Mandel, Hugh Calkins, Harvey Mahlig, Robert Warren.

Areas of Work: Broad line distributor of electronic components used in the production and maintenance of equipment, a supplier of maintenance products for industrial, commercial and institutional applications, and a manufacturer of high-performance fire-fighting accessories.

Divisions and Subsidiaries:

Electronics Distribution Group

Newark Electronics
500 North Pulaski Street
Chicago, Illinois 60624
(312) 638-4411
Electronic components and equipment including semiconductors, integrated circuits, switches, relays, test and sound equipment, capacitors, resistors and connectors.

Cadillac Electric
20700 Hubbell Avenue
Oak Park, Michigan 48237
(313) 967-1221
Electrical items including wire and cable, roughing-in materials, motor controls, distribution equipment, lamps, fuses, wiring devices and other electrical maintenance products.

Trexon Electronics
Electronic components including switches, relays, capacitors, resistors, connectors, semiconductors, integrated circuits and test equipment.

Hoffman Products
170 Allen Boulevard
Farmingdale, New York 11735
(516) 293-5244
National supplier of electrical and related products.

Car-lac Electronics
75 Orville Drive
Bohemia, New York 11716
(516) 567-4200
Electronic interconnection devices and associated hardware.

MCM Electronics
858 E. Congress Park Drive
Centerville, Ohio 45459
(513) 4340031
Electronic components and equipment for the installation and repair of consumer and commercial equipment.

Maintenance Products Group

Brooks Technology
3304 East 87th Street
Cleveland, Ohio 44127
(216) 641-5100
Industrial and specialty greases, open gear lubricants, gear oils, corrosion preventives, cutting and grinding fluids, wire rope lubricants, roll oils, and drawing and forging compounds.

C-T Engineering
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Heavy-duty fasteners, special hardware and parts for construction transportation equipment.

Certanium Alloys and Research
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Special welding electrodes, brazing alloys, fluxes, solders, and welding aids.

Premier Fastener
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
High performance cap screws, nuts, washers, screws, specialty fasteners and industrial shop supplies.

Premier Autoware
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Replacement parts for cars and trucks, including special hardware and shop supplies.

J.I. Holcomb
4500 Euclid Avenue
Cleveland, Ohio 44103
(216 391-8300
Cleaners, disinfectants, degreasers and protective coatings for industrial, commercial, and institutional applications. Insecticides, floor conditioners and floor maintenance products.

Kent Industries
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Adhesives, cements, sealants, caulks, cleaners and related application equipment for the automotive and marine industries.

Premier Industrial Corporation

Rotanium Products
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Electrical systems components and other specialty products such as industrial lamps, terminals, connectors, fittings, clamps and building hardware.

TPC Wire & Cable
20700 Hubbell Avenue
Oak Park, Michigan 48237
(313) 967-0582
Extra heavy-duty electrical cord, cable and associated devices.

D-A Lubricant Company, Inc.
1340 West 29th Street
Indianapolis, Indiana 46208
(317) 923-5321
Engine oils and greases for heavy-duty diesel driven equipment.

Maintenance, Inc.
1051 West Liberty Street
Wooster, Ohio 44691
(216) 264-6262
Coatings to protect and color off-street asphalt and concrete pavements and recreational areas.

Fire-Fighting Products Group

Akron Brass Co.
Spruce Street
P.O. Box 86
Wooster, Ohio 44691
(216) 264-5100
Fire-fighting components including nozzles, hose couplings, valves and specialized fire-fighting equipment.

Western Fire Equipment Co.
440 Valley Drive
Brisbane, California 94005
(415) 467-5650
Forestry, municipal and industrial fire-fighting equipment, including portable tanker units, protective clothing and specialized fire-fighting tools.

Transfer Agent(s):
AmeriTrust Company
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York

Ticker Symbol: PRE

Number of Employees:

1986	N.A.	1983	2,900
1985	3,500	1982	3,100
1984	3,300		

Plant Footage:

1986	N.A.	1983	1,800,000
1985	2,260,000 sq. ft.	1982	1,510,000
1984	1,810,000		

N.A. - Not Available.

Sales and Earnings

	Oper. Revenues	Net Income
1986	$ 435,040,000	$ 41,377,000
1985	432,256,000	38,505,000
1984	377,593,000	38,350,000
1983	317,423,000	30,984,000
1982	332,215,000	34,589,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	29,629,146	$ 1.40
1985	29,503,138	1.31
1984	30,827,760	1.24
1983	31,288,839	0.99
1982	31,329,681	1.10

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Industrial maintenance	$ 142,282,000	$ 136,563,000
Fire-fighting products	29,550,000	27,938,000
Electronic & electrical components	263,208,000	267,755,000
Total	$ 435,040,000	$ 432,256,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.380	—	—
1985	0.347	—	3-for-2
1984	0.293	—	—
1983	0.280	—	—
1982	0.253	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 239,622,000	$ 8.09
1985	205,416,000	6.96
1984	177,265,000	5.75
1983	184,885,000	5.91
1982	164,977,000	5.27

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account

Year ended May 31	1986	1985
Oper. revenues	$ 435,040,000	$ 432,256,000
Other income	7,583,000	4,023,000
Revenues	$ 442,623,000	$ 436,279,000
Cost of sales	237,217,000	239,806,000
Expenses	119,390,000	116,881,000
Income taxes	4,336,000	4,077,000
Depreciation & amortization	9,573,000	9,147,000
Interest expense	364,000	348,000
Income before taxes	$ 71,743,000	$ 66,020,000
Income taxes	30,366,000	27,515,000
Net Income	$ 41,377,000	$ 38,505,000

Assets

As of May 31	1986	1985
Cash	$ 92,546,000	$ 45,694,000
Receiv., net	64,349,000	66,817,000
*Inventories	64,016,000	66,408,000
Prepaid expenses	12,341,000	14,008,000
Current Assets	$ 233,252,000	$ 192,927,000
#Fixed assets	35,312,000	33,753,000
Other assets	31,064,000	29,941,000
Total Assets	$ 299,628,000	$ 256,621,000

Liabilities

Long-term debt, curr.	$ 1,274,000	$ 1,025,000
Payables	15,895,000	17,251,000
Accruals	15,451,000	14,290,000
Income taxes	1,501,000	474,000
Curr. Liabilities	$ 34,121,000	$ 33,040,000
Deferred inc. taxes	19,126,000	16,989,000
Long-term debt	6,759,000	1,176,000
+Common stock	29,905,000	29,905,000
Retained earnings	218,775,000	190,266,000
Foreign currency translation	(821,000)	(1,655,000)
Treasury stock	(8,237,000)	(13,100,000)
Total Liabilities & Shareholders' Equity	$ 299,628,000	$ 256,621,000

* At lower of cost (FIFO or LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	16.21	15.13
%Net Income to Revenues	9.35	8.83
%Net Income to Equity	17.27	18.74
Debt to Equity	0.03	0.01
Working Capital	$199,131,000	$159,887,000
Current Ratio	6.84	5.84
Shareholders' Equity	$239,622,000	$205,416,000

PRIME Computer, Inc.

Prime Park
Natick, Massachusetts 01760
(617) 655-8000

Officers: David J. Dunn, chairman of the board; Joe M. Henson, president & chief executive officer; David J. Collard, v.p.-finance, administration, planning, chief financial officer & treasurer; Richard L. Ballantyne, v.p., gen. counsel & secretary; Richard B. Goldman, v.p. & corporate controller; Gale R. Aguilar, v.p.-corporate business development & strategy; W.L. Brubaker, v.p.-sales; Marvin G. Kirby, v.p.-CADICAM Marketing; John T. Maske, sr. v.p.-corp. operations & programs; D. Cheesman, v.p.-international development; Robert A. Fischer, president & chief exec. officer-CAD/CAM and workstations/terminals group; Leonard F. Halio, v.p.-product development; Andrew C. Knowles, III, v.p.-advance projects; Richard B. Snyder, v.p.-software development; Lawrence M. Bornstein, v.p.-human resources; Mel Friedman, v.p.-manufacturing & service; Stephen C. Kiely, v.p.-systems marketing & development; Ethan Allen, Jr., v.p.-customer service; Ronald P. Haley, v.p.-marketing & office systems; William F. O'Neill, Jr., v.p.-systems marketing & development operations; Florence K. Demma, asst. secretary.

Directors: David J. Dunn*, chairman; Frank P. Brunetta, John S. Dulaney*, Harold A. Strickland, Jr., Joe M. Henson*, John E. Sheehan, John E. Nolan, Jr.

* Member of the Executive Committee.

Areas of Work: Design, manufacture, sale and service of small and medium size general purpose digital computers and interactive computer systems.

Subsidiaries:
Prime Computer (U.K.) Limited (United Kingdom)
Prime Computer GmbH (West Germany)
Prime Informatique, S.A. (France)
Prime Computer Scandinavia AB
Prime Computer International Sales Corporation

Transfer Agent(s):
The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, MA 02102

Stock Exchange(s): New York

Ticker Symbol: PRM

Number of Employees:

1986	8,621	1983	5,927
1985	8,115	1982	5,311
1984	7,348		

Plant Footage:
1986 1,486,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 860,173,000	$ 46,925,000
1985	769,673,000	57,782,000
1984	642,779,000	59,712,000
1983	516,503,000	32,503,000
1982	435,826,000	44,926,000

	No. of Com. Shares +	Earn. per Share +
1986	48,413,000	$ 0.97
1985	48,160,714	1.20

1984	47,910,678	1.25
1983	47,863,089	0.68
1982	45,512,862	0.99

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 437,830,000	$ 9.04
1985	383,302,000	7.96
1984	325,002,000	6.78
1983	268,179,000	5.60
1982	228,907,000	5.03

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 860,173,000	$ 769,673,000
Cost of sales	407,198,000	358,408,000
Expenses	297,686,000	251,577,000
Prod. devel. & eng.	91,933,000	81,805,000
Other income	(3,205,000)	(842,000)
Other expense	3,995,000	1,682,000
Income before taxes	$ 62,566,000	$ 77,043,000
Income taxes	15,641,000	19,261,000
Net Income	$ 46,925,000	$ 57,782,000

* Included in Costs and Expenses, Depreciation and Amortization: $62,169,000 in 1986 and $49,663,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 87,593,000	$ 67,946,000
Accts. receiv., net	225,077,000	220,739,000
*Inventories	95,757,000	82,885,000
Prepaid exp. & deposits	21,145,000	19,211,000
Current Assets	$ 429,572,000	$ 390,781,000
#Fixed assets	222,566,000	186,764,000
Other assets	35,222,000	23,958,000
Total Assets	$ 687,360,000	$ 601,503,000
Liabilities		
Notes payable	$ 2,813,000	$ 2,503,000
Equip. lease oblig., curr.	568,000	1,983,000
Accts. payable	47,702,000	39,260,000
Accrued payroll	35,970,000	26,691,000
Deferred revenue	10,797,000	8,388,000
Income taxes	1,775,000	1,099,000
Deferred inc. taxes	8,987,000	7,697,000
Other curr. liab.	37,637,000	34,160,000
Curr. Liabilities	$ 146,249,000	$ 121,781,000
Notes payable	10,000,000	10,000,000
Equip. lease oblig.	4,155,000	4,763,000
Deferred inc. taxes	89,126,000	81,657,000
+Common stock	603,000	602,000
Add. paid-in capital	104,966,000	103,658,000
Retained earnings	339,811,000	292,886,000
Cumulative translation adjustment	(7,550,000)	(5,684,000)
Treasury stock	—	(8,160,000)
Total Liabilities & Shareholders' Equity	$ 687,360,000	$ 601,503,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.0125 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.27	10.01
%Net Income to Sales	5.46	7.51
%Net Income to Equity	10.72	15.07
Sales to Inventories	8.98	9.29
Debt to Equity	0.02	0.05
Working Capital	$283,323,000	$264,810,000
Current Ratio	2.94	3.21
Shareholders' Equity	$437,830,000	$383,302,000

Princeton Electronic Products, Inc.

P.O. Box 101
North Brunswick, New Jersey 08902
(201) 297-4448

Officers: Hyman Center, president; Lloyd D. Feld, secretary.

Directors: Hyman Center, Lloyd D. Feld.

Areas of Work: Manufactures and sells real time, digital video line rate converters which convert high-resolution line rates to lower line rates and vice-versa, enabling users to transfer high-resolution images to video tape, video disk or computers. The Company also manufactures and sells video/graphic scan converters and storage terminals based upon analog technology, and sells digital image processing systems.

Transfer Agent(s):
American Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PELT (NASDAQ)

Number of Employees:

1986	5	1983	N.A.
1985	12	1982	17
1984	N.A.		

N.A. - Not Available.

Plant Footage:

1986	14,000 sq. ft.	1983	14,000
1985	14,000	1982	14,000
1984	14,000		

Sales and Earnings

	Net Sales	Net Income #
1986	$ 557,287	$ 55,694
1985	510,686	(19,566)
1984	617,839	3,595
1983	842,346	476,764
1982	1,132,214	10,241

	No. of Com. Shares ‡	Earn. per Share #‡
1986	7,444,930	$ 0.01
1985	7,340,347	—
1984	7,340,347	—
1983	6,026,268	0.08
1982	1,468,102	0.01

(Loss)
Including extraordinary gains of $7,484 in 1986, $573 in 1984 and $478,561 ($0.08 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 645,168	$ 0.09
1985	582,931	0.08
1984	591,446	—
1983	584,338	0.10
1982	575,689	0.39

‡ Based on the weighted average number of common shares and common shares equivalents outstanding.
† After allowing for preferred stock at stated value.

Income Account *

Year ended May 31	1986	1985
Net sales	$ 557,287	$ 510,686
Interest income	21,862	10,006
Gain on sale of fixed assets	—	300
Total revenues	$ 579,149	$ 520,992
Cost of sales	287,339	311,346
Research & development	88,283	62,821
Expenses	139,551	166,391
Interest expense	2,457	—
Bad debt exp.	3,458	—
Inc. (loss) bef. taxes	$ 58,061	$ (19,566)
Income taxes	9,851	—
Net Income (Loss)	$ 48,210	$ (19,566)
Extraord. gain	7,484	—
Net Income (Loss) & extraord. gain	$ 55,694	$ (19,566)

* Included in Costs and Expenses, Depreciation and Amortization: $16,263 in 1986 and $18,375 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 223,925	$ 324,090
Notes receivable	—	1,870
Accts. receiv., net	68,650	49,157
*Inventories	463,001	433,628
Prepaid expenses	681	3,198
Current Assets	$ 756,257	$ 811,943
#Fixed assets	42,194	26,138
Security deposits	3,083	3,083
Intangibles	40,980	36,185
Total Assets	$ 842,514	$ 877,349
Liabilities		
Notes payable	$ 1,778	$ 118,759
Accts. payable	77,881	47,784
Accruals	12,220	29,742
Income taxes	2,649	556
Curr. Liabilities	$ 94,528	$ 196,841
Other liabilities	5,263	—
+Preferred stock	97,555	97,577
+Common stock	1,437,707	1,431,164
Add. paid-in capital	1,111,170	1,111,170
Deficit	(1,903,709)	(1,959,403)
Total Liabilities & Shareholders' Equity	$ 842,514	$ 877,349

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.42	—
%Net Income to Sales	8.65	—
%Net Income to Equity	6.49	—
Sales to Inventories	1.20	1.18
Debt to Equity	—	0.17
Working Capital	$661,729	$615,102
Current Ratio	8.00	4.12
Shareholders' Equity	$742,723	$680,508

The Pullman-Peabody Company

(formerly Pullman Transportation Company, Inc.)

182 Nassau Street
Princeton, New Jersey 08540
(609) 683-1770

Officers: Thomas M. Begel, chairman, president & chief executive officer; James R. Shepley, vice chairman; Andrew M. Massimilla, exec. v.p. & chief operating officer; William D. Sivitz, Sr. v.p. & general counsel; Anthony J. Garcia, sr. v.p. & chief financial officer; Joseph E. Cox, v.p. & treasurer; Ronald H. Glasshoff, v.p. & controller; Robert P. Rowe, Ralph E. Stewart, group v.p.'s; Peyton H. Houston, secretary.

Directors: Thomas M. Begel, chairman; Gerald R. Ford, Jane Mack Gould, John E. McConnaughy, Jr., Edward A. Montgomery, Jr., James R. Shepley, Steven Shulman.

Areas of Work: Manufactures engineered systems and components for the aerospace, communications, defense, transportation, energy and environmental industries. It is involved in the specialized markets for aircraft seating, food-service equipment, truck trailers, weapons-arming devices, refuse disposal equipment, temperature-monitoring instruments, and fluid-handling systems.

Divisions and Subsidiaries:

REDM Industries
Manufactures computer and telecommunications components.

Rexon Technology Corp.
Manufactures vertical turbine pumps for moving high volumes of liquid with minimum energy consumption.

Peabody Galion
Manufactures solid waste collection disposal and compaction equipment for municipalities and private haulers. Also manufactures dump truck bodies and hydraulic hoists.

Peabody Myers Corporation
Manufactures and distributes pneumatic equipment for municipal and industrial waste clean-up of streets, sewers and wastewater lines.

Peabody Floway, Inc.
Manufactures vertical turbine pumps for moving high volues of liquid with minimum energy consumption.

Peabody Barnes, Inc.
Manufactures a broad line of self-priming, centrifugal and submersible pumps.

Star Industries
Manufactures concessionary food preparation equipment.

Ryan Instruments, Inc.
Manufactures, sells and leases temperature monitoring and recording instruments.

Tec Tank
Manufactures bolted and welded tanks for bulk storage of liquids and solids in a corrosion-resistant and contamination-free environment.

Trailmobile
Manufactures truck trailers.

PTC Aerospace, Inc.
Manufactures aircraft seating, galleys, and food service systems.

Transfer Agent(s):
Mellon Bank, N.A.
Stock Transfer
Commerce Court
Four Station Square
Pittsburgh, PA 15219

Stock Exchange(s): New York

Ticker Symbol: PMN

Number of Employees:

1986	5,462	1985	8,000

Plant Footage:

1986	3,335,500 sq. ft.	1985	3,878,000

Sales and Earnings

	Revenues +	Net Income ‡
1986	$ 534,104,000	$ 16,174,000
1985	305,259,000	14,090,000
1984	214,198,000	10,488,000
1983	—	(41,633,000)
1982	—	(18,827,000)

	No. of Com. Shares	Earn. per Share ‡†
1986	40,683,207	$ 0.40
1985	21,105,256	0.64
1984	20,917,314	0.51
1983	8,747,525	—
1982	8,706,179	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $4,880,000 ($0.22 per share) in 1985 and $4,824,000 ($0.24 per share) in 1984.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 163,195,000	$ 4.01
1985	32,606,000	1.54
1984	18,283,000	0.87

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Revenues	$ 534,104	$ 305,259
Cost of sales	430,256	257,990
Expenses	72,523	28,871
Interest expense	9,351	2,799
Interest income	(2,256)	(362)
Other income	(2,868)	(1,370)
Income before taxes	$ 27,098	$ 17,331
Income taxes	14,795	8,868
Income from cont. oper.	$ 12,303	$ 8,463
Loss from discont. oper.	3,871	747
Net Income	$ 16,174	$ 9,210
Extraord. gain	—	4,880
Net Income & extraord. gain	$ 16,174	$ 14,090

* Included in Costs and Expenses, Depreciation and Amortization: $11,720,000 in 1986 and $3,569,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & short-term invest.	$ [illegible]	$ 9,369
Accts. receiv., net	[illegible]53	31,083
*Inventories	[illegible]2	43,709
Prepaid expenses	4,675	3,239
*Current Assets	198,839	87,400
#Fixed assets	$ 110,679	$ 39,464
Other assets & intangibles	70,400	8,530
Investment	—	30,000
Total Assets	$ 379,918	$ 165,394

Liabilities
(000's)

Long-term debt, curr.	$ 6,358	$ 496
Accts. payable	55,867	35,613
Accruals	85,462	44,931
Curr. Liabilities	$ 147,687	$ 81,040
Long-term debt	43,321	18,025
Other liabilities	25,715	3,723
Redeem. pref. stock	—	30,000
+Common stock	4,068	2,111
Add. paid-in capital	178,942	61,149
Accum. deficit	(19,333)	(30,654)
For. curr. trans. adjust.	(482)	—
Total Liabilities & Shareholders' Equity	$ 379,918	$ 165,394

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	9.91	28.25
Debt to Equity	0.30	0.57
Working Capital	$ 51,152,000	$ 6,360,000
Current Ratio	1.35	1.08
Shareholders' Equity	$163,195,000	$32,606,000

Quantronix Corporation

49 Wireless Boulevard
Smithtown, New York 11788
(516) 273-6900

Officers: Richard T. Daly, chairman & chief executive officer; Donald Mitchell, president & chief operating officer; Vincent L. Mooney, chief financial officer & treasurer; Sydney Meistrich, v.p.-mfg. and secretary; William I. Kern, v.p.-marketing; Martin G. Cohen, v.p.-research & development; Roy H. Tanner, v.p.-engineering.

Directors: Richard T. Daly, Sydney Meistrich, Robert W. Daly, Donald Mitchell, Alan J. Patricof, Zenas Hutcheson.

Areas of Work: Engaged in a single line of business: manufacturing electro-optic devices and systems, principally involving the use of a laser component, and end-products produced by such devices. Its products consist of a catalogue line of lasers, laser components and laser accessories; a Mask Inspection Tool, which is used to reduce waste in the manufacture of semiconductors; a defect repair system for repair of photomasks used in semiconductor manufacture; scientific lasers and medical lasers.

Subsidiary:
Quantronix, GmbH
Gross-Gerauer Weg 55
D-6100 Darmstadt, West Germany

Quantronix International (FSC)

Transfer Agent(s):
American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: QUAN (NASDAQ)

Number of Employees:

1986	188	1983	120
1985	203	1982	N.A.
1984	185		

N.A. - Not Available.

Plant Footage:

1986	44,000 sq. ft.	1983	44,000
1985	44,000	1982	44,000
1984	44,000		

Sales and Earnings

	Net Sales †	Net Income ‡
1986	$ 18,869,755	$ 1,394,129
1985	19,542,098	1,957,000
1984	11,306,703	773,595
1983	7,739,013	(653,035)
1982	6,030,773	(451,463)

	No. of Com. Shares #	Earn. per Share ‡#
1986	3,162,000	$ 0.48
1985	3,033,000	0.71
1984	1,961,000	0.39
1983	1,917,000	—
1982	1,915,500	—

(Loss)
† Includes services.
‡ Including extraordinary gains of $140,000 ($0.05 per share) in 1985, $343,000 ($0.17 per share) in 1984 and $31,000 ($0.02 per share) in 1982.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash # Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 7,068,869	$ 2.24
1985	4,962,702	1.64
1984	2,115,015	1.08
1983	1,260,393	0.66
1982	1,912,178	1.00

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended March 31	1986	1985
Net sales & services	$ 18,869,755	$ 19,542,098
Cost of sales & services	10,238,026	10,920,027
Expenses	6,286,684	5,849,882
Interest expense	371,466	499,732
Other income	(144,550)	(486,629)
Income before taxes	$ 2,118,129	$ 2,759,086
Income taxes	724,000	942,086
Net Income	$ 1,394,129	$ 1,817,000
Extraordinary gain	—	140,000
Net Income & extraord. gain	$ 1,394,129	$ 1,957,000

* Included in Costs and Expenses, Depreciation and Amortization: $717,037 in 1986 and $377,963 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 2,218,222	$ 1,599,204
Marketable securities	130,159	—
Accts. receiv., net	5,554,598	5,890,459
*Inventories	4,555,925	4,086,036
Def. inc. taxes	617,000	310,000
Other curr. assets	262,984	44,462
Current Assets	$ 13,338,888	$ 11,930,161
#Fixed assets	5,215,374	2,591,737
Restricted Funds	4,756,390	—
Other assets	303,463	679,696
Total Assets	$ 23,614,115	$ 15,201,594

Liabilities

Long-term debt, curr.	$ 206,001	$ 91,584
Accts. payable	565,179	1,004,540
Accruals & other liab.	2,953,521	2,077,710
Inc. taxes payable	831,966	953,665
Dividends payable	45,461	34,096
Curr. Liabilities	$ 4,602,128	$ 4,151,595
Long-term debt	9,663,793	3,845,257
Def. inc. taxes payable	179,000	152,000
+Redeem. pref. stock	2,100,325	2,080,040
+Common stock	22,421	13,857
Add. paid-in capital	4,469,302	3,551,449
Ret. earnings	2,597,671	1,417,921
Note receiv. - sale of stock	(20,525)	(20,525)
Total Liabilities & Shareholders' Equity	$ 23,614,115	$ 15,201,594

* At lower of average cost of market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.22	14.12
%Net Income to Sales	7.39	9.30
%Net Income to Equity	19.72	36.61
Debt to Equity	1.37	0.79
Working Capital	$8,736,760	$7,768,566
Current Ratio	2.90	2.87
Shareholders' Equity	$7,068,869	$4,962,702

Radiation Systems, Inc.

1501 Moran Road
Sterling, Virginia 22170
(703) 450-5680

Officers: Richard E. Thomas, chairman of the board, president & treasurer; Junius H. Arnold, Jr., sr. v.p.; Harold Aryai Siegel, v.p. & general counsel; Robert L. Pevenstein, v.p. & chief financial officer; Robert H. Denton, John W. Gurney, Yari V. Vondrich, v.p.'s; Marvin D. Shoemake, v.p. & president of SatCom Technologies; Anita M. Stutzman, secretary.

Directors: Richard E. Thomas, Lee M. Paschall, Irvin G. Ray, John D. Sanders, Peter Schenk.

Areas of Work: Manufactures high-technology antenna products for the military, air traffic control, satellite and point-to-point communications markets.

Subsidiaries:

Laux Communications, Inc.
4460 South Lake Forest Drive
Cincinnati, Ohio 45242
(513) 733-1500

Universal Antennas, Inc.
909 E. Collins Boulevard
Richardson, Texas 75081
(214) 690-8865

SatCom Technologies, Inc.
2912 Pacific Drive
Norcross, Georgia 30071
(404) 448-2116

Mark Antenna Products, Inc.
2180 S. Wolf Road
Des Plaines, Illinois 60018
(312) 298-9420

Mexia Fabricators, Inc.
1200 North Avenue B
Wortham, Texas 76693
(817) 765-3304

Transfer Agent(s):

The Riggs National Bank of Washington, D.C.
1120 Vermont Avenue
Washington, D.C. 20005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RADS (NASDAQ)

Number of Employees:

1986	472	1983	228
1985	413	1982	177
1984	283		

Plant Footage:

1986	387,000 sq. ft.	1983	165,000
1985	344,000	1982	108,000
1984	290,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 47,508,000	$ 4,199,000
1985	33,488,000	3,169,000
1984	30,045,000	4,496,000
1983	22,213,000	3,543,000
1982	15,320,000	2,429,000

	No. of Com. Shares +	Earn. per Share +†
1986	5,636,000	$ 0.87
1985	4,612,000	0.70
1984	4,502,000	1.00
1983	4,496,000	0.80
1982	4,293,000	0.56

+ Adjusted to reflect stock splits.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	0.029	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	*$ 48,180,000	$ 8.55
1985	30,433,000	6.60
1984	27,045,000	6.01
1983	22,445,000	4.99
1982	17,303,000	4.03

+ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 47,508,000	$ 33,488,000
Other income	864,000	728,000
Total Income	$ 48,372,000	$ 34,216,000
Cost of sales & exp.	40,960,000	28,875,000
Interest expense	380,000	393,000
Income before taxes	$ 7,032,000	$ 4,948,000
Income taxes	2,833,000	1,779,000
Net Income	$ 4,199,000	$ 3,169,000

* Included in Costs and Expenses, Depreciation: $1,373,000 in 1986 and $1,014,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 332,000	$ 289,000
Short-term invest.	19,913,000	9,605,000
Accrued interest recv.	142,000	158,000
Accts. receiv., net	12,205,000	6,967,000
Unbilled costs & accrued profits	12,783,000	8,186,000
Refundable taxes	882,000	1,823,000
*Inventories	7,228,000	6,420,000
Deferred compens. exp., current	213,000	212,000
Other curr. assets	845,000	376,000
Current Assets	$ 54,543,000	$ 34,034,000
Other Assets	3,040,000	1,680,000
#Fixed assets	11,422,000	10,526,000
Total Assets	$ 69,005,000	$ 46,240,000

Radiation Systems, Inc.

Liabilities		
Mortg. payable	$ 750,000	$ 555,000
Accts. payable	6,292,000	3,981,000
Cust. advances	596,000	283,000
Accruals	703,000	267,000
Accrued payroll	761,000	565,000
Deferred compens. pay.	114,000	182,000
Deferred inc. taxes	6,430,000	1,811,000
Other liabilities	241,000	242,000
Curr. Liabilities	$ 15,887,000	$ 10,886,000
Mortg. payable	3,244,000	3,384,000
Deferred compens. pay.	164,000	278,000
Deferred inc. taxes	1,530,000	1,259,000
+Common stock	5,636,000	4,612,000
Add. paid-in capital	21,873,000	9,349,000
Retained earnings	21,163,000	16,964,000
Treasury stock	(492,000)	(492,000)
Total Liabilities & Shareholders' Equity	$ 69,005,000	$ 46,240,000

*At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.80	14.78
%Net Income to Sales	8.84	9.46
%Net Income to Equity	8.72	10.41
Sales to Inventories	6.57	5.22
Working Capital	$38,656,000	$23,148,000
Current Ratio	3.43	3.13
Shareholders' Equity	$48,180,000	$30,433,000

Radio Frequency Company, Inc.

150 Dover Road
Millis, Massachusetts 02054
(617) 762-4900

Officers: Melvyn H. Harris, chairman of the board & treasurer; Thomas W. James, president & chief exec. officer; Wallace J. Ross, v.p.; Joseph A. Morrison, controller & asst. treasurer; Ruth Y. Manwaring, clerk.

Directors: Norman Barlow, Ruth Y. Manwaring, A. Lee MacPhail, Robert L. Warren, Jr., Melvyn H. Harris, Rosamond B. Manwaring, Thomas W. James.

Areas of Work: Designs, manufactures and sells high technology, high precision heat processing systems for the industrial market.

Transfer Agent(s):
Boston Safe Deposit & Trust
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Revenues	Net Income
1987	$ 2,249,622	$ 155,157
1986	2,716,315	254,730
1985	2,765,687	252,335
1984	1,985,463	176,744
1983	1,967,484	175,765

	No. of Com. Shares +	Earn. per Share #
1987	448,896	$ 0.34
1986	447,457	0.56
1985	445,405	0.56
1984	433,714	0.39
1983	426,682	0.41

+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.27	—	—
1986	0.25	—	—
1985	0.35	—	3-for-2
1984	0.21	—	—
1983	0.20	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 2,409,538	$ 5.37
1986	2,369,754	5.30
1985	2,209,446	4.96
1984	2,061,207	4.75
1983	1,976,989	4.63

‡ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986
Revenues	$ 2,278,257	$ 2,716,315
Cost of sales	1,483,430	1,694,853
Expenses	578,022	605,853
Other income	(47,417)	(55,046)
Income before taxes	$ 264,222	$ 470,655
Income taxes	109,065	215,925
Net Income	$ 155,157	$ 254,730

*Included in Costs and Expenses, Depreciation: $132,958 in 1987 and $137,574 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 587,588	$ 628,428
Accts. receiv., net	280,690	327,954
*Inventories	1,146,364	1,037,184
Other	8,433	3,203
Current Assets	$ 2,023,075	$ 1,996,769
#Fixed assets	882,739	1,007,056
Total Assets	$ 2,905,814	$ 3,003,825

Liabilities

Accts. payable	$ 82,187	$ 89,273
Accrued inc. taxes	—	151,730
Customer progress payments	301,024	253,268
Accruals	69,265	100,800
Curr. Liabilities	$ 452,476	$ 595,071
Deferred inc. taxes	43,800	39,000
+Common stock	514,484	514,484
Add. paid-in capital	361,192	358,299
Retained earnings	1,932,533	1,898,578
Treasury stock	(328,671)	(331,607)
Note receivable	(70,000)	(70,000)
Total Liabilities & Shareholders' Equity	$ 2,905,814	$ 3,003,825

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.60	17.33
%Net Income to Sales	6.81	9.38
%Net Income to Equity	6.44	10.75
Sales to Inventories	1.99	2.62
Working Capital	$1,570,599	$ 1,401,698
Current Ratio	4.47	$3.36
Shareholders' Equity	$2,409,538	$ 2,369,754

Ragen Corporation

9 Pierce Avenue
North Arlington, New Jersey 07032
(201) 997-1000

Officers: I.L. Lopata, chairman of the board; Eugene E. Lopata, president; Alexander C. Tomkins, Jr., secretary & treasurer; Arnold Herman, v.p.-planning.

Directors: I.L. Lopata, chairman; Eugene E. Lopata, Gerald Conway, A.C. Tomkins, Jr., Bohdan J. Kekish, Paul A. Fund.

Areas of Work: Manufactures electronic components, printed circuit boards, mechanical assemblies and subassemblies, and precision mechanical components for the business equipment, electronic, nuclear and aircraft industries; designs and manufactures proprietary products, systems and services, such as graphic information management systems, electronic mail, word processing facsimile, non-impact printers, electronic storage and retrieval systems; produces numerically controlled assembly systems for commercial and industrial uses.

Divisions:

Components Division
North Arlington, New Jersey
(201) 997-1000

Nuclear Division
North Arlington, New Jersey
(201) 997-1000

Systems Division
North Arlington, New Jersey
(201) 997-1000

Subsidiaries:

Microtronics Corp.
West Caldwell, New Jersey
(201) 575-5000
Manufactures printed circuit boards.

Ragen Data Systems, Inc.
Central Islip, New York
(516) 293-1333
Manufactures aircraft instruments.

Ragen International Corp.
North Arlington, New Jersey

Ragen Leasing Company, Inc.
North Arlington, New Jersey

Transfer Agent(s):
American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RAGN (NASDAQ)

Number of Employees:

1986	460	1983	486
1985	517	1982	490
1984	583		

Plant Footage:

1986	180,000 sq. ft.	1983	N.A.
1985	187,000	1982	190,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 27,841,389	$ (839,737)
1985	30,683,858	(689,075)
1984	27,492,215	(2,018,047)
1983	24,654,000	282,018
1982	27,464,000	317,744

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,850,764	$ —
1985	4,809,952	—
1984	4,702,763	—
1983	4,589,882	0.06
1982	4,557,292	0.07

(Loss)
÷ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Precision mech. components	$11,663	42%	13,931	45%
Prop. systems & equipment	2,428	9	2,450	8
Printed current boards & assem.	5,485	19	6,401	21
Aircraft instr. & components	8,265	30	7,902	26
Total	$27,841	100%	$30,684	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 9,779,583	$ 2.02
1985	10,342,032	2.15
1984	10,946,181	2.33
1983	11,876,626	2.59
1982	10,748,332	2.36

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 27,841,389	$ 30,683,858
Cost of sales	22,455,587	24,688,858
Expenses	5,792,541	5,615,692
Oper. profit (loss)	$ (406,739)	$ (625,608)
Other expense	147,230	236,635
Interest expense	635,103	768, '81
Loss before taxes	$ (1,189,072)	$ (625,608)
Income taxes	45,284	43,204
Loss- cont. oper.	$ (1,234,356)	$ (668,812)
Inc. (loss) - discont. oper.	394,619	(20,263)
Net Loss	$ (839,737)	$ (689,075)

* Included in Costs and Expenses, Depreciation and Amortization: $1,729,830 in 1986 and $1,843,011 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 1,865,786	$ 464,004
Marketable securities	2,047,495	570,294
Accts. receiv., net	4,828,571	5,882,076
*Inventories	8,378,172	10,876,225
Prepaid expenses	408,313	178,119
Current Assets	$ 17,528,337	$ 17,970,718
Long-term receiv.	74,800	89,200
#Fixed assets	7,692,644	8,148,747
Other assets	633,203	940,584
Total Assets	$ 25,928,984	$ 27,149,249
Liabilities		
Notes payable	$ 5,592,722	$ 882,104
Accts. payable	3,192,081	3,851,519
Accrued commissions	213,062	281,633
Accrued payroll	315,571	287,431
Accrued interest	127,170	129,854
Deferred revenue	1,326,228	1,078,638
Flood damage repairs	412,408	482,713
Other liabilities	500,475	472,420
Curr. Liabilities	$ 11,679,717	$ 7,466,312
Long-term debt	4,469,684	9,340,905
+Common stock	607,337	602,179
Add. paid-in capital	11,158,440	10,886,310
Retained earnings (deficit)	(1,986,194)	(1,146,457)
Total Liabilities & Shareholders' Equity	$ 25,928,984	$ 27,149,249

*At lower of cost or market.
Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

Sales to Inventories	3.32	2.82
Debt to Equity	1.03	0.99
Working Capital	$5,848,620	$10,504,406
Current Ratio	1.50	2.41
Shareholders' Equity	$9,779,583	$10,342,032

RAI Research Corporation

225 Marcus Boulevard
Hauppauge, NewYork 11788
(516) 273-0911

Officers: Sol J. Arditti, chairman, president & treasurer; Vincent F. D'Agostino, v.p. & secretary; Charles P. Lipari, v.p.; Robert J. Pascuzzi, v.p.-RAI/Action Leasing; Joseph Y. Lee, dir.-RAIPORE Division.

Directors: Sol. J. Arditti, chairman; Vincent F. D'Agostino, W. Dunmire, president-Cedarapids, Inc.; LUther Davis, Jr., Theodore L. Eliot, Jr., R. Gene Shelley.

Areas of Work: Manufactures and markets membranes, including battery separators, used primarily in alkaline electrochemical energy conversion systems; manufactures and markets electronic instrumentation utilizing ultrasonic technology, and also sophisticated medical devices including a lithotriptor for gastroenerology procedures and endoscopy instruments used in medical testing applications; and leases equipment.

Divisions and Subsidiaries:
PERMION Division
RAIPORE Division
EMC Division
RAI/Action Leasing Corporation

Transfer Agent(s):
The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: RAC

Number of Employees:
1986 131

Plant Footage:
1986 ..... 78,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 7,425,270	$ 1,010,872
1985	6,168,398	1,180,458
1984	5,372,898	501,226
1983	5,528,922	739,749
1982	6,037,598	1,062,511

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,238,404	$ 0.45
1985	2,234,521	0.53
1984	2,239,330	0.22
1983	2,238,435	0.33
1982	2,237,247	0.47

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986	1985
Membranes	$ 5,975,012	$ 5,392,800
Electronic equipment	911,022	577,407
Leasing	539,236	198,191
Total	$ 7,425,270	$ 6,168,398

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 8,444,956	$ 3.77
1985	7,435,030	3.33
1984	6,258,460	2.79
1983	5,761,986	2.57
1982	5,014,432	2.24

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended May 31	1986	1985
Net sales	$ 7,425,270	$ 6,168,398
Cost of sales	4,344,861	3,407,453
Expenses	1,569,138	1,267,253
Interest expense	33,832	52,022
Other income	(399,405)	(403,791)
Income before taxes	$ 1,876,844	$ 1,845,461
Income taxes	821,000	569,400
Income from cont. oper.	$ 1,055,844	$ 1,276,061
Loss from discont. oper.	(44,972)	(95,603)
Net Income	$ 1,010,872	$ 1,180,458

* Includes in Costs and Expenses, Depreciation and Amortization: $330,996 in 1986 and $281,240 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 78,629	$ 283,756
Cert. of deposit	5,301,833	4,080,036
Accts. receiv., net	1,291,725	1,148,094
*Inventories	620,031	566,744
Prepaid inc. taxes	—	211,050
Prepaid expenses	78,700	50,526
Current Assets	$ 7,370,918	$ 6,340,206
#Fixed assets	3,367,254	2,541,991
Cert. of deposit being held	250,000	1,038,461
Other assets	405,741	314,481
Total Assets	$ 11,393,913	$ 10,235,139
Liabilities		
Long-term debt, curr.	$ 136,667	$ 217,400
Accts. payable	32,532	37,752
Accruals	444,240	366,094
Customer advances	11,477	10,200
Income taxes	207,756	—
Curr. Liabilities	$ 832,672	$ 631,446
Long-term debt	1,440,000	1,613,378
Deferred inc. taxes	676,285	555,285

RAI Research Corporation

+Common stock	22,336	21,273
Add. paid-in capital	4,709,304	4,019,786
Retained earnings	3,713,316	3,393,971
Total Liabilities & Shareholders' Equity	$ 11,393,913	$ 10,235,139

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	11.97	15.88
Sales to Inventories	11.98	10.88
Debt to Equity	0.19	0.25
Working Capital	$6,538,246	$5,708,760
Current Ratio	8.85	10.04
Shareholders' Equity	$8,444,956	$7,435,030

Ramtek Corporation

2211 Lawson Lane
Santa Clara, California 95050
(408) 988-2211

Officers: Charles E. McEwan, chairman of the board & president; Thomas J. Adams, exec. v.p. & treasurer; Joseph G. Morris, sr. v.p.-marketing; Perry L. Sarensen, v.p.-operations; Charles T. Masters, sr. v.p.; G. William Theriault, v.p. & controller; James A. Swanson, v.p., gen. counsel & secretary; Stephen R. Johnson, v.p.-sales; Kieth E. Sorenson, v.p.-engineering & product development; David R. O'Brien, v.p.-engineering; Peter Still, v.p.-European operations.

Directors: Charles E. McEwan, chairman; Rolf Eliassen, Thomas J. Adams, Norman A. Kidd, Gary A. Land.

Areas of Work: The company manufactures and markets computer graphic display systems for use in process control, computer aided design/manufacturing, and business graphics. Also, the corporation manufactures color hardcopy devices such as printers and cameras which reproduce the graphic images from the computer terminal on plain paper, film, overhead transparencies, slides and prints. Other products include monitors which provide the visual output generated by the display system and customized intelligent terminals.

Division(s):

Napa Division
195 Soscol Avenue
Napa, California 94559
(707) 255-7370
Configures custom graphics systems for specialized small volume application.

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RMTK (NASDAQ)

Number of Employees:

1986 . . . . . 319 1985 463

Plant Footage:

1986 . . . . . 85,000 sq. ft.

Sales and Earnings

	Net Sales †	Net Income
1986	$ 30,892,000	$ (3,552,000)
1985	43,996,000	(2,116,000)
1984	34,581,000	(15,354,000)
1983	41,143,000	842,000
1982	46,023,000	2,669,000

	No. of Com. Shares #	Earn. per Share #
1986	3,498,000	$ —
1985	3,441,000	—
1984	3,402,000	—
1983	2,937,000	0.29
1982	2,669,000	1.00

(Loss)
† Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 15,004,000	$ 4.29
1985	17,236,000	5.01
1984	19,177,000	5.64
1983	34,497,000	11.75
1982	19,743,000	7.40

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 30,892,000	$ 43,996,000
Cost of sales	20,088,000	24,519,000
Expenses	19,040,000	19,677,000
Interest expense	1,236,000	1,916,000
Loss before taxes	$ (9,472,000)	$ (2,116,000)
Tax credit	(5,920,000)	—
Net Loss	$ (3,552,000)	$ (2,116,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,660,000 in 1986 and $4,024,000 in 1985.

Assets

As of June 30	1986	1985
Cash & short-term securities	$ 4,000	$ 743,000
Accts. receiv., net	9,140,000	13,291,000
*Inventories	14,451,000	18,274,000
Prepaid expenses	221,000	245,000
Current assets	$ 23,816,000	$ 32,553,000
#Fixed assets	8,660,000	19,050,000
Invest. in affil.	—	300,000
License agree. & rel. costs	560,000	525,000
Total Assets	$ 33,036,000	$ 52,428,000

Liabilities

Notes payable	$ 6,413,000	$ 6,643,000
Accts. payable	5,223,000	4,841,000
Accruals:		
Compensation	1,182,000	1,784,000
Other	1,444,000	446,000
Cap. lease oblig., curr.	1,154,000	1,099,000
Long-term debt, curr.	105,000	4,344,000
Curr. Liabilities	$ 15,521,000	$ 19,157,000
Cap. lease oblig.	2,207,000	1,997,000
Long-term debt	304,000	8,594,000
Reserve rel. to affil.	—	5,444,000
+Common stock	27,704,000	26,384,000
Retained earnings (deficit)	(12,700,000)	(9,148,000)
Total Liabilities & Shareholders' Equity	$ 33,036,000	$ 52,428,000

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	2.14	2.41
Debt to Equity	0.02	1.32
Working Capital	$ 8,295,000	$13,396,000
Current Ratio	1.53	1.70
Shareholders' Equity	$15,004,000	$17,236,000

Ranco Incorporated

555 Metro Place North
P.O. Box 248
Dublin, Ohio 43017
(614) 764-3733

Officers: R.J. Grosh, chairman of the board & chief exec. officer; W.A. Chapman, president & chief operating officer; Robert R. Womack, exec. v.p.-Ranco Controls; R.B. Robert, executive v.p. & chief financial and administrative officer; H.A. Baker, executive v.p.-int'l operations; M.H. Reissig, treasurer & asst. secretary; E.A. Schrag, Jr., secretary; A.V. Ober, asst. treasurer.

Directors: R.J. Grosh*, W.A. Chapman, D. Ginsburg, Jorg Mittelsten Scheid, B. Balders, R.J. Kegerreis, W.E. Mahaffay*, R.E. Raney*, R.B. Robert, Richard S. Hickok, Alexander A. Cunningham, John W. Wolcott, III.

* Member of the Executive Committee.

Areas of Work: Designs, manufactures and markets environmental comfort, convenience, and safety control devices and systems automatically regulating temperature, pressure, time sequencing, current flow and humidity. Through its Teccor Semiconductor Division, Ranco also manufactures a specialized line of semiconductor devices.

Divisions:

Controls Division
Plain City, Ohio

Automotive Division
Delaware, Ohio

Appliance Division
Plymouth, England

Electronics Division
Irving, Texas

Teccor Semiconductor Division
Irving, Texas

Subsidiaries:

Ranco Controls, Canada, Limited
Ranco Controls Europe Inc.
Ranco Europe Limited
Ranco F.S.C. Limited
Ranco Controls Limited
Teccor Electronics, Inc.
Deutsche Ranco GmbH
Ranco Grundstucks-Leasing GmbH
Ranco Italian Controls Incorporated
Apparecchi di Controllo Ranco S.R.L.
Ranco de Mexico, S.A. de C.V.
Electronic Control Corporation de Mexico S.A.
Ranco France S.A.
Ranco Japan Limited (56% owned)
Fricon, S.A. de C.V. (49% owned)

Transfer Agent(s):

BancOhio National Bank
Columbus, Ohio

The Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: RNI

Number of Employees:

1986 . . . . . 4,600 1983 4,900
1985 . . . . . 5,000 1982 4,300
1984 4,900

Plant Footage:

1986 . . . . . 1,043,000 sq. ft. 1985 1,106,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 181,733,000	$ 6,770,000
1985	169,335,000	6,914,000
1984	177,460,000	7,870,000
1983	153,988,000	3,818,000
1982	152,645,000	4,776,000

	No. of Com. Shares	Earn. per Share #
1986	3,716,547	$ 1.84
1985	3,642,909	1.91
1984	3,586,676	2.20
1983	3,544,322	1.08
1982	3,501,035	1.36

Based on the average number of common shares outstanding.

Revenues By Line of Business

	1986	1985
Automotive	18.9%	19.2%
Residential & bldg. comfort control	31.4	32.4
Commercial refrigeration	23.7	25.5
Household refrigeration	26.0	22.9
Total	100.0%	100.0%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.84	—	—
1985	0.84	—	—
1984	0.84	—	—
1983	0.84	—	—
1982	0.84	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 74,351,000	$ 20.01
1985	62,495,000	17.15
1984	54,165,000	15.10
1983	52,221,000	14.73
1982	50,783,000	14.51

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 181,733	$ 169,335
Cost of sales	134,289	122,958
Expenses	34,353	33,678
Interest expense	3,809	3,320
Other income	(755)	(263)
Income before taxes	$ 10,037	$ 9,642
Income taxes	4,485	3,689
Equity in earnings of affil.	(1,218)	(961)
Net Income	$ 6,770	$ 6,914

* Included in Costs and Expenses, Depreciation and Amortization: $7,497,000 in 1986 and $6,625,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash & short-term invest.	$ 2,126,000	$ 2,013,000
Accts. receiv., net	36,039,000	31,445,000
Refund. inc. tax	2,022,000	690,000
*Inventories	27,497,000	34,196,000
Prepaid expenses	4,562,000	3,478,000
Current Assets	$ 72,246,000	$ 71,822,000
Investments	23,222,000	15,123,000
#Fixed assets	53,357,000	44,843,000
Other assets	6,723,000	2,363,000
Total Assets	$ 155,548,000	$ 134,151,000
Liabilities		
Long-term debt, curr.	$ 2,048,000	$ 3,949,000
Bank loans	3,168,000	954,000
Accts. payable	12,684,000	13,178,000
Accruals	7,950,000	6,075,000
Accrued payroll	8,232,000	7,412,000
Income taxes	1,319,000	191,000
Curr. Liabilities	$ 35,401,000	$ 31,759,000
Long-term debt	30,099,000	29,744,000
Deferred inc. taxes	12,399,000	7,641,000
Other liab.	3,298,000	2,512,000
+Common stock	9,567,000	9,494,000
Add. paid-in capital	3,000	448,000
Retained earnings	63,065,000	59,413,000
For. curr. trans. adjustment	2,714,000	(4,214,000)
Treasury stock	(1,958,000)	(2,646,000)
Total Liabilities & Shareholders' Equity	$ 155,548,000	$ 134,151,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.52	5.69
%Net Income to Sales	3.73	4.08
%Net Income to Equity	9.11	11.06
Sales to Inventories	6.61	4.95
Debt to Equity	0.47	0.54
Working Capital	$36,845,000	$40,063,000
Current Ratio	2.04	2.26
Shareholders' Equity	$74,351,000	$62,495,000

Raven Industries, Inc.

205 E. 6th Street
Sioux Falls, South Dakota 57117
(605) 336-2750

Mailing address:

P.O. Box 1007
Sioux Falls, South Dakota 57117

Officers: Conrad J. Hoigaard, chairman of the board; David A. Christensen, president & chief executive officer; Gary L. Conradi, v.p.-corp. services; James A. Winker, v.p.-Applied Technology Div.; Ronald M. Moquist, exec. v.p.; Arnold J. Thue, v.p.-finance, treasurer & secretary.

Directors: John H. Burg, David A. Christensen, Conrad J. Hoigaard, W. Ray Laird, Jr., Robert G. May, John C. Skoglund.

Divisions:

Sportswear Division
Products include the "Swing West" line of ski clothing, "Raven" line of snowmobile suits and general outerwear, "Comfy" down insulated garments, "AFRC" cross-country ski clothing, "Gore-Tex" military and hunting clothes, as well as private label garments.

Plastics Division
Products include fiberglass and polyethylene tanks for agricultural, industrial and water conditioning use and custom fabricated fiberglass parts and designs for water and sewage treatment markets, and the construction and machinery markets.

Electronic Systems Division
Products include batch weighing, control and inventory systems; turbine helicopter auto-restart units, audio amplifiers, industrial annunciators, turbine engine speed controls, turbine engine test sets, FAA radio beacon monitor alarms, telemetry systems, U.S. Government electronic assemblies, electronic agricultural and industrial products and printed circuit assembly services.

Applied Technology Division
Products and services include plastic tarpaulins, hot air sports balloons, high altitude research balloons, heavy load lifting balloons, decelerators (parachutes), contract engineering and research, hot air blimps, and AdverBlimps.

Subsidiaries:

Aerostar International, Inc.
BetaRaven, Inc.

Acquisition(s):

Glasstite, Inc.
Dunnell, Minnesota
Manufactures fiberglass pickup toppers and utility truck bodies.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Norwest Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: RAV

Number of Employees:

1987	942	1984	840
1986	664	1983	650
1985	765		

Plant Footage:

1987 . . . . . 498,680 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1987	$ 52,303,056	$ 2,121,678
1986	41,899,124	1,610,693
1985	44,581,925	2,608,899
1984	38,983,678	1,956,456
1983	31,211,096	1,089,856

	No. of Com. Shares †	Earn. per Share ‡
1987	1,577,857	$ 1.34
1986	1,562,199	1.02
1985	1,548,039	1.66
1984	1,529,192	1.25
1983	1,508,522	0.73

† Adjusted to reflect stock dividend.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1987	1986
Plastics division	$ 14,669,000	$ 7,604,00
Sportswear division	9,172,000	12,373,000
Applied technology division	18,820,000	13,539,000
Electronic systems division	9,642,000	8,383,000
Total	$ 52,303,000	$ 41,899,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.042	—	—
1986	0.042	—	—
1985	0.375	—	—
1984	0.32	—	—
1983	0.29	5% & 5%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 17,154,516	$ 10.87
1986	15,658,863	10.02
1985	14,666,736	9.47
1984	12,591,367	8.23
1983	11,047,825	7.32

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 52,303,056	$ 41,899,124
Cost of sales	40,000,445	32,361,004

Raven Industries, Inc.

Expenses	8,052,922	7,019,657
Interest expense	468,771	378,334
Other income	(137,760)	(272,564)
Income before taxes	$ 3,918,678	$ 2,412,693
Income taxes	1,797,000	802,000
Net Income	$ 2,121,678	$ 1,610,693

* Included in Costs and Expenses, Depreciation: $1,663,085 in 1987 and $1,104,071 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	$ 233,517	$ 3,815,989
Accts. receiv., net	6,372,802	5,906,338
*Inventories	11,283,858	7,231,087
Prepaid expenses	525,436	978,577
Current Assets	$ 18,415,613	$ 17,931,991
#Fixed assets	7,854,868	5,046,986
Other assets	2,576,221	919,675
Total Assets	$ 28,846,702	$ 23,898,652

Liabilities

Long-term debt, curr.	$ 957,472	$ 635,205
Accts. payable	2,617,824	1,881,568
Accruals	2,880,977	2,361,079
Customer advances	164,494	299,246
Curr. Liabilities	$ 6,620,767	$ 5,177,098
Long-term debt	4,485,419	2,741,691
Deferred income taxes	586,000	321,000
+Common stock	1,577,857	1,562,199
Add. paid-in capital	2,563,376	2,546,393
Retained earnings	13,013,283	11,550,271
Total Liabilities & Shareholders' Equity	$ 28,846,702	$ 23,898,652

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.49	5.76
%Net Income to Sales	4.06	3.84
%Net Income to Equity	12.37	10.29
Sales to Inventories	4.64	5.79
Debt to Equity	0.26	0.22
W rking Capital	$11,794,846	$12,754,893
Current Ratio	2.78	3.46
Shareholders' Equity	$17,154,516	$15,658,863

Raychem Corporation

300 Constitution Drive
Menlo Park, California 94025
(415) 361-3333

Officers: Paul M. Cook, chairman of the board & chief executive officer; Robert M. Halperin, president & chief operating officer; Robert Saldich, sr. v.p.; William A. Berry, v.p. & chief admin. officer; James B. Spradling, Harry O. Postlewait, Frederick M. Grafton, Gerald R. Delaney, Joachim H. Ohme, Edward A. Keible, Jr., David D. Taft, Paul J. Roberts, v.p.'s; Raymond J. Sims, treasurer; Francis J. Lunger, controller; Christopher L. Kaufman, secretary.

Directors: Paul M. Cook, chairman; Robert G. Engel, Detlev K. Rothwedder, Robert M. Halperin, J. Kenneth Jamieson, Richard W. Muchmore.

Areas of Work: Engaged in the development, manufacture and sale of high performance plastic and elastomeric insulation products and systems including overcurrent protection devices. The special properties of its products generally are achieved through radiation chemistry. In addition, the company manufactures and sells fiberglass reinforced electrical insulating sleeving products and electrical heating elements.

Subsidiaries:

Bentley-Harris Manufacturing Company
241 Welsh Pool Road
Lionville, Pennsylvania 19353
(215) 363-2600

Heater Technology
2555 Bay Road
Redwood City, California 94063
(415) 329-3333

Walter Rose GmbH & Co. KG
German manufacturer of industrial products.

Acquisition(s):

Elographics, Inc.
Manufacturer of touch screen products used as computer input devices.

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: RYC

Number of Employees:

1986	9,928	1983	8,618
1985	9,589	1982	8,135
1984	8,867		

Plant Footage:

1986	N.A.	1983	4,800,000
1985	N.A.	1982	3,452,000
1984	5,001,000 sq. ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 797,632,000	$ 48,790,000
1985 ×	679,770,000	29,195,000
1984	629,862,000	37,166,000
1983	582,702,000	30,511,000
1982	534,949,000	37,248,000

	No. of Com. Shares #	Earn. per Share #
1986	10,502,761	$ 4.65
1985 ×	10,143,308	2.88
1984	9,668,533	3.84
1983	9,443,644	3.23
1982	9,146,945	4.07

× Restated to include operations of Elographics, Inc., acquired on a pooling of interests basis.
Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.44	—	—
1985	0.44	—	—
1984	0.44	—	—
1983	0.44	—	—
1982	0.44	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 452,464,000	$ 43.08
1985 ×	355,838,000	35.08
1984	322,528,000	33.36
1983	286,951,000	30.39
1982	258,315,000	28.24

× Restated.
‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985 ‡
Net sales	$ 797,632,000	$ 679,770,000
Cost of sales	372,860,000	299,937,000
Expenses	341,362,000	330,403,000
Interest expense	14,017,000	10,567,000
Other expense (income)	3,903,000	(1,795,000)
Income before taxes	$ 65,490,000	$ 40,658,000
Income taxes	16,700,000	11,463,000
Net Income	$ 48,790,000	$ 29,195,000

*Included in Costs and Expenses, Depreciation and Amortization: $43,477,000 in 1986 and $36,671,000 in 1985.
‡ Restated.

Assets

As of June 30	1986	1985 ‡
Cash & cash equiv.	$ 14,466,000	$ 19,341,000
Accts. receiv., net	176,614,000	144,582,000
*Inventories	182,895,000	159,385,000
Prepaid taxes	21,985,000	19,729,000
Other curr. assets	26,164,000	28,530,000
Current Assets	$ 422,124,000	$ 371,567,000
#Fixed assets	317,496,000	251,068,000
Other assets	45,972,000	44,716,000
Total Assets	$ 785,592,000	$ 667,351,000

Liabilities

Notes payable	$ 90,175,000	$ 83,240,000
Long-term debt, curr.	5,340,000	7,002,000
Accts. payable	42,503,000	33,686,000
Compensation & benefits	44,703,000	46,312,000
Accruals	20,489,000	17,494,000
Income taxes	30,952,000	32,203,000
Curr. Liabilities	$ 234,162,000	$ 216,937,000
Long-term debt	54,088,000	59,315,000
Deferred inc. taxes	23,314,000	18,994,000
Other liab.	21,564,000	16,267,000
+Common stock	163,440,000	137,509,000
+Series B stock	9,400,000	9,400,000
Retained earnings	326,840,000	282,647,000
For. curr. trans.	(31,425,000)	(60,235,000)
Notes receiv. from sale of stock	(15,791,000)	(13,483,000)
Total Liabilities & Shareholders' Equity	$ 785,592,000	$ 667,351,000

‡ Restated.
* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.21	5.98
%Net Income to Sales	6.12	4.29
%Net Income to Equity	10.78	8.20
Sales to Inventories	4.36	4.26
Debt to Equity	0.33	0.42
Working Capital	$187,962,000	$154,630,000
Current Ratio	1.80	1.71
Shareholders' Equity	$452,464,000	$355,838,000

Raytheon Company

141 Spring Street
Lexington, Massachusetts 02173
(617) 862-6600

Officers: Thomas L. Phillips, chairman & chief executive officer; R. Gene Shelley, president; Albert H. Bryan, Jr., v.p.-government programs-Huntsville; Herbert Deitcher, v.p. & treasurer; Walter H. Palmer, v.p.-public & financial relations; E. Leonard Kane, v.p.-industrial relations; John R. Pasquariello, v.p.-manufacturing; Phillip A. Phalon, sr. v.p.-corp. marketing; Charles H. Resnick, sr. v.p., secretary & general counsel; Sheldon Rutstein, v.p. & controller; Robert L. Seaman, v.p.-strategic planning; Joseph F. Shea, sr. v.p.-engineering; Aldo Massara, v.p.-international affairs; James M. Hill, Jr., director-procurement; A. Benjamin Outlaw, v.p.-Washington operations; David R.A. Steadman, v.p. & pres.-Raytheon Ventures; Mike W. Fossier, Francis W. Heintz, Eric

M. Levi, Ralph A. Martin, Charles I. Mullaney, James J. Lewis, Walter V. Trainor, Jr., John P. Shanley, James S. Walsh, Walter M. Stowell, David A. Deardorf, v.p.'s; B.C. Baugh, president-Seismograph Service Corporation; Ronald W. Dunmire, president-Cedarapids, Inc.; Luther Davis, Jr., general manager-research division; Stanley L. Clark, president-Raytheon Marine Co.; Raymond J. Dowling, v.p. & president-Caloric Corp.; Dennis J. Picard, sr. v.p. & gen. mgr.-Missile Systems Division; George W. Sarney, sr. v.p. & group exec.-energy services; Charles W. Schmidt, sr. v.p. & group exec.-appliances; Thomas D. Hall, president-Speed Queen Company; William C. Jones, Jr., president-Switchcraft, Inc.; Loren A. Korte, president-D.C. Heath & Co.; Gunnar E. Sarsten, president-United Engineers & Constructors, Inc.; Willard E. Marcley, v.p. & gen. mgr.-Submarine Signal Division; Henry J. Meyer, president-Amana Refrigeration, Inc.; Reindor W. Gerretsen, president-The Badger Company, Inc.; David M. Bottomley, president-Sedco Systems, Inc.; J. Alan Thomas, v.p. & president-Raytheon Europe; Richard D. Curtis, gen. mgr.-Electromagnetic Systems Division; John C. Kingery, gen. mgr.-Medical Equipment Division.

Directors: Thomas L. Phillips, chairman; Frank E. Hedrick, Charles F. Adams, Harvey Brooks, James N. Land, Jr., Richard D. Hill, D. Brainerd Holmes, Colman M. Mockler, Jr., Albert L. Nickerson, Francis H. Burr, Joseph J. Sisco, Theodore L. Eliot, Jr., R. Gene Shelley.

Areas of Work: Engaged in the design, engineering, manufacture and servicing of advanced electronic devices, equipment, and systems for both commercial and government customers. Energy services include geophysical exploration and the design, engineering and construction of refineries, petrochemical facilities, and electrical generating plants. Manufactures and markets consumer appliances, and heating and cooling equipment. Also designs and manufactures aircraft used primarily for business flying.

Divisions, Subsidiaries & Affiliates:

D.C. Heath and Company
New York, New York
Lexington, Massachusetts
Indianapolis, Indiana
Produces and distributes textbooks and coordinated instructional materials, science learning apparatus and Caedmon spoken-word recordings.

Seismograph Service Corporation
Tulsa, Oklahoma
Geophysical exploration.

The Badger Company, Inc.
Cambridge, Massachusetts
Houston, Texas
New York, New York
Tampa and Lakeland, Florida
Design, engineering and construction of petroleum, coal, petrochemical, chemical and fertilizer processing plants.

Amana Refrigeration, Inc.
Amana, Iowa
Fayetteville, Tennessee
Electric ranges, refrigerators, freezers, room and central air conditioners, heat pumps, microwave ovens.

Microwave and Power Tube Division
Northborough, Waltham, Burlington & Quincy, Mass.
Stamford, Connecticut
Chicago, Illinois
Microwave tubes; solid state microwave devices; lasers; broadcast and X-ray tubes; power supplies, industrial microwave heating systems; transformers; receiving and industrial tubes; particle accelerators; electronic hardware; night vision devices; molded plastic products, image intensifiers, light amplifier tubes, infrared detectors, medical electronics.

Caloric Corporation
Topton, Pennsylvania
Gas and electric ranges, microwave ovens, dishwashers, and related kitchen products.

Equipment Division
Sudbury, Wayland, and Waltham, Massachusetts
Surface and shipboard radar and navigation systems; military communications; radar instrumentation; air traffic control systems, data display systems; missile guidance electronics; software systems, vehicle traffic control systems.

Semiconductor Division
Mountain View, California
Transistors, diodes, and microelectric circuits.

Raytheon Marine Company
Manchester, New Hampshire
Marine radars, depth sounders, radiotelephones, direction finders, and related navigation aids.

Sorensen Company
Manchester, New Hampshire
Power supplies, power regulating equipment, precision welders, ultrasonic grinders.

Research Division
Materials and components for electronics.

Missile Systems Division
Bedford, Andover and Lowell, Massachusetts
Bristol, Tennessee
Oxnard, California
Air defense and tactical airborne systems; related radar, command and control systems, avionics.

Electromagnetic Systems Division
Santa Barbara, California; Wayne, New Jersey
Re-entry systems, electronic counter-measures.

Submarine Signal Division
Portsmouth, Rhode Island
Anti-submarine warfare systems, submarine and airborne sonar, transducers, ocean systems and equipment.

Raytheon Service Company
Burlington, Massachusetts
Installation and maintenance of electronic systems and equipment; education and training.

Switchcraft, Inc.
Chicago, Illinois
Switches, jacks, plugs and connectors and audio accessory components.

Cedarapids, Inc.
Cedar Rapids, Iowa
Aggregate producing and asphalt mixing plants and paving equipment. Stationary and portable cone-type rock crushing machinery.

United Engineers & Constructors Inc.
Philadelphia, Pennsylvania
Boston, Massachusetts
Design, engineering and construction of conventional and nuclear power facilities and general industrial plants.

Raytheon Canada Limited
Waterloo, Ontario, Canada
Surface and shipboard radar and navigation systems; military communications, air traffic control systems, data display systems, shipboard defense systems.

Cossor Electronics Limited
Harlow, Essex, England
Air traffic control radar, transponders, marine equipment, VHG radios, instruments, displays.

Lacroix & Kress, Klasing G.m.b.H. & Co.
Bramsche, West Germany
Ultra-fine wire, small diameter cable.

Sterling Greengate Cable Company Ltd.
Aldermaston, Berkshire, England
Electric power cables for military and industrial use, welding and power cables.

TAG Semiconductos Ltd.
Zurich, Switzerland
Semiconductor devices.

Data Logic Ltd.
England
Computer software and systems.

Electrical Installations Ltd.
England
Commercial installation of electrical systems.

SEDCO Systems, Inc.
Melville, New York
Ferrite components; phased array antennas for electronic countermeasures.

Beech Aircraft Corporation
Wichita, Kansas
Designs and manufactures commuter, executive, personal military and special mission aircraft, cryogenic systems, airframes, logistic support and target missles.

Transfer Agent(s):
The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, Pacific & Midwest

Ticker Symbol: RTN

Number of Employees:

1986	75,000	1983	76,100
1985	73,000	1982	72,000
1984	73,300		

Plant Footage:

1986	N.A.	1983	27,500,000
1985	27,838,000 sq. ft.	1982	26,700,000
1984	27,560,000		

N.A. - Not Available

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 7,308,000	$ 393,200
1985	6,408,500	375,900
1984	5,995,700	243,200
1983	5,630,700	300,100
1982	5,217,300	318,800

	No. of Com. Shares #	Earn. per Share #
1986	77,041,000	$ 5.10
1985	81,670,000	4.60
1984	84,662,000	2.88
1983	84,530,000	3.55
1982	84,276,000	3.78

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronics	$ 4,343,000	$ 3,794,000
Aircraft prods.	868,000	743,000
Energy services	744,000	651,000
Major appliances	876,000	785,000
Other	477,000	436,000
Total	$ 7,308,000	$ 6,409,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.75	—	—
1985	1.60	—	—
1984	1.45	—	—
1983	1.40	—	—
1982	1.40	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 1,954,600	$ 26.39
1985	1,929,000	24.84
1984	1,979,200	23.46
1983	1,887,400	22.30
1982	1,711,800	20.28

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 7,307,952	$ 6,408,537
Cost of sales	5,843,007	5,066,163
Expenses	915,938	851,729
Interest expense	15,767	14,584
Interest income	(65,176)	(93,591)
Other income	(53,769)	(30,194)

Raytheon Company

Income before taxes	$ 652,185	$ 599,846
Income taxes	258,980	223,941
Net Income	$ 393,205	$ 375,905

*Included in Costs and Expenses, Depreciation and Amortization: $237,927,000 in 1986 and $209,629,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 42,333	$ 33,113
Marketable securities	183,547	250,890
Accts. receiv., net	652,362	622,783
Contracts in progress	495,478	322,287
*Inventories	573,224	635,708
Prepaid expenses	62,712	10,830
Current Assets	$ 2,009,656	$ 1,875,611
#Fixed assets	1,103,683	1,080,971
Other assets	442,560	484,433
Total Assets	$ 3,555,899	$ 3,441,015

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 32,282	$ 43,709
Accts. payable	441,886	332,755
Advance payments	296,287	369,750
Accrued payroll	186,441	166,996
Income taxes	308,177	274,518
Other accruals	287,550	249,530
Curr. Liabilities	$ 1,552,623	$ 1,437,258
Long-term debt	48,698	74,775
+Common stock	74,078	77,668
Add. paid-in capital	168,021	152,219
Foreign currency translation adjustment	(30,312)	(36,471)
Retained earnings	1,742,791	1,735,566
Total Liabilities & Shareholders' Equity	$ 3,555,899	$ 3,441,015

* At cost (FIFO or average), but not in excess of net realizable value. Aircraft prods. inventories are stated at lower of cost (LIFO) or market. Work in process stated at total cost incurred reduced by est. costs of units delivered.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.92	9.36
%Net Income to Sales	5.38	5.87
%Net Income to Equity	20.12	19.49
Sales to Inventories	12.75	10.08
Debt to Equity	0.02	0.06
Working Capital	$ 457,033,000	$ 438,353,000
Current Ratio	1.29	1.30
Shareholders' Equity	$1,954,578,000	$1,928,982,000

Recognition Equipment Incorporated

2701 East Grauwyler Road
Irving, Texas 75061
(214) 579-6000

Mailing address:

P.O. Box 660204
Dallas, Texas 75266

Officers: William G. Moore, Jr., chairman & chief exec. officer; Israel Sheinberg, exec. v.p.; John C. Hall, Robert W. Reedy, Philip M. Colquhoun, Samuel L. Densmore III, James D. Donoho, Dwayne L. McAfee, v.p.'s; George A. O'Brien, v.p. & chief financial officer; Thomas A. Loose, sr. v.p., secretary & general counsel; Robert L. Drury, controller.

Directors: William G. Moore, Jr., chairman of the board; Lucy Billingsley, Robert L. Crandall, Howard J. Runnion, Jr., Israel Sheinberg, William C. Hittinger, Thomas L. Ringer, William H. Seay.

Areas of Work: Engaged in the design, manufacture, marketing, and service of a variety of information processing systems employing optical character recognition, magnetic ink character recognition, image capturing, high-speed paper handling, ink-jet printing and innovative software/hardware integration technologies. Systems are used for data acquisition, document handling and document truncation in such applications as centralized data entry, high-speed document processing, mail processing and distributed data processing.

Subsidiaries:

Consolidated Computer International, Inc.

Recognition Enterprises, Inc.
Irving, Texas

Recognition Equipment (Asia) Pte Ltd.
Republic of Singapore

Recognition Equipment (Canada) Ltd.
Toronto, Canada

Recognition Equipment France, S.A.
Paris, France

Recognition Equipment GmbH
Frankfurt, West Germany

Recognition Equipment Iberica S.A.
Madrid, Spain

Recognition Equipment Finland OY AB
Helsinki, Finland

Recognition Equipment Italia, S.p.A.
Rome, Italy

Recognition Equipment Nederland, B.V.
Amsterdam, Netherlands

Recognition Equipment Norge A/S
Oslo, Norway

Recognition Equipment (Japan) Inc.
Tokyo, Japan

Recognition Equipment Limited
London, England

Recognition Pacific Limited
Sydney, Australia

Recognition Equipment (Australia) Pty. Ltd.
Sydney, Australia

Recognition Equipment AB
Stockholm, Sweden

RET-MDS Deutschland GmbH und Co. OHG

Mohawk Data Sciences (MDS) A/S

MDS Belgium S.A.

MDS-DeutschlandGmbH

MDS-France S.A.

MDS-Gründstucksverwaltungsgesellschaft mbH

MDS Svenska AB

Transfer Agent(s):
MBank Dallas, N.A.
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): New York

Ticker Symbol: REC

Number of Employees:

1986	2,950	1983	1,944
1985	2,908	1982	1,924
1984	N.A.		

N.A. - Not Available.

Plant Footage:
1986 . . . . . 528,000 sq. ft.

Sales and Earnings

	Revenues	Net Income ‡
1986	$ 241,795,000	$ 10,539,000
1985	163,147,000	4,316,000
1984	140,140,000	7,446,000
1983	117,042,000	9,554,000
1982	112,402,000	(14,162,000)

	No. of Com. Shares #	Earn. per Share ‡#
1986	9,969,000	$ 1.06
1985	9,713,000	0.44
1984	7,742,000	0.96
1983	6,725,000	1.42
1982	6,026,000	—

‡ Including extraordinary gains of $1,555,000 ($0.16 per share) in 1986, $301,000 ($0.03 per share) in 1985, $1,275,000 ($0.16 per share) in 1984 and $6,316,000 ($0.94 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 115,882,000	$ 11.62
1985	98,807,000	10.17
1984	66,792,000	8.63
1983	60,126,000	8.94
1982	34,477,000	5.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1986	1985
Revenues	$ 241,795	$ 163,147
Cost of sales & oper. expenses	146,143	101,316
Research & develop.	11,612	9,843
Selling, general & adm. exp.	65,804	40,973
Oper. expenses	4,626	5,404
Oper. profit	$ 13,610	$ 5,611
For. exch. loss (gain)	(2,408)	95
Other charges	1,586	615
Interest income	(6,664)	(4,838)
Interest expense	6,123	3,223
Income before taxes	$ 14,973	$ 6,516
Income taxes	5,989	2,501
Net Income	$ 8,984	$ 4,015
Extraordinary gain	1,555	301
Net Income & extraordinary gain	$ 10,539	$ 4,316

* Included in Costs and Expenses, Depreciation: $9,827,000 in 1986 and $6,869,000 in 1985.

Assets
(000's)

As of Oct. 31	1986	1985
Cash	$ 34,311	$ 12,648
Accts. receiv., net	61,564	53,661
*Inventories	63,909	55,097
Long-term contracts	299	2,686
Other assets	1,992	1,416
Current Assets	$ 162,075	$ 125,508
#Fixed assets	42,464	42,192
Long-term receiv.	22,162	23,134
Other assets	4,923	4,861
Total Assets	$ 231,624	$ 195,695

Liabilities (000's)		
Short-term debt	$ 5,636	$ 2,988
Accts. payable	9,800	10,284
Accruals	23,385	21,683
Customer advances	12,546	12,104
Income taxes	5,465	3,277
Curr. Liabilities	$ 56,832	$ 50,336
Long-term debt	55,179	42,322
Deferred inc. taxes	3,731	4,230
+Common stock	2,478	2,442
Add. paid-in capital	95,950	94,927
Retained earnings	15,995	5,456
Translation adjust.	2,191	(3,282)
Treasury stock	(732)	(736)
Total Liabilities & Shareholders' Equity	$ 231,624	$ 195,695

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.19	3.99
%Net Income to Sales	3.72	2.46
%Net Income to Equity	7.75	4.06
Debt to Equity	0.48	0.46
Working Capital	$105,243,000	$75,172,000
Current Ratio	2.85	2.49
Shareholders' Equity	$115,882,000	$98,807,000

Regency Electronics, Inc.

7707 Records Street
Indianapolis, Indiana 46226
(317) 545-4282

Officers: Joseph E. Boone, president & chief executive officer; Steven L. Wilkening, v.p. & treasurer; James K. Sommer, secretary; Charles A. Merriman, v.p.-operations & corp. development.

Directors: James K. Sommer, Joseph B. Weaver, Joseph E. Boone, Ralph R. Whitney, Jr., Steven L. Wilkening, John E. Fox, Paul E. Reinken.

Areas of Work: Produces and markets electronic test equipment, for commercial and avionics markets; transceivers and receivers for public service, business and the consumer radio market; and energy load management radio switches for the utilities industry.

Subsidiaries:

IFR Systems, Inc. (84% owned)
10200 W. New York St.
Wichita, Kansas 67215
(316) 522-4981
Produces a line of aviation and commercial electronics test equipment.

Regency Communications, Inc.
Regency Land Mobile, Inc.
1227 South Patrick Drive
Satellite Beach, Florida 32937
(305) 777-1414
Makes two-way FM mobile radios and marine radios.

Regency Taiwan, Ltd.
P.O. Box 3702
Taipei, Taiwan
R.O.C.

Transfer Agent(s):

Merchants National Bank & Trust Co.
1 Merchants Plaza
Indianapolis, Indiana 46255

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RGCY (NASDAQ)

Number of Employees:

1986	1,200	1983	1,500
1985	N.A.	1982	1,300
1984	1,700		

Plant Footage:

1986	379,000 sq. ft.	1983	314,000
1985	N.A.	1982	270,000
1984	314,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales#	Net Income †
1986	$ 91,273,433	$ (2,753,069)
1985	114,396,054	4,309,437
1984	109,468,676	2,026,261
1983	87,343,727	6,960,523
1982	66,235,028	5,055,363

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	10,730,000	$ —
1985	10,730,000	0.40
1984	10,730,000	0.19
1983	10,723,000	0.65
1982	10,788,000	0.47

(Loss)
Includes other income.
† Including extraordinary gain of $848,000 in 1986.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.20	—	2-for-1
1983	0.20	—	—
1982	0.20	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 42,041,518	$ 3.92
1985	46,940,330	4.37
1984	44,776,636	4.17
1983	44,894,118	4.19
1982	40,033,428	3.71

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 91,273,433	$ 114,396,054
Cost of sales	71,636,466	79,923,198
Expenses	21,239,605	22,090,615
Gain on Sale of stock	(8,397,001)	—
Impairment in invest. value of com. stock	—	944,000
Amort. of goodwill	925,873	1,329,862
Interest expense	2,389,355	2,587,672
Other charges	333,832	132,895
Other income	(635,680)	(1,579,625)
Discount. business	10,000,000	—
Income (loss) bef. taxes	$ (6,219,017)	$ 8,967,437
Income taxes (credit)	(3,040,000)	4,658,000
Minority interest	422,052	—
Net Income (Loss)	$ (3,601,069)	$ 4,309,437
Extraord. gain	848,000	—
Net Income (Loss) & extraord. gain	$ (2,753,069)	$ 4,309,437

*Included in Costs and Expenses, Depreciation and Amortization: $2,094,568 in 1986 and $2,108,832 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 4,683,889	$ 226,933
Accts. receiv., net	18,583,972	21,760,332
*Inventories	29,302,655	39,315,217
Deferred employee benefits	1,513,628	1,319,699
Prepaid expenses	439,319	1,115,868
Deferred fed. inc. taxes	4,607,367	635,610
Assets of discont. bus.	1,268,249	—
Current Assets	$ 60,399,079	$ 64,373,659
#Fixed assets	13,474,400	13,373,608
Prop. under cap. leases	2,085,365	2,297,215
Other assets	528,432	689,820
Intangibles	638,277	9,106,222
Investment	—	806,000
Total Assets	$ 77,125,553	$ 90,646,524

Liabilities

Notes payable	$ —	$ 4,841,667
Cap. lease oblig., curr.	2,335,976	3,219,721
Accts. payable	4,212,363	3,715,617
Accruals	3,836,076	2,723,979
Accrued payroll	1,898,297	1,933,890
Income taxes	—	560,410
Deferred income taxes	261,000	5,169,600
Contribution to VEBA trust	1,389,508	1,167,516
Other taxes	951,936	528,653
Curr. Liabilities	$ 14,885,156	$ 23,861,053
Long-term debt	14,200,000	16,400,000
Cap. lease oblig.	2,472,420	2,592,141
Deferred inc. taxes	1,412,000	853,000
Minority interest	2,114,459	—
+Common stock	2,208,539	2,208,539
Retained earnings	40,242,479	45,141,291
Treasury stock	(409,500)	(409,500)
Total Liabilities & Shareholders' Equity	$ 77,125,553	$ 90,646,524

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.84
%Net Income to Sales	—	3.77
%Net Income to Equity	—	9.18
Sales to Inventories	3.11	2.91
Debt to Equity	0.45	0.47
Working Capital	$45,513,923	$40,512,606
Current Ratio	4.06	2.70
Shareholders' Equity	$42,041,518	$46,940,330

Resdel Industries

(46.1% owned by MDC Incorporated, a privately held investment banking firm)

300 East Live Oak Avenue
Arcadia, California 91006
(818) 441-3101

Officers: Charles W. Missler, chairman & chief exec. officer; Stanley K. Weissberg, president & chief operating officer; Barbara J. Pursell, v.p.-finance & chief financial officer; Malcolm F. Brown, Jr., v.p.-business development; Stephen J. Drgastin, treasurer; John H. Brink, secretary; Ernestine Hass, asst. secretary.

Directors: H.K. Abajian, Stanley K. Weissberg, Stephen J. Drgastin, James C. Jordan, Jr., Charles W. Missler, Clarence A. Robinson, Jr., Charles A. Von Urff, Sidney E. Wing.

Areas of Work: Engaged in the design, development and manufacture of highly technical electronic communications systems and devices for government and prime contractors and in the design and distribution of consumer electronic communication products.

Resdel Industries

Subsidiaries:

Resdel Engineering Corporation
300 East Live Oak Avenue
Arcadia, California 91006
(818) 445-5955

Engaged in the development and manufacture of government communications products; 20 watt S-band transmitters, miniature monitor receivers, microprinters, and 40 watt L-band strip line transmitters.

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RESD (NASDAQ)

Number of Employees:

1986	N.A.	1983	N.A.
1985	200	1982	N.A.
1984	162		

N.A. - Not Available.

Plant Footage:

1986	44,000 sq. ft.	1983	44,000
1985	44,000	1982	44,000
1984	44,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 14,219,000	$ 1,736,000
1985	8,584,000	192,000
1984	7,622,000	(2,067,000)
1983	8,879,000	512,000
1982	7,309,000	264,000

	No. of Com. Shares	Earn. per Share #†
1986	3,843,027	$ 0.43
1985	3,762,050	0.05
1984	3,761,050	—
1983	3,761,050	0.14
1982	3,761,050	0.07

(Loss)
† Including extraordinary gains of $799,000 ($0.23 per share) in 1986, $68,000 ($0.02 per share) in 1985, $211,000 ($0.06 per share) in 1983 and $76,000 ($0.02 per share) in 1982.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Govt. prods. area:				
Receiver equip.	34%	31%	32%	48
Transmitter equip.	19	44	32	39
Digital equip.	44	14	13	7
Export prods. area:				
Receiver equip.	2	4	4	6
Transmitter equip.	1	1	—	—
Other	—	1	1	—
Industrial prod. area:				
Receiver equip.	—	2	16	—
Digital equip.	—	1	2	—
Transmitter equip.	—	2	—	—
Total	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 743,000	$ 0.19

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 14,219,000	$ 8,584,000
Cost of sales	8,991,000	6,167,000
Expenses	2,639,000	1,695,000
Research & devel.	433,000	177,000
Interest expense	296,000	413,000
Other income	(60,000)	(78,000)
Inc. bef. taxes	$ 1,920,000	$ 210,000
Income taxes	983,000	86,000
Net Income	$ 937,000	$ 124,000
Extraord. gain	799,000	68,000
Net Income & extraord. gain	$ 1,736,000	$ 192,000

* Included in Costs and Expenses, Depreciation and Amortization: $256,000 in 1986 and $210,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 13,000	$ 16,000
Accts. receiv., net	3,036,000	2,146,000
*Inventories	1,969,000	1,659,000
Prepaid expenses	150,000	104,000
Current Assets	$ 5,168,000	$ 3,925,000
#Fixed assets	980,000	689,000
Other assets	24,000	18,000
Total Assets	$ 6,172,000	$ 4,632,000

Liabilities

Long-term debt, curr.	$ 50,000	$ 400,000
Accts. payable	698,000	431,000
Accruals	351,000	542,000
Accrued payroll	652,000	377,000
Income taxes payable	55,000	19,000
Deferred state inc. taxes	110,000	—
Other taxes	124,000	98,000
Curr. Liabilities	$ 2,490,000	$ 1,867,000
Long-term debt	2,939,000	3,839,000
+Common stock	1,921,060	1,881,000
Add. paid-in capital	7,080,000	7,039,000
Retained earnings (deficit)	(8,258,000)	(9,994,000)
Total Liabilities & Shareholders' Equity	$ 6,172,000	$ 4,632,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.50	2.45
%Net Income to Sales	6.59	1.44
Sales to Inventories	7.22	5.17
Working Capital	$2,678,000	$ 2,058,000
Current Ratio	2.08	2.10
Shareholders' Equity (Deficiency)	$ 743,000	$(1,074,000)

Research, Incorporated

P.O. Box 24064
Minneapolis, Minnesota 55424
(612) 941-3300

Corporate offices:

6425 Flying Cloud Drive
Eden Prairie, Minnesota 55344

Officers: A.E. Abramson, president; W.M. Mader, J.A. Ruce, F.T. Renshaw, G.W. Sangster, K.C. Wilson, v.p.'s; G.E. Magnuson, secretary; C.C. Johnson, treasurer & asst. secretary.

Directors: A.E. Abramson, J.R. Anderson, K.G. Anderson, W.J. Benjamin, G.E. Magnuson.

Areas of Work: Designs, manufactures and sells proprietary products from the following three related groups: electronic and/or electrical process control instruments, radiant heating devices and telecommunications terminals.

Divisions:

Process Systems Division
Teleray Division
International Division

Transfer Agent(s):

Norwest Bank of Minneapolis, N.A.
7th Street at Marquette Avenue
Minneapolis, Minnesota 55479

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RESR (NASDAQ)

Number of Employees:

1986	N.A.	1983	258
1985	264	1982	276
1984	252		

Plant Footage:

1986	90,000 sq. ft.	1983	90,000
1985	90,000	1982	90,000
1984	90,000		

N.A. - Not Available

Sales and Earnings

	Net Sales	Net Income
1986	$ 19,116,900	$ 1,277,500
1985	23,487,200	1,712,400
1984	21,175,627	1,567,276
1983	21,442,807	1,205,178
1982	22,188,525	1,526,224

	No. of Com. Shares	Earn. per Share #
1986	1,640,133	$ 0.78
1985	1,636,560	1.05
1984	1,629,500	0.96
1983	1,629,500	0.74
1982	1,629,500	0.94

Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986 ('000's)	%	1985 ('000's)	%
Process control instruments	$9,998	52%	$11,519	49%
Radiant heating devices	5,819	31	7,704	33
Telecommunications terminals	3,300	17	4,264	18
Total	$19,117	100%	$23,487	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.54	—	—
1984	0.25	—	—
1983	0.25	—	—
1982	0.24	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 14,282,100	$ 8.71
1985	13,630,900	8.33
1984	12,735,600	7.82
1983	11,575,725	7.10
1982	10,777,932	6.61

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 19,116,851	$ 23,487,190
Cost of sales	11,667,950	12,809,544
Expenses	7,056,077	8,173,984
Other income	(395,849)	(676,784)

Prof. sh. plan	—	318,044
Gain on sales of rental prop.	(1,118,828)	—
Income before taxes	$ 1,907,501	$ 2,862,402
Income taxes	630,000	1,150,000
Net Income	$ 1,277,501	$ 1,712,402

* Included in Costs and Expenses, Depreciation: $607,789 in 1986 and $500,431 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 404,083	$ 439,381
Short-term investments	7,424,615	5,363,456
Accts. receiv., net	3,338,995	3,647,319
*Inventories	4,007,403	4,738,736
Prepaid expenses	253,162	265,276
Current Assets	$ 15,428,258	$ 14,454,168
#Fixed assets	1,965,084	2,586,942
Total Assets	$ 17,393,342	$ 17,041,110

Liabilities

Accts. payable	$ 1,229,723	$ 1,302,876
Accruals	1,196,256	1,720,470
Income taxes	685,308	386,828
Curr. Liabilities	$ 3,111,287	$ 3,410,174
+Common stock	820,066	818,280
Add. paid-in capital	125,517	97,985
Retained earnings	13,336,472	12,714,671
Total Liabilities & Shareholders' Equity	$ 17,393,342	$ 17,041,110

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.98	12.19
%Net Income to Sales	6.68	7.29
%Net Income to Equity	8.94	12.56
Sales to Inventories	4.77	4.96
Working Capital	$12,316,971	$11,043,994
Current Ratio	4.96	4.24
Shareholders' Equity	$14,282,055	$13,630,936

Rexham Corporation

7315 Pineville-Matthews Road
Charlotte, North Carolina 28226
(704) 541-2800

Officers: Scott C. Lea, president; Keith F. Kennedy, sr. v.p.-law; Charles C. Brown, v.p.-Machinery Group; E. Bryant Frech, v.p.-Industrial Group; Thomas M. Little, v.p.-Packaging Group; Thomas L. McVerry, v.p.-finance & resources; W. Battle Wall, III, v.p.-carton, film & label packaging; Aaron L. Jestice, v.p.-Aerospace and Defense Group; Wesley G. Soule, treasurer; Rubina I. Grosso, secretary; Staton E. Boyette, Jr., controller & asst. treasurer.

Directors: F. Kenneth Iverson, Roscoe C. Ingalls, Jr., Keith F. Kennedy, Scott C. Lea, Edward H. Michaelsen, John Hoyt Stookey, Norman E. Auerbach, Dan F. Huebner.

Divisions and Subsidiaries:

Aerospace and Defense
2000 Highway 157 West
P.O. Box 1088
Cullman, Alabama 35055
(205) 739-1115
Manufactures ultraclose machine components for defense, aerospace, and commercial applications. Also produces electronic assemblies and custom designed interconnect harness systems.

Laminex, Inc.
Charlotte, North Carolina
Manufactures security/identification and graphic laminating systems.

Packaging Machinery
Sarasota, Florida
Designs and manufactures machines that horizontally form, fill, and seal packages made from flexible materials.

Carton, Film & Label Packaging
Greensboro, North Carolina
Manufactures printed paperboard, films, pressure sensitive labels, and combinations plastic packaging for hosiery, textiles, cosmetics, pharmaceuticals, personal care, consumer electronics and hardware.

National Spectrographic Laboratories
Instrumentation and precision analytical testing for the aerospace, metals, energy, ceramics and chemical industries.

Flexible Packaging
Edinburgh, Indiana
Manufactures printed, coated, and laminated papers, films, foils for convenience foods, tobacco, photographic and health care products.

Industrial Films
Lancaster, South Carolina
Develops technical coatings and laminations of foils, tissues, and films for the electronic, automotive, and photographic industries and is engaged in the field of commercial chemical analysis.

Lamotite, Inc.
Cleveland, Ohio
Coated products and film, foil, fabric and paper laminates for construction, automobiles, and other specialties.

Acquisition(s):

Production Graphics Corporation
Guaynabo, Puerto Rico
Manufactures printed folding cartons and labels for the pharmaceutical and personal care industries.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: RXH

Number of Employees:

1986 2,445

Plant Footage:

1986 ..... 1,774,275 sq. ft.

Sales and Earnings

	Net Sales +	Net Income +
1986	$ 243,255,000	$ 11,036,000
1985	212,898,000	8,993,000
1984	213,938,000	7,033,000
1983	196,739,000	7,714,000
1982	190,651,000	8,992,000

	No. of Com. Shares	Earn. per Share ‡
1986	4,170,711	$ 2.65
1985	4,115,542	2.20
1984	4,067,379	1.73
1983	4,057,558	1.85
1982	4,294,008	2.09

+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding during the year.

Revenues By Line of Business
(000's)

	1986	1985
Coated or laminated paper, film & foil	$ 135,379	$ 113,937
Plain or uncoated film & others	11,024	10,509
Converted paperboard	40,948	39,579
Machinery	17,202	17,313
Precision metal & electronic components	38,702	31,560
Total	$ 243,255	$ 212,898

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.75	—	—
1985	0.70	—	—
1984	0.70	—	—
1983	0.625	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 96,404,000	$ 23.11
1985	87,371,000	21.23
1984	79,326,000	19.50
1983	75,798,000	18.68
1982	77,745,000	18.11

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 243,255	$ 212,898
Cost of sales	198,426	173,419
Expenses	23,741	22,363
Interest & financing expense	989	1,186
Other expense	1,457	65
Income before taxes	$ 18,642	$ 15,865
Income taxes	7,606	6,872
Net Income	$ 11,036	$ 8,993

* Included in Costs and Expenses, Depreciation and Amortization: $7,827,000 in 1986 and $6,986,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 5,482	$ 6,868
Short-term investments	358	15,300
Receivables, net	34,354	25,204
*Inventories	34,900	33,835
Other assets	1,458	1,530
Current Assets	$ 76,552	$ 82,737
#Fixed assets	77,034	64,064
Other assets	7,113	7,221
Total Assets	$ 160,699	$ 154,022

Liabilities
(000's)

Notes payable	$ 185	$ 5,088
Long-term debt, curr.	1,766	1,766
Accts. payable	20,691	12,486
Accrued payroll	9,295	6,953
Income taxes pay.	4,041	3,131
Other accruals	3,846	3,253
Dividends payable	834	720
Curr. Liabilities	$ 40,658	$ 33,397
Long-term debt	8,508	20,771
Oblig. under cap. leases	235	362
Deferred inc. taxes	11,055	9,509
Other liab.	3,839	2,612
+Common stock	4,500	4,500
Add. paid-in capital	30,958	31,177
Retained earnings	67,840	59,806
Treasury stock	(6,894)	(8,112)
Total Liabilities & Shareholders' Equity	$ 160,699	$ 154,022

* At lower of cost (LIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.66	7.45
%Net Income to Sales	4.54	4.22
%Net Income to Equity	11.45	10.29

Rexham Corporation

Sales to Inventories	6.98	6.29
Debt to Equity	0.09	0.32
Working Capital	$35,894,000	$49,340,000
Current Ratio	1.88	2.48
Shareholders' Equity	$96,404,000	$87,371,000

Ripley Company, Inc.

46 Nooks Hill Road
P.O. Box E
Cromwell, Connecticut 06416
(203) 635-2200

Officers: H.I. Thayer, Jr., president & chief executive officer; Alvah A. Russell, Jr., v.p.-engineering; James J. Matthews, vice president; Sebastian DiStefano, treasurer; S. Michael Schatz, secretary.

Directors: Lewis B. Daniels, Jr., Douglas Kellogg, James E. Griffin, Richard T. Gibbons, Arthur W. Frank, Jr.

Areas of Work: Specializes in the manufacture of blowers, electronics and mechanical timers, cable preparation tools and light-activated sunswitches, decorative street lights and packages to convert mercury vapor lights to high pressure sodium lights.

Acquisition:

Stick-Screw Manufacturing Co.
Willimantic, Connecticut
Manufactures proprietary, semi-automatic small part fastening and assembly systems.

Transfer Agent(s):

The Connecticut Bank & Trust Co., N.A.
Hartford, Connecticut 06115

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RIPY (NASDAQ)

Plant Footage:

1986 . . . . . 47,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1987	$ 5,128,296	$ 205,630
1986	5,703,015	402,486
1985	5,314,988	356,331
1984	4,756,828	302,277
1983	5,385,549	338,269

	No. of Com. Shares	Earn. per Share
1987	588,280	$ 0.34
1986	588,280	0.68
1985	588,280	0.61
1984	588,280	0.51
1983	588,280	0.58

Revenues By Line of Business

	1987	1986
Electronics & electrical products	$ 3,349,929	$ 4,278,681
Cable preparation tools	1,778,367	1,424,334
Total	$ 5,128,296	$ 5,703,015

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,081,567	$ 5.24
1986	2,988,708	5.08
1985	2,699,882	4.59
1984	2,461,207	4.18
1983	2,276,586	3.87

Income Account *

Year ended Feb. 28	1987	1986
Net sales	$ 5,128,296	$ 5,703,015
Cost of sales	3,455,917	3,748,556
Expenses	1,310,297	1,093,444
Other income	(31,548)	(9,622)
Unusual item	—	148,151
Income before taxes	$ 393,630	$ 722,486
Income taxes	188,000	320,000
Net Income	$ 205,630	$ 402,486

* Included in Costs and Expenses, Depreciation & Amortization: $114,687 in 1987 and $90,131 in 1986.

Assets

As of Feb. 28	1987	1986
Cash	$ 601,333	$ 1,223,071
Accts. receiv., net	782,060	716,744
*Inventories	1,521,880	1,291,897
Prepaid expenses & deferred charges	59,760	39,891
Current Assets	$ 2,965,033	$ 3,271,603
#Fixed assets	1,202,465	792,365
Other assets	235,777	12,044
Total Assets	$ 4,403,275	$ 4,076,012

Liabilities

Long-term debt, curr.	$ 223,533	$ 48,167
Accts. payable	207,101	178,447
Accruals	395,755	352,474
Income taxes	(194,247)	263,378
Curr. Liabilities	$ 632,142	$ 842,466
Notes payable	458,483	—
Lease obligations	163,083	214,838
Deferred inc. taxes	68,000	30,000
+Common stock	297,975	297,975
Add. paid-in capital	413,207	413,085
Retained earnings	2,437,745	2,349,908
Treasury stock	(67,360)	(72,260)
Total Liabilities & Shareholders' Equity	$ 4,403,275	$ 4,076,012

* At lower cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.68	12.67
%Net Income to Sales	4.01	7.06
%Net Income to Equity	6.67	13.47
Sales to Inventories	3.37	4.41
Debt to Equity	0.05	0.09
Working Capital	$2,332,891	$2,429,137
Current Ratio	4.69	3.88
Shareholders' Equity	$3,081,567	$2,988,708

RMS International, Inc.

50 Antin Place
Bronx, New York 10462
(212) 892-6700

Officers: Joseph F. Bradway, Jr., chairman of the board, president & chief executive officer; Dominick Padilla, v.p.-operations; Reynaldo Perez, v.p.-CATV Division; Harry Bogatch, v.p.-finance & secretary.

Directors: Joseph F. Bradway, chairman; Arthur A. Fink, John de Elorza, William A. Searles, Charles T. Conner, William F. Lawless.

Areas of Work: Designs, manufactures, imports and distributes radio frequency (RF) passive devices, and related products for the cable television connectors, converters industry. Manufactures a line of stand-by, AC regulated and inverter power supplies for the cable TV industry.

Subsidiaries:

Poleline Corporation
Distribution operation that supplies construction materials to the cable television industry.

Kenyon Magnetics, Inc.
Manufactures transformers and other allied products.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, N.J. 07016

Stock Exchange(s): American

Ticker Symbol: RMS

Number of Employees:

1986 . . . . . N.A. 1985 54

Plant Footage:

1986 . . . . . N.A. 1985 . . . . . 103,000 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 12,367,192	$ (803,000)
1985	14,977,000	(1,131,000)
1984	19,443,000	(1,878,000)
1983	19,304,000	(113,000)
1982	21,843,000	(382,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,558,345	$ —
1985	1,587,692	—
1984	1,630,618	—
1983	1,622,186	—
1982	1,624,285	—

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 3,209,387	$ 2.09
1985	4,012,822	2.53
1984	5,529,763	3.39
1983	7,397,013	4.56
1982	7,461,018	4.59

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 12,367,192	$ 14,977,384
Cost of sales	9,896,732	11,625,830
Expenses	3,198,823	3,955,167
Interest expense	360,223	581,772
Loss (gain) on sale of prop.	(229,324)	10,370
Gain on purch. of deben.	(55,827)	(65,232)
Loss before taxes	$ (803,435)	$ (1,130,523)

* Included in Costs and Expenses, Depreciation and Amortization: $190,871 in 1986 and $242,995 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 193,798	$ 525,738
Accts. & notes receiv., net	1,987,387	2,137,685
Recoverable income taxes	51,063	63,619
*Inventories	3,370,722	3,790,457
Prepaid exp. & other assets	123,527	194,030
Misc. receiv.	—	23,755
Current Assets	$ 5,726,497	$ 6,735,284

#Fixed assets	927,573	1,685,131
Other assets	97,783	175,489
Total Assets	$ 6,751,853	$ 8,595,904
Liabilities		
Notes payable	$ 1,177,977	$ 769,595
Long-term debt, curr.	4,404	924,171
Accts. payable	648,823	637,408
Accruals	151,627	427,899
Curr. Liabilities	$ 1,982,831	$ 2,759,073
Long-term debt	1,559,635	1,824,009
+Common stock	130,745	130,745
Add. paid-in capital	4,531,153	4,531,153
Retained earn. (deficit)	(1,066,093)	(262,658)
Treasury stock	(386,418)	(386,418)
Total Liabilities & Shareholders' Equity	$ 6,751,853	$ 8,595,904

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.08 par value.

Statistical Summary

Sales to Inventories	3.67	3.95
Debt to Equity	0.49	0.88
Working Capital	$3,743,666	$3,976,211
Current Ratio	2.89	2.44
Shareholders' Equity	$3,209,387	$4,012,822

Rockwell International Corporation

600 Grant Street
Pittsburgh, Pennsylvania 15219
(412) 565-2000

2230 East Imperial Highway
El Segundo, California 90245
(213) 647-5000

Officers: Robert Anderson, chairman of the board & chief executive officer; Donald R. Beall, president & chief operating officer; Kent M. Black, v.p. & president-Electronics; Robert L. Cattoi, sr. v.p.-research and engineering; Lee H. Cramer, treasurer; Robert A. dePalma, sr. v.p.-finance & planning & chief financial officer; J.A. Earley, v.p.-corporate development; Richard W. Foxen, sr. v.p.-international; Charles H. Harff, sr. v.p., gen. counsel & secretary; Bastian Hello, sr. v.p.-government relations; Sam F. Iacobellis, v.p. and president-North American Aircraft; George W. Jeffs, v.p. & president-North American Space; Lawrence J. Komatz, controller; Robert H. Murphy, v.p.-management & organization; Samuel Petok, sr. v.p.-communications; Arthur P. Ronan, v.p. & president-Automotive; John J. Roscia, sr. v.p., asst. to chairman and chief executive officer; Charles C. Stoops, Jr., general tax counsel; Donald J. Yockey, sr. v.p. & advisor to president and chief operating officer; William A. Sante, II, general auditor.

Directors: Robert Anderson, chairman; Donald R. Beall, Richard M. Bressler, Robert A. dePalma, Robin Chandler Duke, Fred L. Hartley, J. Clayburn La Force, Jr., Bruce M. Rockwell, Robert E. Seymour, Ross D. Siragusa, Jr., William S. Sneath, Joseph F. Toot, Jr., Harrington Drake, J. Tylee Wilson.

Areas of Work: The Company is a multi-industry corporation engaged in research and development, and the manufacture and sale of many products for commercial and government markets. The Company is organized into four business segments: Aerospace, Electronics, Automotive and General Industries.

Business Segments and Subsidiaries:

Aerospace

The principal space activity is the Space shuttle program for NASA. The company has developed and is producing the shuttle orbiter and, through its Rocketdyne Division, the orbiter main engines. It also assists NASA in the integration of the overall space transportation system. The Rocketdyne Division works under a United States Air Force contract for the engineering development of the Peacekeeper missile; develops and manufactures large liquid rocket engines for space and military applications and small rocket engines for altitude and reentry control.

The Company also engages in various research and development activities, such as those related to advanced space-based surveillance systems and directed energy weapons, and technology development and systems analysis efforts, such as those relating to advanced military aircraft.

North American Space Operations
2230 East Imperial Highway
El Segundo, California 90245
(213) 647-5000

North American Aircraft Operations
100 N. Sepulveda Boulevard
El Segundo, California 90245
(213) 647-1000

Electronics

This division manufactures high technology electronic equipment and systems for military navigation, command, control, communications and intelligence, missile systems and other special applications for the United States and foreign governments; also manufactures a broad spectrum of radio transceivers for various military applications that range from very low frequency to extremely high frequency. These products are combined with other ancillary items to form integrated command, control, communications and intelligence systems.

The division is the principal supplier of the inertial navigation systems for the Navy's ballistic missile and attack submarine fleets, supplies component and services related to the guidance and control systems of the Minuteman intercontinental ballistic missile fleet and works under contracts for both ground and airborne high frequency communication equipment for the modernization programs for the United States and NATO forces.

In commercial electronics, the Company supplies avionics, telecommunications and semiconductor products and systems to commercial and government customers worldwide. Electronics supplies communications, navigation, flight control, and other avionics systems to the air transport, general aviation and government markets. Products include telecommunications, transmission and switching systems and telephone products which are supplied to a broad range of customers in the United States and foreign countries.

Allen-Brady Company
Milwaukee, Wisconsin

Supplies programmable controllers to the factory automation market. Also produces standard control products, computer numerical control systems, drives and passives electronic components.

General Industries

The Graphic Systems Division manufactures and sells high-speed printing presses and related equipment used principally for printing newspapers. Products include the Metroliner press designed for large metropolitan daily newspapers and the HV, Urbanite and community presses designed for medium size daily and weekly newspapers and commercial printers. The divison also manufactures and sells automatic mailroom equipment and purchases for resale a line of commercial sheetfed presses and related equipment.

The Company manufactures, purchases for resale, and sells industrial sewing machines to the textile industry. The Power Tool Division manufactures stationary woodworking machinery and pneumatic and specialty tools for the general industrial and construction markets.

The flow control and the municipal & utility division manufacture and sell control and measurement equipment for gas, water and other fluids in the energy, utility and construction markets and a broad line of valves used for a variety of applications in nuclear and fossil systems for the energy and power generation markets. Other products include valve lubricants, pipe clamps and couplings. Primary customers for these products are electric, gas and water utilities, oil companies, chemical companies, municipalities and building contractors, as well as chemical companies.

The Energy Systems Group participates in the development of the liquid metal fast breeder reactor, the production of safety equipment for conventional light water nuclear reactors and the decontamination and decommissioning of nuclear facilities. The Group also operates a liquid metal development center for the fast breeder effort of the Department of Energy (DOE) and is active in the development of other alternative energy sources.

The Group provides chemical processing, waste management and site support services at the DOE's Hanford Project near Richland, Washington, and operates the DOE's Rocky Flats Plant near Denver, Colorado, which is engaged in nuclear weapons components manufacturing, plutonium recovery and waste treatment. The Group is continuing development work under DOE contracts in the coal gasification and liquefaction processes. The Group also supplies commercial flue gas cleaning systems and environmental monitoring systems to utilities and industry.

General Industries Operations
400 North Lexington Avenue
Pittsburgh, Pennsylvania 15208
(414) 247-3000

Rockwell do Brasil Industrial e Commercio Ltda.
Limeira, Sao Paulo, Brazil

Rockwell-International of Canada Ltd.
Barrie & Guelph, Ontario
Canada

Rockwell-Rimoldi France S.A.
Boulogne, France

Rockwell Systems Graphiques, S.A.
Paris, France

Rockwell Valves, S.A.
Unieux, France

Rockwell Graphic Systems, Inc.
Obertshausen, West Germany

Rockwell-Rimoldi GmbH
Reutlingen, West Germany

Rockwell-Rimoldi S.p.A.
Olcella, Busto Garolfo, Italy

Rockwell-Rimoldi Espanola S.A.
Barcelona, Spain

Rockwell-Rimoldi (Great Britain) Limited
Darby, Leicestershire, U.K.

Rockwell Graphic Systems Limited
Preston, U.K.

Automotive

Automotive Businesses' principal activity is the manufacture and sale of various proprietary components for heavy-duty vehicles used on and off the highway. Automotive designs and manufactures a broad line of axles for heavy-duty applications for on- and off-highway vehicles, including single and tandem drive axles, driving and non-driving front axles, trailer axles, rigid and steering planetary axles and driving steering axles. The businesses design and manufacture a complete line of heavy-duty brakes and brake assemblies and components for use in the transportation, construction, mining, agriculture, forestry and industrial fields. The businesses also manufacture and sell special drives and transmissions, universal joints and drivelines, gear boxes, springs and plastic hood, door and fender assemblies for these vehicles.

The Automotive businesses also manufacture and sell springs and plastic components and accessories for light trucks and passenger cars, and steel and case aluminum wheels, wheel covers, sun roofs, window regulators, door latches and door locking systems for passenger cars. In addition, the businesses manufacture and sell large steel castings, including those used in military cast armor programs and diesel locomotives.

The Company's automotive products are nearly all sold directly to manufacturers of original equipment, some of which are also competitors in that they produce for their own use many of the products manufactured by the Automotive Businesses.

Automotive Businesses
2135 West Maple Road
Troy, Michigan 48084
(313) 435-1000

Rockwell Standard of Australia Ltd.
Melbourne, Australia

Wilmot Breeden (Australia) Pty. Ltd.
Preston, Australia

Rockwell do Brasil Industria e Commercio Ltda.
Limeira, Brazil

Rockwell International Corporation

Rockwell International of Canada, Ltd.
Bracebridge, Chatham, Gananoque, Lacolle, Milton, Mississauga, Tilbury, Canada

Compagnie Industrielle de Mecanismes S.A.
Levallois, Perret Cedex, France

Rockwell International S.A.
Rungis Cedex, France

Rockwell Golde GmbH
Frankfurt, West Germany

Rockwell Bremsen
Geschaftsbereich der Rockwell-Gold GmbH
Alyeneau/Unterfranken
West Germany

Rockwell Golde Italiana SpA
Como, Italy

Rockwell International Manufacturing Pte. Ltd.
Singapore

Rockwell-Maudslay Limited
Alcester, U.K.

Wilmot Breeden Limited
Birmingham, U.K.

Rockwell Thompson Limited
Wolverhampton, U.K.

Rockwell CVC S.p.A.
San Mauro Torinese, Italy

Rockwell CVC S.p.A.
Cameri, Italy

Acquisition(s):

Electronics Corporation of America
Waltham, Massachusetts
Manufactures photoelectric controls and flame monitoring systems.

Design Engineering Laboratories
Huntington Beach, California
Defense electronics.

Transfer Agent(s):

Mellon Bank, N.A. (common stock; $4.75 convertible preferred, Series A; $1.35 convertible preferred, Series B)
P.O. Box 444
Pittsburgh, Pennsylvania 15230

67 Broad Street
New York, New York 10004

The First National Bank of Boston
(common stock & $4.75 convertible preferred, Series A)
Boston, Massachusetts 02102

National Bank of Detroit
Detroit, Michigan 48232

First Interstate Bank of California
Los Angeles, California 90051

The Royal Trust Company
Toronto, Ontario, Canada M5W 1P5

The First National Bank of Chicago
(common stock; $1.35 convertible preferred, Series B)
Chicago, Illinois 60670

Stock Exchange(s): New York, Boston, Midwest, Pacific, Philadelphia, Toronto, Basel, Geneva, Lausanne, Zurich, Frankfurt, London.

Ticker Symbol: ROK

Number of Employees:

1986	121,194	1983	102,707
1985	123,266	1982	100,271
1984	105,759		

Plant Footage:

1986	52,000,000 sq.ft.	1983	45,200,000
1985	50,600,000	1982	45,900,000
1984	44,500,000		

Sales and Earnings

	Net Sales † (000's)	Net Income (000's)
1986	$ 12,295,700	$ 611,200
1985	11,337,600	595,300
1984	9,322,100	496,500
1983	8,097,900	389,100
1982	7,395,400	331,600

	No. of Com. Shares #	Earn. per Share #
1986	148,300,000	$ 4.12
1985	148,700,000	4.00
1984	152,300,000	3.25
1983	153,800,000	2.52
1982	152,500,000	2.16

† Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Automotive operations	$ 1,588,000	$ 1,722,000
Electronics operations: Guidance & control, avionics and telcommunications systems & equipment, devices and calculator products	4,221,000	3,412,000
Aerospace operations	5,545,000	5,309,000
General industries	942,000	895,000
Total	$ 12,296,000	$ 11,338,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$1.16	—	—
1985	1.06	—	—
1984	0.94	—	—
1983	0.83	—	2-for-1
1982	0.78	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share †
1986	$ 3,148,600	$ 21.88
1985	2,931,800	19.64
1984	2,494,700	16.78
1983	2,337,600	15.13
1982	2,060,000	13.47

‡ After allowing for Series A and Series B preferred stock at total liquidation value.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 12,295,700	$ 11,337,600
Other income	90,800	125,500
Total income	$ 12,386,500	$ 11,463,100
Cost of sales	9,913,000	9,090,700
Expenses	1,318,000	1,218,300
Interest expense	96,800	91,600
Income before taxes	$ 1,058,600	$ 1,062,500
Income taxes	447,400	467,200
Net Income	$ 611,200	$ 595,300

* Included in Costs and Expenses, Depreciation: $558,100,000 in 1986 and $448,200,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 756,900	$ 451,500
Accts. & notes receiv., net	1,703,200	1,724,900
*Inventories	1,300,300	1,240,500
Prepaid expenses	77,100	75,800
Current Assets	$ 3,837,500	$ 3,492,700
Investments	156,400	146,100
#Fixed assets	2,620,400	2,523,800
Intangibles and other assets	1,089,100	1,170,200
Total Assets	$ 7,703,400	$ 7,332,800

Liabilities
(000's)

Short-term borrowings	$ 95,700	$ 122,200
Accts. payable	957,100	956,600
Adv. pay. from cust.	155,800	198,900
Accrued payroll	413,200	439,000
Income taxes	43,900	127,100
Deferred inc. taxes	1,203,500	978,900
Other	542,200	494,800
Curr. Liabilities	$ 3,411,400	$ 3,317,500
Long-term debt	627,400	647,500
Other liabilities	502,500	419,500
+ Preferred stock	1,400	1,600
+ + Common stock	155,300	155,300
Add. paid-in capital	221,100	220,100
For. curr. trans.	(75,300)	(109,900)
Retained earnings	3,270,400	2,843,200
Treasury stock	(410,800)	(162,000)
Total Liabilities & Shareholders' Equity	$ 7,703,400	$ 7,332,800

* At lower of cost (average, FIFO or LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value. Series A, $4.75 cumulative; series B, $1.35 cumulative.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.61	9.37
%Net Income to Sales	4.97	5.25
%Net Income to Equity	19.33	20.19
Sales to Inventories	9.46	9.14
Debt to Equity	0.23	0.26
Working Capital	$ 426,100,000	$ 175,200,000
Current Ratio	1.12	1.05
Shareholders' Equity	$3,162,100,000	$2,948,300,000

Rogers Corporation

One Technology Drive
Rogers, Connecticut 06263
(203) 774-9605

Officers: Norman L. Greenman, president & chief exec. officer; Harry H. Birkenruth, sr. vice president-polymer products group; Richard C. Berry, sr. v.p.-technology; Aarno A. Hassell, v.p.-microwave products group; William Schoppenhorst, v.p.-human resources; Paul L. Anderson, v.p.-sales; Stuart J. Safft, v.p.-finance; A. David Chesmer, v.p.-manufacturing; David P. Bell, treasurer; Howard A. Raphaelson, controller; Robert M. Soffer, asst. treasurer; David M. Elwood, clerk.

Directors: Harry H. Birkenruth, Wallace Barnes, Carl N. Hansen, Norman L. Greenman, Charles F. Spiro, Brage Golding, Leonid V. Azaroff, Mildred S. Dresselhaus, Donald J. Harper.

Divisions:

Molding Materials Division
Mill and Oakland Streets
Manchester, Connecticut 06040
(203) 646-5500
(203) 643-5162-63
Manufactures fiber-reinforced thermosetting molding materials including phenolic and diallyl phthalate engineering plastics.

Poron/Composites Division-Composites Plant
One Technology Drive
Rogers, Connecticut 06263
(203) 774-9605
Manufactures RT/duroid® and R/flex.

Poron/Composites Division-Poron Plant
P.O. Box 158
E. Woodstock, Connecticut 06244
(203) 928-7931
Manufactures Poron® PVC and polyurethane-based microcellular materials.

Polymer Products Group-Willimantic Division
Route 32
Willimantic, Connecticut 06226
(203) 423-6323
Manufactures Nitrophyl® carburetor and fuel tank floats, Endur® engineered parts and assemblies.

Bus Products Division - Interconnection Products Group
5750 East McKellips Road
Mesa, Arizona 85205
(602) 830-3370
Manufactures Mektron® laminar power distribution bus bars, Quik/Bus® conductors, and Strip/Bus bus strips.

Circuit Components Division - Interconnection Products Group
(602) 830-3370
Manufactures components mounted on printed circuit boards.

Flexible Interconnections Division
Dobson and Williams Field Road
Chandler, Arizona 85224
(602) 963-4684
Manufactures flexible circuits.

Circuit Materials Division - Interconnection Products Group
Dobson and Williamsfield Road
Chandler, Arizona 85224
(602) 963-4584
Manufactures R/flex materials for flexible circuit substrates and integrated circuit bonding tape carrier materials.

Microwave Materials Division
Microwave Products Group
Chandler, Arizona 85224
(602) 963-4584
Manufactures RT/duroid laminate materials for microstrip circuits, stripline circuits, and microwave antennas.

Solidyne Division of Microwave Products Group
San Diego, California
Manufactures microwave stripline and microstrip circuits and bonded assemblies.

Subsidiaries:

R/MAT, Inc.
Manchester, Connecticut

Rogers Foreign Sales Corporation (FSC)
Rogers, Connecticut 06263
(203) 774-9605

Rogers Mexicana S.A. de C.V.
Agua Prieta, Sonora, Mexico

Rogers Japan Inc.
Tokyo, Japan

Mektron, N.V.
188 Afrikalaan
Ghent, Belgium

Mektron GmbH
Weiterstadt, West Germany

Mektron France S.A.
Fresnes and Chateau Gontier, France

Mektron Circuits Systems Ltd.
Leatherhead, United Kingdom

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American, Pacific

Ticker Symbol: ROG

Number of Employees:

1986	2,515	1983	2,291
1985	2,558	1982	2,357
1984	2,706		

Plant Footage:

1986	1,283,100 sq. ft.	1983	1,051,000
1985	1,200,800	1982	1,048,000
1984	1,121,000		

Sales and Earnings

	Net Sales #	Net Income
1986	$ 128,777,000	$ 2,327,000
1985	125,299,000	772,000
1984	137,088,000	6,368,000
1983	109,943,000	4,675,000
1982	101,713,000	1,052,000

	No. of Com. Shares	Earn. per Share †
1986	2,969,071	$ 0.78
1985	2,957,502	0.26
1984	2,926,189	2.15
1983	2,908,971	1.58
1982	2,898,827	0.36

Of continuing operations only.
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.12	—	—
1985	0.12	—	—
1984	0.12	—	—
1983	0.12	—	—
1982	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 47,831,000	$ 16.11
1985	44,401,000	15.01
1984	42,278,000	14.45
1983	36,347,000	12.49
1982	32,451,000	11.19

Income Account *

Year ended	12/28/86	12/29/85
Net sales	$ 128,777,000	$ 125,299,000
Cost of sales	98,176,000	97,444,000
Expenses	27,122,000	27,608,000
Other income	(670,000)	(1,131,000)
Interest expense	1,899,000	1,882,000
Gain on sale of Amicon stock	(341,000)	—
Nonrecurring loss	—	429,000
Inc. (loss) bef. taxes	$ 2,591,000	$ (933,000)
Income taxes (credit)	264,000	(1,705,000)
Net Income	$ 2,327,000	$ 772,000

* Included in Costs and Expenses, Depreciation and Amortization: $7,332,000 in 1986 and $5,909,000 in 1985.

Assets

As of	12/28/86	12/29/85
Cash & short-term invest.	$ 9,041,000	$ 5,630,000
Accts. reciev., net	19,239,000	16,236,000
*Inventories	16,694,000	17,274,000
Refund inc. taxes	—	1,156,00
Prepayments	371,000	531,000
Current Assets	$ 45,345,000	$ 40,827,000
#Fixed assets	52,096,000	50,374,000
Unexpended bond proceeds	1,467,000	2,459,000
Other assets	2,141,000	1,643,000
Total Assets	$ 101,049,000	$ 95,303,000
Liabilities		
Notes payable	$ 301,000	$ 477,000
Long-term debt, curr.	1,866,000	1,746,000
Accts. payable	8,700,000	7,933,000
Accruals	1,708,000	1,083,000
Accrued payroll	6,141,000	5,552,000
Accrued interest	939,000	1,036,000
Income taxes	104,000	40,000
Other taxes	1,114,000	773,000
Curr. Liabilities	$ 20,873,000	$ 18,640,000
Long-term debt	26,438,000	27,041,000
Deferred inc. taxes	5,311,000	5,221,000
Pension liability	596,000	—
+Common stock	2,969,000	2,958,000
Add. paid-in capital	17,753,000	17,548,000
Retained earnings	27,500,000	25,529,000
Equity trans. adjust.	(391,000)	(1,634,000)
Total Liabilities & Shareholders' Equity	$ 101,049,000	$ 95,303,000

* At lower of cost (standard cost which approx. average actual cost) or market. Materials divisions are valued at lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.01	—
%Net Income to Sales	1.81	0.62
%Net Income to Equity	4.87	1.74
Sales to Inventories	7.71	7.25
Debt to Equity	0.55	0.66
Working Capital	$24,472,000	$22,187,000
Current Ratio	2.17	2.19
Shareholders' Equity	$47,831,000	$44,401,000

Rohr Industries, Inc.

Foot of H Street
P.O. Box 878
Chula Vista, California 92012-0878
(619) 691-4111

Officers: H.W. Todd, chairman, chief exec. officer & president; P.E. Brunton, sr. v.p.-finance, chief financial officer & treasurer; Robert H. Goldsmith, sr. v.p.-operations; G. Sim, sr. v.p.-programs & technology; Richard W. Madsen, corp. counsel & secretary; William Billingslea, Jr., asst. corp. counsel & asst. secretary; Nicholas A. Bucur, v.p.-programs & contracts; Peter Colston, v.p.-business development; Robert G. Daly, v.p. & gen. mgr.-Riverside; John R. Johnson, v.p.-mfg., Chula Vista; Alek A. Mikolajczak, v.p.-engineering; Jack Y. Peckenpaugh, v.p.-material; Donald M. Purdy, v.p.-CFM56-5/V2500 programs; Lawrence G. Rogna, v.p.-industrial relations; Jean-Pierre Rouziere, president & dir. gen.-Rohr France S.A.; Graydon A. Wetzler, v.p.-mgmt. information systems; N. James Wilson, v.p.-quality & product assurance.

Directors: H.W. Todd, Wallace W. Booth, K. Robert Hahn, Wayne M. Hoffman, James J. Kerley, Carl L. Sadler, Jack D. Steele.

Area of Work: The Company is an aerospace systems designer and manufacturer, producing components for commercial, military, and business aircraft and for solid rockets. Principal products include engineering services; engine nacelles, which are the pods that surround an aircraft's engines; thrust reversers, which are part of the nacelle system and assist in the deceleration of jet aircraft after landing; noise suppression systems; and non-rotating engine components.

Rohr Industries, Inc.

Subsidiaries:

Rohr Southern Industries, Inc.
Foley, Alabama
Assembly of engine subsystems, pylons, nacelles, thrust reversers, and engine mount spares.

Rohr Aero Services, Inc.
Fairhope, Alabama
Repair and modification of commercial and business jet nacelles and thrust reversers.

Rohr France S.A.
Toulouse, France
Final assembly of engine subsystems and nacelles for European-owned aircraft.

Rohr International Sales Corp.
Sales support for spare parts outside the U.S.

Rohr Credit Corp.
Finance subsidiary.

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois & New York, New York

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: RHR

Number of Employees:

1986 8,400

Plant Footage:

1986 ..... 4,300,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 626,124,000	$ 47,318,000
1985	593,583,000	47,306,000
1984	605,966,000	37,763,000
1983	567,924,000	24,125,000
1982	565,142,000	18,492,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	17,570,136	$ 2.70
1985	17,456,460	2.89
1984	15,592,000	2.46
1983	14,750,000	1.84
1982	N.A.	1.42

N.A. - Not Available
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 312,731,000	$ 17.84
1985	264,333,000	15.14
1984	190,531,000	12.22
1983	149,218,000	9.83
1982	126,325,000	8.90

‡ Adjusted to reflect stock split

Income Account
(000's)

Year ended July 31	1986	1985
Net sales	$ 626,124	$ 593,583
Cost of sales	482,160	464,446
Expenses	35,590	26,520
Taxes	23,193	20,921
Depreciation & amortization	14,967	13,202
Interest expense	2,534	3,644
Interest income	(8,038)	(13,556)
Income before taxes	$ 77,718	$ 78,406
Income taxes	30,400	31,100
Net Income	$ 47,318	$ 47,306

Assets
(000's)

As of July 31	1986	1985
Cash	$ 79,176	$ 108,438
Accts. receiv., net	100,702	108,234
*Inventories	172,254	103,503
Prepaid expenses	9,626	8,634
Current Assets	$ 361,758	$ 328,819
Investments in Rohr Credit Corp.	26,120	14,239
#Fixed assets	114,492	94,674
Total Assets	$ 502,370	$ 437,732

Liabilities
(000's)

Accts. payable	$ 66,556	$ 46,719
Adv. in exc. of rel. costs	—	12,205
Accrued payroll	42,685	46,525
Income taxes	41,261	32,780
Other taxes	3,010	3,459
Long-term oblig., curr.	881	771
Curr. Liabilities	$ 154,393	$ 142,459
Other obligations	22,842	18,545
13½% subord. deben.	12,404	12,395
+Common stock	17,534	17,456
Add. paid-in capital	90,288 *	89,286
Retained earnings	204,909	157,591
Total Liabilities & Shareholders' Equity	$ 502,370	$ 437,732

* At lower of cost (average) or estimated realizable value
# Less accumulated depreciation and amortization
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.41	13.21
%Net Income to Sales	7.56	7.97
%Net Income to Equity	15.13	17.90
Sales to Inventories	3.63	5.73
Working Capital	$207,365,000	$186,360,000
Current Ratio	2.34	2.31
Shareholders' Equity	$312,731,000	$264,333,000

Rospatch Corporation

3101 Walkent Drive N.W.
Walker, Michigan 49504
(616) 784-1000

Mailing address:

P.O. Box 2739
Grand Rapids, Michigan 49501

Officers: Jones Y. Pharr, Jr., chairman; Joseph A. Parini, president & chief exec. officer; Paul V. Smith, sr. v.p.; David E. Hoger, group v.p.; William E. Malpass, Jr., v.p.-finance, secretary & treasurer; Robert A. Botlet, v.p.

Directors: Jones Y. Pharr, Jr., chairman; Joseph A. Parini, J. Grant Beadle, James R. Sebastian, Jr., Glenn M. Walters, Ernest R. Seymour, William T. Zinser, Paul K. Gaston, Thomas W. Butler, Jr.

Areas of Work: The Company operates principally in three industry segments: identification products, technical products and wood products. Identification products include printed and woven fabric labels, woven narrow fabric tape and in-plant label printing equipment and supplies. Technical products include antisubmarine warfare equipment, gyroscopic instruments, phototools for the semiconductor industry, and avionics systems and electro-optical products. Wood products include ready-to-assemble furniture and detailed woodgrain and opaque finished particleboard and hardboard used as alternatives to traditional wood and wood veneer products.

Divisions and Subsidiaries:

Identification Products Group

Atron Division
Grand Rapids, Michigan

Lenoir Division
Lenoir, North Carolina
South Plainfield, New Jersey

Thermopatch Division
Syracuse, New York

Thermopatch B.V.
Almere, The Netherlands

Thermopatch (Canada) Inc.
Kitchener, Ontario, Canada

Wood Products Group

Jessco Division
Dowagiac, Michigan

Tiffin Enterprise, Inc.
Tiffin, Ohio

Technical Products Group

Rospatch Electronic Systems
Rochester, New York

Guidance Technology, Inc.
Chatsworth, California

Acquisition(s):

Infrared Industries, Inc.
12151 Research Parkway
Orlando, Florida 32826
(305) 282-7700
Designs, manufactures and markets electro-optical products which utilize infrared radiation.

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RPCH (NASDAQ)

Sales and Earnings

	Net Sales +	Net Income
1986	$ 105,062,000	$ (1,208,000)
1985	86,308,000	1,804,000
1984	63,675,000	2,201,000 *
1983	53,238,000	2,010,000
1982	34,249,000	724,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,963,996	$ —
1985	1,786,518	1.01
1984	1,417,122	1.55
1983	N.A.	1.52
1982	N.A.	0.60

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Identification prods.	$ 17,271,000	$ 14,230,000
Wood prods.	52,190,000	41,282,000
Technical prods.	35,601,000	30,796,000
Total	$ 105,062,000	$ 86,308,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.60	—	—
1985	0.60	—	—
1984	0.60	—	—
1983	0.60	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 40,855,000	$ 16.86
1985	29,487,000	16.76
1984	28,338,000	16.18
1983	20,696,000	16.50
1982	21,083,000	15.77

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 105,061,500	$ 86,308,300
Cost of sales	89,685,800	71,758,600
Expenses	12,458,900	10,843,500
Interest expense	1,181,200	1,075,900
Other expense	679,800	278,100
Income before taxes	$ 1,055,800	$ 2,352,200
Income taxes	872,000	1,083,300
Income from cont. oper.	$ 183,800	$ 1,268,900
Income (loss) from discont. oper.	(1,391,700)	535,500
Net Income (Loss)	$ (1,207,900)	$ 1,804,400

* Included in Costs and Expenses, Depreciation and Amortization: $3,038,800 in 1986 and $2,868,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 14,900	$ 3,525,100
Accts. receiv., net	22,281,400	17,118,000
Refundable taxes	1,267,500	589,300
*Inventories	18,457,200	13,423,300
Costs of contracts in prog.	1,746,700	496,500
Prepaid expenses	800,600	528,000
Fut. inc. tax benefits	—	22,700
Current Assets	$ 44,568,300	$ 35,702,900
#Fixed assets	24,710,100	14,004,800
Unexpend. ind. rev. bond proc.	2,868,200	—
Purchased technology	2,264,400	2,643,700
Intangibles	4,827,900	1,886,700
Other assets	1,558,000	1,463,300
Total Assets	$ 80,796,900	$ 55,701,400

Liabilities

Long-term debt, curr.	$ 175,300	$ 393,400
Accts. payable	6,532,700	8,930,100
Advance payments	5,692,900	—
Accrued payroll	2,659,600	2,080,700
Other accruals	2,223,800	1,366,200
Prov. for loss on dispos.	1,300,000	—
Income taxes	453,800	176,800
Deferred income taxes	282,000	—
Curr. Liabilities	$ 19,320,100	$ 12,947,200
Long-term debt	18,101,300	10,235,200
Deferred inc. taxes	2,393,800	2,923,400
Other deferred liab.	126,300	108,300
+Common stock	2,423,500	1,761,300
Add: paid-in capital	26,862,000	14,191,000
Retained earnings	11,569,900	13,802,500
Cum. trans. adjust.	—	(226,700)
Treasury stock	—	(40,800)
Total Liabilities & Shareholders' Equity	$ 80,796,900	$ 55,701,400

*At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	6.12
Sales to Inventories	5.69	6.43
Debt to Equity	0.45	—
Working Capital	$25,248,200	$22,755,700
Current Ratio	2.31	2.76
Shareholders' Equity	$40,855,400	$29,487,300

RTE Corporation

175 N. Patrick Boulevard
Brookfield, Wisconsin 53005
(414) 792-9300

Officers: Loren D. Barre, chairman & chief executive officer; Michael Allik, president & chief operating officer; Marion D. Huggins, v.p.-small power transformers; Richard L. Ruth, v.p.-components; Donald A. Fancher, v.p.-distribution transformers; Richard C. Lappin, group v.p.-electronics; Michael W. Gregg, v.p.-finance & chief financial officer; Harold C. Stone, v.p.-employee relations; G.S. Wooldridge, v.p.-sales; Raymond E. Fritz, secretary; Douglas W. Haag, treasurer.

Directors: Loren D. Barre*, Michael Allik, Duane L. Burnham, Richard L. Harrington, George T. Valaoras, John F. McKeon, Robert D. Musgjerd, Byron O. Pond*, Donald E. Ramlow, Vinson R. Simpson, Bernard W. Kittle, William T. Ylvisaker*.

* Member of the Executive Committee.

Areas of Work: The company is primarily a manufacturer of distribution and small power transformers and related equipment for the electric utility industry. Other products include capacitors and power supplies which are used by manufacturers of consumer appliances, lighting products, telecommunications equipment, computers, word processors, electronics instrumentation and robotics. The company operates in two groups: the Electrical Equipment Group produces transformers, components (connectors, fuses, surge arresters, fault indicators) and insulating fluids which are sold to the utility, industrial and transformer markets; the Electronics Group's products include power supplies, capacitors, power line filters, and uninterruptible power supplies. Markets include electronics manufacturers, consumer appliance manufacturers, industrial and international.

Divisions and Subsidiaries:

RTE Electrical Equipment Group

Distribution Transformer Division
Produces single phase pole and padmount transformers as well as padmount switchgear.

Small Power Division
Produces three phase padmount distribution and small power transformers. These transformers are sold to electric utilities, industrial firms and electrical contractors.

RTE Fluids Division
Manufactures and markets biodegradable and high-firepoint electrical insulating fluids used in transformers and circuit breakers.

RTE Components Division
Produces a variety of high voltage connectors, terminators, transformer components and fuses. These are sold to utilities, original equipment manufacturers and industrial customers worldwide.

RTE Far East
Taipai, Taiwan
Manufactures high voltage electrical components for the Far East market.

RTE Electronics Group

RTE Aerovox
New Bedford, Massachusetts; Amherst, Nova Scotia, Canada
Manufactures a variety of AC capacitors for industrial, commercial, consumer and research applications.

RTE Deltec
San Diego, California
Manufactures line conditioners and uninterruptible power systems, power regulators and isolation transformers.

RTE Power/Mate
San Diego, California
Produces a broad line of power supplies serving the electronics field. These are used in computers, work processors, electronic instrumentation, telecommunications, robotics and medical equipment.

Transfer Agent(s):
First Wisconsin Trust Company
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Stock Exchange(s): New York

Ticker Symbol: RTE

Number of Employees:

1986	3,000	1983	3,108
1985	3,380	1982	2,508
1984	3,550		

Plant Footage:
1986 1,712,000 sq. ft. 1985 1,709,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 330,098,000	$ 11,417,000
1985	332,680,000	15,225,000
1984	350,373,000	13,020,000
1983	269,105,000	11,850,000
1982	224,941,000	5,364,000

	No. of Com. Shares #	Earn. per Share #
1986	7,626,000	$ 1.50
1985	7,571,000	2.01
1984	7,453,000	1.75
1983	7,109,000	1.67
1982	5,842,000	0.92

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.60	—	—
1985	0.57	—	—
1984	0.515	—	—
1983	0.50	—	—
1982	0.425	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 95,910,000	$ 13.18
1985	103,235,000	13.49
1984	90,462,000	12.00
1983	80,049,000	10.79
1982	53,469,000	9.11

Income Account *
(000's)

Year ended	1/3/87	12/28/85
Revenues	$ 330,098	$ 332,680
Cost of sales	227,534	235,247
Expenses	69,778	66,266
Prov. for elec. restruc.	10,100	—
Interest expense	3,669	3,942
Income before taxes	$ 19,017	$ 27,225
Income taxes	7,600	12,000
Net Income	$ 11,417	$ 15,225

* Included in Costs and Expenses, Depreciation: $6,825,000 in 1986 and $6,526,000 in 1985.

Assets
(000's)

As of	1/3/87	12/28/85
Cash & temp. invest.	$ 23,480	$ 24,265
Accts. receiv.	39,289	37,870

RTE Corporation

Refund inc. taxes	—	971
*Inventories	26,960	40,071
Prepaid expenses	6,763	4,912
Current Assets	$ 96,492	$ 108,089
Other assets	1,338	3,834
#Fixed assets	55,657	54,711
Intangibles	165	892
Total Assets	$ 153,652	$ 167,526

Liabilities
(000's)

Long-term debt, curr.	$ 1,429	$ 2,996
Accts. payable	14,472	13,437
Compensation & rel. benefits	13,759	11,803
Other accruals	4,961	3,200
Dividends payable	1,098	1,148
Income taxes	2,405	—
Curr. Liabilities	$ 38,124	$ 32,584
Long-term debt	10,918	23,447
Deferred inc. taxes	8,700	8,260
+Common stock	7,707	7,653
Add. paid-in capital	19,997	23,054
Retained earnings	80,080	73,218
Cum. trans. adjust.	(96)	(690)
Total Liabilities & Shareholders' Equity	$ 153,652	$ 167,526

* At lower of cost or market. Domestic at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.76	8.20
%Net Income to Sales	3.46	4.58
%Net Income to Equity	11.90	14.75
Sales to Inventories	12.24	8.30
Debt to Equity	0.13	0.26
Working Capital	$58,368,000	$ 75,505,000
Current Ratio	2.53	3.32
Shareholders' Equity	$95,910,000	$103,235,000

Safeguard Scientifics, Inc.

630 Park Avenue
King of Prussia, Pennsylvania 19406
(215) 265-4000

Officers: Warren V. Musser, chairman & chief exec. officer; Adolf A. Paier, president & chief operating officer; Charles A. Root, exec. v.p.; James T. Glover, v.p. & pres.-Safeguard Power Tech Systems; Delbert W. Johnson, v.p. & pres.-Pioneer/Norelkote; Raymond H. Kraftson, v.p., general counsel & secretary; Ira M. Lubert, v.p.; Joseph F. Waterman, v.p.-corp. development; Gerald M. Wilk, v.p.-finance; William T. Gillan, treasurer; Michael W. Miles, controller; Richard J. Giacco, assoc. general counsel; Robert P. Floyd, Jr., dir.-corp. relations.

Directors: Warren V. Musser, chairman; Adolf A. Paier, Vincent G. Bell, Jr., Alfred R. Berkeley, Lawrence Chimerine, Ted L. Edwards, Robert A. Fox, Arnold M. Ganz, Raymond H. Kraftson, John W. Poduska, Sr.

Areas of Work: Operations of the Company primarily include ownership and management of commercial real estate, production and sale of telecommunications equipment, microcomputer software systems, ergonomically designed work stations, specialized drive systems, and specialty metal finishing services.

Subsidiaries:

Center Core
Designs, manufactures and markets ergonomically designed multi-user workstations.

Unison Technologies (majority-owned)
Mission Viejo, California
Develops, manufactures and markets products that provide supplemental power for personal computers.

PowerTech Systems
Aberdeen, South Dakota
Manufactures and markets a broad line of products that enable power sources to more effectively drive mechanical and hydraulic systems. These products include enclosed gear drives, mounted bearings, and other specialty items used in power transmission.

Premier Systems
Provides applications software for the commercial banking industry.

Coherent Communications Systems
Develops, manufactures and markets sophisticated data and voice communications equipment, involving the integration of voice/data multiplexing and transmission, modems and telephone-telegraph transmission equipment.

Sanchez Computer Associates
Malvern, Pennsylvania
Develops and markets proprietary computer software products for financial institutions.

Pioneer/Norelkote
Minneapolis, Minnesota & Green Bay, Wisconsin
Provides a variety of metal finishes for aluminum and steel products.

Blue Chip Products
Manufactures and distributes remanufactured automotive parts, including water pumps, clutches, starters and alternators.

The Nichols Company (40%-owned)
Commercial real estate development company.

Penn El
Produces terminal tubes and packing products for military and commercial ships and offshore drilling rigs.

QVC Network
Markets a variety of consumer products and services through a cable home shopping network.

Novell (20%-owned)
Designs, manufactures and markets a family of local area network and communication products which allow personal computers to share files, data and resources.

Imreg
New Orleans, Louisiana
Biotechnology firm engaged in research and development of proprietary immunoregulators.

Machine Vision International
Develops, assembles and markets artificial vision systems used in industrial automation, primarily to perform three-dimensional robot guidance in the transportation and aerospace industries.

Morlan International
Cemetery and funeral services.

Rabbit Software Corporation
Designs, develops, and markets communications software products.

Transfer Agent(s):
Mellon Bank (East) N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: SFE

Sales and Earnings

	Net Sales	Net Income †
1986	$ 67,515,000	$ 7,109,000
1985	58,829,000	3,323,000
1984	63,170,000	505,000
1983	42,974,000	(1,741,000)
1982	38,890,000	(6,674,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	4,598,000	$ 1.55
1985	4,450,000	0.75
1984	4,347,000	0.12
1983	N.A.	—
1982	N.A.	—

(Loss)
N.A. - Not Available

† Including extraordinary gain of $1,378,000 ($0.30 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Data technology:		
Information processing	$ 18,059	$ 13,757
Data communications	9,006	5,678
Industrial services:		
Power tech. systems	28,879	29,466
Metal finishing	8,176	7,452
Commercial real estate	1,844	—
Specialty services	1,551	2,476
Total	$ 67,515	$ 58,829

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 34,429,000	$ 7.49
1985	25,599,000	5.75
1984	21,582,000	4.96
1983	20,732,000	—
1982	23,271,000	—

‡ Based on the weighted average number of commmon shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Revenues:		
Net sales	$ 67,515	$ 58,829
Gains on sale of secur.	7,617	5,369
Other income	2,064	1,740
Total revenues	$ 77,196	$ 65,938
Cost of sales	41,038	36,558
Expenses	21,105	17,533
Depreciation & amortization	4,343	3,235
Minority interest	515	355
Eq. participation	(3,050)	—
Inc. from eq. inv.	(2,076)	—
Interest expense	6,504	4,352
Income before taxes	$ 8,817	$ 5,288
Income taxes	3,086	1,965
Net Income	$ 5,731	$ 3,323
Extraord. gain	1,378	—
Net Income & extraord. gain	$ 7,109	$ 3,323

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 2,780	$ 2,756
Accts. receiv., net	15,880	16,755
*Inventories	13,721	10,720
Other curr. assets	968	404
Current Assets	$ 33,349	$ 30,635
#Fixed assets	15,602	17,894
Commercial rl. estate	45,270	—
Investments	15,995	11,755
Notes receivable	1,977	2,559
Intangibles	13,366	5,876
Other assets	2,831	1,194
Total Assets	$ 128,390	$ 69,913

Liabilities
(000's)

Long-term debt, curr.	$ 6,538	$ 5,003
Accts. payable	4,558	3,080
Accruals	7,599	5,428
Income taxes	475	399
Curr. Liabilities	$ 19,170	$ 13,910

Long-term debt	23,846	12,009
Commercial rl. est. debt	42,227	—
Deferred inc. taxes	5,606	1,581
Other liabilities	1,112	394
Subord. obligations	4,000	16,420
+Common stock	451	445
Add. paid-in capital	15,020	15,517
Retained earnings	17,116	10,007
Treasury stock	(158)	(190)
Emp. stock purch. loans	—	(180)
Total Liabilities & Shareholders' Equity	$ 128,390	$ 69,913

* At lower of cost (FIFO) or market. Industrial services at LIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.06	8.99
%Net Income to Sales	8.49	5.65
%Net Income to Equity	17.67	12.98
Sales to Inventories	4.92	5.49
Debt to Equity	0.94	0.66
Working Capital	$14,179,000	$16,725,000
Current Ratio	1.74	2.20
Shareholders' Equity	$32,429,000	$25,599,000

Sage Laboratories, Inc.

11 Huron Drive
East Natick Industrial Park
Natick, Massachusetts 01760
(617) 653-0844

Officers: Theodore S. Saad, president & chairman of the board; Carl A. Marguerite, exec. v.p. & treasurer; Anthony Cieri, v.p.-sales; Harry Chapell, v.p.-engineering; Robert P. Moncreiff, clerk.

Directors: Theodore S. Saad, Robert Elliott, R. Willis Leith, Jr., Carl A. Marguerite, Edward M. Scheu, Jr., John E. Miller.

Area of Work: Designs, develops and manufactures specialized components (both active and passive) and equipment used in the transmission, reception, and modification of microwave energy. Such components include regular and miniature mixers, filters, hybrids, couplers, attenuators and terminations.

Division:

Components Division
11 Huron Drive
Natick, Massachusetts 01760
(617) 653-0844

Subsidiaries:

Sage Laboratory Exports, Inc.
A Domestic International Sales Corporation (DISC).

Sage Laboratories Investment Corporation

Transfer Agent(s):

State Street Bank & Trust Co.
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SLAB (NASDAQ)

Number of Employees:

1986	38	1983	38
1985	41	1982	40
1984	38		

Plant Footage:

1986	20,000 sq. ft.	1983	13,000
1985	13,000	1982	13,000
1984	13,000		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 5,428,945	$ 838,398
1985	5,240,460	806,803
1984	4,175,321	606,958
1983	3,816,453	538,834
1982	3,813,342	562,805

	No. of Com. Shares	Earn. per Share +
1986	448,905	$ 1.80
1985	456,621	1.73
1984	455,021	1.33
1983	446,021	1.18
1982	435,565	1.26

‡ Of continuing operations only; includes contract revenues.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 4,546,279	$ 9.96
1985	4,062,989	8.90
1984	3,235,478	7.11
1983	2,809,166	6.30
1982	2,323,733	5.33

Income Account *

Year ended June 30	1986	1985
Net sales & contract revenues	$ 5,428,945	$ 5,240,460
Cost of sales	2,640,370	2,504,149
Expenses	1,423,681	1,468,501
Oper. profit	$ 1,364,894	$ 1,267,810
Interest income	(171,121)	(162,331)
Dividend income	(86,451)	(107,381)
Interest expense	2,068	10,719
Income before taxes	$ 1,620,398	$ 1,526,803
Income taxes	782,000	720,000
Net Income	$ 838,398	$ 806,803

* Included in Costs and Expenses, Depreciation and Amortization: $142,290 in 1986 and $231,495 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 10,521	$ 54,286
Short-term investments	2,388,834	1,780,000
Accts. receiv., net	1,289,086	1,336,397
*Inventories	513,522	709,163
Prepaid expenses	66,207	8,367
Current Assets	$ 4,268,170	$ 3,888,213
#Fixed assets	2,423,270	476,721
Value of insurance	40,556	37,149
Prepaid inc. taxes	7,000	18,000
Catalog costs	7,340	10,800
Market. secur.	842,722	891,947
Bond proceeds	662,163	—
Total Assets	$ 8,251,221	$ 5,322,830

Liabilities

Accts. payable	$ 158,728	$ 186,493
Accruals	440,298	346,331
Accrued payroll	465,159	488,152
Commissions	124,665	130,619
Oblig. under capital lease, curr.	166,667	32,503
Curr. Liabilities	$ 1,355,517	$ 1,184,098
Long-term debt	2,349,425	75,743
+Common stock	474,596	465,396
Add. paid-in capital	862,806	824,306
Retained earnings	3,685,499	2,938,425
Valuaton allow. on secur.	(156,465)	(107,240)
Treasury stock	(313,618)	(27,819)
Deferred comp.	(6,539)	(30,079)
Total Liabilities & Shareholders' Equity	$ 8,251,221	$ 5,322,830

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales & Rev.	29.85	29.13
%Net Income to Sales & Rev.	15.44	15.40
%Net Income to Equity	18.44	19.86
Debt to Equity	0.55	0.03
Working Capital	$2,912,653	$2,704,115
Current Ratio	3.15	3.28
Shareholders' Equity	$4,546,279	$4,062,989

San/Bar Corporation

9999 Muirlands Parkway
Irvine, California 92718
(714) 855-9911

Officers: Barry K. Hallamore, chairman of the board & president; John H. Piel, group v.p. & gen. mgr.-Texas; Ray Schuessler, v.p.-corp. marketing; George A. Merritt, v.p.-research & development-Telecommunications Products; Merlyn K. Davies, v.p. & gen. mgr.-Break-Free Division; Harold W. Anderson, secretary, treasurer & chief financial officer; Lloyd G. Hallamore, dir.-corp. development & asst. secretary.

Directors: Barry K. Hallamore, chairman; Robert D. Johnson, Lloyd G. Hallamore, Larry Velie, Robert L. Purcell.

Areas of Work: Develops, manufactures, markets and services systems and products for the telephone industry, including carrier systems, remote disconnect systems, ring transfer message waiting units, etc. Also produces a penetrating lubricant for weapon cleaning which is primarily sold to the Army.

Divisions:

Business Telephone System
2413 Shiloh Road
Garland, Texas 75040

Transmission Systems Division

Break-Free Division

Telephone Service Division
2405 Shiloh Road
Garland, Texas 75040

Transfer Agent(s):

First Interstate Bank
707 Wilshire Boulevard
Los Angeles, California 90017

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SBAR (NASDAQ)

Number of Employees:

1986	210	1984	N.A.
1985	200	1983	380

Plant Footage:

1986	117,000 sq. ft.	1984	N.A.
1985	117,000	1983	55,000

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 13,271,617	$ (2,356,754)
1985	15,315,855	5,493,181
1984	26,313,545	423,871
1983	23,686,875	(859,401)
1982 *	24,872,815	1,331,697

	No. of Com. Shares +	Earn. per Share +‡
1986	2,055,103	$ —
1985	2,049,807	2.68
1984	2,002,757	0.21
1983	1,399,332	—
1982	1,855,105	0.72

San/Bar Corporation

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.
‡ Including extraordinary gain of $8,902,588 ($4.34 per share) in 1985.

Revenues By Line of Business
(000's)

	1986	1985
Bus. telephones/ transmission syst.	$ 6,773,368	$ 10,682,240
Tele. serv. ctr.	2,480,502	1,044,870
Break-Free	4,017,747	3,588,745
Total	$ 13,271,617	$ 15,315,855

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.05	—	—
1984	—	—	—
1983	0.05	—	—
1982	0.08	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 12,379,117	$ 6.02
1985	14,658,602	7.15
1984	9,097,930	4.54
1983	8,634,077	6.17
1982	9,511,015	5.13

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 13,271,617	$ 15,315,855
Other income	1,639,125	2,541,618
Total income	$ 14,910,742	$ 17,857,473
Cost of sales	13,216,863	16,639,534
Expenses	5,557,107	6,639,391
Interest expense	103,526	728,955
Loss bef. taxes	$ (3,966,754)	$ (6,150,407)
Tax credit	(1,610,000)	(2,741,000)
Net Loss	$ (2,536,754)	$ (3,409,407)
Extraord. gain	—	8,902,588
Net Income (Loss) & extraord. gain	$ (2,536,754)	$ 5,493,181

* Included in Costs and Expenses, Depreciation and Amortization: $582,742 in 1986 and $558,588 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 9,341,536	$ 390,222
Accts. receiv., net	3,231,933	2,299,289
Receiv. from lawsuit settlement	—	14,759,246
*Inventories	6,517,997	7,771,658
Prepaid expenses	823,942	218,021
Refund. inc. taxes	—	1,522,063
Current Assets	$ 19,915,408	$ 26,960,499
#Fixed assets	1,568,553	3,161,595
Other assets	1,172,068	248,313
Total Assets	$ 22,656,029	$ 30,370,407

Liabilities

Notes payable	$ —	$ 5,250,000
Long-term debt, curr.	64,706	34,406
Accts. payable	1,572,223	1,374,342
Accruals	525,522	562,804
Accrued compen.	246,459	240,819
Income taxes	5,308,876	—
Deferred inc. taxes	—	6,421,880
Curr. Liabilities	$ 7,717,786	$ 13,884,251
Long-term debt	1,731,516	1,663,007
Deferred inc. taxes	827,610	164,547
+Common stock	6,438,624	6,505,623
Retained earnings	6,291,570	8,648,324
Restricted stock plan exp.	351,077	(495,345)
Total Liabilities & Shareholders' Equity	$ 22,656,029	$ 30,370,407

* At lower of cost (FIFO) or market (net realizable value).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

Sales to Inventories	2.04	1.97
Debt to Equity	0.15	0.47
Working Capital	$12,197,622	$13,076,248
Current Ratio	2.58	1.94
Shareholders' Equity	$12,379,117	$14,658,602

Sargent-Welch Scientific Company

7300 North Linder Avenue
Skokie, Illinois 60077
(312) 677-0600

Officers: Thomas M. Mints, Jr., chairman of the board, president & chief executive officer; D. Jeffrey Baddeley, v.p., secretary & general counsel; Edward F. Ewen, Clark L. Schmitz, Ronald M. Rodeo, Robert L. Bieser, George Bienenstock, v.p.'s; Gerald J. Sweas, v.p.-finance & treasurer; Gerald W. Klopp, controller.

Directors: Thomas M. Mints, Jr.*, Kenneth A. Bro*, T. Mackin Sexton, Robert R. Snediker, William B. Weiss*, D. Jeffrey Baddeley, William E. Bendix, Andrew J. McKenna, Frederic V. Malek.

* Member of the Executive Committee.

Areas of Work: Produces or distributes different scientific items for the educational and industrial markets including high vacuum mechanical pumps, turbo pumps and other vacuum products, chemical analysis meters, interferometers, Polarograph® products, recording titrators, spectrophotometers, potentiometric recorders, and pH measuring equipment. Distributes glassware, analytical balances, water stills and chemicals.

Subsidiaries:

SWS International Limited
Delaware

SWS, Inc.
Delaware

Sargent Welch Scientific of Canada, Limited
Weston, Ontario

Transfer Agent(s):
The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): New York, Midwest

Ticker Symbol: SWS

Number of Employees:

1985	750	1982	700
1984	775	1981	930
1983	750		

Plant Footage:

1985	485,000 sq. ft.	1982	674,925
1984	485,000	1981	511,000
1983	661,800		

Sales and Earnings

	Net Sales	Net Income
1985	$ 82,212,000	$ 5,624,000
1984	78,362,000	4,872,000
1983	72,569,000	3,955,000
1982	77,984,000	4,022,000
1981	81,605,000	8,667,000

	No. of Com. Shares	Earn. per Share †
1985	2,345,804	$ 2.40
1984	2,342,054	2.08
1983	2,342,054	1.69
1982	2,336,554	1.72
1981	2,334,554	3.72

† Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.42	—	—
1984	1.34	—	—
1983	1.23	—	—
1982	1.20	—	—
1981	1.62	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 60,335,000	$ 25.72
1984	58,067,000	24.79
1983	56,471,000	24.13
1982	55,286,000	23.66
1981	54,168,000	23.20

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 82,212,000	$ 78,362,000
Other income	2,498,000	2,751,000
Total income	$ 84,710,000	$ 81,113,000
Cost of sales	53,483,000	52,327,000
Expenses	20,901,000	19,994,000
Income before taxes	$ 10,326,000	$ 8,792,000
Income taxes	4,702,000	3,920,000
Net Income	$ 5,624,000	$ 4,872,000

* Included in Costs and Expenses, Depreciation and Amortization: $860,000 in 1985 and $866,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 1,236,000	$ 1,001,000
Marketable securities	30,736,000	29,159,000
Accts. receiv., net	11,681,000	12,818,000
*Inventories	16,144,000	14,553,000
Other assets	1,078,000	880,000
Current Assets	$ 60,875,000	$ 58,411,000
#Fixed asset	7,377,000	7,648,000
Total Assets	$ 68,252,000	$ 66,059,000

Liabilities

Accts. payable	$ 2,832,000	$ 3,853,000
Accruals	3,402,000	2,839,000
Income taxes	941,000	697,000
Curr. Liabilities	$ 7,175,000	$ 7,389,000
Deferred inc. taxes	742,000	603,000
+Common stock	2,500,000	2,500,000
Add. paid-in capital	5,096,000	5,032,000
Retained earnings	54,845,000	52,550,000
Cum. trans. adj.	(431,000)	(299,000)
Treasury stock	(1,675,000)	(1,716,000)
Total Liabilities & Shareholders' Equity	$ 68,252,000	$ 66,059,000

* At lower of cost (LIFO for domestic inventories, FIFO for foreign) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.56	11.22
%Net Income to Sales	6.84	6.22
%Net Income to Equity	9.32	8.39
Sales to Inventories	5.09	5.38
Working Capital	$53,700,000	$51,022,000
Current Ratio	8.48	7.91
Shareholders' Equity	$60,335,000	$58,067,000

Scan-Optics, Inc.

22 Prestige Park Circle
East Hartford, Connecticut 06108
(203) 289-6001

Officers: Jean M. Belhumeur, Jr., chairman of the board & president; Clarence W. Rife, sr. v.p.-customer service; Ronald E. Gocht, sr. v.p.-engineering; Edward E. Hale, sr. v.p.-distributor relationships; Joseph H. Thomas, sr. v.p.-operations; David A. Newton, v.p.-engineering; Daniel E. Woods, v.p.-software technology; Charles J. Longworth, v.p.-sales; William H. Cuddy, secretary; John H. Aucoin, v.p. & controller; John V. Woods, gen. mgr.-Scan-Optics Ltd.; Carolyn M. Skahill, treasurer.

Directors: Jean M. Belhumeur, Jr., Logan Clarke, Jr., Robert H. Steele, Richard J. Coburn, Lyman C. Hamilton, Jr.

Areas of Work: Engaged in the development, manufacture and marketing of data entry systems using optical character recognition and image processing technologies. The Company either sells this data entry equipment directly to customers or leases it through its wholly owned subsidiary, World-Wide Systems Corporation. The Company also furnishes maintenance and engineering support service to its customers as well as software and systems analysis service.

Subsidiaries:

World-Wide Systems Corporation
22 Prestige Park
East Hartford, Connecticut 06108

Scan-Optics Limited
36 Sunbury Cross Centre
Sunbury, Middlesex, England TW16 7AZ

Scan Optics (Canada) Ltd.
7100 Woodbine Avenue
Suite 213
Markham, Ontario L3R 5J2
Canada

Scan-Optics (France) S.A.
140 boulevard Malesherbes
75017 Paris, France

Transfer Agent(s):

The Connecticut Bank & Trust Co., N.A.
One Constitution Plaza - X04B
Hartford, Connecticut 06115

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOCR (NASDAQ)

Number of Employees:

1986	N.A.	1983	336
1985	377	1982	321
1984	354		

Plant Footage:

1986	N.A.	1983	59,000
1985	64,000 sq. ft.	1982	45,200
1984	59,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 15,829,268	$ 3,019,321
1985	18,249,612	3,861,787
1984	15,663,372	4,388,614
1983	17,758,093	3,844,616
1982	13,387,289	2,831,113

	No. of Com. Shares +	Earn. per Share ‡ +
1986	6,693,808	$ 0.45
1985	6,147,228	0.63
1984	6,129,465	0.72
1983	6,101,115	0.63
1982	5,374,632	0.53

‡ Including extraordinary gain of $218,690 ($0.04 per share) in 1983.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 40,227,318	$ 6.01
1985	32,157,012	5.23
1984	28,068,093	4.58
1983	23,634,410	3.87
1982	15,511,541	2.89

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Dec. 31	1986	1985
Net sales	$ 15,829,268	$ 18,249,612
Lease & service rev.	13,202,606	11,862,445
Total income	$ 29,031,874	$ 30,112,057
Cost of sales	8,167,559	10,041,723
Expenses	15,530,453	13,072,966
Depreciation	76,206	99,421
Interest income	(644,021)	(390,409)
Interest expense	14,789	59,200
Other income	(25,964)	(174,132)
Income before taxes	$ 5,912,852	$ 7,403,288
Income taxes	2,893,531	3,541,501
Net Income	$ 3,019,321	$ 3,861,787

Assets

As of Dec. 31	1986	1985
Cash	$ 314,332	$ 344,464
Certificate of deposit	8,514,101	5,235,072
Accounts receiv.	2,278,938	1,051,769
Accts. receiv., net	11,201,015	10,876,007
Receiv.-sales-type leases	3,711,715	5,058,692
*Inventories	13,058,653	8,671,018
Prepaid expenses	126,057	132,431
Current Assets	$ 39,204,811	$ 31,369,453
Equip. leased to customers	296,383	379,706
#Fixed assets	5,931,101	4,438,223
Def. financing costs	198,488	179,474
Invest. in sales-type leases	2,848,884	4,836,852
Total Assets	$ 48,479,667	$ 41,203,708

Liabilities

Notes payable	$ 200,000	$ —
Accts. payable	2,446,471	949,286
Accruals	262,739	373,391
Accrued taxes on income	717,753	1,653,341
Accrued payroll	908,421	861,415
Misc. taxes	789,794	791,848
Cust. deposits	—	72,172
Def. inc. taxes	1,174,282	1,726,350
Curr. Liabilities	$ 6,499,460	$ 6,427,803
Def. inc. taxes	149,193	101,356
Stockholders' equity	1,603,696	2,517,537
+Common stock	133,765	116,601
Add. paid-in capital	33,704,921	28,681,457
Curr. trans. adj.	138,656	128,299
Retained earnings	6,249,976	3,230,655
Total Liabilities & Shareholders' Equity	$ 48,479,667	$ 41,203,708

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	37.35	40.57
%Net Income to Sales	19.07	21.16
%Net Income to Equity	7.51	12.01
Sales to Inventories	1.21	1.99
Working Capital	$32,705,351	$24,941,650
Current Ratio	6.03	4.88
Shareholders' Equity	$40,227,318	$32,157,012

Schlumberger Limited

277 Park Avenue
New York, New York 10172
(212) 350-9400

42, rue Saint-Dominique
75007 Paris
France

2-7-1, Nishi-Shinjuku 2-chome
Shinjuku-Ku
Tokyo 163
Japan

Officers: Euan Baird, chairman of the board & chief exec. officer; Arthur Lindenauer, exec. v.p. & chief financial officer; Michel Gouilloud, exec. v.p.; Roland Genin, chairman of the exec. committee; Roy R. Shourd, Rene Mitieus, Donald W. Brooks, Ian Strecker, André Salaber, exec. v.p.'s; Jean-Dominique Percevault, Allen Klein, André Misk, v.p.'s; Patrick J.B. Corser, controller; David S. Browning, secretary & general counsel; Andrew Gould, treasurer; James A. Mackenzie, André Laloux, Thomas O. Rose, Jean Boucharlat, asst. secretaries.

Directors: Euan Baird, chairman; Roland Genin*, George H. Jewell, Paul A. Lepercq*, Georges de Menil, Don E. Ackerman, Robert A. Charpie*, Bernard Hanon, Nichlas Seydoux, Richard R. Shinn, Felix Rohatyn*, Pierre Marcel Schlumberger, Yoshihiko Morozumi.

* Member of the Executive Committee.

Areas of Work: Provides measurement and control instruments and systems, computer-aided design, manufacturing and testing services, and electronic components for consumer, industrial and commercial applications. Also offers well-site and contract drilling services to the oil industry on a worldwide basis.

Divisions and Subsidiaries:

Measurement and Control

Fairchild-Weston
Data acquisition and recording; signal processing and electronic countermeasures systems; control equipment for nuclear power systems; miniature CCD cameras and high performance reconnaissance cameras, radar simulation and training systems.

Electronic Transactions
Electronic payment terminals, smart cards, card-operated public payphones, fuel dispensing systems; parking terminals.

Electricity Management Division
Electricity meters and equipment for electric power distribution, load and rate management systems; network protection systems and measuring transformers for electric power transmission.

Schlumberger Limited

Instruments Division
Magnetic tape recorders; electronic instrumentation for industrial, laboratory and aerospace application; data acquisition and telemetry systems and transducers.

Water and Gas Division
Water and gas meters and distribution systems.

Control, Valves & Technology Valves Division
Industrial process control equipment; petroleum, nuclear and industrial valves.

Oilfield Services

Wireline Services
Wireline service companies provide measurements of physical properties of underground formations which help locate and define oil and gas reservoirs and assist in completion, development and production phases of oil wells.

Wireline North America

Wireline Atlantic

Wireline Asia

Drilling Services

Sedco Forex
Drilling offshore and on land.

Anadrill
Well-site computer analysis of surface and downhole drilling and geological data; directional drilling services; drilling tool rentals.

Seismic Services
GECO (50%-owned)
Marine seismic data acquisition and processing services.

Pumping Services

Dowell-Schlumberger (50%-owned)
Cementing, acidizing, fracturing, formation testing and directional drilling services.

Fairchild Semiconductor

Digital
Digital logic including FAST FACT and low-power Schottky logic, and semicustom logic products.

Memory & High-Speed Logic
Static RAMS, PROMS, 100K ECL Logic, and programmable logic products.

Analog & Microprogessor
Power and small signal discrete, hybrids, linear, telecommunications, signal processing, and microprocessor products.

Computer Aided Systems

Sentry Systems
Computer-controlled systems for testing semiconductors.

Factron Systems
Computer-controlled systems for testing printed circuit board subassemblies.

Applicon Systems
Computer aided engineering, design and manufacturing CAE/CAD/CAM systems for electronic and mechanical design.

Benson
Computer-aided drafting products and peripherals for CAD/CAM.

Transfer Agent(s):
Morgan Shareholder Services Trust Co.
New York, New York

MBank Houston, N.A.
Houston, Texas

Stock Exchange(s): New York, Paris, London, Amsterdam, Geneva, Frankfurt

Ticker Symbol: SLB

Number of Employees:

1986	49,661	1983	68,920
1985	72,810	1982	75,330
1984	74,970		

Sales and Earnings

	Net Sales +	Net Income
1986	$4,938,000,000	$ (2,017,591)
1985	6,019,000,000	351,036,000
1984	5,636,000,000	1,182,073,000
1983	5,270,000,000	1,084,299,000
1982	5,810,000,000	1,348,165,000

	No. of Com. Shares †	Earn. per Share †
1986	287,387,000	$ —
1985	298,872,000	1.17
1984	288,580,000	4.10
1983	290,933,000	3.73
1982	293,119,000	4.60

(Loss)
+ Includes services and other income; of continuing operations only.
† Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Oilfield services	$ 2,652,000	$ 3,966,000
Measurement & control	1,916,000	1,619,000
Interest and other income	370,000	434,000
Total	$ 4,938,000	$ 6,019,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.20	—	—
1984	1.12	—	—
1983	1.00	—	—
1982	0.92	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$4,123,271,000	$ 14.35
1985	6,877,308,000	23.01
1984	6,992,202,000	24.23
1983	5,818,850,000	20.00
1982	5,226,444,000	17.83

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales & services	$ 4,568,395	$ 5,585,060
Other income	370,025	433,842
Total income	$ 4,938,420	$ 6,018,902
Cost of sales & service	3,510,320	3,649,567
Expenses	965,500	858,030
Interest expense	410,001	209,238
Nonrecurring charges	1,601,314	—
Income (loss) bef. taxes	$ (1,548,715)	$ 1,302,067
Income taxes	105,855	324,417
Inc. (loss) - cont. oper.	$ (1,654,570)	$ 977,650
Loss - discont. oper.	(363,021)	(626,614)
Net Income (Loss)	$ (2,017,591)	$ 351,036

* Included in Costs and Expenses, Depreciation and Amortization: $719,033,000 in 1986 and $729,457,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 45,247	$ 41,339
Investments	3,765,128	4,548,785
Receiv., net	974,681	1,272,968
*Inventories	560,032	699,961
Other assets	66,909	77,144
Current Assets	$ 5,411,997	$ 6,640,197
Investments & receiv.	435,604	950,851
Net assets of Fairchild Semiconductor	150,000	—
#Fixed assets	1,832,460	3,125,216
Exec. of invest. over net assets of subsid. purch.	118,000	534,319
Other assets	63,718	31,649
Total Assets	$ 8,011,779	$ 11,282,232

Liabilities
(000's)

Long-term debt, curr.	$ 8,155	$ 18,516
Accts. payable & accruals	1,338,758	1,188,271
Bank loans	1,034,615	1,046,780
Dividends payable	84,787	89,357
Income taxes	826,894	948,409
Curr. Liabilities	$ 3,293,209	$ 3,291,333
Long-term debt	504,334	1,013,746
Other liabilities & reserves	90,965	99,944
+Common stock	421,113	421,186
Retained earnings	4,539,421	6,900,894
Treasury stock	(784,768)	(310,528)
Trans. adjustment	(52,495)	(134,343)
Total Liabilities & Shareholders' Equity	$ 8,011,779	$ 11,282,232

* At lower of average or standard or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	5.10
Debt to Equity	0.12	0.15
Working Capital	$2,118,788,000	$3,345,864,000
Current Ratio	1.64	2.02
Shareholders' Equity	$4,123,271,000	$6,877,209,000

SCI Systems, Inc.

5000 Technology Drive
Huntsville, Alabama 35805
(205) 882-4800

Officers: Olin B. King, chairman of the board & chief exec. officer; A. Eugene Sapp, Jr., president & chief operating officer; Ronald F. Borelli, Richard A. Holloway, sr. v.p's.; Charles H. Gunselman, Leonard L. Mitchum, Jr., Thomas H. Southerland, Jerry F. Thomas, Walter J. Conroy, P. Michael Dunn, Irwin O. Goldstein, Edmund F. Turek, James N. Chiavetta, Michael J. Connolly, Charles D. Tillett, Charles A. Waldorff, v.p.'s; James R. Daniel, treasurer; D. Lynn Cox, secretary.

Directors: Olin B. King*, chairman; Elliott Goldstein*, Thomas H. Lenagh*, Howard H. Callaway, W.L. Halsey, Jr., Charles M. Reynolds, Jr., A. Eugene Sapp, Jr., G. Robert Tod, Judith T. Connor.

*Member of the Executive Committee.

Areas of Work: Company engages in research, development and manufacture of data management systems, flight test systems, data bus products, computer memories, communications products, aircraft controls and displays, missile electronics, and mission support integration for the government and aerospace industry; supervisory control systems for automation of oil, gas and water distribution, petrochemical process control, building utility control, traffic control functions, gas liquification plants, coal to gas conversion plants and uranium enrich-

ment plants; banking automation systems including a family of interactive terminals combined with distributed processors and application software; image processing using a computer to automatically process and analyze visual images in real time; currency handling products; telemetry transmitters and receivers used in cardiac monitoring systems; computer products; a family of advanced printers; injection molded plastics, expanded polystyrene plastics and thermosetting plastics; aluminum castings; and machined components.

Subsidiaries:

SCI Technology, Inc.
SCI Manufacturing, Inc.

Acquisition(s):

Unitronic
Milpitas, California
Manufactures electronic assemblies, primarily using surface mount technology.

AWI
A surface mount technology design and manufacturing firm.

Transfer Agent(s):

The First National Bank of Maryland
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SCIS (NASDAQ)

Number of Employees:

1986	5,185	1983	3,220
1985	4,290	1982	2,920
1984	4,260		

Plant Footage:

1986	987,000 sq. ft.	1983	565,000
1985	865,000	1982	518,000
1984	800,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 470,223,681	$ 13,792,363
1985	538,109,974	13,734,963
1984	437,351,400	11,515,773
1983	182,499,400	6,570,476
1982	90,013,900	4,110,278

	No. of Com. Shares +	Earn. per Share †
1986	13,802,324	$ 1.00
1985	13,789,634	1.00
1984	12,975,410	0.91
1983	11,788,250	0.57
1982	11,388,756	0.37

+ Adjusted to reflect stock dividend and stock split.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business

	1986 ($000's)	%	1985 ($000's)	%
Government programs	$ 66,611	14%	$ 60,373	11%
Commercial products	403,613	86	477,737	89
Total	$470,224	100%	$538,110	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	50%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 114,469,192	$ 8.29
1985	98,844,681	7.17
1984	77,211,107	5.95
1983	44,135,846	3.74
1982	33,904,335	2.98

† Adjusted to reflect stock dividend and stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 470,223,681	$ 538,109,974
Other income	4,186,151	787,408
Total income	$ 474,409,832	$ 538,897,382
Cost of sales & exp	443,602,274	504,610,593
Interest expense	8,031,365	10,174,474
Other charges	507,830	1,137,352
Income before taxes	$ 22,268,363	$ 22,974,963
Income taxes	8,476,000	9,240,000
Net Income	$ 13,792,363	$ 13,734,963

* Included in Costs and Expenses, Depreciation and Amortization: $8,095,714 in 1986 and $5,616,857 in 1985.

Assets

As of June 30	1986	1985
Cash & cert. of deposit	$ 59,932,523	$ 18,067,827
Accts. receiv., net	49,901,236	55,748,993
Unreimbursed costs	1,970,022	1,458,616
*Inventories	97,766,188	143,705,966
Other current assets	3,784,437	1,389,302
Current Assets	$ 213,354,406	$ 220,310,704
#Fixed assets	43,868,036	36,810,857
Goodwill	6,562,238	—
Other assets	7,766,820	5,039,712
Total Assets	$ 271,551,500	$ 262,161,273

Liabilities

Note payable	$ 928,241	$ —
Long-term debt, curr.	1,379,331	1,072,348
Accts. payable	46,818,583	63,135,989
Accrued payroll	6,837,989	5,336,659
Accruals	6,718,143	3,477,943
Income taxes	10,983,041	7,569,951
Curr. Liabilities	$ 73,665,328	$ 80,592,890
Long-term debt	79,092,787	78,639,509
Deferred inc. taxes	4,324,193	4,084,193
+Common stock	1,380,232	1,378,963
Add. paid-in capital	51,342,699	51,207,520
Retained earnings	59,647,991	45,855,628
For. curr. trans.	2,098,270	402,570
Total Liabilities & Shareholders' Equity	$ 271,551,500	$ 262,161,273

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.74	4.27
%Net Income to Sales	2.93	2.55
%Net Income to Equity	12.05	13.90
Sales to Inventories	4.81	3.74
Debt to Equity	0.71	0.81
Working Capital	$139,689,078	$139,717,814
Current Ratio	2.90	2.73
Shareholders' Equity	$114,469,192	$ 98,844,681

Scientific Industries, Inc.

A rport International Plaza
70 Orville Drive
Bohemia, N.Y. 11716
(516) 567-4700

Officers: Lowell A. Kleiman, president & treasurer; Charles N. Bellm, secretary; Cathy Zimlinghaus, v.p.-administration; Claire McAuliffe, asst. secretary & asst. treasurer.

Directors: Charles N. Bellm, Joseph I. Kesselman, Lowell A. Kleiman, Roger B. Knowles, Arthur M. Bordon.

Areas of Work: Produces scientific instruments and apparatus for laboratory use. Products include liquid mixers, timers, peristaltic pumps, rotators hospital supply sterilizers, and sterilizer control systems. Also cutomizes and remanufactures sterilizers and autoclaves for laboratories, pharmaceutical houses, and medical device manufacturers.

Subsidiary:

Scientific Packaging Industries Inc.

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SCND (NASDAQ)

Number of Employees:

1986 23

Plant Footage:

1986 ..... 41,287 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 2,054,600	$ 121,900
1985	1,784,400	(221,000)
1984	1,620,900	(95,600)
1983	1,118,400	(321,600)
1982	1,672,400	(55,800)

	No. of Com. Shares	Earn. per Share †‡
1986	802,232	$ 0.16
1985	754,232	—
1984	754,232	—
1983	749,232	—
1982	730,732	—

† Including extraordinary gain of $2,600 in 1986. (Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Revenues By Line of of Business

	1986	1985	1984	1983
Laboratory equipment	68%	60%	68%	73%
Sterilizers, autoclaves and similar devices	32	40	32	27
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 576,400	$ 0.72
1985	414,500	0.55
1984	635,500	0.84
1983	726,700	0.97
1982	1,030,200	1.41

Income Account *

Year ended June 30	1986	1985
Net sales	$ 2,054,600	$ 1,784,400
Cost of sales	1,322,600	1,335,500

Scientific Industries, Inc.

Expenses	678,300	739,500
Interest income	(800)	(6,100)
Interest expense	5,900	3,300
Other income	(73,900)	(66,800)
Inc. (loss) bef. taxes	$ 122,500	$ (221,000)
Income taxes	3,200	—
Net Income (Loss)	$ 119,300	$ (221,000)
Extraord. gain	2,600	—
Net Income (Loss) & extraord. gain	$ 121,900	$ (221,000)

* Included in Costs and Expenses, Depreciation and Amortization: $23,400 in 1985 and $24,000 in 1984.

Assets

As of June 30	1986	1985
Cash	$ 57,300	$ 58,100
Accts. receiv., net	225,700	124,200
Costs in exc. of billings	—	25,600
*Inventories	514,200	483,600
Prepaid expenses	37,700	28,400
Subscriptions receiv.	26,500	—
Current Assets	$ 861,400	$ 719,900
#Fixed assets	63,800	77,300
Other assets	23,900	23,600
Total Assets	$ 949,100	$ 820,800

Liabilities

Bank rates	$ 75,000	$ 50,000
Accts. payable	182,700	186,800
Accrued expenses	79,000	83,000
Billings in exc. of costs	30,600	80,100
Customer advances	5,400	6,400
Curr. Liabilities	$ 372,700	$ 406,300
+Common stock	41,100	38,700
Add. paid-in capital	835,100	797,500
Deficit	(247,400)	(369,300)
Treasury stock	(52,400)	(52,400)
Total Liabilities & Shareholders' Equity	$ 949,100	$ 820,800

* At lower of cost (FIFO) or replacement market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. taxes to Sales	5.96	—
%Net Income to Sales	5.81	—
%Net Income to Equity	20.70	—
Sales to Inventories	4.00	3.69
Working Capital	$488,700	$313,600
Current Ratio	2.31	1.77
Shareholders' Equity	$576,400	$414,500

Scientific Radio Systems, Inc.

367 Orchard Street
Rochester, New York 14606
(716) 235-2040

Officers: Richard A. Calabrese, chairman; H. F. Staudenmayer, president; David W. Hoffman, exec. v.p., treasurer & secretary.

Directors: Harold F. Staudenmayer, David W. Hoffman, Richard Calabrese, William Echter, Elton Burgett.

Areas of Work: Designs, develops, manufactures and sells long range radio communications products such as linear amplifiers, antenna couplers, teletype terminals, voice privacy devices, high frequency single sideband transceivers and accessories. Also, VHF-FM and VHF-AM transmitters and receivers.

Transfer Agent(s):
American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	74	1983	145
1985	101	1982	159
1984	118		

Sales and Earnings

	Net Sales	Net Income
1986	$ 4,380,427	$ (1,358,101)
1985	5,320,724	(769,072)
1984	4,456,628	(738,595)
1983	5,585,144	81,552
1982	7,634,946	254,578

	No. of Com. Share	Earn. per Share †
1986	941,931	$ —
1985	959,265	—
1984	984,133	—
1983	984,137	0.08
1982	984,138	0.26

(Loss)
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	0.04	—	—
1982	0.04	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 880,000	$ 1.05
1985	2,238,000	2.44
1984	3,001,000	3.22
1983	3,725,000	3.88
1982	3,681,000	3.82

Income Account *

Year ended June 30	1986	1985
Net sales	$ 4,380,427	$ 5,320,724
Cost of sales	4,082,692	4,952,014
Prov. for exc. inven.	400,000	—
Expenses	1,110,421	1,444,509
Oper. loss	$ (1,212,686)	$ (1,075,799)
Interest expense	145,415	296,601
Loss before taxes	$ (1,358,101)	$ (1,372,400)
Tax credit	—	(603,328)
Net Loss	$ (1,358,101)	$ (769,072)

* Included in Costs and Expenses, Depreciation: $206,303 in 1986 and $226,373 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 275,988	$ 108,254
Accts. receiv., net	503,427	980,572
Cost in excess of amts. billed	54,239	57,330
*Inventories	2,973,221	4,158,260
Prepaid expenses	23,342	21,357
Other curr. assets	26,850	—
Current Assets	$ 3,857,067	$ 5,325,773
#Fixed assets	453,733	587,467
Other assets	53,321	134,155
Total Assets	$ 4,364,121	$ 6,047,395

Liabilities

Credit loan	$ 2,700,000	$ 2,900,000
Billing in exc. of cost	147,837	—
Long-term debt, curr.	42,534	50,462
Accts. payable	58,125	212,976
Accrued expenses	398,760	467,473
Curr. Liabilities	$ 3,347,256	$ 3,630,911
Long-term debt	137,130	178,645
+Common stock	10,188	10,188
Add. paid-in capital	1,691,940	1,691,940
Retained earnings (def.)	(717,324)	640,777
Treasury stock	(79,456)	(59,868)
Receivable from sales of stock	(25,613)	(45,198)
Total Liabilities & Shareholders' Equity	$ 4,364,121	$ 6,047,395

* At lower of cost (weighted average) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	1.47	1.29
Debt to Equity	3.27	1.40
Working Capital	$509,811	$1,694,862
Current Ratio	1.15	1.47
Shareholders' Equity	$879,735	$2,237,839

Scientific-Atlanta, Inc.

One Technology Parkway
Box 105600
Atlanta, Georgia 30348
(404) 441-4000

Officers: Sidney Topol, chairman of the board; William E. Johnson, vice chairman & chief executive officer; John H. Levergood, president & chief operating officer; Jules E. Kadish, Leo E. Ramsauer, Jr., James H. Hart, H. Allen Ecker, Sezer M. Soylemez, William S. Brown, v.p.'s; David A. Eggers, v.p., secretary & general counsel; Julian W. Eidson, v.p. & controller; Margaret W. Jones, asst. secretary; John R. Tekowitz, v.p.-human resources.

Directors: Wilbur B. King, Sidney Topol, William B. Harrison, James V. Napier, Alonzo L. McDonald, John H. Levergood, Wickham Skinner.

Areas of Work: Designs, manufactures and markets commercial electronic signal generating and receiving equipment consisting of a variety of standard and proprietary communications and instrumentation products. Communications products are used in satellite earth stations, cable television receiving and distribution systems, wireless home security systems and energy management systems. Communications products include antennas, receivers, transmitters and related electronic equipment. The Company's instrumentation products are used by a wide range of industrial and military customers to electronically test, measure and help control various equipment and processes. Instrumentation products consist of spectrum analyzers and systems, instruments to test and measure the quality and performance of various types of telecommunications equipment, antenna test and measurement products, and cabinets and enclosures. The Government Systems Group manufactures telemetry, electronic warfare, anti-submarine warfare and acoustic communications products and systems for the U.S. and foreign governments.

Subsidiaries:
Digital Video Systems Corp.
Toronto, Canada

Scientific-Atlanta GmbH
Munich, West Germany

Scientific-Atlanta Ltd
Herts, England

Scientific-Atlanta (Canada), Ltd.
Mississauga, Ontario, Canada

Scientific-Atlanta S.A.
Montesson (Paris), France

Scientific-Atlanta S.p.A.
Rome, Italy

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: SFA

Number of Employees:

1986	4,139	1983	4,805
1985	4,215	1982	4,951
1984	4,403		

Plant Footage:

1986	1,052,000 sq. ft.	1983	1,360,000
1985	1,467,000	1982	1,394,000
1984	1,467,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 469,124,000	$ (9,212,000)
1985	436,892,000	16,385,000
1984	398,861,000	11,776,000
1983	326,567,000	370,000
1982	337,223,000	14,152,000

	No. of Com. Shares	Earn. per Share
1986	24,086,072	$ —
1985	24,086,072	0.71
1984	24,086,073	0.50
1983	24,014,681	0.02
1982	23,405,641	0.63

(Loss)

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.12	—	—
1985	0.12	—	—
1984	0.12	—	—
1983	0.12	—	—
1982	0.115	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 179,863,000	$ 7.47
1985	188,491,000	7.83
1984	174,067,000	7.23
1983	177,278,000	7.38
1982	173,449,000	7.41

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 469,124	$ 436,892
Cost of sales	347,374	312,356
Expenses	112,203	97,366
Prov. for disposal of prod. lines	21,200	
Other income	(2,162)	(2,423)
Interest expense	6,123	2,285
Income (loss) bef. taxes	$ (15,614)	$ 27,308
Income taxes (credit)	(6,402)	10,923
Net Income (Loss)	$ (9,212)	$ 16,385

* Included in Costs and Expenses, Depreciation: $13,040,000 in 1986 and $11,328,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 3,603	$ 4,585
Receivables, net	121,404	110,256
*Inventories	105,780	94,786
Income taxes recov.	9,182	1,345
Current Assets	$ 239,969	$ 210,972
#Fixed assets	56,537	53,059
Other assets	13,364	17,376
Total Assets	$ 309,870	$ 281,407

Liabilities
(000's)

Short-term debt & long-term debt, curr.	$ 26,171	$ 6,711
Accts. payable	31,325	29,614
Accruals	45,908	24,733
Income taxes	—	6,651
Curr. Liabilities	$ 103,404	$ 67,709
Long-term debt	6,126	6,997
Deferred inc. taxes	18,069	16,749
Other liabilities	2,408	1,461
+Common stock	12,043	12,043
Add. paid-in capital	112,151	112,136
Retained earnings	62,774	75,849
Treasury stock	(6,429)	(10,085)
Accum. trans. adjust.	(676)	(1,452)
Total Liabilities & Shareholders' Equity	$ 309,870	$ 281,407

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.25
%Net Income to Sales	—	3.75
%Net Income to Equity	—	8.69
Sales to Inventories	4.43	4.61
Debt to Equity	0.18	0.07
Working Capital	$136,565,000	$143,263,000
Current Ratio	2.32	3.12
Shareholders' Equity	$179,863,000	$188,491,000

Scintrex Limited

222 Snidercroft Road
Concord, Ontario, Canada L4K 1B5
(416) 669-2280

Officers: Harold O. Seigel, president; Gerald Stork, sr. v.p.; Jon G. Baird, sr. v.p.; Anthony W. Howland-Rose, v.p.; Alfred J. Shaul, secretary.

Directors: Harold O. Seigel, Alfred J. Shaul, Gerald Stork, Jon G. Baird, Harold I. Schiff, J. Denis Whitaker, Anthony W. Howland-Rose, Marilyn M. Seigel, John Patrick Sheridan.

Areas of Work: A high technology company engaged in the research, design and manufacture of geophysical and geochemical exploration instrumentation, analytical instruments, including a portable bomb sniffer, nuclear reactor monitoring devices, defense-related equipment and other scientific products.

Subsidiaries:
Scintrex Pty. Ltd.
1031 Wellington Street
West Perth, Australia 6005

6 Tramore Place
Killarney Heights
N.S.W., Australia 2087

Scintrex, Inc.
4088 West 1820 South
Salt Lake City, Utah 84104
(801) 972-4004

Transfer Agent(s):
The Canada Trust Company

Stock Exchange(s): Toronto

Ticker Symbol: SCT

Number of Employees:

1986	200	1983	200
1985	220	1982	200
1984	215		

Plant Footage:

1986	75,000 sq. ft.	1983	46,000
1985	72,000	1982	46,000
1984	46,000		

Sales and Earnings

	Net Sales	Net Income
1986*	$ 10,900,000	$ 464,000
1985	18,211,000	1,342,000
1984	10,534,000	286,000
1983	9,622,692	505,754
1982	9,117,215	(111,857)

	No. of Com. Shares ‡	Earn. per Share ‡
1986*	1,468,470	$ 0.30
1985	1,095,569	1.21
1984	1,082,165	0.25
1983	1,068,856	0.45
1982	1,048,807	—

(Loss)
* 11 months.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	$ 17,769,000	$ 12.10
1985	8,719,000	7.96
1984	7,338,000	6.78
1983	7,130,059	6.67
1982	6,438,731	6.14

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares outstanding.

Income Account

Year ended	12/31/86	1/31/86
Net sales	$ 10,900,000	$ 18,211,000
Cost of sales & expenses	9,450,000	15,594,000
Expenses	1,096,000	906,000
Depreciation & amortization	544,000	520,000
Interest expense	32,000	41,000
Interest income	(343,000)	—
Profit from sale of invest.	(231,000)	(537,000)
Share of income of Unisearch	(206,000)	(87,000)
Income before taxes	$ 558,000	$ 1,774,000
Income taxes	94,000	432,000
Net Income	$ 464,000	$ 1,342,000

Assets

As of	12/31/86	1/31/86
Cash	$ 8,934,000	$ 866,000
Accts. receiv., net	2,025,000	2,468,000
*Inventories	4,155,000	4,446,000
Prepaid expenses	86,000	18,000
Current Assets	$ 15,200,000	$ 7,598,000

Scintrex Limited

#Fixed assets	4,271,000	3,641,000
Other assets	1,119,000	699,000
Total Assets	$ 20,590,000	$ 11,938,000
Liabilities		
Bank loan	$ 350,000	$ —
Customer deposits	331,000	642,000
Accts. payable & accruals	1,379,000	1,975,000
Income taxes	235,000	63,000
Curr. Liabilities	$ 2,295,000	$ 2,680,000
Deferred inc. taxes	198,000	211,000
+ Preferred stock	328,000	328,000
+ + Common stock	12,104,000	3,134,000
Retained earnings	5,926,000	5,592,000
For. exch. trans.	(261,000)	(7,000)
Total Liabilities & Shareholders' Equity	$ 20,590,000	$ 11,938,000

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ $1 par value.
+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.12	9.74
%Net Income to Sales	4.26	7.37
%Net Income to Equity	2.56	14.83
Sales to Inventories	2.62	4.10
Debt to Equity	0.02	—
Working Capital	$12,905,000	$4,918,000
Current Ratio	6.62	2.84
Shareholders' Equity	$18,097,000	$9,047,000

Number of Employees:
1986 8,900

Plant Footage:
1986 . . . . . 635,300 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 459,836,000	$ 34,536,000
1985	214,836,000	1,045,000
1984	343,903,000	39,377,000
1983	110,411,000	12,523,000
1982	40,455,000	6,949,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	48,182,000	$ 0.72
1985	47,346,000	0.02
1984	46,630,000	0.84
1983	40,739,000	0.31
1982	35,820,000	0.19

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 208,417,000	$ 4.33
1985	172,108,000	3.64
1984	170,237,000	3.65
1983	120,698,000	2.96
1982	35,602,000	0.99

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 459,836	$ 214,645
Cost of sales	369,508	189,414
Product develop.	18,924	19,344
Mkt. & adm. expenses	32,226	17,897
Gain on secur. trans.	(467)	—
Interest expense	2,798	1,718
Interest income	(1,464)	(2,522)
Est. loss on real est.	1,600	—
Other expense (income)	580	(915)
Income (loss) before taxes	$ 36,131	$ (10,291)
Income taxes (credit)	1,595	(11,336)
Net Income	$ 34,536	$ 1,045

* Included in Costs and Expenses, Depreciation and Amortization: $19,290,000 in 1986 and $12,194,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 46,518	$ 7,493
Accts. receiv., net	67,324	62,471
Refundable taxes	213	22,574
*Inventories	64,423	67,582
Prepaid expenses	952	2,487
Other curr. assets	4,068	5,996
Current Assets	$ 183,498	$ 168,603
Investments	4,042	7,096
#Fixed assets	107,693	99,113
Other assets	9,846	415
Total Assets	$ 305,079	$ 275,227

Liabilities
(000's)

Notes payable	$ —	$ 17,908
Long-term debt & cap. lease oblig., curr.	574	879
Accts. payable	48,305	41,084
Accrued compensation	7,084	3,298
Other accruals	9,808	4,819
Income taxes	1,652	—
Curr. Liabilities	$ 67,423	$ 67,928
Long-term debt	12,232	14,513
Cap. lease oblig.	2,852	3,330
Deferred inc. taxes	14,155	17,348
+ Common stock	112,551	110,994
Notes receiv. from shareholders	(117)	(333)
Retained earnings	95,983	61,447
Total Liabilities & Shareholders' Equity	$ 305,079	$ 275,227

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.86	—
%Net Income to Sales	7.51	0.49
%Net Income to Equity	16.57	0.61
Sales to Inventories	7.14	3.18
Debt to Equity	0.08	0.11
Working Capital	$116,075,000	$100,675,000
Current Ratio	2.72	2.48
Shareholders' Equity	$208,417,000	$172,108,000

Seagate Technology

920 Disc Drive
Scotts Valley, California 95066
(408) 438-6550

Officers: Alan F. Shugart, chairman & chief exec. officer; David T. Mitchell, president & chief operating officer; Douglas K. Mahon, sr. v.p. & chief technical officer; Donald L. Waite, sr. v.p., chief financial officer & secretary; Sing C. Tien, sr. v.p.-Far East operations; James Bensen, v.p.-customer service; Joe Chen, v.p.-engineering, Far East operations; Sanjoy Ghose, v.p.-product development; Gunter Heine, v.p.-Motor Division; James O. Jacques, v.p.-product development; Thomas W. Maher, v.p. & gen. mgr.-Seagate Magnetics; Robert E. Martell, v.p.-sales; Anthony L. Perlick, v.p.-technical support; Robert A. Sandie, v.p.-corp. materials; Frederick B. Schudel, v.p.-Disc Drive Division; Ronald D. Verdoorn, v.p.-Singapore operations.

Directors: Alan F. Shugart, chairman; Reid W. Dennis, Gary B. Filler, Kenneth Haughton, Robert A. Kleist, David T. Mitchell, Carmelo J. Santoro.

Areas of Work: Designs, manufactures and markets a line of rigid magnetic disc drives for use in small computers.

Divisions:
Motor Division
Disc Drive Division

Subsidiary:
Seagate Magnetics
Produces sputtered thin-film media.

Transfer Agent(s):
Bank of America
National Trust and Savings Association
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SGAT (NASDAQ)

Semicon, Inc.

15 New England Executive Park
Burlington, Massachusetts 01803
(617) 229-6290

Officers: Rolland V. Robison, president; Robert E. House, exec. v.p.; Richard C. Allard, treasurer & v.p.-finance; Thomas L. Arena, president-Microfab, Inc.; Lane L. Jorgensen, president-ST-Semicon, Inc.; Rodney C. Lancaster, president-Semicon Components, Inc.; Gene R. Miller, president-Semicon Electronics, Inc.

Directors: Robert E. House, Rolland V. Robison, Charles T. Russell, Jr., Mary E. Weber, Bruce W. Everitt.

Areas of Work: Engaged in the manufacture and sale of semiconductor devices such as zener diodes, high voltage diodes and rectifiers, primarily to the television, industrial, commercial, telephone, military, computer and automotive industries. Also manufactures printed circuit boards and semiconductor test devices.

Divisions and Subsidiaries:
Microfab, Inc.
Amesbury, Massachusetts
(617) 388-3600

Semicon Components, Inc.
Burlington, Massachusetts
(617) 272-9015

Semicon Electronics, Inc.
South Burlington, Vermont
(802) 658-3110

Semicon Ventures, Inc.
Burlington, Massachusetts
(617) 229-6290

ST-Semicon, Inc.
Bloomington, Indiana
(812) 332-1435

Semetex Corp. (16% owned)
Torrance, California
Research and development of semiconductors.

Transfer Agent(s):
Continental Stock Transfer and Trust Co.
(common stock)
72 Reade Street
New York, New York 10007

Fleet National Bank
(convertible debentures)
111 Westminster Street
Providence, Rhode Island 02903

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SEME (NASDAQ)

Number of Employees:

1986	638	1983	585
1985	625	1982	577
1984	781		

Plant Footage:

1986	350,000 sq. ft.	1983	183,000
1985	350,000	1982	183,000
1984	193,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 28,634,000	$ (598,000)
1985	37,553,000	2,753,000
1984	36,477,000	3,015,000
1983	25,122,000	960,000
1982	24,514,000	315,000

	No. of Com. Shares #	Earn. per Share #
1986	2,842,000	$ —
1985	3,541,000	0.89
1984	3,567,000	0.97
1983	2,812,000	0.34
1982	2,836,000	0.11

(Loss)
Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 10,753,000	$ 3.79
1985	11,396,000	4.01
1984	9,033,000	3.13
1983	5,364,000	1.90
1982	4,316,000	1.54

Income Account *

Year ended June 30	1986	1985
Net sales	$ 28,634,000	$ 37,553,000
Other income	1,881,000	499,000
Total income	$ 30,515,000	$ 38,052,000
Cost of sales	25,897,000	29,857,000
Expenses	6,287,000	6,086,000
Interest & debt expense	2,163,000	1,654,000
Income (loss) bef. taxes	$ (3,832,000)	$ 455,000
Income taxes (credit)	(1,330,000)	—
Distr. from venture cap. invest.,	(1,904,000)	(2,298,000)
Net Income (Loss)	$ (598,000)	$ 2,753,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,598,000 in 1986 and $1,514,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 474,000	$ 2,065,000
Accts. receiv., net	4,166,000	5,342,000
Refundable income taxes	697,000	—
*Inventories	7,573,000	7,042,000
Prepaid expenses	1,268,000	717,000
Current assets	$ 14,178,000	$ 15,166,000
#Fixed assets	18,242,000	18,757,000
Other assets	3,224,000	1,102,000
Total Assets	$ 35,644,000	$ 35,025,000

Liabilities

Notes payable	$ 2,171,000	$ 331,000
Long-term debt, curr.	1,463,000	938,000
Accts. payable	2,557,000	3,219,000
Accrued payroll	490,000	479,000
Accrued interest	459,000	444,000
Income taxes	—	25,000
Curr. Liabilities	$ 7,140,000	$ 5,436,000
Long-term debt	15,489,000	16,754,000
Deferred inc. taxes	2,262,000	1,439,000
+Common stock	781,000	781,000
Add. paid-in capital	1,101,000	1,108,000
Retained earnings	10,663,000	11,261,000
Treasury stock	(1,792,000)	(1,754,000)
Total Liabilities & Shareholders' Equity	$ 35,644,000	$ 35,025,000

* At lower of estimated cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.21
%Net Income to Sales	—	7.33
%Net Income to Equity	—	24.16
Sales to Inventories	3.78	5.33
Debt to Equity	1.78	1.58
Working Capital	$ 7,038,000	$ 9,730,000
Current Ratio	1.99	2.79
Shareholders' Equity	$10,753,000	$11,396,000

Semtech Corporation

652 Mitchell Road
Newbury Park, California 91320
(805) 498-2111

Officers: John D. Poe, president, chief exec. officer; Steven M. Otterbeck, v.p., secretary & treasurer; Fredrick A. Gateka, v.p.; John G. Pennant-Jones, v.p.; Gisela Auchter, asst. secretary.

Directors: John D. Poe, Fredrick A. Gateka, Judith R. Nelson, Harold Joseph Smead.

Areas of Work: Manufactures silicon rectifiers, rectifier assemblies, high-voltage monolithic capacitors and related devices which are used mainly to convert alternating current into direct current. These products are also used in electrical circuits to limit or regulate voltage or to protect other devices or systems by absorbing or diverting electrical energy.

Subsidiary:
Semtech Ltd.
Newark Road, South Eastfield
Glenrothes, Fifes, Scotland

Transfer Agent(s):
First Interstate Bank
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): American

Ticker Symbol: SMH

Number of Employees:

1987	255	1986	282

Plant Footage:

1987	123,000 sq. ft.	1986	90,000

Sales and Earnings

	Net Sales	Net Income †
1987	$ 11,924,000	$ 179,000
1986	12,956,000	(865,000)
1985	10,949,000	(3,971,000)
1984	11,414,000	(668,000)
1983	11,695,000	(113,000)

	No. of Com. Shares	Earn. per Share ‡†
1987	2,465,790	$ 0.08
1986	1,831,490	—
1985	1,831,490	—
1984	1,831,490	—
1983	1,778,671	—

(Loss)
† Including extraordinary gain of $37,000 ($0.02 per share) in 1983.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	3%	—
1983	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 5,731,000	$ 2.32
1986	4,890,000	2.67
1985	5,625,000	3.07
1984	9,754,000	5.33
1983	10,474,000	5.72

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 11,924,000	$ 12,956,000
Cost of sales	7,774,000	9,311,000
Expenses	3,991,000	4,711,000
Loss (gain) on sale of land	30,000	(197,000)
Interest expense	82,000	90,000
Loss on write-down of fixed assets	72,000	—
Other expense (income)	79,000	(43,000)
For. curr. trans.	(88,000)	(75,000)
Loss before taxes	$ (16,000)	$ (441,000)
Income taxes (credit)	(195,000)	24,000
Net Income (Loss)	$ 179,000	$ (865,000)

* Included in Costs and Expenses, Depreciation and Amortization: $452,000 in 1987 and $393,000 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	$ 976,000	$ 399,000
Receiv., net	2,302,000	1,987,000
*Inventories	3,636,000	3,193,000
Prepaid expenses	96,000	46,000
Current Assets	$ 7,010,000	$ 5,625,000
#Fixed assets	1,982,000	1,870,000
Other assets	986,000	90,000
Total Assets	$ 9,978,000	$ 7,585,000

Liabilities

Notes payable	$ 25,000	$ 588,000
Long-term debt, curr.	28,000	27,000
Accts. payable & accruals	1,529,000	1,582,000
Income taxes payable	50,000	349,000
Curr. Liabilities	$ 1,632,000	$ 2,546,000
Cap. lease oblig.	2,476,000	9,000
Deferred inc. taxes	139,000	140,000
+Common stock	40,000	34,000
Add. paid-in capital	5,850,000	5,221,000
Retained earnings (deficit)	(31,000)	(210,000)
Currency translation adj.	(128,000)	(155,000)
Total Liabilities & Shareholders' Equity	$ 9,978,000	$ 7,585,000

Semtech Corporation

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Sales	1.50	—
%Net Income to Equity	3.12	—
Sales to Inventories	3.28	4.06
Debt to Equity	0.43	0.13
Working Capital	$5,378,000	$3,079,000
Current Ratio	4.30	2.21
Shareholders' Equity	$5,731,000	$4,890,000

Sensormatic Electronics Corporation

500 N.W. 12th Avenue
Hillsboro Plaza
Deerfield Beach, Florida 33441
(305) 427-9700

Officers: Ronald G. Assaf, chairman of the board; Allen J. Dusault, president & chief exec. officer; James E. Lineberger, chairman of the executive committee; Leonard R. Barbato, sr. v.p.; William G. Weider, v.p.-manufacturing; Olin S. Giles, v.p.-engineering; Dennis C. Gillette, v.p.-marketing & sales; Albert R. Tate, Jr., v.p.-sales, West; Thomas J. Dytko, v.p.-customer engineering; Paul F. Manley, v.p.-planning; Michael E. Pardue, v.p.-finance & secretary; Carlos Santiago, v.p.; Henry Wurtele, v.p.-sales, East; Gerd Witter, v.p.-European operations.

Directors: Ronald G. Assaf, chairman; James E. Lineberger, Arthur G. Milnes, Jerome M. LeWine, Allen J. Dusault, Arthur S. Nicholas.

Areas of Work: Designs and manufactures electronic article surveillance systems which consist of an electronic transmitter and coordinated receiver placed at the exits of stores and a supply of specially designed and sensitized tags. Also manufactures micro-processor controlled closed circuit television systems to deter internal and external theft.

Subsidiaries:

Senelco France S.A.
Rungis, France

Senelco (Benelux) S.A.
Avenue du Roi Albert 177
Bte 12
1080 Brussels
Belgium

Senelco Ges.m.b.H.
Telekygasse 4T5
A-1190 Wien
Linz, Austria

Senelco Italia S.r.l.
Via Cesare de Sesto 15
20123 Milano, Italy

Sensormatic Electronics Corp. (Puerto Rico)
Pridco T-1236
State Road No. 125
Moca, Puerto Rico 00716

Senelco Netherlands B.V.
Sterrebaan 4
3606 E B Maarssen
Netherlands

Senelco Iberia S.A.
C/Velazquez
Madrid 6
Spain

Senelco A.G.
Im Rotel 10a
Postfach 442
CH-6301 Zug, Switzerland

Senelco GmbH
Broichhofstr. Strasse 289
4030 Ratingen 1/Dusseldorf
West Germany

Transfer Agent(s):
Southeast Bank, N.A.
P.O. Box 013979
Miami, Florida 33101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SNSR (NASDAQ)

Number of Employees:

1986	1,046	1983	1,050
1985	1,157	1982	1,050
1984	1,199		

Sales and Earnings

	Revenues	Net Income
1986	$ 89,453,000	$ (4,308,000)
1985	91,322,000	7,482,000
1984	93,638,000	18,215,000
1983	86,087,000	22,903,000
1982	66,985,000	15,611,000

	No. of Com. Shares †	Earn. per Share ‡
1986	27,982,000	$ —
1985	27,868,000	0.27
1984	27,757,000	0.65
1983	24,222,000	0.92
1982	23,590,230	0.67

† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.05	—	—
1985	0.075	—	—
1984	0.025	—	—
1983	0.045	—	3-for-2
1982	0.0367	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity per Share †
1986	$ 187,188,000	$ 6.69
1985	189,925,000	6.82
1984	185,561,000	6.69
1983	114,424,000	4.72
1982	84,458,000	3.58

† Adjusted to reflect stock splits.

Income Account

Year ended May 31	1986	1985
Revenues	$ 89,453,000	$ 91,322,000
Cost of sales	37,053,000	36,137,000
Expenses	58,237,000	44,118,000
Depreciation	4,349,000	3,740,000
Int. income	(5,797,000)	(5,411,000)
Int. expense	1,474,000	1,890,000
Amortization	282	1,507,000
Income (loss) bef. taxes	$ (6,145,000)	$ 25,220,000
Income taxes (credit)	(1,837,000)	7,005,000
Net Income (Loss)	$ (4,308,000)	$ 18,215,000

Assets

As of May 31	1986	1985
Cash	$ 74,638,000	$ 61,878,000
Accts. receiv., net	93,365,000	96,505,000
#Fixed assets	59,670,000	66,479,000
Investments	12,915,000	10,222,000
Deferred charges & other assets	7,200,000	9,079,000
Total Assets	$ 247,788,000	$ 244,163,000

Liabilities

Notes payable	$ 22,185,000	$ 18,689,000
Accts. payable	4,531,000	3,512,000
Accruals	16,986,000	13,310,000
Income taxes	1,215,000	1,287,000
Deferred income taxes	15,683,000	17,440,000
+Common stock	279,000	278,000
Add. paid-in capital	119,952,000	119,494,000
Retained earnings	73,928,000	79,638,000
Foreign curr. trans.	(828,000)	(3,264,000)
Treasury stock	(6,143,000)	(6,221,000)
Total Liabilities & Shareholders' Equity	$ 247,788,000	$ 244,163,000

Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	10.23
%Net Income to Revenues	—	8.19
%Net Income to Equity	—	3.94
Debt to Equity	0.12	0.10
Shareholders' Equity	$187,188,000	$189,925,000

Sequa Corporation

(formerly Sun Chemical Corporation)

200 Park Avenue
New York, New York 10166
(212) 986-5500

Officers: Norman E. Alexander, chairman of the board & chief executive officer; Robert E. Davis, president & chief operating officer; Stuart Z. Krinsly, sr. exec. v.p. & general counsel; Gerald S. Gutterman, exec. v.p.-finance & administration; Dennis M. Libutti, v.p.-Graphic Equipment Group; Bernard M. Jaffe, sr. v.p. & secretary; Monroe Adlman, v.p.-taxes; Joseph D. Allwarden, v.p.-Avionics, Kollsman Instrument Div.; Ronald H. Wright, v.p.-Kollsman Instrument Div.; Richard P. Schneider, dir. of strategic planning; David J. O'Brien, v.p. & treasurer; Linda G. Kyriakou, dir. of corp. communications; William E. Morris, v.p.; Donald S. Bunin, v.p.-engineering & environment; William P. Ksiazek, v.p. & controller; Geoffrey L. Phillips, v.p.-Chromalloy Group; Stanley W. Rosen, v.p.-industrial relations & personnel.

Directors: Norman E. Alexander*, chairman of the board; A. Leon Fergenson*, Raymond Frankel, David S. Gottesman, Stuart Z. Krinsly*, Donald D. Kummerfeld, Richard S. LeFrak, Fred R. Sullivan, Robert E. Davis*, Gerald Tsai, Jr.

* Member of the Executive Committee.

Areas of Work: The Company's Instruments Group manufactures advanced avionic flight and testing equipment, electro-optical devices for military weapons systems, and medical diagnostic equipment. The Graphic Equipment Group manufactures high-speed equipment for the two-piece can market and the printing industry. The Auto Parts Group manufactures automotive cigarette lighters for original equipment manufacturers and the replacement aftermarket. The Gas Turbine Group is involved in the development and use of advanced metallurgical processes to manufacture, repair and coat gas turbine engine components. The Apparel Group manufactures and distributes men's and women's apparel and operates men's retail specialty stores. The Chemicals Group produces specialty products for the domestic textile and paper industries, as well as for the international detergent market. The Petroleum Group manufactures specialized oil and gas field equipment, including handling tools, primary cementing equipment and replacement parts for pumps and valves. The Transportation Group operates deep sea tankers, intracoastal barges and harbor tugs, and manufactures truck and bus seats. The Financial Services Group is engaged in finance and equipment leasing and property-casualty insurance.

Divisions and Subsidiaries:

Gas Turbine Group

Chromalloy Gas Turbine Corporation
4430 Director Drive
P.O. Box 200150
San Antonio, Texas 78220
(512) 333-6010

Blaisdell Road
Orangeburg, New York 10962
(914) 359-4700

Precoat Metals Division
4301 S. Spring Avenue
St. Louis, Missouri
(314) 352-8000

Graphic Equipment Group
401 Central Avenue
East Rutherford, New Jersey 07073
(201) 933-1200

Rutherford Machinery Division
401 Central Avenue
East Rutherford, New Jersey 07073
(201) 933-1200

Standun Canforming Systems
2943 E. Las Hermanas Street
Rancho Dominguez, California 90221
(213) 537-5230

Special Products Engineering Corp.
126 Gould Street
Needham, Massachusetts 02194
(617) 444-8422

Materiels Equipements Graphiques
32-34 rue des Malines
Z.I. des Malines
91 Lisses-Evry, France
(33-1) 64-97-7575

Instruments Group

Kollsman Instrument Company
Daniel Webster Highway South
Merrimack, New Hampshire 03054
(603) 889-2500

Kollsman Manufacturing Company
10 Columbia Drive
Amherst, New Hampshire 03031
(603) 880-7746

Avionics Division
Systems Management Division

Chemicals Group

P.O. Box 70
Chester, South Carolina 29706
(803) 385-5181

Ault & Wiborg Group, P/C Limited (83% owned)
One Farm Yard, Arundell House
Windsor, Bershire SL4 1TZ, England
(44-0753) 850251

Warwick International, Ltd.
Wortley Moor Road
Leeds LS12 4JE, England
(44-0532) 637331

Automotive Parts Group

Casco Products Corporation
512 Hancock Avenue
Bridgeport, Connecticut 06602
(203) 366-4511

Chromalloy Group

120 South Central Avenue
St. Louis, Missouri 63105
(314) 726-9200

Transportation Group

Inland Barge Group
120 South Central Avenue
St. Louis, Missouri 63015
(314) 889-0100

Sabine Towing and Transportation Co.
7200 Highway 87
Port Arthur, Texas 77642
(409) 962-0201

American Transit Group
120 South Central Avenue
St. Louis, Missouri 63105
(314) 726-9200

Apparel Group

Chromalloy Textile Apparel Group
1270 Broadway
New York, New York 10001
(212) 947-3306

Campus Casuals of California Division
1200 South Hope Street
Los Angeles, California 90015
(213) 746-1121

Gordon of Philadelphia Division
1210 Stanbridge Street
Norristown, Pennsylvania 19401
(215) 278-0400

K-G Retail Division
888 West Ithaca
Englewood, Colorado 80110
(303) 762-8930

Petroleum Group

Gemoco Division
202 Industrial Boulevard
Houma, Louisiana 70361
(504) 872-3265

Sturm Machine Company, Inc.
1305 Main Street
Barboursville, West Virginia 25504
(304) 736-3476

Woolley Tool & Mfg. Division
5621 Andrews Highway
Odessa, Texas 79760
(915) 366-3676

Financial Services Group

Forsun Leasing Corp.
200 Park Avenue
New York, New York 10166
(212) 986-5500

Chromalloy American Insurance Group, Inc.
144 Wayland Avenue
Providence, Rhode Island 02940
(401) 851-4600

GoldStreet Syndicate Corporation
4 West Red Oak Lane
White Plains, New York 10604
(914) 694-4757

SNL Insurance, Ltd.
Columbia House
Hamilton, Bermuda
(809) 295-8069

SunRise Insurance Limited
Collymore Rock
Bridgetown, Barbados, W.I.
(809) 426-1442

Acquisition(s):

Chromalloy American Corporation
120 S. Central Avenue
St. Louis, Missouri 63105
(314) 726-9200

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbols: SNL A and SNL B

Number of Employees:

1986	15,700	1983	6,700
1985	8,000	1982	6,400
1984	8,300		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 371,400	$ 160,100
1985	326,600	4,100
1984	316,900	25,200
1983	290,400	9,500
1982	245,100	1,900

	No. of Com. Shares	Earn. per Share #
1986	10,827,000	$ 19.90
1985	7,807,374	0.52
1984	7,791,663	3.23
1983	7,541,606	1.24
1982	7,492,991	0.26

+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Graphic arts equip.	$ 91,302	$ 77,629
Instruments	174,953	161,257
Other	105,158	87,752
Total	$ 371,413	$ 326,638

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.48	—	—
1985	0.48	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 598,434,000†	$ 50.89
1985	192,123,000	24.61
1984	178,501,000	22.91
1983	162,180,000	21.50
1982	165,554,000	22.09

† After allowing for preferred stock at involuntary liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 371,413	$ 326,638
Cost of sales	269,719	244,328
Expenses	70,338	49,720
Oper. profit	$ 31,356	$ 32,590
Interest expense	19,576	18,254
Interest income	(3,996)	(583)
Eq. in earn. of Chromalloy Amer.	(16,664)	(2,755)
Eq. in loss of affil. cos.	3,330	11,946
Loss on dispos. of assets	—	1,700
Other expense (income)	380	(582)
Inc. bef. taxes	$ 28,730	$ 4,610
Income taxes	2,673	3,294
Inc. - cont. oper.	$ 26,057	$ 1,316
Inc. - discont. oper.	134,076	2,753
Net Income	$ 160,133	$ 4,069

* Included in Costs and Expenses, Depreciation: $9,813,000 in 1986 and $10,194,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 83,161	$ 14,638
Short-term invest.	405,655	2,735
Accts. & notes receiv., net	165,478	137,657
*Inventories	194,647	135,138
Other curr. assets	20,762	6,302
Current Assets	$ 869,703	$ 296,470

Investments	72,018	113,747
#Fixed assets	304,250	202,984
Defer. charges	11,199	7,456
Intangibles	137,834	4,388
Total Assets	$ 1,395,004	$ 625,045
Liabilities (000's)		
Bank loans	$ 28,331	$ 5,421
Long-term debt, curr.	31,423	4,216
Accts. payable	116,468	85,684
Accrued expenses	149,752	50,272
Accrued inc. taxes	86,632	47,162
Curr. Liabilities	$ 412,606	$ 192,755
Long-term debt	273,395	200,745
Minority interest	60,881	14,208
Deferred inc. taxes	16,170	25,214
+Preferred stock	805	—
+ +Common stock	10,827	7,822
Add. paid-in capital	300,388	40,337
Cum. trans. adjust.	(2,048)	(21,884)
Retained earnings	322,583	166,192
Treasury stock	(603)	(344)
Total Liabilities & Shareholders' Equity	$ 1,395,004	$ 625,045

* At lower of cost or market. Domestic inventories (excluding instrument and graphic equip. segments) at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value; $5 cumulative convertible.
+ + No par value in 1986; $1 par value in 1985.

Statistical Summary

%Net Income to Equity	25.34	2.12
Sales to Inventories	1.91	2.42
Debt to Equity	0.53	1.10
Working Capital	$457,097,000	$104,714,000
Current Ratio	2.11	1.44
Shareholders' Equity	$631,952,000	$192,123,000

Servo Corporation of America

111 New South Road
Hicksville, New York 11802
(516) 938-9700

Officers: Henry Blackstone, chairman of the board; Stephen A. Barre, president & chief exec. officer; Louis A. Gallina, sr. v.p.-operations; Walter W. Weeden, Jr., sr. v.p.-transportation products; Edward V. Mollichelli, sr. v.p.-electronic system programs; Robert J. Stalzer, sr. v.p.-administration & finance & asst. secretary; Joseph E. Bambara, v.p.-corp. advanced development; Joel C. Tate, v.p.-infrared/electro-optics products; Brian J. Smith, controller; Edgar W. Tappen, Jr., treasurer; William L. Maher, secretary.

Directors: Henry Blackstone, chairman; Stephen A. Barre, Alan J. Strassman, Floyd A. Lyon, Emil N. Block, Jr.

Areas of Work: Engaged in the design and manufacture of infrared/electro-optics components such as infrared detectors, lens assemblies for spacecraft; direction finder systems used in aviation air traffic control operations; meterological systems; microwave amplifiers, signal generators, devices employed to monitor and locate dangerous axle conditions on moving rail cars; automatic railroad car identification systems.

Subsidiary:

Servo International, Inc. (FSC)
Hicksville, New York

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: SCA

Number of Employees:

1986 228

Plant Footage:

1986 . . . . . 134,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 18,266,856	$ 1,133,048
1985	14,980,496	544,872
1984	12,547,151	83,084
1983	15,966,467	418,595
1982	14,751,838	436,562

	No. of Com. Shares	Earn. per Share ‡
1986	685,799	$ 1.52
1985	680,571	0.77
1984	665,071	0.12
1983	651,521	0.58
1982	640,621	0.64

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 6,933,098	$ 10.11
1985	6,141,920	9.02
1984	5,538,479	8.33
1983	5,410,653	8.30
1982	4,947,636	7.72

Income Account *

Year ended Oct. 31	1986	1985
Net sales	$ 18,266,856	$ 14,980,496
Cost of sales	10,947,110	9,688,928
Expenses	5,459,168	4,622,367
Oper. profit	$ 1,860,578	$ 669,201
Other income	206,618	363,138
Total	$ 2,067,196	$ 1,032,339
Interest expense	34,148	29,467
Income before taxes	$ 2,033,048	$ 1,002,872
Income taxes	900,000	458,000
Net Income	$ 1,133,048	$ 544,872

* Included in Costs and Expenses, Depreciation and Amortization: $274,759 in 1986 and $251,055 in 1985.

Assets

As of Oct. 31	1986	1985
Cash and cash equiv.	$ 2,462,009	$ 2,638,704
Accts. receiv., net	1,409,958	2,486,258
*Inventories	3,807,956	2,994,510
Prepaid expenses	261,845	160,124
Deferred tax benefits	90,000	125,000
Current Assets	$ 8,031,768	$ 8,404,596
#Fixed assets	1,324,668	1,154,179
Other assets	361,268	342,123
Deferred tax benefits	260,000	245,000
Total Assets	$ 9,977,704	$ 10,145,898
Liabilities		
Long-term debt, curr.	$ 14,242	$ 29,588
Accts. payable	686,275	618,004
Accruals	1,073,927	807,808
Income taxes	347,211	355,525
Excess amts. receiv.-U.S. gov't. contracts	310,192	1,541,464
Curr. Liabilities	$ 2,431,847	$ 3,352,389
Long-term debt	315,009	328,839
Deferred comp.	297,750	322,750
+Common stock	685,799	680,571
Add. paid-in capital	631,381	978,479
Retained earnings	5,615,918	4,482,870
Total Liabilities & Shareholders' Equity	$ 9,977,704	$ 10,145,898

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.13	6.69
%Net Income to Sales	6.20	3.64
%Net Income to Equity	16.34	8.87
Sales to Inventories	4.80	5.00
Debt to Equity	0.05	0.06
Working Capital	$5,599,921	$5,052,207
Current Ratio	3.30	2.51
Shareholders' Equity	$6,933,098	$6,141,920

SFE Technologies

1501 First Street
San Fernando, California 91340-2793
(818) 361-1176

Officers: Donald E. Rubendall, chairman of the board & chief exec. officer; Alan D. Rubendall, president & chief oper. officer; Jerome J. Jahn, v.p.-finance & secretary; Robert O. Roberg, v.p.-operations; Robert Rubendall, v.p.; Michael A. Rosenberg, v.p.-technology; Joseph L. Lucia, v.p.-marketing & sales; Robert W. Bronson, v.p.-corp. quality; H. Kermit Hawkins, v.p.

Directors: Donald E. Rubendall, chairman; Robert O. Roberg, Alan D. Rubendall, Jerome J. Jahn, Michael A. Rosenberg, Oren Lane.

Areas of Work: Designs, manufactures and markets passive electronic components, including multi-layer ceramic capacitors and wound capacitors, quartz crystal frequency control devices, magnetic components and frequency interference filters. The products are used in telecommunications, consumer electronics, data processing, automotive and aero-space applications. The company also designs and produces circuit assemblies utilizing surface mount technology (SMT) and thick-film hybrid micro-circuits.

Divisions:

Electro Dynamics
Overland Park, Kansas
Quartz crystals.

San Fernando Electric Division
1501 First Street
San Fernando, California 91340
(818) 365-9411
Ceramic capacitors, EMI/RFI filters.

Subsidiaries:

West-Cap Arizona
2201 East Elvira Road
P.O. Box 11277
Tucson, Arizona 85706
(602) 294-2646
Magnetic components and wound-film capacitors.

West-Cap Sales International
1501 First Street
San Fernando, California 91340
(818) 365-9411

West-Cap Arizona de Mexico S.A. de C.V.
Nogales, Sonora
Mexico

Orchard Electronics, Inc.
9280 Davidson Highway
Concord, North Carolina 28025
(704) 786-0100
Surface mount technology.

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SFEM (NASDAQ)

Number of Employees:

1986	1,100	1983	2,373
1985	1,950	1982	2,060
1984	2,900		

Plant Footage:

1986	313,000 sq. ft.	1983	410,000
1985	400,000	1982	312,600
1984	434,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 42,672,000	$ (15,889,000)
1985	57,024,000	(4,989,000)
1984	65,853,000	3,764,000
1983	49,105,000	3,284,000
1982	49,315,000	3,924,000

	No. of Com. Shares ‡	Earn. per Share ‡ †
1986	6,282,000	$ —
1985	6,255,000	—
1984	6,362,000	0.59
1983	5,743,000	0.57
1982	5,399,000	0.73

(Loss)

† Including extraordinary gain of $2,620,000 in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.10	4%	—
1984	0.10	4%	—
1983	—	—	4-for-3
1982	—	5%	—

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 26,709,000	$ 4.25
1985	41,677,000	6.66
1984	47,990,000	7.54
1983	43,973,000	7.66
1982	25,353,000	4.70

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Oct. 31		1985
Net sales	$ 42,672,000	$ 57,024,000
Cost of sales	45,665,000	53,175,000
Expenses	14,011,000	14,709,000
Other expense (income)	319,000	(1,690,000)
Interest expense	2,384,000	1,458,000
Loss bef. taxes	$ (19,707,000)	$ (10,628,000)
Tax credit	(1,198,000)	(5,639,000)
Net Loss	$ (18,509,000)	$ (4,989,000)
Extraord. gain	2,620,000	—
Net Loss & extraord. gain	$ (15,899,000)	$ (4,989,000)

* Included in Costs and Expenses, Depreciation and Amortization. $4,577,000 in 1986 and $3,718,000 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	$ 77,000	$ 1,116,000
Funds held in escrow	1,200,000	—
Accts. receiv., net	4,632,000	6,763,000
Inc. taxes receiv.	—	4,640,000
*Inventories	21,259,000	28,375,000
Prepaid expenses	65,000	183,000
Current Assets	$ 27,233,000	$ 41,077,000
#Fixed assets	22,344,000	39,194,000
Construction funds held	2,115,000	3,293,000
Other assets	1,744,000	2,141,000
Total Assets	$ 53,436,000	$ 85,705,000

Liabilities

Long-term debt, curr.	$ 533,000	$ 14,410,000
Accts. payable	2,108,000	2,682,000
Other accrued expenses	2,025,000	2,378,000
Curr. Liabilities	$ 4,666,000	$ 19,470,000
Long-term debt	18,899,000	22,880,000
Deferred inc. taxes	—	1,198,000
Deferred comp.	350,000	230,000
Deferred royalty income	250,000	250,000
Other liabilities	2,562,000	—
+Common stock	6,604,000	6,265,000
Add. paid-in capital	40,217,000	39,376,000
Ret. earnings (deficit)	(18,897,000)	(3,007,000)
Reduc. of stock equity due to debt guarantee	(1,215,000)	(1,000,000)
For. curr. trans. adj.	—	43,300
Total Liabilities & Shareholders' Equity	$ 53,436,000	$ 85,705,000

* At lower of cost (FIF) or market.

Less accumulated depreciation.

+ $1 par value.

Statistical Summary

Sales to Inventories	2.01	2.01
Debt to Equity	0.73	0.89
Working Capital	$22,567,000	$21,607,000
Current Ratio	5.84	2.11
Shareholders' Equity	$26,709,000	$41,677,000

Sheldahl, Inc.

P.O. Box 170
Northfield, Minnesota 55057
(507) 663-8000

Officers: James S. Womack, president & chief executive officer; James H. Kessler, Jr., v.p.-finance & asst. secretary; Richard J. Slater, sr. v.p.-business development; Carl A. Edstrom, v.p.-int'l business development; Lyle L. Pavlis, v.p.-operations; Roger D. Quam, v.p.-engineered products group; Gary C. Flack, v.p.-electronic systems group; Edward L. Lundstrom, v.p. & treasurer; Gerald E. Magnuson, secretary; Robert N. Bouchard, v.p. & gen. gr.-Nashua Flexible Circuits; Sam W. Hughes, Jr., v.p. & gen. mgr.-Cirtel/Cirpack Circuits; Keith A. Sather, president-Symbolic Displays, Inc.

Directors: Gerald E. Magnuson, John P. Robinson, Richard S. Wilcox, James S. Womack, Martin N. Kellogg, John G. Kassakian, Wesley M. Mader.

Areas of Work: Provides technological services and manufacturing to customer specifications; manufactures electrical materials; flexible circuitry, electronic connectors and terminals.

Divisions:

Electronic Materials/Engineered Products

Flexible electronic materials are the "raw materials" from which flexible circuits are made. For the most part, they are laminates of metallic foils - commonly copper - bonded to a variety of dielectric substrates as well as coverlay materials to insulate the complete circuit. Both the electronic materials and coverlays are produced by Sheldahl in industrial size rolls, ready for conversion into flexible circuitry components.

Engineered products include aerostats for telecommunications, a "padeye" system for transloading ships at sea, helicopter blade liners, special fabrications, tambour covers, splicing tapes, coated products, tapes and laminated, and vacuum metalized materials.

Flexible Circuits/Membrane Switches

Flexible circuits are preassembled "interconnect" products - generally free of defects and adaptable to a constantly growing number of applications. Because they are indeed flexible, they can conform to almost any configuration on multiple planes, while retaining their electrical/electronic function. Typical applications for flex circuits include telephones and communication switching equipment, computer memory storage systems, cameras, hand-held-calculators, automobiles and medical instrumentation.

Sheldahl's FLEXSWITCH membrane switches make up the company's newest product line - for the membrane switch keyboard market. In composition, the FLEXSWITCH keyboard consists of a three-layer polyester film sandwich bonded together by means of a special Sheldahl proprietary adhesive. A flexible circuit, an integral part of the membrane switch, provides interconnection. Typical applications for FLEXSWITCH include electronic educational devices, control panels for washers and dryers, medical instrumentation control panels, automotive electronics and plain paper copiers.

Subsidiaries:

Sheldahl International, Inc. (DISC)
Northfield, Minnesota

Sheldahl International Sales, Inc. (FSC)

Symbolic Displays, Inc.
Irvine, California

Manufactures custom-designed, medium-travel lighted display assemblies for use in military and commercial aircraft.

Acquisition(s):

Cirtel/Cirpack Circuits
2302 Barranca Road
Irvine, California 92714

Designs and manufactures complex, high-technology printed circuits for high-reliability applications.

Nashua Flexible Circuits
100 Northeastern Blvd.
Nashua, New Hampshire 03061

Manufactures single-sided, double-sided, sculptured, multilayer, rigid-flex circuitry and assemblies for military and commercial applications.

Transfer Agent(s):

First Trust Company, Inc.
St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SHEL (NASDAQ)

Number of Employees:

1986	700

Plant Footage:

1986	405,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 62,032,000	$ 620,778
1985	59,388,000	2,597,028
1984	43,102,000	3,017,091
1983	36,941,000	(418,280)
1982	37,853,000	1,905,132

	No. of Com. Shares †	Earn. per Share #
1986	2,755,144	$ 0.23
1985	2,898,195	0.90
1984	2,845,119	1.06
1983	2,839,119	—
1982	2,839,119	0.67

(Loss)

+ Of continuing operations only.

† Adjusted to reflect stock split.

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-2

Sheldahl, Inc.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 18,662,111	$ 6.77
1985	20,341,825	7.02
1984	17,287,001	6.08
1983	14,242,910	5.02
1982	14,661,190	5.16

Adjusted to reflect stock split.

Income Account *

Year ended August 31	1986	1985
Net sales	$ 62,032,180	$ 59,387,540
Cost of sales	51,032,808	44,322,957
Expenses	8,934,047	9,510,153
Interest expense	1,237,547	1,074,402
Income bef. taxes	$ 827,778	$ 4,480,028
Income taxes	207,000	1,883,000
Net Income	$ 620,778	$ 2,597,028

* Included in Costs and Expenses, Depreciation: $2,677,684 in 1986 and $2,020,013 in 1985.

As of Aug. 31		1985
Cash	$ 5,[illegible],348	$ 133,663
Accts. receiv., net	9,[illegible]4,728	8,703,538
Tax refund receiv.	3,344	224,362
*Inventories	10,060,886	15,243,482
Tax benefits	1,331,000	809,000
Prepaid exp. & deposits	533,034	355,733
Current Assets	$ 26,091,340	$ 25,469,778
#Fixed assets	16,456,216	16,816,597
Notes receiv. & other assets	158,177	173,158
Total Assets	$ 42,705,733	$ 42,459,533
Liabilities		
Notes payable	$ --	$ 6,900,000
Long-term debt, curr.	1,532,196	763,750
Accts. payable	2,637,514	2,443,818
Accruals	3,160,611	2,597,494
Accrued payroll	1,899,283	2,116,577
Income taxes	304,151	184,199
Curr. Liabilities	$ 9,533,755	$ 15,005,838
Long-term debt	11,722,101	4,688,946
Deferred inc. taxes	2,787,766	2,422,924
+Common stock	676,560	733,668
Add. paid-in capital	2,074,025	2,168,355
Retained earnings	15,911,526	17,439,802
Total Liabilities & Shareholders' Equity	$ 42,705,733	$ 42,459,533

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income before Taxes to Sales	1.33	7.54
%Net Income to Sales	1.00	4.37
%Net Income to Equity	3.33	12.77
Sales to Inventories	6.17	3.90
Debt to Equity	0.63	0.61
Working Capital	$16,557,585	$10,463,940
Current Ratio	2.74	1.70
Shareholders' Equity	$18,662,111	$20,341,825

SI Handling Systems, Inc.

Kesslerville Road
P.O. Box 70
Easton, Pennsylvania 18042
(215) 252-7321

Officers: L. Jack Bradt, chairman of the board & chief executive officer; John P. Moran, vice chairman & chief exec. officer; Leonard S. Yurkovic, president & chief operating officer; John L. DeRito, v.p.-finance; Joel L. Hoffner, v.p.-engineering; E. Jerome Brose, secretary.

Directors: John R. Boehringer, L. Jack Bradt, Karl-Henry Bergkvist, John P. Moran, Andrew S. Schultz, Jr., Leonard S. Yurkovic, Everett H. Van Hoesen.

Areas of Work: Designs, manufactures, sells and installs mechanized and automated material handling and order selection systems under mechanical electronic and computer control in the United States, Canada and overseas.

Subsidiaries:

SI Handling Systems International Ltd.
Cayman Islands, B.W.I.

SI Handling Systems Europe N.V.
Brussels, Belgium

Ishikawajima SI Company Ltd. (50% owned)
Tokyo, Japan

SI Handling Systems GmbH
Bremen, Germany

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SIHS (NASDAQ)

Number of Employees:

1987	205	1984	300
1986	243	1983	240
1985	238		

Plant Footage:

1987	172,000 sq. ft.	1984	172,000
1986	172,000	1983	172,000
1985	172,000		

Sales and Earnings

	Net Sales	Net Income †
1987	$ 19,280,000	$ (1,984,000)
1986	24,989,000	251,000
1985°	23,309,000	32,000
1984	19,248,000	(742,000)
1983	19,824,000	275,000

	No. of Com. Shares	Earn. per Share ‡†
1987	1,467,519	$ —
1986	1,491,119	0.17
1985°	1,491,119	0.02
1984	1,501,705	—
1983	1,487,369	0.20

(Loss)
° 53 weeks.
† Including extraordinary gains of $374,000 ($0.25 per share) in 1986 and $657,000 ($0.44 per share) in 1985.
‡ Based on the weighted average number of common shares and common equivalent shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.05	—	—
1986	0.10	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 5,943,000	$ 4.05
1986	8,105,000	5.44
1985	7,812,000	5.24
1984	8,149,000	5.43
1983	8,891,000	5.98

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	3/1/87	3/2/86
Net sales	$ 19,280,000	$ 24,989,000
Cost of sales	14,284,000	17,775,000
Expenses	6,195,00	6,205,000
Research & develop.	972,000	879,000
Prov. for doubt. accts.	3,000	(19,000)
Other income	(359,000)	(327,000)
Interest expense	86,000	220,000
Early retirement incen.	204,000	—
Inc. (loss) bef. taxes	$ (2,105,000)	$ 256,000
Income taxes (credit)	(121,000)	379,000
Net Loss	$ (1,984,000)	$ (123,000)
Extraordinary gain	—	374,000
Net Income (Loss) & extraord. gain	$ (1,984,000)	$ 251,000

* Included in Costs and Expenses, Depreciation and Amortization: $824,000 in 1986 and $811,000 in 1985.

Assets

As of	3/1/87	3/2/86
Cash	$ 3,635,000	$ 2,611,000
Receiv., net	2,315,000	5,434,000
Costs in exc. of billings	1,400,000	2,276,000
*Inventories	2,875,000	3,962,000
Prepaid expenses	193,000	255,000
Current Assets	$ 10,418,000	$ 14,538,000
#Fixed assets	3,372,000	3,789,000
Deferred inc. taxes	—	481,000
Intangibles & other assets	202,000	249,000
Total Assets	$ 13,992,000	$ 19,057,000
Liabilities		
Long-term debt, curr.	$ 585,000	$ 546,000
Accts. payable	1,359,000	2,808,000
Cust. deposits	1,373,000	2,171,000
Accrued payroll	374,000	498,000
Income taxes payable	397,000	269,000
Deferred inc. taxes	83,000	634,000
Other accruals	1,322,000	990,000
Curr. Liabilities	$ 5,493,000	$ 7,916,000
Long-term debt	2,495,000	2,987,000
Deferred compensation	61,000	49,000
+Common stock	1,527,000	1,527,000
Add. paid-in capital	4,353,000	4,353,000
Retained earnings	414,000	2,472,000
Treasury stock	(393,000)	(245,000)
Curr. trans. adj.	42,000	(2,000)
Total Liabilities & Shareholders' Equity	$ 13,992,000	$ 19,057,000

* At lower of cost (average) or replacement market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	6.71	6.31
Debt to Equity	0.42	0.44
Working Capital	$4,925,000	$6,622,000
Current Ratio	1.90	1.84
Shareholders' Equity	$5,943,000	$8,105,000

Sierracin Corporation

12780 San Fernando Road
Sylmar, California 91342-3796
(818) 362-6802

Officers: Christoph Tribull, chairman of the board & chief executive officer; Joseph F. Swyt, president & chief operating officer; Gary Roberts, v.p.-finance & secretary; Patricia A. Sprouse, gen. counsel & asst. secretary; Joseph Gordon, president-Intrex Division; Terence Jacobsen, president-TransTech Division; Eldon Swanson, president-Thermal Systems Division; George A. Nikas, president-Sylmar Division; Errol Roy, president-Harrison Division; James Romine, president-Magnedyne Division; Erich Schops, v.p.-Marketing, Paris.

Directors: Christoph Tribull*, chairman; Walter E. Hinds*, Raimon Conlisk*, John C. Janneck.

*Member of the Executive Committee.

Areas of Work: Manufactures and markets high-technology transparency products for the aerospace and electronics markets.

Divisions and Subsidiaries:

Thermal Systems Division
Bell, California
Designs and manufactures special purpose electrical heating components and systems as well as sensors and controllers for such diverse industries as communications and electronic equipment, business machines, aircraft, food handling and environmental control.

Harrison Division
3020 Empire Avenue
Burbank, California 91504
(213) 849-6581
Specializes in the design and manufacture of patented hydraulic components and seals for pneumatic fluid and nuclear power applications.

Magnedyne Division
5580 El Camino Real
Carlsbad, California 92008
(619) 438-3321
Manufactures precision servo motors and tachometers for aerospace and industrial applications.

TransTech Division
12780 San Fernando Road
Sylmar, California 91342
(213) 362-6811
Manufactures high-impact windshields for railroad locomotives, rapid transit vehicles, custom VIP vehicles and ships security glazing for architectural applications.

Transflex Division
Bell,California
Manufactures transparent touch panels and membrane switches to allow direct user interaction with displayed information.

Sylmar Division
12780 San Fernando Road
Sylmar, California 91342
(213) 362-6711
Engaged in the production of transparencies for aircraft.

Intrex Products
Manufactures transparent membrane switches and coated film products.

Transfer Agent(s):
Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: SER

Number of Employees:

1986	875	1983	1,450
1985	1,246	1982	1,400
1984	1,450		

Plant Footage:
19[illegible] 381,260 sq. ft. 1985 487,270

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 72,670,000	$ 642,000
1985	61,455,000	(2,718,000)
1984	62,187,000	4,504,000
1983	56,483,000	4,098,000
1982	53,218,000	1,019,000

	No. of Com. Shares +	Earn. per Share +
1986	3,388,000	$ 0.19
1985	3,382,000	—
1984	3,553,000	1.27
1983	3,672,000	1.12
1982	3,608,000	0.28

(Loss)
‡ Includes other income. Of continuing operations only.
+ Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Aerospace prods.	$ 46,675,000	$ 38,753,000
Industrial/Commercial prods.	25,995,000	22,692,000
Total	$ 72,670,000	$ 61,445,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	0.20	—	—
1984	0.40	—	—
1983	0.20	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 15,366,000	$ 4.54
1985	14,645,000	4.33
1984	18,466,000	5.20
1983	17,929,000	4.88
1982	14,486,000	4.01

‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 72,309	$ 61,069
Other income	361	376
Total Income	$ 72,670	$ 61,445
Cost of sales	53,500	51,059
Expenses	14,608	11,377
Interest expense	938	1,043
Nonrecurring item	—	246
Income (loss) bef. taxes	$ 3,624	$ (2,280)
Income taxes (credit)	2,081	(698)
Inc. (loss) - cont. oper.	$ 1,543	$ (1,582)
Loss - discont. opr.	(901)	(1,136)
Net Income (Loss)	$ 642	$ (2,718)

* Included in Costs and Expenses, Depreciation and Amortization: $1,990,000 in 1986 and $1,945,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cert. of dep.	$ 1,943	$ 1,868
Notes receivable	307	1,148
Acct. receiv., net	10,716	12,238
Receivable from insur. settle.	—	2,026
*Inventories	9,145	9,594
Prepaid expenses	1,109	1,146
Current Assets	$ 23,220	$ 28,020
#Fixed assets	11,662	15,919
Other assets	1,925	1,190
Total Assets	$ 36,807	$ 45,129

Liabilities
(000's)

Notes payable	$ 750	$ 1,000
Long-term debt, curr.	56	7,481
Accts. payable	5,401	6,051
Accruals	3,441	3,865
Accrued payroll	4,000	3,919
Income taxes payable	956	494
Curr. Liabilities	$ 14,604	$ 22,810
Cap. lease oblig.	65	119
Long-term debt	5,685	5,585
Deferred inc. taxes	490	1,338
Deferred income	597	632
+Common stock	3,660	3,659
Add. paid-in capital	504	499
Retained earnings	14,270	13,711
Treasury stock	(3,068)	(3,224)
Total Liabilities & Shareholders' Equity	$ 36,807	$ 45,129

* At lower of cost (primary LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	4.18	—
Sales to Inventories	7.91	6.37
Debt to Equity	0.38	0.90
Working Capital	$ 8,616,000	$ 5,210,000
Current Ratio	1.59	1.23
Shareholders' Equity	$15,366,000	$14,645,000

Silicon General, Inc.

11861 Western Avenue
Garden Grove, California 92641
(714) 898-8121

Officers: Q.T. Wiles, chairman of the board; William D. Rasdal, president & chief exec. officer; Paul N. Risinger, exec. v.p.-advanced marketing & technology; Charles C. Thompson, exec. v.p. & pres.-Semiconductor Division; Roland A. Marcello, exec. v.p. & pres.-Analog Solutions Division; John L. Kehoe, v.p., chief financial officer & secretary.

Directors: Q.T. Wiles, chairman; William R. Hambrecht, Daniel A. McMillan, William D. Rasdal, Allen M. Peterson.

Areas of Work: Manufactures a series of electronic modules and linear integrated circuits.

Divisions:

Analog Solutions
85 West Tasman Drive
San Jose, California 95134
(408) 433-1900
Produces precision analog signal conversion products and custom DC:DC power conversion products.

Semiconductor Division
11861 Western Avenue
Garden Grove, California 92641
(714) 898-8121
Designs, manufactures and markets specialized linear circuits and hybrid circuits for the military and industrial market.

Telecom Solutions
85 West Tasman Drive
San Jose, California 95134
(408) 433-9010
Supplies specialized transmission equipment to local telephone companies for subscriber loop applications.

Transfer Agent(s):
Manufacturer's Hanover Trust Company
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SILN (NASDAQ)

Number of Employees:

1986	424	1983	247
1985	693	1982	242
1984	402		

Silicon General, Inc.

Plant Footage:

1986	N.A.	1984	153,050
1985	203,050 sq. ft.	1983	57,050

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income
1986	$ 33,922,000	$ (6,619,000)
1985	47,358,000	9,612,000
1984	47,969,000	9,273,000
1983	29,328,000	4,396,000
1982	21,572,000	1,409,000

	No. of Com. Shares †	Earn. per Share +
1986	12,065,856	$ —
1985	11,791,644	0.80
1984	11,686,621	0.77
1983	11,131,552	0.38
1982	10,493,136	0.13

(Loss).
† Adjusted to reflect stock splits.
+ Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1 & 2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 35,407,000	$ 2.93
1985	41,318,000	3.50
1984	30,847,000	2.64
1983	18,694,000	1.68
1982	13,311,000	1.27

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	6/29/86	6/30/85
Net sales	$ 32,712,000	$ 46,177,000
Other income	1,210,000	1,181,000
Total income	$ 33,922,000	$ 47,358,000
Cost of sales	26,627,000	26,851,000
Expenses	11,737,000	10,833,000
Interest expense	2,985,000	557,000
Income (loss) bef. taxes	$ (7,427,000)	$ 9,117,000
Tax credit	(808,000)	(495,000)
Net Income (Loss)	$ (6,619,000)	$ 9,612,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,933,000 in 1986 and $1,960,000 in 1985.

Assets

Year ended	6/29/86	6/30/85
Cash	$ 2,227,000	$ 3,706,000
Accts. receiv., net	7,303,000	15,598,000
*Inventories	15,468,000	15,246,000
Other curr. assets	162,000	179,000
Refundable income taxes	—	2,396,000
Current Assets	$ 25,160,000	$ 37,125,000
#Fixed assets	30,916,000	32,755,000
Other assets	11,358,000	5,462,000
Total Assets	$ 67,434,000	$ 75,372,000
Liabilities		
Long-term debt, curr.	$ 8,135,000	$ 1,404,000
Notes payable	7,165,000	8,925,000
Accts. payable	2,312,000	7,324,000
Income taxes payable	107,000	—
Accruals	2,279,000	2,888,000
Allow. for sales returns	291,000	551,000
Curr. Liabilities	$ 20,289,000	$ 21,092,000
Long-term debt	10,116,000	10,205,000
Deferred inc. taxes	1,622,000	2,757,000
+Common stock	5,219,000	4,512,000
Add. paid-in capital	4,695,000	4,694,000
Retained earnings	25,493,000	32,112,000
Total Liabilities & Shareholders' Equity	$ 67,434,000	$ 75,372,000

* At lower of standard cost (which approximates average cost) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	19.74
%Net Income to Sales	—	20.82
%Net Income to Equity	—	23.26
Sales to Inventories	2.11	3.03
Debt to Equity	0.29	0.50
Working Capital	$ 4,871,000	$16,033,000
Current Ratio	1.24	1.76
Shareholders' Equity	$35,407,000	$41,318,000

Siliconix Incorporated

(33%-owned by Westinghouse Electric Corporation)

2201 Laurelwood Road
Santa Clara, California 95054
(408) 988-8000

Officers: Richard E. Lee, chairman, chief exec. officer & president; Douglas R. Sullivan, exec. v.p. & chief operating officer; Harold G. Molyneux, sr. v.p.-worldwide operations; Donald G. Keefe, v.p.-European operations; John W.F. Niem, v.p.-Far East operations; Bruce G. Burman, v.p.-FET Business Unit; Richard A. Blanchard, v.p.-design & advanced technology development; Walter Senges, v.p.-worldwide sales; John F. Crimmins, chief financial officer; James D. Jacobson, v.p.-wafer fabrication; Peter W. Weber, v.p.-product planning & marketing; Walter Faleschini, secretary; Marian Rawlinson, asst. secretary.

Directors: Richard E. Lee, chairman; Douglas R. Sullivan, Clifford A. Morton, Francis T. Thompson, Robert P. Rhen, Robert L. Wehrli.

Areas of Work: Designs, develops, manufactures and sells discrete devices and integrated circuits which include junction and MOS field-effect transistors (FETs) and digital linear and large-scale integrated circuits. Product application innovations in the areas of switching, multiplexing, interface circuitry, operational and sense amplifiers, phased arrays, signal processing and LSI circuits for the data conversion and telecommunications markets are derivations of advanced components technologies.

Subsidiaries:

Siliconix, (Hong Kong) Limited
61-63 King Yip Street
Fourth Floor, Kwun Tong
Kowloon, Hong Kong

Siliconix (Taiwan) Limited
Nantze Export Processing Zone
Kaohsiung, Taiwan
Republic of China

Siliconix Limited
Morriston
Swansea, Wales
United Kingdom SA6 6NE

Siliconix S.A.R.L.
70-72 Avenue du General de Gaulle
Echat 559
94020 Creteil Cedex
Creteil, France

Siliconix Japan
101 Daigo Tanaka Building
4-4 Iidabashi, 3-Chome
Chiyoda-ku Tokyo, Japan 102

Siliconix GmbH
7024 Bernhausen
Postfach 1340
Johannestrasse 27
Filderstadt, West Germany

Transfer Agent(s):
First Interstate Bank
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SILI (NASDAQ)

Number of Employees:

1986	2,603	1983	2,225
1985	2,587	1982	1,820
1984	2,727		

Plant Footage:

1986	376,300 sq. ft.	1983	296,700
1985	312,700	1982	284,000
1984	312,700		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 111,185,000	$ 7,364,000
1985	108,022,000	9,059,000
1984	96,305,000	8,408,000
1983	69,565,000	8,812,000
1982	60,025,190	719,971

	No. of Com. Shares #	Earn. per Share #†
1986	12,787,139	$ 0.55
1985	12,412,190	0.71
1984	12,350,184	0.68
1983	12,332,384	0.71
1982	11,516,188	0.06

† Including extraordinary gain of $545,000 ($0.04 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 65,721,000	$ 5.14
1985	57,410,000	4.63
1984	46,271,000	3.84
1983	41,786,000	3.44
1982	32,397,255	2.77

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 111,185,000	$ 108,022,000
Cost of sales	56,104,000	52,256,000
Expenses	43,262,000	42,074,000
Interest expense	1,815,000	1,258,000
Currency gains	(15,000)	(148,000)
Income before taxes	$ 10,019,000	$ 12,582,000
Income taxes	2,655,000	3,523,000
Net Income	$ 7,364,000	$ 9,059,00

* Included in Costs and Expenses, Depreciation and Amortization: $40,966,000 in 1986 and $8,175,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 6,671,000	$ 8,703,000
Accts. receiv., net	21,624,000	22,025,000
*Inventories	26,814,000	22,559,000
Prepaid expenses	9,666,000	6,474,000
Current Assets	$ 64,775,000	$ 59,761,000
#Fixed assets	65,228,000	61,231,000
Other assets	1,748,000	1,541,000
Total Assets	$ 131,751,000	$ 122,533,000

Liabilities

Notes payable	$ 2,335,000	$ 2,712,000
Long-term debt, curr.	51,000	93,000
Accts. payable	7,429,000	6,041,000
Accruals	5,711,000	7,267,000
Income taxes	1,081,000	2,617,000
Curr. Liabilities	$ 16,607,000	$ 18,730,000
Long-term debt	40,048,000	40,194,000
Deferred inc. taxes	9,375,000	6,199,000
+Common stock	23,215,000	19,589,000
Retained earnings	43,184,000	38,855,000
Accum. trans. adjust.	(678,000)	(1,034,000)
Total Liabilities & Shareholders' Equity	$ 131,751,000	$ 122,533,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.01	11.65
%Net Income to Sales	6.62	8.39
%Net Income to Equity	11.20	15.78
Sales to Inventories	4.15	4.79
Debt to Equity	0.61	0.70
Working Capital	$48,168,000	$41,031,000
Current Ratio	3.90	3.19
Shareholders' Equity	$65,721,000	$57,410,000

The Singer Company

P.O. Box 10151
8 Stamford Forum
Stamford, Connecticut 06904
(203) 356-4200

Officers: Joseph B. Flavin, chairman of the board & chief executive officer; William F. Schmied, president & chief operating officer; F. Gordon Bitter, sr. v.p. & chief financial officer; Terry W. Heil, exec. v.p.-Defense Electronics Group; Theron S. Hoffman, Jr., sr. v.p.-human resources; William D. Turner, group v.p.-Training Systems Group; Philip A. Watson, sr. v.p. & general counsel; vice presidents: John J. Brett, Defense Electronics Group; Thomas L. Elliott, Jr., corporate relations; Austin J. Greene, general tax counsel; Wesley K. Brown, pres.-HRB-Singer, Inc.; Jay Hoffman, engineering; Larry F. Neely, pres.-Meter Division; Ernest J. Szilagyi, planning; Ralph K. Kessler, v.p. & deputy general counsel; Francis F. Nicastro, treasurer; Jeremiah A. Keating, controller; Adrienne D. Whitehead, secretary.

Directors: Joseph B. Flavin*, chairman; Randolph W. Bromery*, Lt. Gen. Kelly H. Burke USAF, (ret), Francis E. Ferguson, Arthur H. Fredston, Robert P. Jensen*, Lloyd L. Kelly*, Archibald E. MacKay, Donald E. Meads*, Arthur J. Santry, Jr.*, William F. Schmied, Delbert C. Staley.

* Member of the Executive Committee.

Areas of Work: Government Products include aerospace operations in Defense Electronics and in Training Systems. Products include a broad line of navigation systems for aircraft, spacecraft, and marine vessels; guidance systems for missiles; anti-submarine warfare systems; aircraft, spacecraft, marine and industrial simulators; large-screen display systems; electronic intelligence systems; telecommunications; terminals; and related systems and products. Electro-Mechanical Products include floor care equipment, meters, and motor products such as vacuum cleaners and power tools manufactured for Sears Roebuck & Co.

Divisions and Subsidiaries:

Government Products

Defense Electronics Group

Kearfott Guidance and Navigation Division
Electronics Systems Division
Products: Airborne inertial, Doppler and hybrid navigation and guidance systems; time ordered ranging systems; analog computers; digital computers; analog-digital/digital-analog converters; airborne multiplex systems; digitally controlled support equipment; test equipment platforms, gyros, accelerometers and inertial packages; electronic assemblies; servomechanism components including synchros, resolvers, servomotors and tachometers; synchronous and stepping motors; electromechanical and hydraulic actuators.

HRB-Singer, Inc.
P.O. Box 60
Science Park Road
State College, Pennsylvania 16804
(814) 238-4311
ESM Systems which includes: system engineering and analysis, airborne reconnaissance systems; fixed and mobile signal processing, graphic computer analysis techniques, special signal analysis techniques, quick reaction capability, special purpose displays and EW simulation.

Librascope Division
833 Sonora Avenue
Glendale, California 91201
(818) 244-6541
Products: Naval weapon control systems, underwater acoustic systems, computing and data processing systems for ship-borne antisubmarine warfare applications; mobile command/control and communications systems for the army; fixed station command/control systems for air defense including real-time displays ranging from CRT to very large screen; computer peripheral equipment such as disc memories and encoders.

Dalmo Victor Division
1515 Industrial Way
Belmont, California 94002
(415) 595-1414
Products: Electronic warfare systems, principally radar-threat warning devices for aircraft, helicopters, and ships; antennas; surveillance systems; naval electronic countermaneuvers; and software systems.

Training Systems Group

Link Flight Simulation Division
Binghamton, New York 13902
(607) 772-3011
Products: Simulators for aircraft flight and mission, missile and spacecraft, and visual; general aviation flight trainers.

Link Simulation Systems Division
11800 Tech Road
Montgomery Industrial Park
Silver Spring, Maryland 20904
(301) 622-4400
Products: Simulators for ASW flight and tactics, helicopter, locomotive, ships handling, VTOL trainers for aircraft flight, cockpit procedures, flight procedures; Part task, radar, submarine, power generating station simulators.

SimuFlight Division
P.O. Box 619119
D/FW Airport, TX 75261
(214) 456-8000
Products: Flight simulators for corporate/commercial aviation.

Allen Division
209 Madison Street
Alexandria, Virginia 22314
(703) 548-4200
Designs high-technology training programs and produces related courseware.

Education Division
80 Commerce Drive
Rochester, New York 14623
(716) 334-8080
Products manufactured for the consumer.

Electro-Mechanical Products

Motor Products Division
Pumpkington Highway
P.O. Box 35
Pickens, South Carolina 29671
(803) 878-6331
Portable electronic power tools, aluminum die castings, small universal motors, floor care products.

Meter Division
13500 Philmont Avenue
Philadelphia, Pennsylvania 19116
(215) 673-2100
Products: Flow meters, flow control instruments, large gas meters, gas equipment accessory apparatus, turbine meters, laboratory apparatus.

Transfer Agent(s):
The First Jersey National Bank
Stock Transfer Division
One Exchange Place
Jersey City, New Jersey 07302

Stock Exchange(s): New York, Pacific, Paris, London.

Ticker Symbol: SMF

Number of Employees:

1986	28,000	1983	55,000
1985	46,000	1982	58,000
1984	50,000		

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1986	$ 1,725,200	$ 82,600
1985	1,569,500	82,300
1984	1,481,500	65,100
1983	1,346,700	31,600
1982	1,236,500	(2,900)

	No. of Com. Shares	Earn. per Share ‡†
1986	20,964,694	$ 3.82
1985	17,265,147	4.30
1984	17,089,706	3.41
1983	16,935,406	1.52
1982	16,621,004	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $18,000,000 ($0.89 per share) in 1986, $11,800,000 ($0.67 per share) in 1984, $15,400,000 ($0.88 per share) in 1983 and $18,900,000 in 1982.
† Based on the monthly average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Aerospace & marine systems	$ 1,370,100	$ 1,211,400
Education	60,600	67,600
Motor products	181,900	182,400
Meter products	112,600	108,100
Total	$ 1,725,200	$ 1,569,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.30	—	—
1984	0.10	—	—
1983	0.10	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 463,400,000	$ 22.10
1985	403,400,000	23.36
1984	321,600,000	18.82
1983	270,600,000	15.98
1982	259,000,000	15.58

‡ After allowing for preferred stock at total liquidation preference value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net Sales	$ 1,725,200	$ 1,569,500
Cost of sales	1,464,600	1,330,500
Expenses	146,500	143,000
Other income	(1,500)	(2,100)
Inc. of unconsol. subsid.	35,600	31,600
Interest expense	14,700	6,600
Income before taxes	$ 65,300	$ 59,900
Income taxes	6,800	3,300
Inc. - cont. oper.	$ 58,500	$ 56,600
Inc. - discont. oper.	33,300	25,700
Net Income	$ 91,800	$ 82,300
Extraord. gain	18,000	—
Cum. effect of change in accntng.-meth.	(27,200)	—
Net Income & extraodinary gain	$ 82,600	$ 82,300

* Included in Costs and Expenses, Depreciation and Amortization: $68,900,000 in 1986 and $43,300,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 13,200	$ 15,900
Accts. receiv., net	350,700	270,300
*Inventories	309,500	223,800
Prepaid expenses	7,700	4,100
Current Assets	$ 681,100	$ 514,100
Investments	55,900	38,900
#Fixed assets	305,700	248,500
Intangibles	195,600	19,200
Other assets	49,600	38,100
Net assets of discont. oper.	—	315,600
Total Assets	$ 1,287,900	$ 1,174,400

Liabilities
(000's)

Notes & loans payable	$ 4,500	$ 7,200
Long-term debt, curr.	16,700	12,000
Accts. payable	161,700	149,200
Accruals	149,000	119,700
Income taxes	2,900	2,100
Curr. Liabilities	$ 334,800	$ 290,200
Long-term debt	311,500	285,800
Other liabilities	34,600	34,800
+Preferred stock	18,700	22,000
+ +Common stock	209,600	172,700
Add. paid-in capital	121,400	41,400
Retained earnings	269,500	361,500
Unreal. loss on eq. secur.	(12,900)	—
Eq. adjust. from curr. trans.	700	(34;000)
Total Liabilities & Shareholders' Equity	$ 1,287,900	$ 1,174,400

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.
+ + $10 par value.

Statistical Summary

%Net Income to Equity	15.12	14.60
Sales to Inventories	5.57	7.01
Debt to Equity	0.55	0.54
Working Capital	$346,300,000	$223,900,000
Current Ratio	2.03	1.77
Shareholders' Equity	$607,000,000	$563,600,000

Sippican Inc.

(formerly Sippican Ocean Systems, Inc.)

7 Barnabas Road
P.O. Box 861
Marion, Massachusetts 02738
(617) 748-1160

Officers: Richard I. Arthur, president & chief executive officer; Richard W. Bixby, v.p.-engineering; David P. Gagnon, v.p.-manufacturing, sonobuoys; Stephen S. Galliker, v.p.-finance & treasurer; Henry C. Hall, v.p. & controller; John Kelso, v.p.-manufacturing, standard products; William E. Walsh, Jr., sr. v.p.-engineering, marketing & program management; Howard C. Mott, v.p.-quality systems Richard Testa, secretary.

Directors: Thayer Francis, Jr., chairman; Robert S. Ames, Richard I. Arthur, Alfred M. Bertocchi, Ruel C. Mercure, Jr., Daniel Semels, Alfred J. Whittle, Jr.

Areas of Work: The company designs, develops, manufactures and markets expendable oceanographic instrumentation and associated support systems, sonobuoys, acoustic and radio frequency communications devices and mine actuators, and is developing underwater training targets, for use primarily by the United States and other free world navies, as well as by the scientific community. The Company's products are utilized in antisubmarine and mine warfare and for submarine command, control and communication. Sippican's expendable temperature probes are used to predict sonar detection ranges, a critical input to tactical deployment of antisubmarine warfare forces. The Company's products are also employed by oceanographers to compute current flow, ocean-atmosphere heat transfer and other variable physical phenomena, in the study of energy transport in the ocean, and in other scientific applications.

Transfer Agent(s):
Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOSI (NASDAQ)

Number of Employees:

1986	N.A.	1983	344
1985	553	1982	333
1984	375		

Plant Footage:

1986	N.A.	1983	124,000
1985	220,000 sq. ft.	1982	124,000
1984	210,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 49,761,000	$ 3,635,000
1985	32,063,000	2,113,000
1984	32,057,000	4,931,000
1983	27,043,000	2,625,000
1982	19,863,000	1,753,000

	No. of Com. Shares #	Earn. per Share #
1986	4,194,000	$ 0.87
1985	4,121,000	0.51
1984	4,148,000	1.19
1983	3,996,000	0.66
1982	3,415,000	0.51

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	—
1983	—	—	—
1982	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 28,390,000	$ 6.77
1985	24,409,000	5.92
1984	21,779,000	5.25
1983	19,087,000	4.78
1982	9,303,000	2.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Revenues	$ 49,761,180	$ 32,063,171
Cost of revenues	33,242,094	20,460,693
Expenses	10,387,919	8,318,638
Other income	(304,926)	(191,215)
Income before taxes	$ 6,436,093	$ 3,475,055
Income taxes	2,801,000	1,362,000
Net Income	$ 3,635,093	$ 2,113,055

* Included in Costs and Expenses, Depreciation and Amortization: $3,202,028 in 1986 and 2,521,082 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 10,607,105	$ 4,302,527
Accts. receiv., net	6,555,105	7,510,229
*Inventories	5,282,975	3,455,841
Prepaid expenses	121,306	80,438
Deferred inc. taxes	342,000	—
Current Assets	$ 22,908,491	$ 15,349,035
#Fixed assets	16,046,665	17,208,428
Total Assets	$ 38,955,156	$ 32,557,463

Liabilities

Long-term debt, curr.	$ 495,000	$ 470,000
Accts. payable	2,633,349	1,962,812
Accrued payroll	1,390,413	712,035
Profit sharing #	664,855	714,256
Commissions	585,087	546,705
Inc. taxes payable	1,156,000	399,000
Curr. Liabilities	$ 6,924,704	$ 4,804,808
Deferred inc. taxes	2,885,000	2,094,000
Long-term debt	755,000	1,250,000
+Common stock	4,194,154	4,350,996
Add. paid-in capital	6,218,205	8,157,562
Retained earnings	17,978,093	14,343,000
Treasury stock	—	(2,442,903)
Total Liabilities & Shareholders' Equity	$ 38,955,156	$ 32,557,463

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.93	10.84
%Net Income to Sales	7.31	6.59
%Net Income to Equity	12.80	8.66
Sales to Inventories	9.42	9.28
Debt to Equity	0.04	0.07
Working Capital	$15,983,787	$10,544,227
Current Ratio	3.31	3.19
Shareholders' Equity	$28,390,452	$24,408,655

SL Industries, Inc.

(formerly SGL Industries, Inc.)

Suite 201
Three Greentree Centre
Marlton, New Jersey 08053
(609) 596-7800

Officers: John C. Instone, president & chief exec. officer; James E. Morris, treasurer; Robert T. Cross, v.p.-resource management & secretary; William J. Blewis, asst. secretary; Charles A. Shipley, v.p.-finance; Gordon C. Mason, v.p.-corporate development; Raymond R. Wright, v.p.-operations; S. James Stansky, dir.-personnel; William M. Landolt, int'l. sales mgr.; Mona A. Liss, communications mgr.; Michael J. Froggatt, mgr.-information services; Robert C. Alexander, corporate controller.

Directors: Byrne Litschgi, chairman; William M. Hess, Grant Heilman, Donald J. Lloyd-Jones, John C. Instone, Marlin Miller, Jr., Mandell Shimberg.

Areas of Work: Electrical and electronic products include electromagnetic indicator wheels and meters, gyro windings, spark plugs and jet engine igniters for the avionics industry, power conditioners, voltage surge protectors, electric feedthroughs, and observation ports.

Metal products include grinding wheels and abrasives, specialty pipe flanges, pipe bends, tank nozzles, and the piping systems of chemical and food processing plants.

Plastic products include a variety of high tolerance parts produced by many processes including injection molding; profile and sheet extrusion; and casting of crystal clear sheet, tube and rod.

Divisions:

Electrical Products Group
SL Auburn, Inc.
89 York Street
Auburn, New York 13021
(315) 252-9501

SL Waber, Inc.
300 Harvard Avenue
Westville, New Jersey 08093
(609) 456-5400

SL Montevideo Technology, Inc.
Montevideo, Minnesota

Metalworking Group
SL Abrasives
Cave Hill Drive
Carlisle, Pennsylvania 17013
(717) 234-3471

SL Piping Systems, Inc.
Newport, Delaware

SL Lube/Systems, Inc.
Elmwood Park, New Jersey
(201) 791-6200

SL Modern Hard Chrome, Inc.
Pennsauken & Camden, New Jersey
(609) 665-8600

Plastics Group
SL Plastics
P.O. Box 211
Nazareth, Pennsylvania 18064
(215) 759-0280

SL Ameritech Plastics, Inc.
Patterson, New York

SL International
Marlton, New Jersey

Transfer Agent(s):
Mellon Bank (East) N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): New York, Philadelphia

Ticker Symbol: SL

Number of Employees:

1986	884	1984	883
1985	1,024		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 61,906,000	$ 4,124,000
1985	61,331,000	4,304,000
1984	52,283,000	3,493,000
1983	38,074,000	1,706,000
1982	40,711,000	3,005,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,051,000	$ 0.82
1985	5,038,000	0.85
1984	5,040,000	0.69
1983	6,029,000	0.28
1982	6,163,000	0.49

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Electrical prods.	$ 38,939	$ 38,016
Metalworking	16,058	17,060
Plastics	6,909	6,255
Total	$ 61,906	$ 61,331

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.16	6%	4-for-3
1985	0.14	6%	—
1984	0.13	6%	3-for-2
1983	0.10	6%	3-for-2
1982	0.09	6%	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 28,642,000	$ 5.67
1985	25,283,000	5.02
1984	21,705,000	4.31
1983	19,003,000	3.15
1982	24,128,000	3.91

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Income Account

Year ended July 31	1986	1985
Net sales	$ 61,906,000	$ 61,331,000
Cost of sales	39,924,000	38,441,000
Expenses	13,358,000	13,911,000
Depreciation	1,507,000	1,211,000
Oper. profit	$ 7,117,000	$ 7,768,000
Interest income	(329,000)	(196,000)
Interest expense	323,000	458,000
Income before taxes	$ 7,123,000	$ 7,506,000
Income taxes	3,144,000	3,558,000
Inc.-cont. oper.	$ 3,979,000	$ 3,948,000
Inc.-discont. oper.	145,000	356,000
Net Income	$ 4,124,000	$ 4,304,000

Assets

As of July 31	1986	1985
Cash	$ 1,707,000	$ 1,010,000
Trade receiv., net	8,875,000	8,486,000
Recoverable income taxes	657,000	—
*Inventories	9,338,000	10,863,000
Prepaid expenses	440,000	350,000
Current Assets	$ 21,017,000	$ 20,709,000
#Fixed assets	13,226,000	13,358,000
Defer. charges & other assets	1,679,000	1,112,000
Intangibles	984,000	984,000
Notes receiv.	1,737,000	1,831,000
Total Assets	$ 38,643,000	$ 37,994,000

Liabilities

Short-term bank debt	$ 1,000,000	$ —
Long-term debt, curr.	394,000	677,000
Accts. payable	2,252,000	2,500,000
Accruals	1,844,000	3,413,000
Income taxes	—	972,000
Curr. Liabilities	$ 5,490,000	$ 7,562,000
Long-term debt	2,707,000	4,226,000
Deferred inc. taxes	947,000	440,000
Retire. benefits	857,000	483,000
+Common stock	1,148,000	810,000
Add. paid-in capital	17,334,000	14,885,000
Retained earnings	13,977,000	13,405,000
Treasury stock	(3,817,000)	(3,817,000)
Total Liabilities & Shareholders' Equity	$ 38,643,000	$ 37,994,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Net Income to Equity	14.40	17.02
Sales to Inventories	6.63	6.25
Debt to Equity	0.14	0.19
Working Capital	$15,527,000	$13,147,000
Current Ratio	3.83	2.74
Shareholders' Equity	$28,642,000	$25,283,000

SmithKline Beckman Corporation

One Franklin Plaza
P.O. Box 7929
Philadelphia, Pennsylvania 19101
(215) 751-4000

Officers: Robert F. Dee, chairman of the board; Henry Wendt, president & chief executive officer; George W. Ebright, exec. v.p. & chief operating officer; Gavin S. Herbert, exec. v.p.; Kenneth N. Kermes, exec. v.p., chief financial officer & treasurer; vice presidents: Norman H. Blanchard, president-SmithKline Animal Health Products; Robert J. Byrnes, president-SmithKline Chemicals; John F. Chappell, president-SmithKline & French Laboratories-International; Thomas M. Collins, corporate affairs; Richard V. Holmes, secretary & general counsel; William E. Learnard, president-SmithKline Consumer Products; Richard W. Rodney, corporate technical services; Louis T. Rosso, president-Beckman Instruments, Inc.; Stanley T. Crooke, president-Research & Development, SmithKline & French Laboratories; James H. Cavanaugh, president, SmithKline & French Laboratories-U.S.; Harry C. Groome, III, president, SmithKline Bio-Science Laboratories; William J. Henderson, corp. personnel; Frederick W. Kyle, president, SmithKline Beckman Corporation-Japan; George H. Poste, research & preclinical development, SmithKline & French Laboratories; William C. Shepherd, president-Allergan Pharmaceuticals, Inc.; Joseph C. Gardner, controller.

Directors: Samuel H. Ballam, Jr.; Carolyne K. Davis, Robert F. Dee, William R. Grant, Gavin S. Herbert, Francis P. Lucier, R. Gordon McGovern, Donald F. McHenry, Ralph A. Pfeiffer, Jr., Donald van Roden, Henry Wendt, Drew Lewis, George W. Ebright.

Areas of Work: Engaged in the fields of health care and high technology. Markets a broad line of prescription and proprietary products for human and animal health as well as diagnostic and analytical products and services that facilitate the detection and treatment of disease and the advancement of biomedical research.

Products for the separation of biological materials include ultracentrifuges, low-speed centrifuges and high-performance liquid chromatography systems. Products for the detection, monitoring and quantification of biological materials include spectrophotometers, nuclear counters and electrochemical instruments. Instrumentation for analysis of molecular structure

SmithKline Beckman Corporation

and composition includes an amino acid analyzer and an instrument for determining protein and peptide sequences. The Company also produces a DNA synthesizer which uses licensed phosphoramidite chemistry and microprocessor control to speed and simplify the synthesis of nucleic acids and a peptide synthesizer which enables scientists to duplicate or make analogs of the structures of natural peptides or small proteins. The Company has also introduced an automated laboratory work station using robotics technology.

Divisions:

Therapeutics Group

Ethical Pharmaceutical Products
SmithKline Animal Health Care Products
SmithKline Consumer Health Care Products
Eye and Skin Care Products

Diagnostic/Analytical Group

SmithKline Clinical Laboratories
Beckman Analytical Systems
Beckman Diagnostic Systems
Geometric Data
SmithKline Diagnostics

Subsidiaries:

Allergan, Inc.
Beckman Instruments, Inc.
Laboratoires Smith Kline & French S.A. (France)
SmithKline Consumer Products
Norden Laboratories, Inc.
SK&F Lab Co.
SK&F Co.
SmithKline & French Laboratories Limited (United Kingdom)
SmithKline Bio-Science Laboratories, Ltd. (72.5% owned)
SmithKline & Fujisawa KK

Transfer Agent(s):

The Philadelphia National Bank
P.O. Box 13833
Philadelphia, Pennsylvania 19101

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Security Pacific National Bank
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific, Philadelphia, Swiss, London, Paris

Ticker Symbol: SKB

Number of Employees:

1986	33,747	1983	31,317
1985	32,824	1982	30,438
1984	30,465		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 3,745,000	$ 521,000
1985	3,257,000	514,000
1984	2,949,000	504,000
1983	2,835,000	490,000
1982	2,643,000	455,000

	No. of Com. Shares #	Earn. per Share #
1986	76,900,000	$ 6.78
1985	78,400,000	6.56
1984	80,800,000	6.23
1983	83,100,000	5.89
1982	82,600,000	5.51

+ Of continuing operations only.
# Based on the average number of common shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Therapeutics	$ 2,752,700	$ 2,332,500
Diagnostic/Analytical	992,700	924,100
Total	$ 3,745,400	$ 3,256,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$3.00	—	—
1985	2.85	—	—
1984	2.80	—	—
1983	2.65	—	—
1982	2.39	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 1,296,000	$ 16.85
1985	2,268,000	29.34
1984	2,069,000	26.09
1983	2,055,000	24.68
1982	1,841,000	22.21

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 3,745,400	$ 3,256,600
Cost of sales	1,315,200	1,200,200
Expenses	1,666,000	1,328,600
Interest income	(65,100)	(68,200)
Interest expense	51,000	37,700
Nonrecurring charges	57,800	—
Other expense (income)	(1,800)	1,600
Income before taxes	$ 722,300	$ 756,700
Income taxes	201,200	242,300
Net Income	$ 521,100	$ 514,400

* Included in Costs and Expenses, Depreciation and Amortization: $157,900,000 in 1986 and $133,400,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 433,500	$ 772,000
Accts. receiv., net	766,900	684,600
*Inventories	533,100	498,200
Other curr. assets	159,300	155,600
Current Assets	$ 1,892,800	$ 2,110,400
Cash reserved	425,000	—
Investments & other assets	162,800	138,800
#Fixed assets	1,410,800	1,285,300
Intangibles	330,600	198,000
Total Assets	$ 4,222,000	$ 3,732,500

Liabilities
(000's)

Notes payable	$ 273,100	$ 186,000
Accts. payable	201,700	159,500
Accrued comp.	103,700	87,600
Accruals	323,100	238,000
Income taxes	453,700	416,100
Curr. Liabilities	$ 1,355,300	$ 1,087,200
Share repurchase oblig.	1,203,400	—
Long-term debt	71,400	102,400
Deferred inc. taxes	65,800	72,100
Other liab.	119,900	100,300
Minority interest	110,200	102,400
+Common stock	20,800	20,800
Add. paid-in capital	243,200	234,200
For. curr. trans.	(1,300)	(64,800)
Retained earnings	2,729,700	2,439,900
Treasury stock	(1,696,400)	(362,000)
Total Liabilities & Shareholders' Equity	$ 4,222,000	$ 3,732,500

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	19.28	23.24
%Net Income to Sales	13.91	15.80
%Net Income to Equity	40.21	22.68
Sales to Inventories	7.03	6.54
Debt to Equity	0.06	0.13
Working Capital	$ 537,500,000	$1,023,200,000
Current Ratio	1.40	1.94
Shareholders' Equity	$1,296,000,000	$2,268,100,000

Snap-on Tools Corporation

2801 80th Street
Kenosha, Wisconsin 53141
(414) 656-5200

Officers: William B. Rayburn, chairman & chief executive officer; Marion F. Gregory, president & chief operating officer; Earl B. Reed, sr. v.p.-marketing; Harry W. Fry, sr. v.p.-administration; Michael G. Hassett, sr. v.p.-manufacturing and research & engineering; Jay W. Schultz, v.p.-research & engineering; George J. Bartl, Jr., v.p.-Eastern Division; James R. Askeris, controller; Branko M. Beronja, v.p.-Western Division; Kenneth E. Ragan, v.p.-international; James D. Johnson v.p.-Central Division; Lowell L. Larson, sr. v.p.-finance; Donald E. Lyons, v.p.-human resources; Michael F. Montemurro, treasurer; Joseph R. Olson, secretary & general counsel; Jay H. Schnabel, v.p.-marketing services; Robert C. Stenman, v.p.-planning & information services; Hy Weiner, sr. v.p.-administration; James L. Somers, v.p.-manufacturing; Thomas J. Gibbons, v.p.-corp. quality; Daniel J. Riordan, v.p.-national sales; Charles J. Labanowsky, asst. secretary.

Directors: William B. Rayburn, chairman of the board; Marion F. Gregory, Harry W. Fry, Earl B. Reed, Arthur L. Kelly, James M. Tait, Robert A. Cornog, Lowell L. Larson, Daniel J. Krumm, George W. Mead, J. Thomas Schanck, Michael G. Hassett.

Areas of Work: Manufactures hand tools for the profesional automotive mechanic and industrial tool user, electronic diagnostic equipment, sheet metal tool chests and cabinets, wheel aligning and balancing equipment and air powered tools.

Subsidiaries:

Snap-on Tools of Canada Ltd.
Toronto, Ontario, Canada
Manufactures tools, tool chests and cabinets.

Herramientas Snap-on de Mexico, S.A.
Vallejo, Mexico
Distributes U.S. Mexican manufactured products throughout Mexico.

Snap-on AG
Zug, Switzerland

Snap-on Tools de Mexico, S.A. de C.V.
Vallejo, Mexico
Manufactures basic tools.

Snap-on Tools International, Ltd. (FSC)
Kenosha, Wisconsin
Foreign sales corporation.

Snap-on Tools Limited
Kettering Northant's, England
Distributes U.S. and Canadian manufactured products throughout England.

Snap-on Tools (Europe) Ltd.

Snap-on Tools GmbH
Willsbach, West Germany

Acquisition:

ATI Industries, Inc.
Engaged primarily in manufacturing and marketing high-quality precision aircraft tools used in the construction and maintenance of commercial and military aircraft.

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York

Ticker Symbol: SNA

Number of Employees:

1986	6,580	1983	5,448
1985	6,209	1982	5,253
1984	5,906		

Plant Footage:

1986	2,116,350 sq. ft.	1983	1,885,000
1985	1,975,500	1982	1,734,900
1984	1,886,300		

Sales and Earnings

	Net Sales	Net Income
1986	$ 670,086,000	$ 65,496,000
1985	591,278,000	59,732,000
1984	539,933,000	59,629,000
1983	454,748,000	42,974,000
1982	430,521,000	37,301,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	41,168,798	$ 1.59
1985	40,873,186	1.46
1984	40,703,024	1.46
1983	40,564,558	1.06
1982	40,442,448	0.92

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.61	—	2-for-1
1985	0.58	—	—
1984	0.465	—	—
1983	0.425	—	—
1982	0.42	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 382,952,000	$ 9.30
1985	337,328,000	8.25
1984	298,574,000	7.34
1983	258,941,000	6.38
1982	232,594,000	5.75

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 670,086,000	$ 591,278,000
Cost of sales	338,136,000	293,222,000
Expenses	205,046,000	186,236,000
Oper. profit	$ 126,904,000	$ 111,820,000
Other income	(2,264,000)	(2,715,000)
Interest expenses	2,672,000	2,703,000
Income before taxes	$ 126,496,000	$ 111,832,000
Income taxes	61,000,000	52,100,000
Net Income	$ 65,496,000	$ 59,732,000

* Included in Costs and Expenses, Depreciation and Amortization: $14,862,000 in 1986 and $12,787,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 27,333,000	$ 39,806,000
Accts. receiv., net	226,551,000	197,689,000
*Inventories	124,845,000	113,061,000
Prepaid expenses	13,443,000	10,257,000
Current Assets	$ 392,172,000	$ 360,813,000
#Fixed assets	115,144,000	98,134,000
Other assets	19,264,000	907,000
Total Assets	$ 526,580,000	$ 459,854,000

Liabilities

Long-term debt, curr.	$ 4,343,000	$ 2,517,000
Accts. payable	26,267,000	20,480,000
Accruals	43,159,000	35,737,000
Deposits	38,534,000	33,772,000
Curr. Liabilities	$ 112,303,000	$ 92,506,000
Long-term debt	16,061,000	17,674,000
Deferred income taxes	15,264,000	12,346,000
+Common stock	41,256,000	20,473,000
Add. paid-in capital	716,000	14,524,000
Retained earnings	348,405,000	310,490,000
Currency translation adjustment	(7,425,000)	(8,159,000)
Total Liabilities & Shareholders' Equity	$ 526,580,000	$ 459,854,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.88	18.91
%Net Income to Sales	9.77	10.10
%Net Income to Equity	17.10	17.71
Sales to Inventories	5.37	5.23
Debt to Equity	0.04	0.06
Working Capital	$504,475,000	$268,307,000
Current Ratio	3.49	3.90
Shareholders' Equity	$382,952,000	$337,328,000

Solid Controls, Inc.

6925 Washington Avenue South
Minneapolis, Minnesota 55435
(612) 941-6110

Officers: Ronald A. Kokesh, president; Edward A. Cashin, executive vice president; John L. Rodgers, Jr., v.p.-engineering; A. Larry Katz, secretary.

Directors: Ronald A. Kokesh, Edward A. Cashin, A. Larry Katz, John L. Rodgers, Jr.

Areas of Work: Designs and manufactures a widely diversified line of solid state controls for the industrial machine industry.

Transfer Agent(s):
Fidata Trust Company of New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	84	1983	87
1985	90	1982	50
1984	80		

Plant Footage:

1986	31,000 sq. ft.	1983	29,000
1985	31,000	1982	29,000
1984	31,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 8,348,756	$ 613,226
1985	8,837,093	1,126,198
1984	7,836,419	955,486
1983	3,392,748	3,429
1982	4,696,414	230,298

	No. of Com. Shares †	Earn. per Share ×
1986	1,185,804	$ 0.52
1985	1,185,804	0.95
1984	1,185,804	0.81
1983	1,185,804	0.01
1982	1,185,804	0.20

† Adjusted to reflect stock split.
× Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.13	—	—
1985	0.1575	—	2-for-1
1984	0.10	—	—
1983	0.10	—	—
1982	0.10	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 3,934,483	$ 3.32
1985	3,465,526	2.92
1984	2,496,949	2.11
1983	1,663,522	1.40
1982	1,765,998	1.49

+ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 8,348,756	$ 8,837,093
Cost of sales	5,331,655	4,920,157
Expenses	2,034,531	2,103,396
Other income	(55,656)	(109,602)
Income before taxes	$ 1,038,226	$ 1,923,142
Income taxes	425,000	796,944
Net Income	$ 613,226	$ 1,126,198

* Included in Costs and Expenses, Depreciation: $78,544 in 1986 and $67,122 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 310,949	$ 816,546
Accts. receiv., net	2,233,396	1,474,504
Investment	80,401	69,873
Tax refund receiv.	83,991	—
*Inventories	1,289,697	1,469,802
Prepaid expenses	26,588	26,685
Current Assets	$ 4,025,022	$ 3,857,410
Marketable securities	230,175	220,289
#Fixed assets	227,307	182,898
Total Assets	$ 4,482,504	$ 4,260,597

Liabilities

Accts. payable	$ 176,340	$ 179,611
Profit sharing	90,845	190,156
Income taxes	—	542
Accruals	280,836	424,762
Curr. Liabilities	$ 548,021	$ 795,071
+Common stock	59,290	59,290
Add. paid-in capital	419,118	419,118
Unrealized loss on noncurr. marketable securities	—	(9,886)
Retained earnings	3,456,075	2,997,004
Total Liabilities & Shareholders' Equity	$ 4,482,504	$ 4,260,597

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.44	21.76
%Net Income to Sales	7.35	12.74
%Net Income to Equity	15.59	32.50
Sales to Inventories	6.47	6.01
Working Capital	$3,477,001	$3,062,339
Current Ratio	7.34	4.85
Shareholders' Equity	$3,934,483	$3,465,526

Sonar Radio Corporation

3000 Stirling Road
Hollywood, Florida 33021
(305) 981-8800

Officers: Bernard Klein, president & chairman of the board; Daniel Klein, v.p., secretary & treasurer; Leon Popiel, v.p.-mfg.

Directors: Bernard Klein, chairman; Daniel Klein, Diane Klein Judem, Samuel N. Warren.

Areas of Work: Manufactures and markets a diversified line of electronic products, including two-way commercial portable, mobile and base station radio telephones, and VHF-FM radio paging communications systems. Also manufactures and markets video accessories used for erasing consumer and broadcast quality video tape.

Transfer Agent(s):
Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1986	$ 1,337,462	$ (33,997)
1985	1,472,061	(88,925)
1984	1,383,495	(147,495)
1983	1,277,150	(108,954)
1982	1,841,584	(358,045)

	No. of Com. Shares #	Earn. per Share #
1986	303,632	$ —
1985	303,703	—
1984	315,465	—
1983	325,921	—
1982	327,620	—

(Loss)
Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 608,094	$ 2.00
1985	642,091	2.11
1984	734,375	2.33
1983	913,057	2.80
1982	1,022,703	3.12

Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 1,337,462	$ 1,472,061
Rent income	92,037	769
Other income	380	708
Total income	$ 1,429,879	$ 1,473,538
Cost of sales	1,019,104	1,119,840
Expenses	356,046	343,203
Interest expense	58,350	59,805
Bad debt expense	2,500	1,203
Res. & devel. costs	27,876	38,412
Net Loss	$ (33,997)	$ (88,925)

* Included in Costs and Expenses, Depreciation and Amortization: $59,517 in 1986 and $56,515 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 1,980	$ 29,888
Money mkt. funds	6,178	4,111
Accts. receiv., net	145,809	191,345
*Inventories	462,121	476,719
Prepaid expenses	4,422	12,218
Current Assets	$ 620,510	$ 714,281
#Fixed assets	702,363	753,612
Other assets	6,878	8,513
Total Assets	$ 1,329,751	$ 1,476,406

Liabilities

Notes payable	$ 85,914	$ 101,636
Accts. payable	76,853	131,297
Accruals	66,504	72,785
Long-term debt, curr.	22,902	20,654
Cust. credit bal.	10,257	20,216
Curr. Liabilities	$ 262,430	$ 346,588
Long-term debt	454,997	477,787
Notes payable	4,230	9,940
+Common stock	44,341	44,341
Add. paid-in capital	1,039,882	1,039,882
Retained earnings (deficit)	(239,683)	(205,686)
Treasury stock	(236,446)	(236,446)
Total Liabilities & Shareholders' Equity	$ 1,329,751	$ 1,476,406

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.09	3.09
Debt to Equity	0.75	0.95
Working Capital	$358,080	$367,693
Current Ratio	2.36	2.06
Shareholders' Equity	$608,094	$642,091

Sparton Corporation

2400 East Ganson Street
Jackson, Michigan 49202
(517) 787-8600

Officers: John J. Smith, chairman of the board & chief executive officer; David W. Hockenbrocht, president & chief operating officer; Blair H. Thompson, vice president, treasurer & asst. secretary; Richard D. Mico, v.p. & gen. mgr.-Sparton Technology, Inc.; Lawson K. Smith, v.p. & secretary and president-Lake Odessa Machine Products, Inc.; William E. Becktell, v.p. & gen. mgr.-Sparton Manufacturing; Richard C. French, v.p. & gen. mgr.-Lake Odessa Machine Products, Inc.; Richard H. Nichols, v.p., asst. secretary, asst. treasurer and gen. mgr.-Defense Electronics Group; Lawrence R. Staszak, pres. & gen. mgr.-Sparton of Canada, Ltd.; Thomas R. Paul, v.p. and gen. mgr.-Michigan Oil Company; Stanley V. Kostecki, v.p. & gen. mgr.-Kent Products, Inc.

Directors: Marshall V. Noecker, John J. Smith, L.K. Smith, J.N. DeBoer, Blair H. Thompson, David W. Hockenbrocht, Robert J. Kirk, R. Jan Appel, Bill H. Bowerman, Randy Best.

Divisions and Subsidiaries:

Sparton Electronics Division
2400 East Ganson Street
Jackson, Michigan 49202
(517) 787-8600
High reliability electronic, electro-mechanical and mechanical equipment for the U.S. military, particularly in oceanography, communications and navigation, sonobuoys, under-water ordnance and anti-submarine warfare.

Sparton Electronics Washington Office
1215 Jefferson Davis Highway
Chrystal Gateway III, Suite 301
Arlington, Virginia 22202

Sparton Electronics Florida, Inc.
Johnson Lake Road
Box 788
DeLeon Springs, Florida 32028
(904) 985-4631

Sparton Indiana, Inc.
301 East Bridge Street
Brownstown, Indiana 47220
(812) 358-3664

Sparton of Canada, Ltd.
100 Elm Street
London, Ontario, Canada N6A 4N2
(519) 455-6320
Military electronic equipment for the Canadian government.

Sparton of Canada, Ltd.
Campbellford, Ontario, Canada

Deming Electronics
Deming, New Mexico

Sparton Technology, Inc.
4901 Rockaway Blvd., S.E.
Rio Rancho, New Mexico 87124

9621 Coors Road, N.W.
Albuquerque, New Mexico 87103
(505) 898-1150
High reliability sub-assemblies for detection satellites; precision electro-mechanical components for weapon arming, fuzing and control; programmed automatic test equipment; transducers and related instruments for guidance, control and telemetry of guided missiles and piloted aircraft. Products for the commercial/industrial markets include telecommunications pressure sensors, electrical conversion kits adaptable to mechanical chart drive recorders currently used by the oil industry, pressure switches, gauges and pressure transducers.

Sparton Manufacturing Company
P.O. Box 399
Old U.S. Highway 50, W.
Flora, Illinois 62839
(618) 662-2101
Automobile, truck, marine, ordnance and industrial horns, directional signals for trucks and off highway construction equipment, automotive and marine safety accessories; and automotive stampings.

Sparton Manufacturing Sales Office
1000 John R., Suite 202
Troy, Michigan 48083

Sparton Manufacturing Company
Blytheville, Arkansas

Sparton Manufacturing Company
Grayville, Illinois

Lake Odessa Machine Products, Inc.
1201 North 4th Avenue
Lake Odessa, Michigan 48849
(616) 374-8863
Manufacturer of automotive parts and accessories consisting primarily of small and medium chassis underbody and inner-body stampings and wire accessories.

Lake Odessa Machine Products Sales Office
2075 W. Big Beaver, Suite 222
Troy, Michigan 48084

Lake Odessa Machine Products, Inc.
Cedar Springs, Michigan

LA-KO Products
Gladwin, Michigan

Kent Products, Inc.
427 N. Griffin Street
Grand Haven, Michigan 49417
(616) 842-5800
Manufacturer of engineered metal stampings, hood mechanisms; manual & automatic shifters; parking brake assemblies; tailgate handles & hinges; tire carriers; appliance hinges; and ashtrays.

White Cloud Products, Inc.
White Cloud, Michigan

Pasco Division
Grand Rapids, Michigan

Lake Manufacturing
Spring Lake, Michigan

Sales Office
3221 W. Big Beaver Road, Suite 204
Troy, Michigan 48084

Michigan Oil Company
603 Lansing Avenue
Jackson, Michigan 49202
(517) 788-9770
Exploration and production of oil and gas in the Michigan Basin.

Transfer Agent(s):
The Huntington Bank of Northeast Ohio
917 Euclid Avenue
Cleveland, Ohio 44101

Bradford Trust Company
2 Broadway
New York, NY 10004

Stock Exchange(s): New York

Ticker Symbol: SPA

Number of Employees:

1986	3,600	1985	3,900

Plant Footage:

1986	N.A.	1983	N.A.
1985	1,688,502 sq. ft.	1982	1,200,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings ‡

	Net Sales †	Net Income
1986	$ 243,900,149	$ 8,966,610
1985	158,860,217	(3,235,505)
1984	159,072,321	8,582,451
1983	141,324,690	10,007,377
1982	113,022,306	6,593,947

	No. of Com. Shares +	Earn. per Share +
1986	7,890,903	$ 1.14
1985	7,874,833	—
1984	7,854,362	1.09
1983	7,831,852	1.28
1982	7,824,614	0.84

(Loss)
‡ Restated to include operations of Kent Prods., Inc. and White Cloud Prods., Inc., acquired on a pooling of interests basis.
† Manufacturing revenues; of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Defense electronics	$ 157,722,859	$ 79,079,947
Commercial/industrial elec.	18,301,452	19,041,450
Auto & industrial prods.	67,875,838	60,738,820
Oil & gas	6,638,684	6,711,855
Total	$ 250,538,833	$ 165,572,072

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.52	—	—
1985	0.52	—	—
1984	0.45	—	2-for-1
1983	0.315	—	—
1982	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity ‡

	Total Equity	Equity Per Share †
1986	$ 57,827,567	$ 7.32
1985	53,090,340	6.74
1984	59,352,219	7.60
1983	54,062,026	6.90
1982	46,145,065	5.90

‡ Restated.
† Adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985 ‡
Manufacturing:		
Net sales	$ 243,900,149	$ 158,860,217
Cost of sales	207,198,042	142,437,817
Expenses	17,653,930	17,337,858
Oper. Income (Loss)	$ 19,048,177	$ (915,458)
Oil & Gas:		
Revenues	6,638,684	6,711,855
Costs & exp.	9,607,477	12,966,486
Oper. loss	$ (2,968,793)	$ (6,254,631)
Interest expense	1,269,261	620,250
Other income	(195,487)	(622,165)
Inc. (loss) bef. taxes	$ 15,005,610	$ (7,168,174)
Income taxes (credit)	6,039,000	(3,932,669)
Net Income (Loss)	$ 8,966,610	$ (3,235,505)

* Included in Costs and Expenses, Depreciation and Depletion: $5,404,070 in 1986 and $5,475,400 in 1985.
‡ Restated.

Assets

As of June 30	1986	1985 †
Cash & short-term invest.	$ 4,993,970	$ 3,107,157
Inc. taxes recov.	—	3,627,713
Accts. receiv., net	21,598,165	19,998,570
*Inventories	48,406,868	32,001,893
Prepaid expenses	1,915,879	1,528,530
Current Assets	$ 76,914,882	$ 60,263,863
#Fixed assets	20,674,654	15,345,082
‡Oil and gas prop.	9,521,687	10,488,466
Other assets	1,036,627	746,204
Total Assets	$ 108,147,850	$ 86,843,615

Liabilities

Notes payable	$ 18,750,000	$ 8,200,000
Accts. payable	19,195,380	17,085,690
Accruals	3,055,885	3,413,698
Salaries and wages	2,576,586	1,677,785
Dividends declared	1,026,596	894,210
Income taxes	3,709,178	241,662
Curr. Liabilities	$ 48,313,625	$ 31,513,045
Deferred compensation	1,014,658	919,230
Deferred inc. taxes	267,000	596,000
Cap. lease oblig.	725,000	725,000
+Common stock	9,875,240	9,848,423
Add. paid-in capital	237,755	135,048
Retained earnings	47,714,572	43,106,869
Total Liabilities & Shareholders' Equity	$ 108,147,850	$ 86,843,615

† Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated depreciation and depletion.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.15	—
%Net Income to Sales	3.68	—
%Net Income to Equity	15.51	—
Debt to Equity	0.34	0.17
Working Capital	$28,601,257	$28,750,818
Current Ratio	1.59	1.91
Shareholders' Equity	$57,827,567	53,090,340

Spectra-Physics, Inc.

3333 North First Street
San Jose, California 95134
(408) 946-6080

Officers: Herbert M. Dwight, Jr., chairman, president & chief exec. officer; Joseph F. Rando, v.p.-advanced product development; Michael R. Gaulke, sr. v.p. & chief financial officer; Jon D. Tompkins, sr. v.p. & div. mgr.; Ted L. Teach, v.p. & div. mgr.; Klaus F. Derge, v.p.-int'l; William L. Overell, v.p. & controller; John J. Poggi, Jr., v.p., corporate counsel & secretary; John F. O'Brien, Michael Hodges, v.p.'s & div. mgrs.; Jan H. Blakslee, v.p.-human resources; Gary A. McCue, v.p. & treasurer.

Directors: Herbert M. Dwight, Jr.*, chairman; William E. Ayer, Everett A. Cooper*, John G. Linvill, John M. Lillie, C. Glen Bradley, Ralph Saemann.

* Member of the Executive Committee.

Areas of Work: Engaged in the research, development, manufacture and sale of gas lasers, laser and optical accessories, and chromotography automation equipment, ranging from construction alignment equipment, and electronic instrumentation for analytical instruments.

Divisions:

Laser Products Division
Mountain View, California
Manufactures gas and dye lasers and instruments.

Laser Analytics, Inc.
Bedford, Massachusetts
Produces tunable lead-salt diode lasers.

Autolab Division
San Jose, California
Manufactures chromatography instruments and data systems.

Construction and Agricultural Division
Dayton, Ohio
Engaged in the manufacture of laser instruments for engineering and construction alignment and guidance and control systems for earth-moving equipment.

Retail Systems Division
Eugene, Oregon
Designs and produces gas lasers and electronic label reading devices.

Optics Division
Mountain View, California
Produces laser lenses and mirrors.

Industrial Laser Division
San Jose, California
Produces high-powered materials processing lasers.

Spectra Technology, Inc.
Bellevue, Washington
Engaged in contract research and development for government and industry.

Subsidiaries:

Spectra-Physics, Ltd.
17 Brick Knoll Park
St. Albans A11 5UF
Herts, England

Spectra-Physics, B.V.
Prof. Dr. Dorgelolaan 20
5613 AM Eindhoven
Eindhoven, The Netherlands

Spectra-Physics, S.R.L.
Milan, Italy

Spectra-Physics, A.G.
Schweizergasse 39
4054 Basel
Switzerland

Spectra-Physics, GmbH
Siemensstrasse 20
D-6100 Darmstadt-Kranichstein
West Germany

Spectra-Physics, S.A.R.L.
Avenue de Scandinavie
Z.A. de Courtaboeuf
91941 Les Ulis Cedex
France

Spectra-Physics K.K.
Higashiyama Building 5F
1-1-2 Higashiyama
Meguro-Ku, Tokyo 153
Japan

Spectra-Physics International Finance N.V.
De Ruyterkade 62
Curacao
Netherlands, Antilles

Spectra-Physics Proprietary Ltd.
826 Mountain Highway
Bayswater, Victoria 3152
Australia

Spectra-Physics, Inc.

Spectra-Physics Canada, Inc.
1111 Britannia Road East
Mississauga, Ontario
Canada L4W 3X1

Spectra-Physics B.V.B.A.
Antwerp, Belgium

Joint Ventures:

Spectra-Diode Laboratories, Inc.
Produces and markets miniature devices and laser systems for specialized communications, optical storage and other applications.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SPY

Number of Employees:

1986	2,527	1983	2,110
1985	2,556	1982	2,019
1984	2,528		

Plant Footage:

1986	909,000 sq. ft.	1983	865,000
1985	871,000	1982	865,000
1984	857,000		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 210,063,000	$ 848,000
1985	191,357,000	(2,540,000)
1984	170,605,000	5,894,000
1983	143,205,000	(8,473,000)
1982	136,976,000	1,027,000

	No. of Com. Shares #	Earn. per Share #
1986	7,531,000	$ 0.11
1985	6,182,000	—
1984	6,011,000	0.98
1983	5,221,000	—
1982	4,674,000	0.22

(Loss)
‡ Including extraordinary gain of $1,500,000 in 1985 and extraordinary loss of $9,619,000 in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Instruments	$ 102,257	$ 88,030
Industrial laser applications	61,296	54,054
Laser systems & components	46,510	49,273
Total	$ 210,063	$ 191,357

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 135,448,000	$ 17.99
1985	129,779,000	20.99
1984	96,444,000	16.04
1983	88,690,000	16.99
1982	66,930,000	14.32

‡ Based on the weighted average number of common shares and common share equivalents shares outstanding.

Income Account
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 210,063	$ 191,357
Cost of sales	128,866	122,456
Expenses:		
Res. & Develop.	17,864	16,633
Marketing	60,953	51,344
Provision for loss due to discont. prod.	—	2,000
Interest expense	838	2,564
Inc. (loss) bef. taxes	$ 1,542	$ (3,640)
Income taxes	694	400
Net Income (Loss)	$ 848	$ (4,040)
Extraord. gain	—	1,500
Net Income (Loss) & extraord. gain	$ 848	$ (2,540)

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 31,479	$ 30,192
Accts. receiv., net	47,848	45,612
*Inventories	37,460	41,212
Prepaid expenses	8,299	5,116
Current Assets	$ 125,086	$ 122,132
#Fixed assets	62,894	54,779
Other assets	4,735	4,971
Intangibles	10,692	10,984
Total Assets	$ 203,407	$ 192,866

Liabilities
(000's)

Accts. payable	$ 8,616	$ 6,902
Accruals	21,140	17,284
Income taxes	2,078	3,324
Long-term debt, curr.	819	729
Curr. Liabilities	$ 32,653	$ 28,239
Long-term debt	28,378	28,308
Capitalized leases	4,507	4,145
Deferred income taxes	2,421	2,395
+Common stock	1,473	1,450
Add. paid-in capital	99,522	95,060
Retained earnings	37,261	36,413
Accum. trans. adjust.	(2,808)	(3,144)
Total Liabilities & Shareholders' Equity	$ 203,407	$ 192,866

* At lower of standard cost (FIFO) or market, after allowance for obsolete, slow-moving and defective goods.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.73	—
%Net Income to Sales	0.40	—
%Net Income to Equity	0.63	—
Sales to Inventories	5.61	4.64
Debt to Equity	0.22	0.22
Working Capital	$ 92,433,000	$ 93,893,000
Current Ratio	3.83	4.32
Shareholders' Equity	$135,448,000	$129,779,000

Spectrum Control, Inc.

2185 West Eighth Street
Erie, Pennsylvania 16505
(814) 455-0966

Officers: Thomas L. Venable, chairman of the board & president; Geoffrey Robinson, sr. v.p.-engineering; Glenn L. Warnshuis, v.p.-engineering; Elmer Ziegler, v.p.-quality control; John R. Lane, exec. v.p.; Peter Rode, v.p.-manufacturing; Jon VanAmringe, v.p. & chief financial officer; James A. Siegel, treasurer; Louise A. Stuart, v.p.-manufacturing; Jack Baker, v.p.-engineering; Olin Stancliff, v.p.-manufacturing; James F. Toohey, secretary; Karen L. Phelps, asst. secretary.

Directors: John R. Lane, John P. Loemhuis, John M. Petersen, James F. Toohey, Gerald A. Ryan, Thomas L. Venable, Glenn Warnshuis.

Areas of Work: Designs, manufactures and markets electromagnetic components which are used to filter out electronic pollution or interference in modems, communication receivers, and other electronic equipment.

Divisions:

Electromagnetic Division
8061 Avonia Road
Fairview, Pennsylvania 16415

Material Science Division
600 Erie Street
Saegertown, Pennsylvania 16433

Western Electromagnetic Division
28106 Avenue Crocker
Valencia, California 91355

Connecting Devices Division
6000 West Ridge Road
Erie, Pennsylvania 16506

Subsidiaries:

Spectrum Control GmbH
Hansastrasse 6
D-8540 Schwabach, West Germany

Spectrum Control B.V.
Wilton Straat 11-13
2722 NG Zoetermeer
The Netherlands

Spectrum Control (UK) Ltd.
Apex House, 18 Hockerill Street
Bishops Stortford
Hertfordshire CM23 2DW
England

Spectrum Engineering International, Inc.
Domestic International Sales Corporation (DISC)

Spectrum Control, Inc. (Delaware)

Spectrum Control Technology, Inc.
4100 Michoud Boulevard
New Orleans, LA 70129-2284

Spectrum Polytronics, Inc.
10906 North Stallard Place
Tucson, AZ 85704

Transfer Agent(s):

Fund/Plan Services, Inc.
P.O. Box 8070
Philadelphia, Pennsylvania 19101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPEC (NASDAQ)

Number of Employees:

1986	N.A.	1983	500
1985	490	1982	450
1984	520		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 25,979,022	$ 3,318,798
1985	24,186,365	2,668,257
1984	22,199,754	2,267,932
1983	17,561,888	1,689,480
1982	16,040,999	1,726,093

	No. of Com. Shares	Earn. per Share ‡
1986	5,346,865	$ 0.62
1985	5,342,699	0.50
1984	5,316,399	0.43
1983	5,307,232	0.32
1982	5,297,668	0.32

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.07	—	—
1985	0.06	—	—
1984	0.05	—	—
1983	0.05	—	—
1982	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 20,946,958	$ 3.92
1985	17,951,980	3.36
1984	14,181,918	2.67
1983	12,792,937	2.41
1982	12,068,318	2.28

Income Account *

Year ended Nov. 30	1986	1985
Net sales	$ 25,979,022	$ 24,186,365
Cost of sales	14,547,061	14,208,394
Expenses	7,805,507	5,912,991
Dividend & int. income	(2,057,092)	(751,516)
Interest expense	834,222	951,730
Income before taxes	$ 4,849,324	$ 3,864,766
Income taxes	1,530,526	1,196,509
Net Income	$ 3,318,798	$ 2,668,257

* Included in Costs and Expenses, Depreciation and Amortization: $1,217,566 in 1986 and $1,030,137 in 1985.

Assets

As of Nov. 30	1986	1985
Cash	$ 465,168	$ 169,251
Funds held by trustee	8,077,558	—
Marketable securities	6,077,728	—
Accts. receiv., net	5,492,921	4,249,561
Dividends receiv.	39,414	77,855
Notes receiv.	—	10,000
*Inventories	10,343,208	7,679,977
Prepaid expenses	198,160	32,278
Prepaid inc. taxes	—	64,359
Claim for refund of inc. taxes	18,031	36,118
Current Assets	$ 30,712,183	$ 12,319,399
Investments	4,300,575	8,106,980
#Fixed assets	31,293,508	11,073,525
Other assets	954,353	654,948
Total Assets	$ 67,260,619	$ 32,154,852

Liabilities

Long-term debt, curr.	$ 2,065,427	$ 471,533
Short-term debt	13,116,394	3,000,000
Accts. payable	2,491,286	1,273,277
Accrued payroll	744,423	337,797
Accrued vac. pay	492,450	412,041
Profit sharing	200,000	170,000
Accrued interest	171,163	38,853
Income taxes	617,004	149,396
Curr. Liabilities	$ 19,898,147	$ 5,852,397
Long-term debt	23,085,364	5,387,838
Deferred inc. taxes	2,998,078	2,680,939
Def. compensation	332,072	281,288
+Common stock	6,377,176	6,349,970
Retained earnings	14,569,782	11,625,105
Unreal. loss on eq. securities	—	(23,185)
Total Liabilities & Shareholders' Equity	$ 67,260,619	$ 32,154,852

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	18.67	15.98
%Net Income to Sales	12.77	11.03
%Net Income to Equity	15.84	14.86
Sales to Inventories	2.51	3.15
Debt to Equity	1.10	0.49
Working Capital	$10,814,036	$ 6,466,502
Current Ratio	1.54	2.10
Shareholders' Equity	$20,946,958	$17,951,890

Spex Group, Inc.

3880 Park Avenue
Edison, New Jersey 08820
(201) 549-7144

Officers: Jud B. Flato, president & chief exec. officer; Charles W. Gibney, v.p.-finance & treasurer; Charles L. Jaffin, secretary; Robert F. Johnston, v.p.

Directors: Bernard J. Bulkin, Jud B. Flato, Robert F. Johnston, William J. Kissel, Bradford Mills.

Areas of Work: Engaged in the manufacture and distribution of spectrometric analytical instrumentation and systems; analytical standards and laboratory supplies and less complex laboratory equipment.

Subsidiaries:

Spex International, Inc.
Foreign Sales Corporation (FSC)

Spex Industries, Inc.
Manufacture and distribution of spectrometric equipment.

Spex Industries (UK) Ltd.

Acquisition:

Baird-Atomic, Limited
Braintree, Essex, England
Manufactures filter fluorometers, analytical spectrofluorometers and economical atomic absorption spectrometers.

Transfer Agent(s):

The Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPEX (NASDAQ)

Number of Employees:

1986	157	1983	109
1985	140	1982	N.A.
1984	N.A.		

Plant Footage:

1986	70,700 sq. ft.	1983	69,000
1985	70,700	1982	63,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 13,787,300	$ 680,041
1985	12,342,854	558,808
1984	11,763,478	366,471

	No. of Com. Shares	Earn. per Share ‡
1986	5,929,858	$ 0.09
1985	5,929,858	0.07
1984	5,923,921	0.04

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Spectrometric instruments	$ 10,851,000	$ 9,184,000
Chemicals	879,000	1,109,000
Laboratory accessories	2,057,000	2,050,000
Total	$ 13,787,000	$ 12,343,000

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 3,174,792	$ 0.54
1985	2,654,751	0.45
1984	2,251,817	0.38

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 13,787,300	$ 12,342,854
Cost of sales	6,368,252	5,525,731
Expenses	5,855,733	5,131,312
Interest expense	712,545	789,509
Other expenses (income)	(121,271)	42,494
Income before taxes	$ 972,041	$ 853,808
Income taxes	292,000	295,000
Net Income	$ 680,041	$ 558,808

* Included in Costs and Expenses, Depreciation and Amortization: $385,786 in 1986 and $310,807 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 168,276	$ 128,049
Income taxes	175,431	—
Accts. receiv., net	3,450,806	3,117,526
*Inventories	3,880,835	3,864,915
Prepaid expenses	150,463	39,885
Current Assets	$ 7,825,811	$ 7,150,375
#Fixed assets	3,738,619	3,613,302
Other assets	89,877	104,877
Intangibles	1,924,929	2,245,879
Total Assets	$ 13,579,236	$ 13,114,433

Liabilities

Long-term debt, curr.	$ 380,000	$ 630,000
Accts. payable	1,066,523	524,775
Accrued payroll	287,881	251,295
Accrued commissions	131,788	130,944
Accrued profit-sharing	72,000	172,741
Other accruals	419,252	272,927
Curr. Liabilities	$ 2,357,444	$ 1,982,682
Long-term debt	5,795,000	6,375,000
Deferred inc. taxes	252,000	102,000
+Redeem. preferred stock	2,000,000	2,000,000
+ +Common stock	59,299	59,299
Add. paid-in capital	1,950,396	1,950,396
Retained earnings	1,165,097	645,056
Total Liabilities & Shareholders' Equity	$ 13,579,236	$ 13,114,433

+ At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $5 par value; 8% cumulative.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.05	6.92
%Net Income to Sales	4.93	4.53
%Net Income to Equity	21.42	21.05
Sales to Inventories	3.55	3.19
Debt to Equity	1.83	2.64
Working Capital	$5,468,367	$5,167,613
Current Ratio	3.32	3.61
Shareholders' Equity	$3,174,792	$2,654,751

Spire Corporation

Patriots Park
Bedford, Massachusetts 01730
(617) 275-6000

Spire Corporation

Officers: Roger G. Little, chairman, chief executive officer, president & treasurer; Richard S. Gregorio, controller; Stephen M. Honig, clerk; Robert G. Wolfson, v.p.-electronic materials; Ghazi Darkazalli, v.p.-equipment; Piran Sioshansi, v.p.-ion imolantation; Bobby Buchanan, v.p.-strategic technology; John M. Little, v.p.-sales & marketing.

Directors: Roger G. Little, chairman; Alfred John Gale, James D. Gerson, William J. Masser, Robert H. Masson, John A. Tarello, Carl N. Graf.

Areas of Work: The company fabricates and sells manufacturing equipment used by the photovoltaic industry for the production of solar modules and cells and by the electronics industry for the processing of semiconductor materials and devices; conducts contract supported material and process research relating to photovoltaic energy, semiconductor materials and metal surface modification industries; and provides contract services for the treatment of semiconductor materials and metal surfaces.

Transfer Agent(s):
The Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPIR (NASDAQ)

Number of Employees:
1986 165

Plant Footage:
1986 . . . . . 74,000 sq. ft. 1985 74,000

Sales and Earnings

	Revenues	Net Income ‡
1986	$ 12,604,000	$ 826,000
1985	13,673,000	1,350,000
1984	9,455,000	852,000
1983	5,759,000	423,000
1982	4,375,000	(37,000)

	No. of Com. Shares #	Earn. per Share #‡
1986	3,505,000	$ 0.24
1985	3,405,000	0.40
1984	3,388,000	0.25
1983	2,757,000	0.15
1982	2,380,000	—

(Loss)
‡ Including extraordinary gain of $101,365 ($0.04 per share) in 1983.
# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 11,764,000	$ 3.36
1985	8,286,000	2.43
1984	6,829,000	2.02
1983	5,355,000	1.94
1982	432,000	0.18

‡ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Contract & serv. revenues	$ 8,213,859	$ 8,203,663
Sales of mfg. equip.	4,390,247	5,468,921
Total revenues	$ 12,604,106	$ 13,672,584
Cost of sales	8,323,415	9,196,033
Expenses	3,280,506	3,039,407
Interest income	(3,309)	(99,710)
Income bef. taxes	$ 1,003,494	$ 1,536,854
Income taxes	177,100	187,000
Net Income	$ 826,394	$ 1,349,854

* Included in Costs and Expenses, Depreciation and Amortization: $1,174,780 in 1986 and $555,839, in 1986.

Assets

As of Dec. 31	1986	1985
Cash	$ 13,817	$ 50,693
Accts. receiv., net	5,191,126	4,430,305
Refundable income taxes	15,022	22,038
*Inventories	2,542,313	1,978,733
Prepaid expense	314,637	280,157
Current Assets	$ 8,076,915	$ 6,761,926
#Fixed assets	8,889,609	6,176,471
Computer Software costs	349,277	209,639
Other assets	102,509	102,082
Intangibles	110,701	86,090
Total Assets	$ 17,529,011	$ 13,336,208

Liabilities

Notes payable	$ 1,900,000	$ 250,000
Accts. payable	886,157	2,048,904
Accruals	803,119	570,030
Advances on contracts	1,825,082	1,993,585
Curr. Liabilities	$ 5,414,358	$ 4,862,519
Deferred income taxes	350,800	187,300
+Common stock	34,705	32,514
Add. paid-in capital	8,365,436	5,719,563
Retained earnings	3,363,712	2,537,318
Treasury stock	—	(3,006)
Total Liabilities & Shareholders' Equity	$ 17,529,011	$ 13,336,208

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Revenues	7.96	11.24
%Net Income to Revenues	6.56	9.87
%Net Income to Equity	7.02	16.29
Working Capital	$ 2,662,557	$1,907,218
Current Ratio	1.49	1.39
Shareholders' Equity	$11,763,853	$8,286,389

Square D Company

Executive Plaza
Palatine, Illinois 60067
(312) 397-2600

Officers: Dalton L. Knauss, chairman & chief exec. officer; J.L. Stead, president & chief operating officer; Thomas H. Brown, v.p.-power equipment div.; Charles W. Denny, III, v.p.-electrical group; Dexter S. Free, treasurer & asst. secretary; Richard A. Hegeman, v.p.-marketing; E.A. Kemper, v.p.-corp. planning & asst. secretary; W.W. Kurczewski, v.p., general counsel & secretary; G.E. Meyers, v.p.-materials & components group; Richard M. O'Neal, v.p.-sales; Charles E. Quentel, III, v.p.-engineering; Roger A. Sackett, v.p.-electrical manufacturing & support systems; W.J. Mueller, controller & chief accounting officer; W.H. Roberts, v.p.-industrial relations; J. Vikmanis, v.p.-electronic systems group; Thomas W. Wilbor, v.p.-distributor relations & marketing administration; T.L. Bindley, v.p.-finance & chief financial officer; Simon Yin, v.p.-research & development.

Directors: Michel L. Besson, Donald C. Clark*, Robert F. Froehlke, C. Roland Haden, James J. Howard, Dalton L. Knauss*, Sheldon B. Lubar, David B. Meeker*, Gustave H. Moede, Jr.*, Frank J. Morgan*, E.F. Mulligan, John B. Schwemm.

* Member of the Executive Committee.

Areas of Work: The Company is involved in two business segments: electrical equipment and electronic products. The electrical equipment group manufactures and markets electrical products including switches, circuit breakers, panelboards, switchboards, transformers, motor starters, relays and accessories such as pushbuttons, limit, pressure and vacuum switches. The products are marketed to electrical contractors, electrical utilities and industrial plants.

The electronic products segment is engaged in the manufacture and sale of electrodeposited copper foil, semiconductor devices, power conditioning equipment, programmable controllers, energy management systems, infrared radiation thermometers and pyrometers, computerized control and data gathering systems, industrial assembly robots, emergency lighting devices, snap dome switches and other electronic devices.

Subsidiaries:

Square D Canada Electric Equipment Inc.
Toronto, Ontario, Canada

Equipment Electrique Square D Canada Inc.
Mississauga, Ontario

Square D Limited
Swindon, England

Square D de Mexico, S.A. de C.V.
Mexico City, Mexico

Palatine-Ridge Insurance Company Ltd.
Hamilton, Bermuda

Versamex S.A. de C.V.
Mexico City, Mexico

Square D Italia, S.p.A.
Arenzano, Italy

Square D Company Australia Pty., Ltd.
Melbourne, Australia

Square D Company Ireland Ltd.
Ballinasloe
County Galway, Ireland

Square D Japan Ltd.
Tokyo, Japan

Square D France S.A.
Paris, France

Square D GmbH
Darmstadt, West Germany

Ircon Pyrometers, Inc.
Cedex, France

Ircon GmbH
Taunusstein, West Germany

Square D Starkstrom GmbH
West Germany

Square D Andina, S.A.
Latacunga, Ecuador

Square D Centroamericana, S.A.
San Jose, Costa Rica

Engineered Systems, Inc.
Tempe, Arizona
Control and data gathering systems.

KB-Denver, Inc.
Frederick, Colorado
Keyboards, snap dome switches.

Comercial y Fabril Aper, S.A.
Barcelona, Spain

Square D (Singapore) Pte. Ltd.
Singapore

Yates Industries, Inc.
Beaumont, California
Bordentown & Moorestown, New Jersey
Electro deposited copper foil.

Yin Research Corporation
Fremont, California

Square D (Saudi Arabia) Limited
Riyadh, Saudi Arabia

Lumacell, Inc.
Scarborough, Ontario, Canada
Lachine, Quebec, Canada

Yates Industries (Ireland) Ltd.
Little Island, Irish Republic

General Semiconductor Industries, Inc.
Cottonwood, Arizona
Garland, Texas
Tempe, Arizona
Power transistors, transient suppressors, transient protection systems.

General Semiconductor Ireland Ltd.
Macroom, Ireland

Yates Industries, S.A.
Wiltz, Luxembourg

Yates Circuit Foil Co., Ltd.
Silloth, England

Square D Benelux B.V.
Woerden, The Netherlands

Square D Company (Hong Kong) Limited
Hong Kong

Square D Company (Thailand) Limited
Bangkok, Thailand

Ircon Limited
Dartford, Kent, England

Square D Ventures Corporation
Palatine, Illinois

Ircon, Inc.
Niles, Illinois
Infrared radiation thermometers.

Topaz, Inc.
San Diego, California
Uninterruptible power systems, power conditioners, electronic noise suppression equipment.

United States Robots, Inc.
Exton, Pennsylvania
Carlsbad, California
Assembly robots and systems.

Yin, Inc.
San Leandro, California

Acquisition:

Pertron Controls Corporation
Manufactures programmable controllers and electronic welder controls.

Transfer Agent(s):

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: SQD

Number of Employees:

1986	20,500	1983	21,200
1985	22,100	1982	21,100
1984	22,600		

Plant Footage:

1986	N.A.	1983	9,298,000
1985	9,568,000 sq. ft.	1982	8,792,000
1984	9,529,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$1,403,472,000	$ 98,928,000
1985	1,348,114,000	87,188,000
1984	1,310,126,000	106,153,000
1983	1,093,931,000	62,911,000
1982	1,013,997,000	71,700,000

	No. of Com. Shares	Earn. per Share +
1986	28,995,000	$ 3.42
1985	28,864,000	3.02
1984	28,748,000	3.71
1983	28,589,000	2.22
1982	27,640,000	2.61

+ Based on the weighted average number of shares outstanding during the year.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.84	—	—
1985	1.84	—	—
1984	1.84	—	—
1983	1.84	—	—
1982	1.84	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 670,789,000	$ 23.13
1985	606,139,000	21.00
1984	551,163,000	19.17
1983	505,970,000	17.70
1982	478,697,000	17.32

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,403,472	$ 1,348,114
Cost of sales	934,393	894,036
Expenses	284,999	259,560
Other income	(15,769)	(12,893)
Interest expense	24,638	24,863
Income before taxes	$ 175,211	$ 182,548
Income taxes	76,283	80,110
Inc. - cont. oper.	$ 98,928	$ 102,438
Loss - discont. oper.	—	(15,250)
Net Income	$ 98,928	$ 87,188

* Included in Costs and Expenses, Depreciation and Amortization: $55,583,000 in 1986 and $45,810,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 73,864	$ 48,799
Accts. receiv., net	215,858	228,554
*Inventories	153,648	184,649
Prepaid expenses	37,855	37,795
Current Assets	$ 481,225	$ 499,797
Investment	35,053	24,438
#Fixed assets	505,025	473,503
Other assets	22,267	13,734
Intangibles	88,418	91,657
Total Assets	$ 1,131,988	$ 1,103,129

Liabilities
(000's)

Short-term bank borrowings	$ 19,289	$ 25,627
Long-term debt, curr.	12,047	12,427
Accts. payable & accruals	170,539	173,887
Dividends payable	13,336	13,277
Income taxes	11,615	15,546
Deferred income taxes	5,911	5,808
Curr. Liabilities	$ 232,787	$ 246,572
Long-term debt	150,214	184,954
Deferred inc. taxes	78,198	65,464
+Common stock	48,326	48,106
Add. paid-in capital	93,900	89,366
Retained earnings	544,670	499,016
Cum. trans. adjust.	(14,875)	(30,349)
Treasury stock	(1,232)	—
Total Liabilities & Shareholders' Equity	$ 1,131,988	$ 1,103,129

* At lower of cost (LIFO in U.S., FIFO for foreign) or market.
# Less accumulated depreciation.
+ $1.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	12.48	—
%Net Income to Sales	7.05	—
%Net Income to Equity	14.75	14.38
Sales to Inventories	9.15	7.30
Debt to Equity	0.22	0.37
Working Capital	$248,438,000	$253,225,000
Current Ratio	2.07	2.03
Shareholders' Equity	$670,789,000	$606,139,000

Standard Logic, Inc.

132 Business Center Drive
Corona, California 91720
(714) 735-8610

Officers: Ernest W. Baumgardner, president & chairman of the board; Donald S. Krysinski, v.p.-software development; Dennis A. Wade, v.p., chief financial, treasurer & secretary.

Directors: Ernest W. Baumgardner, chairman; Dennis A. Wade, Donald S. Krysinski, Marlan M. Merhab, Bruce G. Rossiter, Bruce L. Billington.

Areas of Work: The Company manufactures integrated circuit packaging systems and wire wrap machines for use by the electronic manufacturing industry, and provides wire wrap, contract engineering and manufacturing services. The Company also manufactures a computerized restaurant and hospitality point-of-sale system called the DART (Dynamic Automated Restaurant Terminal) System.

Transfer Agent(s):

Bank of America
Los Angeles, California

Stock Exchange(s): Over-the-Counter, Boston

Ticker Symbol: STDL (NASDAQ); SLO (Boston)

Number of Employees:

1986	45	1983	141
1985	66	1982	118
1984	7[illegible]		

Plant Footage:

1986	31,000 sq. [illegible]		57,000
1985	33,000		[illegible]0,000
1984	57,000		

Sales and E[illegible]

	Net Sales †	Net Income #
1986	$ 2,432,000	$ (132,788)
1985	3,076,000	(657,064)
1984	2,094,000	(4,586,817)
1983	3,279,000	(775,681)
1982	4,589,000	273,693

	No. of Com. Shares	Earn. per Share + #
1986	4,974,118	$ —
1985	4,974,118	—
1984	4,974,118	—
1983	4,983,711	—
1982	3,516,811	0.07

(Loss)
† Of continuing operations only.
# Including extraordinary gain of $110,000 ($0.03 per share) in 1982.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Standard Logic, Inc.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,750,669	$ 0.55
1985	2,883,457	0.58
1984	3,552,971	0.71
1983	8,150,582	1.64
1982	2,679,651	0.76

Income Account *

Year ended Oct. 31	1986	1985
Net sales	$ 2,432,479	$ 3,076,282
Cost of sales	1,174,612	1,882,448
Expenses	1,246,801	1,584,829
Other income	(123,246)	(271,743)
Gain on sale of land	(200,000)	—
Income (loss) before taxes	$ 334,312	$ (119,252)
Income tax	154,500	600
Inc. (loss)-cont-oper.	$ 179,812	$ (119,852)
Loss-discont. oper.	(312,600)	(537,212)
Net Loss	$ (132,788)	$ (657,064)

* Included in Costs and Expenses, Depreciation and Amortization: $117,285 in 1985 and $289,546 in 1984.

Assets

As of Oct. 31	1986	1985
Cash	$ 478,348	$ 1,132,067
Marketable securities	1,296,329	—
Accts. receiv., net	429,150	777,581
*Inventories	416,750	794,205
Prepaid expenses	82,753	54,011
Current Assets	$ 2,703,330	$ 2,757,864
#Fixed assets	217,897	286,092
Other assets	122,800	214,900
Total Assets	$ 3,044,027	$ 3,258,856

Liabilities

Long-term debt, curr.	$ —	$ 3,170
Accts. payable	198,220	288,718
Accrued compensation	74,636	64,663
Other Liabilities	20,502	18,848
Curr. Liabilities	$ 293,358	$ 375,399
+Common stock	124,352	124,352
Add. paid-in capital	10,199,941	10,199,941
Warrants	24,687	24,687
Ret. earnings (deficit)	(7,598,311)	(7,465,523)
Total Liabilities & Shareholders' Equity	$ 3,044,027	$ 3,258,856

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.025 par value.

Statistical Summary

Sales to Inventories	5.67	7.27
Working Capital	$2,409,972	$2,382,465
Current Ratio	9.22	7.35
Shareholders' Equity	$2,750,669	$2,883,457

Standard Microsystems Corporation

35 Marcus Boulevard
Hauppauge, New York 11788
(516) 273-3100

Officers: Paul Richman, chairman & president; Gerald E. Gollub, Arthur Sidorsky, exec. v.p.'s; Walter J. Kmeta, senior v.p.; H. Peter Zimbelmann, Jean-Pierre Chalmin, John Tweedy, Harry J. Horn, Leonard Novara, v.p.'s; Victor F. Trizzino, sr. v.p. & treasurer; Harold I. Kahen, secretary; Al Marvet, controller.

Directors: Herman Fialkov, Richard L. Geiger, Paul Richman, Peter F. Dicks, Gerald E. Gollub, Raymond Frankel, John Gatti, Arthur Sidorsky.

Areas of Work: Engaged in the design, development, manufacture and marketing of metal-oxide-semiconductor (MOS) large-scale integrated (LSI) circuits and very large-scale integrated (VLSI) circuits and subsystems. Also manufactures digital logic devices for industrial and commercial applications.

Subsidiaries:

SMC International, Inc.
St. Thomas, U.S. Virgin Islands

Standard Microsystems Corporation (Asia)
Taipei, Republic of China

Standard Microsystems GmbH
Munich, West Germany

Tokyo Microsystems Corporation (80%-owned)
Tokyo, Japan

Transfer Agent(s):

Mellon Securities Trust Company
120 Broadway
New York, New York 10271

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SMSC (NASDAQ)

Plant Footage:

1987	197,000 sq. ft.	1985	80,000
1986	250,000	1984	80,000

Sales and Earnings

	Net Sales	Net Income
1987	$ 53,155,000	$ 459,000
1986	44,463,000	51,000
1985	69,062,000	13,617,000
1984	44,381,644	7,728,418
1983	26,999,777	2,959,260

	No. of Com. Shares +	Earn. per Share ‡
1987	11,174,000	$ 0.04
1986	11,097,821	—
1985	10,912,019	1.23
1984	10,780,483	0.74
1983	7,722,841	0.35

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding during the year adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 87,125,000	$ 7.80
1986	84,638,000	7.63
1985	83,150,000	7.62
1984	68,045,190	6.31
1983	26,150,232	3.39

‡ Adjusted to reflect stock split.

Income Account *

Year ended Feb. 28	1987	1986
Net sales & revenues	$ 53,155,000	$ 44,463,000
Cost of sales	26,878,000	25,031,000
Expenses	26,894,000	23,735,000
Interest expense	553,000	562,000
Interest income	(1,595,000)	(2,359,000)
Minority interest	14,000	—
Inc. (loss) bef. taxes	$ 411,000	$ (2,506,000)
Tax credit	(48,000)	(2,557,000)
Net Income	$ 459,000	$ 51,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,485,000 in 1987 and $7,777,000 in 1986.

Assets

As of Feb. 18	1987	1986
Cash & cert. of deposit	$ 35,146,000	$ 21,374,000
Accts. receiv.	12,659,000	8,910,000
Tax refunds	2,054,000	4,100,000
*Inventories	18,719,000	17,633,000
Prepaid expenses & other assets	1,037,000	611,000
Current Assets	$ 69,615,000	$ 52,628,000
#Fixed assets	48,977,000	46,723,000
Other assets	998,000	979,000
Total Assets	$ 119,590,000	$ 100,330,000

Liabilities

Long-term debt, curr.	$ 60,000	$ 53,000
Accts. payable & accruals	10,569,000	7,693,000
Curr. Liabilities	$ 10,629,000	$ 7,746,000
Long-term debt	4,500,000	4,560,000
Deferred inc. taxes	4,585,000	3,386,000
Minority interest	12,751,000	—
+Common stock	1,118,000	1,110,000
Add. paid-in capital	53,511,000	52,342,000
Retained earnings	31,645,000	31,186,000
For.curr. trans.	851,000	—
Total Liabilities & Shareholders' Equity	$ 119,590,000	$ 100,330,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.77	—
%Net Income to Sales	0.86	0.11
%Net Income to Equity	0.53	0.06
Sales to Inventories	2.84	2.52
Debt to Equity	0.05	0.05
Working Capital	$58,986,000	$44,882,000
Current Ratio	6.55	6.79
Shareholders' Equity	$87,125,000	$84,638,000

Standex International Corporation

6 Manor Parkway
Salem, New Hampshire 03079
(603) 893-9701

Officers: Daniel E. Hogan, chairman of the board; Thomas L. King, president & chief exec. officer; Samuel S. Dennis, III, v.p.; Robert E. Masotta, exec. v.p.; Arthur G. Houghton, v.p.-operations; John M. Wall, v.p.-industrial relations & corporate communications; John J. Bentley, controller; Thomas H. DeWitt, v.p., general counsel & secretary; Norman B. Asher, Charles Hartsock, asst. secretaries; Lindsay M. Sedwick, treasurer; Suzanne M. Zabitchuck, asst. secretary & sr. corp. attorney; Robert R. Kettinger, asst. controller.

Directors: Daniel E. Hogan*, Edward C. Bloomberg, John Bolten, Jr., William Brewster, William L. Brown*, Warren S. Cooper*, Samuel S. Dennis, III*, Thomas L. King*, John Hill, C. Kevin Landry, Sol Sackel, Daniel B. Hogan, Robert E. Masotta*, H. Nicholas Muller, III.

* Member of the Executive Committee.

Areas of Work: The Electronics Group manufactures electronic components, inductors, capacitors, connectors, EMI/RFI filters, microcoils, reed switches and reed relays. The Industrial Group manufactures embossing rolls and plates, mold

engraving, specialty converting and finishing machinery and systems; ducting for heating, air-conditioning, and ventilation systems; power metal spinning of components for aerospace, energy systems, and industrial applications. The Consumer Products Group manufactures and sells pine furniture and furnishings through its Yield House mail order operation and manages a chain of 21 Yield House retail stores; sells grapefruit and other gift packages and fund raising supplies through other mail order operations. The Institutional Products Group manufactures patient feeding systems, handblown glassware, barbecuing and baking equipment, candle-lamps and candles, food waste disposers, refrigeration equipment, slicing machines and choppers, casters and wheels, and food racks, cabinets and carts. The Graphics Group publishes religious literature and manufactures election supplies; manufactures commercial printing products and educational materials and specialized binding systems; operates a chain of 20 religious retail bookstores.

Electronics Divisions & Subsidiaries:

B.F. Standex Electronics
4538 Camberwell Road
Cincinnati, Ohio
(513) 871-3777
Manufacturer of electronic components and assemblies for the color television, automotive and communications industries.

Van Products
4538 Camberwell Road
Cincinnati, Ohio
(513) 871-3777
Manufacturer of hermetic electrical connectors for the refrigeration and air conditioning industries.

Standex Electronics (UK) Limited
Morley Road
Tonbridge, Kent, England
Tonbridge, 0732, 358023 England
Manufacturer of the full range of standard reed switches; also vacuum and high pressure reed switches and DIP reed relays for the telecommunications and electronics industries.

Standex Electronics (Haiti) S.A.
Avenue Haile Selassie
Rt. Simmonds
Port au Prince, Haiti
Manufacturer of fixed precision mica capacitors and variable mica capacitors for the automotive and communications industries.

Paul Smith Company (Douglas)
323 G Avenue
Douglas, Arizona 85607
(602) 364-7964
Manufacturer of electronic components.

Standex Electronics
P.O. Box 10147
3750 Prospect Avenue
Riviera Beach, Florida 33404
Manufacturer of EMI/RFI filters and quality control and warehousing operations supporting Standex Electronics (Haiti) S.A.

S.I. de Mexico S.A. de C.V.
Calle Primera #2550
Agua Prieta
Sonora, Mexico
(602) 364-7966
Manufacturer of electronic components.

Paul Smith Company
4538 Camberwell Road
Cincinnati, Ohio 45209
(513) 871-3777
Manufacturer of fixed and variable precision inductors for the color TV and communications industries; also of custom designed, high voltage transformers for solid state furnace ignition systems.

Gerald L. Green Company
Fountain Valley, California
Designs, manufactures and installs digital measuring and monitoring equipment for cranes and other large lifting devices.

Transfer Agent(s):
The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SXI

Number of Employees:

1986	5,300	1983	5,600
1985	5,100	1982	5,650
1984	5,700		

Plant Footage:
1986 . . . . . 4,161,000 sq. ft. 1985 4,034,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 376,322,000	$ 15,593,000
1985	375,275,000	18,568,000
1984	378,547,000	20,006,000
1983	357,731,000	16,099,000
1982	365,658,000	13,536,000

	No. of Com. Shares #	Earn. per Share #
1986	13,040,000	$ 1.20
1985	13,601,000	1.37
1984	13,854,000	1.44
1983	13,612,000	1.18
1982	13,490,000	1.00

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Graphics	$ 100,642	$ 100,992
Consumer	56,157	64,380
Institutional	115,045	107,816
Electronics	14,958	14,798
Industrial	88,899	86,823
General, corporate & other	621	466
Total	$ 376,322	$ 375,275

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.52	—	—
1985	0.52	—	—
1984	0.50	—	—
1983	0.48	—	2-for-1
1982	0.47	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 146,784,000	$ 11.26
1985	147,251,000	10.83
1984	144,019,000	10.39
1983	132,614,000	9.72
1982	131,944,000	9.78

‡ Adjusted to reflect stock split.

Income Account

Year ended June 30	1986	1985
Net sales	$ 376,322,417	$ 375,274,925
Other income	1,345,772	3,535,726
Total income	$ 377,668,189	$ 378,810,651
Cost of sales	240,380,431	237,867,112
Expenses	97,310,729	97,478,324
Depreciation & amortization	8,358,245	7,389,776
Interest expense	3,409,049	2,927,193
Income before taxes	$ 28,209,735	$ 33,148,246
Income taxes	12,617,000	14,580,000
Net Income	$ 15,592,735	$ 18,568,246

Assets

As of June 30	1986	1985
Cash	$ 8,112,595	$ 5,198,048
Receiv., net	52,753,769	48,595,817
*Inventories	78,794,348	77,203,629
Prepaid expenses	3,883,190	3,789,484
Current Assets	$ 143,543,902	$ 134,786,975
#Fixed assets	79,183,291	66,369,499
Receivables	7,005,166	6,268,035
Intangibles	11,861,697	11,082,601
Total Assets	$ 241,594,056	$ 218,507,110

Liabilities

Notes payable & long-term debt, curr.	$ 6,799,012	$ 6,998,042
Accts. payable	19,645,931	16,751,932
Accruals	4,583,842	3,363,680
Accrued payroll	11,863,981	12,765,957
Income taxes	4,257,425	3,009,717
Curr. Liabilities	$ 47,150,191	$ 42,889,328
Long-term debt	37,244,036	19,942,615
Deferred inc. taxes	9,186,000	6,494,000
Other liab.	1,230,094	1,930,177
+Common stock	20,988,209	20,988,209
Add. paid-in capital	6,276,606	6,345,464
Retained earnings	146,282,899	137,442,570
Cum. trans. adjust.	(3,510,314)	(9,206,277)
Treasury stock	(22,653,665)	(6,818,976)
Emp. stock ownership trust	(600,000)	(1,500,000)
Total Liabilities & Shareholders' Equity	$ 241,594,056	$ 218,507,110

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.50	8.83
%Net Income to Sales	4.14	4.95
%Net Income to Equity	10.62	12.61
Sales to Inventories	4.78	4.86
Debt to Equity	0.25	0.18
Working Capital	$ 96,393,711	$ 91,897,647
Current Ratio	3.04	3.14
Shareholders' Equity	$146,783,735	$147,250,990

The L. S. Starrett Company

121 Crescent Street
Athol, Massachusetts 01331
(617) 249-3551

Officers: Douglas R. Starrett, president; George B. Webber, Douglas A. Starrett, Charles H. Morrow, vice presidents; Roger U. Wellington, Jr., treasurer & chief financial officer; Richard W. Baker, controller; Roger Moore, clerk.

Directors: John N. Engelsted, Walter W. Haskins, Douglas R. Starrett, George B. Webber, Douglas A. Starrett, J. Richard Bullock, Andrew B. Sides, Jr.

Areas of Work: Manufactures and sells electronic gages, dial indicators, precision measuring tools, three-axis coordinate measuring machines, steel tapes, gage blocks, optical measuring tools, granite surface plates, vises, hacksaws, hole saws, band saws and precision ground flat stock.

Subsidiaries:
The L. S. Starrett Co. of Canada Limited
Starrett Industria e Comercio Ltda. (Brazil)
The L. S. Starrett Company Limited (Scotland)
The L. S. Starrett International Company (Barbados)

Acquisition(s):
Evans Rule Company, Inc.

The L. S. Starrett Company

Transfer Agent(s):
The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SCX

Number of Employees:

1986	2,600	1983	2,102
1985	2,252	1982	2,343
1984	2,114		

Plant Footage:

1986	1,100,000 sq. ft.	1984	887,200
1985	975,200	1983	887,200

Sales and Earnings

	Net Sales	Net Income
1986	$ 123,881,000	$ 12,701,000
1985	118,386,000	12,734,000
1984	105,842,506	8,612,484
1983	88,519,951	6,201,060
1982	112,741,912	11,304,862

	No. of Com. Shares	Earn. per Share ‡
1986	3,526,871	$ 3.54
1985	3,637,574	3.43
1984	3,743,605	2.27
1983	3,793,609	1.61
1982	3,846,838	2.92

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.08	—	—
1985	1.02	—	—
1984	1.00	—	—
1983	1.00	—	—
1982	1.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 78,908,000	$ 22.37
1985	72,685,000	19.98
1984	79,247,879	21.17
1983	77,488,600	20.43
1982	77,346,848	20.11

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 123,881	$ 118,386
Cost of sales	77,260	73,021
Expenses	22,664	21,378
Other expense (income)	322	(169)
Income before taxes	$ 23,635	$ 24,156
Income taxes	10,934	11,422
Net Income	$ 12,701	$ 12,734

* Included in Costs and Expenses, Depreciation: $4,044,000 in 1986 and $3,720,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash and equivalents	$ 28,847	$ 19,120
Accts. receiv., net	18,371	18,068
*Inventories	40,313	38,053
Prepaid expenses	3,105	4,158
Current Assets	$ 90,636	$ 79,399
#Fixed assets	24,934	25,166
Other assets	1,451	596
Total Assets	$ 117,021	$ 105,161

Liabilities
(000's)

Accts. payable & accruals	$ 8,761	$ 10,939
Accrued wages	3,770	4,075
Employee deposits	787	879
Income taxes	5,576	5,511
Curr. Liabilities	$ 18,894	$ 21,404
Industrial revenue bond	7,500	—
Deferred inc. taxes	2,497	764
ESOP guaranteed bank loan	9,222	10,308
+Common stock	3,527	3,638
Add. paid-in capital	18,609	17,934
Retained earnings	68,766	64,942
For. curr. trans. adj.	(2,772)	(3,521)
ESOP guaranteed bank loan	(9,222)	(10,308)
Total Liabilities & Shareholders' Equity	$ 117,021	$ 105,161

* At lower of cost or market. (Domestic inventories at LIFO; all others at FIFO).
# Less accumulated depreciation.
+ $1.00 par value.

Statistical Summary

%Income bef. Taxes to Sales	19.08	20.40
%Net Income to Sales	10.25	10.76
%Net Income to Equity	16.10	17.52
Sales to Inventories	3.07	3.11
Working Capital	$71,742,000	$57,995,000
Current Ratio	4.80	3.71
Shareholders' Equity	$78,908,000	$72,685,000

Sterling Electronics Corporation

4201 Southwest Freeway
Houston, Texas 77027
(713) 623-6600

Officers: Michael S. Spolane, chairman of the board & chief exec. officer; Leopold S. Baer, president & chief operating officer; Thomas McGinty, v.p.-materials management; Leon Webb, Jr., v.p. & treasurer; Byron Turner, Charles Aronis, James McConkey III, v.p.'s-Industrial Marketing Group.

Directors: Michael S. Spolane, chairman; Leopold S. Baer, Herschel G. Maltz, Sheldon Lambert, A.J. Dreiseszun, David Toomim.

Areas of Work: Distributes, through its subsidiaries, electronic component and replacement parts, testing equipment and sound reproduction materials to industrial markets. Manufactures panel meters, avionic mechanisms and edge lighted panels.

Divisions and Subsidiaries:

Industrial Distribution Group
4201 Southwest Freeway
Houston, Texas 77027
(713) 623-6600

Component Manufacturing Group

Airmark Plastics Corporation
Corsa Drive
Westlake Village, California 91361
(213) 889-1470

Phaostron Instrument and Electronics Co.
151 Pasadena Avenue
South Pasadena, California 91030
(214) 255-1417

Phaostron East
70 Dale Street
West Babylon, New York 11704
(516) 293-6622

Sterling Computer Systems, Inc. (90% owned)
Commercial Sound and Telecommunications
Houston, Texas

Transfer Agent(s):
Texas Commerce Bank
c/o Stock Transfer Department
P.O. Box 2558
Houston, Texas 77001

Stock Exchange(s): American

Ticker Symbol: SEC

Number of Employees:

1985	474	1982	460
1984	448	1981	499
1983	423		

Plant Footage:

1985	242,600 sq. ft.	1982	239,000
1984	242,600	1981	84,500
1983	239,000		

Sales and Earnings

	Net Sales +	Net Income# +
1985	$ 57,618,402	$ 470,421
1984	50,639,110	621,370
1983	40,073,497	(412,852)
1982	43,851,205	(683,189)
1981	45,719,163	223,361

	No. of Com. Shares ‡	Earn. per Share #‡
1985	3,713,452	$ 0.12
1984	3,632,761	0.16
1983	3,631,335	—
1982	3,631,335	—
1981	3,631,348	0.06

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $86,438 ($0.02 per share) in 1981.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity ‡	Equity Per Share +
1985	$ 6,937,435	$ 1.87
1984	6,113,356	1.68
1983	4,596,133	1.27
1982	5,030,142	1.39
1981	5,045,602	1.39

‡ After allowing for preferred stock at aggregate liquidation preference.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	3/30/85	3/31/84
Net sales & services	$ 57,618,402	$ 50,639,110
Other income	65,442	412,192
Total income	$ 57,683,844	$ 51,051,302
Cost of sales & services	43,083,183	38,197,784
Expenses	12,682,514	10,854,561
Interest expense	965,544	708,157
Income bef. taxes	$ 952,603	$ 1,290,800
Income taxes	447,000	606,000
Minority interest	35,182	63,430
Net Income	$ 470,421	$ 621,370

* Included in Costs and Expenses, Depreciation and Amortization: $423,203 in 1985 and $331,735 in 1984.

Assets

As of	3/30/85	3/31/84
Cash	$ 922,998	$ 788,884
Accts. receiv., net	7,084,630	7,542,324
*Inventories	9,650,034	8,879,911
Prepaid expenses	130,640	142,056
Current Assets	$ 17,788,302	$ 17,353,175

#Fixed assets	1,659,803	1,830,569
Other assets	490,417	379,575
Total Assets	$ 19,938,522	$ 19,563,319
Liabilities		
Long-term debt, curr.	$ 255,320	$ 367,333
Accts. payable	2,212,354	3,081,724
Accruals	1,338,106	1,458,015
Curr. Liabilities	$ 3,805,780	$ 4,907,072
Long-term oblig.	7,999,917	7,163,288
Minority interest	388,360	575,755
Deferred taxes, comp. & other	215,230	212,048
+Preferred stock	73,975	73,975
++Common stock	2,049,420	2,049,413
Add. paid-in capital	5,573,668	5,197,825
Retained earnings (deficit)	612,363	164,134
Treasury stock	(780,191)	(780,191)
Total Liabilities & Shareholders' Equity	$ 19,938,522	$ 19,563,319

* At lower of cost (FIFO) or estimated market.
# Less accumulated depreciation and amortization.
+ $2.50 par value; cumulative convertible.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.65	2.55
%Net Income to Sales	0.82	1.23
%Net Income to Equity	6.25	9.27
Sales to Inventories	5.97	5.70
Debt to Equity	1.10	1.12
Working Capital	$13,982,522	$12,446,103
Current Ratio	4.67	3.54
Shareholders' Equity	$ 7,529,235	$ 6,705,156

Stewart-Warner Corporation

1826 Diversey Parkway
Chicago, Illinois 60614
(312) 883-6000

Officers: Bennett Archambault, chairman of the board & president; Terry E. Carroll, general manager-South Wind Division; Robin M. Demouth, v.p., secretary & gen. counsel; Wesley J. Kiley, v.p.; Milo B. Lipscomb, gen. mgr.-Bassick-Sack Division; Harold B. MacMahon, v.p. & gen. mgr.-Alemite & Instrument Divisions, Albert C. Madge, chief operating executive-Stewart-Warner Corporation of Canada Limited; Jack C. Morrison, v.p.-finance & administration & treasurer; Donald A. Potter, v.p. & gen. mgr.-Stewart-Warner Electronics Division; Joseph E. Katauski, gen. mgr.-Hobbs Division; Kenneth G. Groenewold, controller; Melvin D. Maddox, v.p. & gen. mgr.-Bassick Division; Donald J. Bachner, gen. mgr.-Stewart-Warner International Division; Robert J. Lytle, gen. mgr.-Thor Power Tool Div.; David T. Stafford, v.p. & director-industrial relations.

Directors: Bennett Archambault, chairman; Irvin R. Danielson, James S. Kemper, Jr., Daniel R. Toll, Thomas L. Martin, Jr., Jack C. Morrison, Archie R. Boe, John C. Stetson.

Divisions and Subsidiaries:

Alemite Division
1826 Diversey Parkway
Chicago, Illinois 60614
(312) 883-6000
and
Roweland Drive
Johnson City, Tennessee 37601
Products include industrial lubricating equipment, fluid materials handling equipment, automotive service equipment, and hydraulic couplings and hose.

Stewart-Warner Instrument Division
1854 Diversey Parkway
Chicago, Illinois 60614
(312) 883-6000
Products include speedometers, tachometers and gauges, flexible drive shafts, electric fuel pumps and industrial balancing equipment.

Stewart-Warner Electronics Division
1300 North Kostner Avenue
Chicago, Illinois 60651
(312) 292-3000
Products include photoelectric and numerical controls for machines; information display systems, military electronics systems; machine tool controls.

South Wind Division
1514 Drover Street
Indianapolis, Indiana 46221
(317) 632-8411
and
RR2, Box 20
Burkesville, Kentucky 42717

Bassick Division
960 Atlantic Street
Bridgeport, Connecticut 06602
(203) 366-3671

600 North Strong Avenue
Spring Valley, Illinois 61362
(815) 664-2311
Products include casters, furniture glides, swivel chair mechanisms and clamps and fasteners.

Bassick-Sack Division
2941 Indiana Avenue
Winston-Salem, North Carolina 27105
(919) 725-1331
Manufacturer of furniture and cabinet hardware and decorative trim, for the home and office furniture industries.

Hobbs Division
Yale Boulevard and Ash Street
Springfield, Illinois 62705
(217) 753-7600

State Route 6
Spring Valley, Illinois 61362
(815) 663-2011
Products include hour meters, pressure and vacuum switches, electromechanical devices, and lighting products for automotive, farm, and construction equipment.

Stewart-Warner International Division
1830 Diversey Parkway
Chicago, Illinois 60614
Responsible for the manufacture and sales activities of the foreign subsidiary companies and two joint ventures.

Thor Power Tool Company
100 Dalewood Drive
Johnson City, Tennessee 37601
Air and hydraulically powered tools.

Stewart-Warner Display Systems, Inc.
1300 North Kostner Avenue
Chicago, Illinois 60651
(312) 292-3000

Stewart-Warner Corporation of Canada, Limited
349 MacDonald Avenue
Belleville, Ontario, Canada
(613) 968-6761

Stewart-Warner Instruments, Ltd.
Jubilee Rd.
Letchworth, Hertfordshire, England

Stewart-Warner, Alemite G.m.b.H.
Stockshausstrasse 9,
401 Hilden, Germany

Industrial Alemex, S.A. de C.V.*
Tapia 836 Oriente
Monterrey, N.L., Mexico

Thor Power Tool GmbH
Mathias-Bruggen Str. 4A
5 Cologne, (Bickendorf) Germany

Stewart-Warner Limited
Tynemouth, Tyne and Wear, England

Herramientas Thor de Mexico, S.A. de C.V.
Tapia 386 Oriente
Monterrey, N.L. Mexico

Thor-Fiap S.p.A.
Torino, Italy

Wadco Tools Ltd.*
New Delhi 1, India

* Joint Ventures

Transfer Agent(s):
Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: STX

Number of Employees:

1986	4,700	1983	5,500
1985	5,100	1982	4,900
1984	5,500		

Plant Footage:

1986	3,660,000 sq. ft.	1983	3,915,000
1985	3,662,000	1982	4,239,000
1984	3,842,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 267,978,000	$ (20,861,000)
1985	272,701,000	8,515,000
1984	290,364,000	11,663,000
1983	265,120,000	5,293,000
1982	281,140,000	6,941,000

	No. of Com. Shares +	Earn. per Share +
1986	6,472,000	$ —
1985	6,467,000	1.32
1984	6,447,000	1.81
1983	6,441,000	0.82
1982	6,435,000	1.08

(Loss)
+ Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Electronic & electro-mechanical systems & products	$ 124,000	$ 119,600
Fabricated metal prods. & hardware	36,700	42,400
Vehicular service equipment & materials	66,400	67,200
Specialty prods. & others	40,900	43,500
Total	$ 268,000	$ 272,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.68	—	—
1985	1.68	—	—
1984	1.68	—	—
1983	1.68	—	—
1982	1.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 135,420,000	$ 20.92
1985	166,559,000	25.76
1984	167,041,000	25.91
1983	167,735,000	26.04
1982	173,361,000	26.94

Income Account

Year ended Dec. 31	1986	1985
Net sales	$ 267,978,000	$ 272,701,000
Cost of sales	215,548,000	211,141,000
Expenses	53,439,000	51,910,000
Prov. for restruc. costs	23,675,000	—
Other income	(4,568,000)	(4,294,000)
Income (loss) bef. taxes	$ (20,116,000)	$ 13,944,000
Income taxes	745,000	5,429,000
Net Income (Loss)	$ (20,861,000)	$ 8,515,000

Stewart-Warner Corporation

Assets

As of Dec. 31	1986	1985
Cash & time deposits	$ 13,376,000	$ 14,260,000
Marketable securities	21,010,000	16,344,000
Receivables, net	36,071,000	36,174,000
*Inventories	66,430,000	82,205,000
Future tax benefits	10,228,000	8,878,000
Current Assets	$ 147,115,000	$ 157,861,000
Investments	7,275,000	8,624,000
#Fixed assets	31,132,000	39,682,000
Other assets	3,295,000	4,275,,000
Total Assets	$ 188,817,000	$ 210,442,000

Liabilities

Long-term debt, curr.	$ —	$ 10,000
Accts. payable	9,399,000	12,277,000
Accruals	9,338,000	4,006,000
Accrued payroll	7,233,000	8,628,000
Accrued restructuring costs	5,216,000	—
Income taxes	922,000	1,289,000
Other taxes	3,250,000	3,652,000
Curr. Liabilities	$ 35,358,000	$ 29,862,000
Deferred income taxes	2,679,000	3,236,000
Long-term debt	—	90,000
Pensions & deferred payments	10,367,000	9,248,000
Accrued liabilites	4,993,000	1,447,000
+Common stock	16,832,000	16,832,000
Add. paid-in capital	29,350,000	29,202,000
Retained earnings	92,129,000	123,857,000
Treasury stock	(651,000)	(665,000)
Translation adjustment	(2,115,000)	(2,390,000)
Investment allowance	(125,000)	(277,000)
Total Liabilities & Shareholders' Equity	$ 188,817,000	$ 210,442,000

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.11
%Net Income to Sales	—	3.12
%Net Income to Equity	—	5.11
Sales to Inventories	4.03	3.32
Working Capital	$111,757,000	$126,552,000
Current Ratio	4.16	5.04
Shareholders' Equity	$135,420,000	$166,559,000

Stocker & Yale, Inc.

P.O. Box 494
Route 128 and Brimbal Avenue
Beverly, Massachusetts 01915
(617) 927-3940

Officers: James Bickman, president & treasurer; John H. Rieman, v.p.; Leonidas V. Chalas, v.p.-finance; Norman B. Asher, clerk.

Directors: James Bickman, Norman B. Asher, Harold M. Band, Leonidas V. Chalas, John H. Rieman, Theodore Singer, George F. Stocker.

Areas of Work: Designs, manufactures, assembles and markets products primarily in five industry segments: optical/electronic measuring instruments, machine tool accessories, material handling accessories, pressure control systems, and lensatic compasses.

Divisions:

Stilson Division
Fraser, Michigan
Machine tool and material handling accessories for the automotive, appliance, automated and other high production industries.

Die-Draulic Division
Fraser, Michigan
Manufacturer of hydraulic and nitrogen spring structures for use in stamping presses and dies.

Wheatley Division
Fraser, Michigan
Manufacture of die sets.

Subsidiary:

MFE Instruments Corporation
Salem, New Hampshire
Manufactures galvanometers and chart recorder instruments for medical and industrial applications.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STKR (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	$ 14,857,693	$ 1,856,862
1985	13,085,103	2,152,362
1984	7,813,231	1,939,330
1983	7,442,306	1,437,480
1982	7,012,898	1,206,225

	No. of Com. Shares ‡	Earn. per Share †
1986	2,728,498	$ 0.68
1985	2,728,498	0.79
1984	2,728,498	0.71
1983	2,728,498	0.53
1982	2,728,498	0.44

‡ Adjusted to reflect stock splits.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.130	—	2-for-1
1985	0.080	—	—
1984	0.073	—	—
1983	0.062	—	3-for-2
1982	0.054	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 13,676,302	$ 5.01
1985	12,053,892	4.42
1984	10,119,810	3.71
1983	8,378,300	3.07
1982	7,109,238	2.61

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 14,857,693	$ 13,085,103
Cost of sales	9,331,562	7,558,643
Expenses	2,336,548	2,137,492
Interest expense	211,300	168,657
Interest income	(339,442)	(449,072)
Dividend income	(202,137)	(301,979)
Income before taxes	$ 3,519,862	$ 3,971,362
Income taxes	1,663,000	1,819,000
Net Income	$ 1,856,862	$ 2,152,362

* Included in Costs and Expenses, Depreciation: $415,987 in 1986 and $295,377 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 2,752,017	$ 186,578
Short-term investment	2,238,924	2,317,687
Marketable securities	2,748,251	5,143,917
Receiv., net	2,745,330	2,486,785
*Inventories	3,578,659	3,352,936
Inc. tax refund receiv.	435,258	—
Prepaid expenses	151,635	113,812
Current Assets	$ 14,650,074	$ 13,601,715
#Fixed assets	1,582,612	2,827,580
Total Assets	$ 17,231,686	$ 16,429,295

Liabilities

Long-term debt, curr.	$ 120,000	$ 219,356
Notes payable	701,340	475,357
Accts. payable	467,949	812,860
Accruals	689,312	989,487
Income taxes	—	78,205
Curr. Liabilities	$ 1,978,601	$ 2,575,265
Long-term debt	1,395,000	1,663,355
Deferred inc. taxes	181,783	136,783
+Common stock	1,659,284	1,364,249
+Class A common stock	1,069,214	—
Retained earnings	10,947,804	10,689,643
Total Liabilities & Shareholders' Equity	$ 17,231,686	$ 16,429,295

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.69	30.35
%Net Income to Sales	12.50	16.45
%Net Income to Equity	13.58	17.86
Sales to Inventories	4.15	3.90
Debt to Equity	0.16	0.20
Working Capital	$12,671,473	$11,026,450
Current Ratio	7.40	5.28
Shareholders' Equity	$13,676,302	$12,053,892

Storage Technology Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

2270 South 88th Street
Louisville, Colorado 80028
(303) 673-5151

Officers: Ryal R. Poppa, chairman & chief exec. officer; Stephen G. Jerritts, president & chief operating officer; Robert G. Costain, corp. v.p.-strategic planning; Richard R. Douglas, corp. sr. v.p.-marketing & services; William R. Mansfield, Jr., exec. v.p.-finance & chief financial officer; Walter E. Meyers, corp. v.p.-mfg.; Harris Ravine, exec. v.p., chief administrative officer, corp. secretary & gen. counsel; Sewell I. Sleek, corp. v.p.-systems development; Gregory A. Tynn, corp. v.p. & corp. controller; Carl R. Vertuca, corp. v.p. & treasurer; William M. Young corp. v.p.-human resources.

Directors: Ryal R. Poppa, chairman; Charles R. Collins, Richard C. Steadman, Robert E. LaBlanc, Thomas F. Wands, Stephen G. Jerritts, Harrison Shull.

Areas of Work: Engaged in the design, development and manufacture of computer data storage subsystems and the marketing and maintenance of those subsystems. The subsystems utilize one-half inch magnetic tape and magnetic disk recording techniques. Also engaged in the design, manufacture and service of high speed impact printers and card readers.

Subsidiaries:

Media Technology Corporation
Documation Incorporated
Storage Technology Finance Corporation

Storage Technology of Australia Pty. Ltd
586 Pacific Highway
Chatswood, New South Wales
2067 (Sydney) Australia

Storage Technology of Canada, Ltd.
51 International Boulevard
Rexdale/Toronto

Ontario M3W 6H3
Canada

Storage Technology Corporation, S.A.
Zone Industrielle
41 Rue Fourny
78350 BUC, France

Storage Technology Italia S.p.A.
Via Elio Vittorini, 78
Palazzo Uffici
00144 Rome, Italy

Nippon STC Kabushiki Kaisha
Taneda Building, 8F, 2-5, 1-Chome
Moto Akasaka
Minato-Ku, Tokyo 107
Japan

Storage Technology Corporation de Puerto Rico Inc.
Highway 127, Lot #13
P.O. Box 7334
Luge Industrial Park
Ponce, Puerto Rico 00731

Documation Mayaguez
STC
Zona Industrial Park
P.O. Box 398
Mayaguez, Puerto Rico 00708

Storage Technology (Switzerland) A.G.
Gladbachstrasse 121
8044 Zurich, Switzerland

STO Storage Technology Ltd.
Churston House
Portsmouth Road
Esher, Surrey KT 10 9AD
England

Storage Technology (Europe) Limited
European Headquarters
17 Old Court Place
Kensington, London W8 4PL
England

Transfer Agent(s):
First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Boston, Philadelphia, Pacific

Ticker Symbol: STK

Number of Employees:

1986	8,608	1983	15,732
1985	8,540	1982	15,830
1984	14,886		

Plant Footage:

1986	2,020,000 sq. ft.	1983	N.A.
1985	2,020,000	1982	3,776,700
1984	N.A.		

N.A.-Not Available

Sales and Earnings

	Revenues ('000's)	Net Income ('000's) ‡
1986	$ 696,009	$ 36,180
1985	673,419	(57,437)
1984	808,584	(505,454)
1983	886,626	(40,867)
1982	1,079,235	64,738

	No. of Com. Shares	Earn. per Share + ‡
1986	34,745,329	$ 1.03
1985	34,674,908	—
1984	34,561,435	—
1983	34,214,99[illegible]	—
1982	34,124,756	1.88

(Loss)
‡ Including extraordinary credits of $19,335,000 ($0.55 per share) in 1986, $2,479,000 ($0.07 per share) in 1985 and $1,411,000 ($0.04 per share) in 1982.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (18,060,000)	$ —
1985	(54,421,000)	—
1984	2,800,000	0.08
1983	503,069,000	14.70
1982	543,308,000	15.92

(Deficiency)

Income Account *
('000's)

Year ended	12/29/86	12/27/85
Net sales	$ 343,109	$ 327,259
Other income	352,900	346,160
Total income	$ 696,009	$ 673,419
Cost of sales	515,407	547,239
Expenses	176,220	185,069
Interest expense	6,273	7,159
Interest income	(41,983)	(30,957)
Reorganization costs	5,500	3,500
Income (loss) before taxes	$ 34,592	$ (38,591)
Income taxes	17,747	5,134
Net Income (Loss)	$ 16,845	$ (43,725)
Extraord. gain	19,335	2,479
Cum. effect of change in accntg. meth.	—	(16,191)
Net Income (loss) & extraord. gain	$ 36,180	$ (57,437)

* Included in Costs and Expenses, Depreciation and Amortization: $99,832,000 in 1986 and $113,259,000 in 1985.

Assets
('000's)

As of	12/29/86	12/27/85
Cash	$ 243,642	$ 230,276
Accts. receiv., net	100,491	101,057
Notes receiv., net	12,852	8,432
Sales-type leases	70,128	63,412
*Inventories	81,390	81,412
Current Assets	$ 508,503	$ 484,589
Notes receiv., net	13,936	24,530
Sales-type leases	101,578	88,995
Rental equipment	65,838	69,905
#Fixed assets	124,898	132,763
†Spare parts	39,327	67,024
Assets rel. to divest.	4,770	9,740
Other assets	20,789	14,296
Total Assets	$ 879,639	$ 891,842

Liabilities
('000's)

Long-term debt, curr.	$ 10,767	$ 19,733
Accts. payable	19,182	10,596
Accruals	179,142	166,545
Income taxes	7,163	5,590
Curr. Liabilities	$ 216,254	$ 202,464
Liab. subj. to Chap. XI	667,513	723,130
Long-term debt	9,273	17,756
Deferred income taxes	4,659	2,913
+Common stock	3,476	3,469
Add. paid-in capital	260,926	260,751
Retained earnings (deficit)	(282,233)	(318,413)
Treasury stock	(229)	(228)
Total Liabilities & Shareholders' Equity	$ 879,639	$ 891,842

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
† Less accumulated amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to sales	10.08	—
%Net Income to Sales	4.91	—
Sales to Inventories	4.22	4.02
Working Capital	$292,249,000	$282,125,000
Current Ratio	2.36	2.39
Shareholders' Equity (Deficiency)	$ (18,060)	$ (54,421)

Sun Electric Corporation

One Sun Parkway
Crystal Lake, Illinois 60014
(815) 459-7700

Officers: D. Barry Davis, chairman of the board, president & chief executive officer; H. Allan Stark, sr. v.p.-legal & human resources & secretary; Craig A. Loomis, sr. v.p.-finance & chief financial officer; Adilson R. DeLuna, v.p. & president-Sun Electric Europe; Salvatore A. Ruberto, v.p. & president-Suntronic Systems; Peter T. Shukas, v.p.-personnel; Anthony J. Zack, v.p.-sales & marketing.

Directors: D. Barry Davis*, chairman; Louis G. Langpop*, William E. Callahan*, C.J. Gauthier*, Julius Lewis*, Gerald A. Kien*, H. Allan Stark, Craig A. Loomis.

* Member of the Executive Committee.

Areas of Work: Engaged in the design, manufacture and marketing of diagnostic, test and service equipment for the transportation industry, utilizing microcomputer applications and advanced electronics. The company serves primarily the vehicle service industry, consumers, and motor vehicle manufacturers in more than 100 countries. Sun Electric's product line includes engine and emissions analyzers; wheel service equipment, including balancers, aligners and brake service equipment; a line of hand-held engine test equipment for home mechanics and repair professionals; and air conditioning and electrical systems testers. These products aid in vehicle maintenance, improve fuel economy, monitor exhaust emissions and check compliance with safety standards.

Divisions and Subsidiaries:

Suntronic Division
Crystal Lake, Illinois

Vehicle Test Technology, Inc. (50%-owned)
Bellevue, Washington
Operates vehicle emission inspection stations in the State of Washington.

Sun Electric do Brasil Comercio e Industria Limitada
Sao Paulo, Brazil

Sun Electric Europe B.V.
Amsterdam, The Netherlands

Sun Electric Austria GmbH
Vienna, Austria

Suntester (Aust.) Pty. Ltd.
Sydney, Australia

Sun Electric de Puerto Rico, Inc.
Arecibo, Puerto Rico

Sun Electric de Mexico S.A. de C.V.
Mexico City, Mexico

Sun Electric U.K. Limited
King's Lynn, Norfolk, England

Sun Electric Belgium N.V.
Antwerp, Belgium

Sun Electric Nederland B.V.
Amsterdam, The Netherlands

Sun Electric Deutschland GmbH
Dusseldorf, West Germany

Sun Electric Corporation

Sun Electric France, S.A.
Paris, France

Sun Electric Canada Ltd.
Toronto, Ontario, Canada

Sun Electric Systems B.V.
Weesp, The Netherlands

Musashi Sun Electric K.K.
Tokyo, Japan

Transfer Agent(s):
Harris Trust & Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York

Ticker Symbol: SE

Number of Employees:

1986	2,506	1983	2,654
1985	2,505	1982	2,750
1984	2,752		

Plant Footage:

1986	755,400 sq. ft.	1984	953,700
1985	705,700	1983	934,700

Sales and Earnings

	Net Sales +	Net Income
1986	$ 176,998,000	$ 1,932,000
1985	164,296,000	(9,485,000)
1984	176,472,000	(5,099,000)
1983	151,676,000	(2,435,000)
1982	155,959,000	(4,072,000)

	No. of Com. Shares	Earn. per Share †
1986	7,030,000	$ 0.20
1985	6,556,000	—
1984	6,519,000	—
1983	6,436,000	—
1982	6,311,000	—

(Loss)
+ Of continuing operations only.
† Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.36	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 71,430,000	$ 10.16
1985	64,475,000	9.83
1984	72,181,000	11.07
1983	77,605,000	12.06
1982	78,990,000	12.52

Income Account *

Year ended October 31	1986	1985
Net Sales	$ 176,998,000	$ 164,296,000
Cost of sales	99,402,000	96,036,000
Expenses	71,126,000	66,311,000
Interest expense	5,264,000	6,307,000
Foreign curr. trans. losses	39,000	143,000
Earn. of Sun Elec.	(776,000)	(1,972,000)
Other income	(1,717,000)	(2,238,000)
Litigation settlement	—	8,870,000
Income (loss) bef. taxes	$ 3,660,000	$ (9,161,000)
Income taxes	2,285,000	497,000
Income (loss) - cont. oper.	$ 1,375,000	$ (9,658,000)
Inc. - discont. oper.	557,000	173,000
Net Income (Loss)	$ 1,932,000	$ (9,485,000)

* Included in Costs and Expenses, Depreciation and Amortization: $5,034,000 in 1986 and $5,240,000 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	$ 3,187,000	$ 2,583,000
Cert. of deposit	2,800,000	6,100,000
Accts. receiv., net	44,059,000	37,091,000
*Inventories	65,611,000	64,758,000
Current Assets	$ 115,657,000	$ 110,532,000
Investments	3,073,000	2,379,000
#Fixed assets	26,590,000	28,217,000
Other assets	6,715,000	6,275,000
Total Assets	$ 152,035,000	$ 147,403,000

Liabilities

Notes payable	$ 13,168,000	$ 11,974,000
Accts. payable	12,389,000	8,674,000
Accruals	17,765,000	25,812,000
Income taxes	660,000	829,000
Curr. Liabilities	$ 43,982,000	$ 47,289,000
Long-term debt	36,566,000	35,639,000
Deferred inc. taxes	57,000	—
+Common stock	7,030,000	6,556,000
Add. paid-in capital	44,424,000	40,179,000
Retained earnings	21,722,000	19,790,000
Cum. translation adjustment	(1,746,000)	(2,050,000)
Total Liabilities & Shareholders' Equity	$ 152,035,000	$ 147,403,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.07	—
%Net Income to Sales	1.09	—
%Net Income to Equity	2.70	—
Sales to Inventories	2.70	2.54
Debt to Equity	0.51	0.74
Working Capital	$71,675,000	$63,243,000
Current Ratio	2.63	2.34
Shareholders' Equity	$71,430,000	$64,475,000

Sunair Electronics, Inc.

3101 Southwest Third Avenue
Fort Lauderdale, Florida 33315
(305) 525-1505

Officers: Robert Uricho, chairman of the board, president & chief exec. officer; Adolf F. Klostermann, sr. v.p. & chief operating officer; Sue Steadman, v.p.; William R. Dawes, secretary & general counsel; Richard H. Hoster, sr. v.p. & chief financial officer.

Directors: Robert Uricho, chairman; Everett A. Cooper, William R. Dawes, Earl M. Anderson, Jr., Thomas J. Seward, II.

Areas of Work: Engaged in the design, manufacture and sale of high-frequency single sideband communications equipment utilized for long-range voice and data communications in fixed station, airborne, mobile and marine applications.

Subsidiaries:
Sunair International Sales Corp. (ICDDISC)
3101 Southwest Third Avenue
Fort Lauderdale, Florida 33315
(305) 525-1505

Transfer Agent(s):
American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SNRU (NASDAQ)

Number of Employees:

1986	120	1984	137
1985	126	1983	250

Plant Footage:

1986	67,700 sq. ft.	1983	80,000
1985	67,700	1982	N.A.
1984	80,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 8,361,395	$ 1,470,751
1985	9,653,564	2,041,226
1984	15,295,287	2,488,086
1983	17,939,816	3,374,073
1982	13,049,543	1,922,799

	No. of Com. Shares #	Earn. per Share #
1986	4,704,464	$ 0.31
1985	4,736,079	0.43
1984	4,737,930	0.53
1983	4,717,454	0.72
1982	4,711,148	0.41

‡ Includes other income.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.24	—	—
1985	0.24	—	—
1984	0.24	—	—
1983	0.21	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 21,039,851	$ 4.47
1985	21,356,877	4.51
1984	20,566,544	4.34
1983	19,228,675	4.07
1982	16,823,188	3.57

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 7,383,149	$ 8,150,233
Cost of sales	4,409,832	4,359,801
Expenses	2,170,812	2,358,537
Dividend income	(189,316)	(36,668)
Interest income	(870,106)	(959,305)
Other income	(33,101)	(507,358)
Unrealized loss	114,277	—
Income before taxes	$ 1,780,751	$ 2,935,226
Income taxes	310,000	894,000
Net Income	$ 1,470,751	$ 2,041,226

* Included in Costs and Expenses, Depreciation: $259,546 in 1986 and $310,643 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 7,329,842	$ 8,192,915
Accts. receiv., net	818,050	1,632,797
*Inventories	6,127,908	6,821,789
Prepaid expenses	277,093	400,412
Current Assets	$ 14,552,893	$ 17,047,913

#Fixed assets	1,331,366	1,540,576
Investments	6,316,201	3,361,450
Other assets	1,041	4,891
Total Assets	$ 22,201,501	$ 21,954,830
Liabilities		
Accts. payable	$ 1,055,660	$ 510,988
Accruals	105,990	86,965
Curr. Liabilities	$ 1,161,650	$ 597,953
+Common stock	480,074	480,074
Add. paid-in capital	2,609,239	2,604,821
Retained earnings	19,076,627	18,737,032
Treasury stock	(1,126,089)	(465,050)
Total Liabilities & Shareholders' Equity	$ 22,201,501	$ 21,954,830

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	24.12	36.01
%Net Income to Sales	19.92	25.05
%Net Income to Equity	6.99	9.56
Sales to Inventories	1.20	1.19
Working Capital	$13,391,243	$16,449,960
Current Ratio	12.53	28.51
Shareholders' Equity	$21,039,851	$21,356,877

Sundstrand Corporation

4751 Harrison Avenue
P.O. Box 7003
Rockford, Illinois 61125
(815) 226-6000

Officers: Evans W. Erikson, chairman of the board & chief executive officer; Don R. O'Hare, vice chairman of the board; Harry C. Stonecipher, exec. v.p.; Bernard W. Kittle, group v.p.-advanced technology; William R. Kopp, group v.p.-data control; Davis MacMorris, exec. v.p.; Philip W. Polgreen, v.p.-personnel & public relations; Kenelm A. Groff, v.p.-administration; Richard M. Schilling, v.p. & general counsel; Ted L. Ross, v.p.-finance & secretary; A. Adrian Kemper, controller; Clarke E. Lemke, treasurer.

Directors: Evans W. Erikson, chairman; Don R. O'Hare, James W. Ethington, Klaus Murmann, Donald E. Nordlund, Robert C. Hyndman, David MacMorris, John A. Puelicher, Thomas G. Pownall, Thomas L. Martin, Jr., Ward Smith.

Areas of Work: The Company's operations can be divided into three groups: power transmission, fluid and heat transfer, and aerospace. Power transmission activities include the manufacture of mechanical power transmissions and couplings for stationary units and marine propulsion drives; hydraulic gear pumps and motors; and controls for a variety of work vehicles and industrial equipment. The aerospace segment manufactures voice and data recorders, tape transport units, navigation systems and data banks, ground proximity warning systems, stall warning systems, controls to supply electrical power for aircraft and related products. The fluid and heat transfer group is engaged in the manufacture of high speed centrifugal pumps and blowers, fuel oil pumps, and heating and cooling components.

Divisions and Subsidiaries:

Sundstrand Hydraulics
2210 Harrison Avenue
Rockford, Illinois 61101
(815) 226-6000

Sundstrand Hydro-Transmission
2800 East 13th Street
Ames, Iowa 60010
(515) 239-6000

Sundstrand Mobile Controls

Sundstrand Hydratec

Sundstrand Fluid Handling
14845 W. 65th Avenue
Arvada, Colorado
(303) 425-0800

The Falk Corporation
P.O. Box 492
Milwaukee, Wisconsin 53201
(414) 342-3131

The Falk Corporation
Auburn Operation
P.O. Box 1387
Auburn, Alabama 36830
(205) 821-9100

Sundstrand Heat Transfer, Inc.
P.O. Box 530
Dowagiac, Michigan 49047
(616) 782-2141

Sundstrand Tubular Products, Inc.
P.O. Box 636
Camdenton, Missouri 65020
(314) 346-5593

Sundstrand Energy Systems
Rockford, Illinois

Sundstrand Advanced Technology

Sundstrand Data Control, Inc.
Overlake Industrial Park
Redmond, Washington 98052
(206) 885-3711

Trans Com. Division of Sundstrand Data Control, Inc.
3100 Pullman Avenue
Costa Mesa, California 92626
(714) 979-2600

The Falk Corporation of Canada, Ltd.
Rexdale, Ontario, Canada

Falk do Brazil, Equipamentos Industrias Ltda.
Sao Paulo, Brazil

Mecanica Falk, S.A. de C.V.
(49%) owned
Mexico City, Mexico

Sundstrand Pacific (Pte) Ltd.
Singapore, Republic of Singapore

Sundstrand France
Dijon, France

Nikkiso-Sundstrand Company Limited
(50% owned)
Tokyo, Japan

Munck-Sundstrand Transmissoes Hidro Staticas Ltda.
(40% owned)
Sao Paulo, Brazil

Wulfsberg Electronics, Inc.
Markets specialized communication systems.

Sullair Corporation
Manufactures rotary screw compressors and systems for air, gas, process and refrigeration applications.

Signatron, Inc.
Engaged in specialized communication products and custom engineering in radar, communication, computer simulation, software, signal processing, and electronic warfare equipment.

Turbomach Division
San Diego, California
Manufacturer of small, lightweight gas turbine engines for airborne, ground, and vehicular power units.

Transfer Agent(s):
The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: SNS

Number of Employees:

1986	16,000	1983	13,400
1985	16,100	1982	13,100
1984	15,200		

Plant Footage:

1986	6,992,000 sq. ft.	1984	7,371,000
1985	7,796,000	1983	7,092,000

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 1,433,940	$ 45,400
1985	1,284,141	74,448
1984	1,041,948	66,412
1983	909,318	44,240
1982	961,573	69,300

	No. of Com. Shares #	Earn. per Share #
1986	18,733,000	$ 2.42
1985	18,533,000	4.02
1984	18,300,000	3.63
1983	18,296,000	2.42
1982	18,375,000	3.77

Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Industrial	$ 968,040	$ 805,883
Aerospace	465,900	478,258
Total	$ 1,433,940	$ 1,284,141

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.80	—	—
1985	1.80	—	—
1984	1.80	—	—
1983	1.80	—	—
1982	1.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 604,669,000	$ 32.28
1985	589,129,000	31.79
1984	535,785,000	29.28
1983	500,399,000	27.35
1982	489,001,000	26.61

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,433,940	$ 1,284,141
Cost of sales	944,297	850,460
Expenses	343,389	296,379
Gov't contract disputes prov.	61,500	—
Interest expense	56,349	38,825
Royalties & commissions	(8,201)	(5,534)
Interest income	(26,299)	(13,539)
Other income	(3,504)	(2,142)
Income before taxes	$ 66,409	$ 119,692
Income taxes	21,009	45,244
Net Income	$ 45,400	$ 74,448

* Included in Costs and Expenses, Depreciation and Amortization: $84,353,000 in 1986 and $71,345,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	$ 16,280	$ 2,704
Accts. receiv., net	200,926	196,876
*Inventories	427,412	402,403
Other assets, curr.	24,800	19,097
Curr. Assets	$ 669,418	$ 621,080

#Fixed assets	524,915	487,222
Other assets	204,843	202,877
Total Assets	$ 1,399,176	$ 1,311,179
Liabilities (000's)		
Notes payable	$ 8,221	$ 81,937
Long-term debt, curr.	12,182	12,911
Accts. payable	94,507	103,372
Contrib. due retirement plans	25,884	22,738
Accrued payroll	44,976	39,132
Other accruals	69,441	72,781
Curr. Liabilities	$ 255,211	$ 332,871
Gov't contract disputes prov.	61,500	-
Long-term debt	296,762	225,152
Deferred inc. taxes	181,034	164,027
+Common stock	18,921	18,921
Add. paid-in capital	130,921	128,244
Retained earnings	476,774	465,117
Foreign currency translation adjustment	(7,152)	(8,365)
Treasury stock	(5,705)	(8,651)
Unamortized value of restricted stock issue	(9,090)	(6,137)
Total Liabilities & Shareholders' Equity	$ 1,399,176	$ 1,311,179

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.63	9.32
%Net Income to Sales	3.17	5.80
%Net Income to Equity	7.51	12.64
Sales to Inventories	3.35	3.19
Debt to Equity	0.49	0.54
Working Capital	$414,207,000	$288,209,000
Current Ratio	2.74	1.87
Shareholders' Equity	$604,669,000	$589,129,000

The Superior Electric Company

383 Middle Street
Bristol, Connecticut 06010
(203) 582-9561

Officers: Maurice P. Andrien, Jr., president & chief executive officer; Martin Kaplan, v.p.-research & development; Frank S. Doyle, sr. v.p.-finance & chief financial officer; Gilbert M. Dinkins, v.p.-operations; Anthony E. Balestro, v.p.-& gen. mgr.-Direct Drive Division; Phil L. Ferrari, treasurer & asst. secretary; Harold W. Lorenson, & pres.-Specialty Products Division; A. Keith Drewett, v.p.-marketing & sales; Robert L. Rosensweig, secretary; Dennis M. Newman, asst. treasurer.

Directors: Maurice P. Andrien, Jr.*, Betty H. Jerome*, Donald A. Nelson*, Richard B. Nelson, James R. Dempsey, Donald S. McCoy, John B. Krauss, Stephen J. Ruffi, Gerald L. Wilson, Alfred B. Nelson.

* Member of the Executive Committee.

Areas of Work: Engaged in the design, engineering, manufacturing and marketing of a range of electronic products, voltage controls and motion controls. Voltage controls include variable transformers, automatic voltage regulators, uninterruptible power supply/conditioners, light controls, electrical connectors and frequency converters. Motion controls include synchronous, d-c stepping motors, and stepping control devices.

Subsidiaries:

Unitron Incorporated
10925 Miller Road
Dallas, Texas 75238
Supplies solid state frequency converters.

Electro-Kinesis, Inc.
Culver City, California 90230
Design, production and marketing of encoders, rotors and other motor components made form Teisan, an advanced magnetic material.

The American Superior Electric Company, Limited
38 Torlake Crescent
Toronto, Ontario M8Z 1B3 Canada

Superior Electric Nederland B.V.
Koperwerf 33
2544 EM The Hague, The Netherlands

Superior Electric G.m.b.H.
Frankfurt, Germany

Superior Electric Engineering Services, B.V.
Harlow, Essex, England

Superior Electric International Sales Company
Bristol, Connecticut 06010

Superior Electric S.A.R.L.
Paris, France

Transfer Agent(s):
The Connecticut Bank & Trust Company
Hartford, Connecticut

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SUPE (NASDAQ)

Number of Employees:
1986 ..... 814 1985 900

Plant Footage:
1986 ..... 465,500 sq. ft. 1985 400,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 52,077,000	$ (4,487,000)
1985	49,537,000	(496,000)
1984	56,096,000	2,872,000
1983	44,438,000	338,000
1982	42,777,000	210,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,864,263	$ —
1985	2,861,632	—
1984	2,852,938	1.01
1983	2,847,825	0.12
1982	2,844,853	0.07

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986 (000's)	1985 (000's)
Voltage Control	$ 22,484	$ 18,308
Motion Control	29,593	31,229
Total	$ 52,077	$ 49,537

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	10%	—
1984	—	5%	—
1983	—	—	—
1982	0.26	—	—

† Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 20,312,000	$ 7.09
1985	24,054,000	8.40
1984	23,869,000	8.36
1983	21,377,000	7.50
1982	21,356,000	7.50

† Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 52,077,000	$ 49,537,000
Cost of sales	35,360,000	33,949,000
Expenses	14,216,000	13,451,000
Product develop.	5,037,000	3,114,000
Prov. for prod. discont.	1,000,000	—
Interest expense	1,406,000	1,400,000
Other expense (income)	147,000	(364,000)
Loss bef. taxes	$ (5,089,000)	$ (2,013,000)
Tax credit	(602,000)	(1,517,000)
Net Loss	$ (4,487,000)	$ (496,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,742,000 in 1986 and $1,546,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 1,523,000	$ 2,175,000
Accts. receiv., net	8,667,000	7,177,000
*Inventories	19,723,000	16,140,000
Other current assets	1,043,000	1,879,000
Refundable inc. taxes	587,000	1,407,000
Current Assets	$ 31,543,000	$ 28,778,000
#Fixed assets	14,534,000	10,960,000
Other assets	1,944,000	362,000
Total Assets	$ 48,021,000	$ 40,100,000
Liabilities		
Notes payable	$ 3,518,000	$ 2,600,000
Long-term debt, curr.	1,460,000	619,000
Accts. payable	3,261,000	2,358,000
Accrued pension	995,000	972,000
Accrued payroll & compen.	692,000	757,000
Income taxes	60,000	89,000
Other taxes	645,000	781,000
Other accruals	1,072,000	688,000
Curr. Liabilities	$ 11,703,000	$ 8,864,000
Long-term debt	15,858,000	6,881,000
Deferred inc. taxes	148,000	301,000
+Common stock	2,864,000	2,864,000
Add. paid-in capital	17,692,000	17,689,000
Retained earnings (def.)	(486,000)	4,001,000
Eq. adjust. from for curr. trans.	242,000	(500,000)
Total Liabilities & Shareholders' Equity	$ 48,021,000	$ 40,100,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	2.64	3.07
Debt to Equity	1.03	0.42
Working Capital	$19,840,000	$19,914,000
Current Ratio	2.70	3.25
Shareholders' Equity	$20,312,000	$24,054,000

Survival Technology, Inc.

8101 Glenbrook Road
Bethesda, Maryland 20814
(301) 656-5600

Officers: Stanley J. Sarnoff, chairman of the board, chief exec. officer & president; William C. Diesrich, v.p., treasurer & chief financial officer; Elliot Bartner, v.p.-new antidotes; Douglas J. Greenwald, v.p.-planning & development; Cabot R. Caskie, exec. v.p., chief operating officer & secretary;

Gerlof Homan, v.p.-research & development; William J. Milinchuk, v.p.-pharmaceuticals; Sharon A. Santa, v.p.-outpatient care division; Doris L. Geier, asst. secretary.

Directors: Stanley J. Sarnoff*, chairman; Robinson Bosworth, Jr., Robert E. Herzstein*, Brian H. Dovey, Bruce M. Dresner, Cabot R. Caskie, George S. Blanchard.

* Member of the Executive Committee.

Areas of Work: Develops, manufactures and sells syringes, electronic cardiac monitoring equipment, automatic injectors, and emergency care products.

Divisions:

Pharmaceutical Division
2555 Hermelin Drive
St. Louis, Missouri

Outpatient Care Division
Bethesda, Maryland

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SURV (NASDAQ)

Number of Employees:

1986	337	1983	326
1985	N.A.	1982	N.A.
1984	233		

Plant Footage:

1986	88,000 sq. ft.	1983	97,400
1985	N.A.	1982	N.A.
1984	97,400		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 30,781,000	$ (769,800)
1985	26,809,000	(908,400)
1984	24,265,000	(766,600)
1983	25,396,000	946,800
1982	20,300,000	748,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,781,000	$ —
1985	2,652,000	—
1984	2,629,000	—
1983	2,594,000	0.37
1982	2,572,000	0.29

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenue By Line of Business

	1986	1985	1984	1983
Military automatic injectors	69%	61%	63%	74%
Cardiac monitoring serv.	10	14	13	9
Emergency care prods.	8	8	10	8
Syringe prods.	13	16	13	7
Other	—	1	1	2
Total	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 5,727,800	$ 2.06
1985	6,243,700	2.35
1984	6,996,600	2.66
1983	7,462,000	2.88
1982	6,292,000	2.45

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended July 31	1986	1985
Net sales	$ 30,780,500	$ 26,809,400
Cost of sales	20,560,900	17,437,900
Expenses	8,706,800	7,548,200
Depreciation & amortization	911,000	1,324,000
Interest expense	946,700	1,227,700
Other income	(352,500)	(229,000)
Royalty expense	777,400	309,800
Loss on dispos. of oper.	—	400,000
Loss bef. taxes	$ (769,800)	$ (1,209,200)
Tax credit	—	(300,800)
Net Loss	$ (769,800)	$ (908,400)

Assets

As of July 31	1986	1985
Cash	$ 126,400	$ 283,000
Receivables, net	5,596,500	7,503,800
Inc. taxes refund.	—	108,600
*Inventories	4,343,400	4,538,000
Prepaid expenses & deposits	594,700	678,000
Assets of discont. oper.	—	323,500
Current Assets	$ 10,661,000	$ 13,434,900
#Fixed assets	7,290,300	6,085,500
Intangibles	639,300	610,900
Other assets	413,100	411,100
Total Assets	$ 19,003,700	$ 20,542,400

Liabilities

Notes payable	$ 4,725,000	$ 6,500,000
Long-term debt, curr.	458,000	349,300
Accts. payable	2,261,700	1,705,700
Accruals	252,800	410,400
Customer deposits	538,200	—
Curr. Liabilities	$ 8,235,700	$ 8,965,400
Long term debt	4,874,100	5,333,300
Other liabilities	166,100	—
+Common stock	270,600	267,100
Add. paid-in capital	1,871,500	1,621,100
Retained earnings	3,585,700	4,355,500
Total Liabilities & Shareholders' Equity	$ 19,003,700	$ 20,542,400

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	7.09	5.91
Debt to Equity	1.76	1.95
Working Capital	$2,425,300	$4,469,500
Current Ratio	1.29	1.50
Shareholders' Equity	$5,727,800	$6,243,700

Sykes Datatronics, Inc.

375 Orchard Street
Rochester, N.Y. 14606
(716) 458-8000

Officers: William S. Christiansen, chairman & chief executive officer; Ronald Borges, president; William A. Jenny, treasurer & dir.-finance; Richard H. Lippincott, v.p.-sales & marketing; Mary G. Islas, secretary.

Directors: Robert F. Sykes, Ronald Borges, William S. Christiansen, Francis D.R. Coleman, Mary G. Islas, David Lamb, James E. Van Slooten.

Areas of Work: Engaged in the design, development, manufacture and marketing of microprocessor-based equipment for use in data communication and information processing applications.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	79	1984	447
1986	69	1983	608
1985	275		

Plant Footage:

1987	51,200 sq. ft.	1984	190,000
1986	51,200	1983	400,000
1985	125,000		

Sales and Earnings

	Net Sales	Net Income †
1987	$ 4,916,000	$ (775,000)
1986	8,026,000	(17,646,000)
1985	20,235,000	(14,015,000)
1984	33,883,000	(3,863,000)
1983	42,799,672	608,666

	No. of Com. Shares #	Earn. per Share #
1987	12,942,434‡	$ —
1986	12,842,949‡	—
1985	12,826,549‡	—
1984	12,786,179‡	—
1983	12,738,937	0.05

(Loss)
† Including extraordinary gain of $472,623 in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding.
‡ Common stock equivalent shares not included.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ (776,000)	$ —
1986	(55,000)	—
1985	17,808,000	1.39
1984	31,616,000	2.47
1983	35,079,177	2.75

(Deficiency).
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Feb. 28	1987	1986
Net sales	$ 4,916,206	$ 8,026,000
Cost of sales	2,696,834	6,841,000
Expenses	3,127,937	7,703,000
Writedown of non-oper. assets	—	10,790,000
Interest expense	385,622	843,000
Other income	(46,916)	(505,000)
Net Loss	$ (1,247,271)	$ (17,646,000)
Extraord. gain	472,623	—
Net Loss & extraord. gain	$ (774,648)	$ (17,646,000)

* Included in Costs and Expenses, Depreciation: $517,241 in 1986 an $1,911,000 in 1987.

Assets

As of Feb. 28	1987	1986
Cash & short-term invest.	$ 235,702	$ 308,000
Accts. receiv., net	512,762	711,000
Leases receivable	163,820	—
*Inventories	587,792	1,151,000
Other curr. assets	73,840	129,000
Current assets	$ 1,573,916	$ 2,299,000
#Fixed assets	1,034,068	2,356,000
Other assets	1,509,752	4,349,000
Total Assets	$ 4,117,736	$ 9,004,000

Sykes Datatronics, Inc.

Liabilities

Long-term debt, curr.	$ 71,988	$ 112,000
Accts. payable	148,257	128,000
Accruals	235,143	337,000
Liab. to unsecured creditors	336,120	—
Curr. Liabilities	$ 791,508	$ 577,000
Liab. pre-bankruptcy petition	4,031,302	8,038,000
Long-term debt	71,067	444,000
+Common stock	1,296,545	1,285,000
Add. paid-in capital	21,674,921	21,633,000
Retained earnings (deficit)	(23,747,607)	(22,973,000)
Total Liabilities & Shareholders' Equity	$ 4,117,736	$ 9,004,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	8.36	6.97
Working Capital	$782,402	$1,722,000
Current Ratio	1.99	3.98
Shareholders' Equity (Deficiency)	$(776,141)	$ (55,000)

Tab Products Co.

1400 Page Mill Road
Palo Alto, California 94304
(415) 852-2400

Officers: H.W. LeClaire, chairman & chief exec. officer; Dennis R. Searles, president & chief operating officer; W.B. Brooksby, v.p.-finance & administration & secretary; Robert M. Nugent, v.p.-sales & national sales mgr.; Kurt Lein, v.p.-international operations; John Petry, v.p.-manufacturing & distribution; Frank F. Desafety, v.p.-sales & marketing, office systems; David A. Price, v.p.-field sales, Eastern Region; William Bradley, corp. controller; R.J. Sexton, treasurer & asst. sec.

Directors: H.W. LeClaire*, F.S. Foote, Jr., J.D. MacConnell*, C. Lester Hogan, Robert Augsburger, C.D. Means, D.E. Moffitt*, Dennis Searles.

* Member of the Executive Committee.

Areas of Work: Develops, manufactures and markets optical disk filing systems, clustered workcenters, panel systems and computer furniture, accessory products that store or handle computer media, forms processing equipment and a line of terminal products.

Subsidiaries:

Tab Products of Canada Ltd.
550 McNicoll Avenue
Willowdale, Ontario, M2H 2E1, Canada
(416) 494-0077

Tab Products (Europa) B.V.
Hellenkeuvelweg 8-10
1101 BN Amsterdam Zuid Oost
The Netherlands

Tab Sales Corp. International
St. Thomas, Virgin Islands

Transfer Agent(s):

Bank of America
Stock Transfer Dept. #9511
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): American

Ticker Symbol: TBP

Number of Employees:

1986	975	1983	1,165
1985	960	1982	N.A.
1984	N.A.		

Plant Footage:

1986	600,000 sq. ft.	1983	600,000
1985	60,0000	1982	N.A.
1984	600,000		

N.A.- Not Available.

Sales and Earnings

	Revenues	Net Income
1986	$ 121,429,000	$ 5,685,000
1985	117,013,000	6,326,000
1984	113,595,000	6,303,000
1983	101,461,000	4,315,000
1982	97,519,000	3,550,000

	No. of Com. Shares +	Earn. per Share #
1986	6,639,163	$ 0.85
1985	6,634,425	0.95
1984	6,577,657	0.95
1983	6,483,010	0.67
1982	6,514,474	0.55

+ Adjusted to reflect stock splits.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.15	—	3-for-2
1985	0.13	—	—
1984	0.10	—	3-for-2
1983	0.07	—	3-for-2
1982	0.06	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 47,273,000	$ 7.12
1985	42,563,000	6.42
1984	36,912,000	5.61
1983	30,685,000	4.73
1982	26,831,000	4.12

‡ Adjusted to reflect stock splits.

Income Account *

Year ended May 31	1986	1985
Net sales & oper. rev.	$ 121,429,000	$ 117,013,000
Cost of sales	65,003,000	61,389,000
Expenses	45,333,000	43,191,000
Interest expense (income)	(182,000)	357,000
Income before taxes	$ 11,275,000	$ 12,076,000
Income taxes	5,590,000	5,750,000
Net Income	$ 5,685,000	$ 6,326,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,988,000 in 1986 and $5,272,000 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 7,100,000	$ 1,167,000
Accts. receiv., net	22,564,000	19,506,000
*Inventories	12,762,000	15,950,000
Prepaid expenses	1,665,000	1,439,000
Current Assets	$ 44,091,000	$ 38,062,000
#Fixed assets	17,702,000	19,732,000
Other assets	727,000	267,000
Total Assets	$ 62,520,000	$ 58,061,000
Liabilities		
Short-term note	$ 577,000	$ —
Long-term debt, curr.	165,000	165,000
Accts. payable	4,363,000	3,874,000
Commissions	2,646,000	3,055,000
Other accruals	4,881,000	4,097,000
Income taxes	1,109,000	1,405,000
Curr. Liabilities	$ 13,741,000	$ 12,596,000
Long-term debt	925,000	2,190,000
Deferred taxes	581,000	712,000
+Common stock	5,832,000	5,375,000
Retained earnings	41,605,000	37,476,000
Foreign curr. translation	(164,000)	(288,000)
Total Liabilities & Shareholders' Equity	$ 62,520,000	$ 58,061,000

* Domestic inventories purchased for resale are valued at LIFO; remainder at FIFO or average.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.29	10.32
%Net Income to Sales	4.68	5.41
%Net Income to Equity	12.03	14.86
Debt to Equity	1.96	0.06
Working Capital	$30,350,000	$25,466,000
Current Ratio	3.21	3.02
Shareholders' Equity	$47,273,000	$42,563,000

Talley Industries, Inc.

2702 North 44th Street
Phoenix, Arizona 85008
(602) 957-7711

Officers: William H. Mallender, chief executive officer & chairman; Jack C. Crim, president & chief operating officer; Donald L. Corey, v.p.-corp. development; Daniel R. Mullen, treasurer; Edward T. Ryan, Jr., Richard H. Allen, Thomas A. Dickey, v.p.'s-operations; William E. Bonnell, dir.-human resources; Lonnie D. Schnell, dir.-internal audit; Arthur M. Squicciarini, dir.-operations; Mark S. Dickerson, general counsel & secretary; Kenneth May, controller.

Directors: William H. Mallender*, chairman; Jack C. Crim, William B. Bolton, Hubert T. Mandeville, Alex Stamatakis, David Victor, Oliver Grace, Jr., Townsend W. Hoopes, John D. MacNaughton, Jr., Emiel T. Nielsen, Jr., Thomas F. Reddy, Jr.*, John C. Robinson*, Fred G. Schuller, Wesley A. Stanger, Jr.*, John W. Stodder.

* Member of the Executive Committee.

Areas of Work: The Government & Technical Segment includes aircraft escape systems, components for aircraft crew escape systems, rocket motors, gas generators, and other ballistically actuated devices; and safe and arm devices. Ballistic and ordnance products are generally sold under prime contract directly to the U.S. Government. Also sells a variety of other government products, including video mappers, BITE indicators, potentiometers, mimiative switches, and electronics. The Commercial Segment includes products such as timing devices (automobile clocks, clock radio timers, battery clock movements, industrial timers and elapsed time indicators), molded plastic parts, and wholesale distribution of building supplies. Also manufactures and distributes other products including a variety of fractional horsepower motors, electro-magnetic clutches and brakes, humidity control devices, and metal stampings, clocks and watches. The Apparel Segment imports and distributes menswear and womenswear. The Realty Segment is engaged in the sale of land to developers for commercial and residential development, in the Phoenix, Arizona, metropolitan area.

Divisions, Subsidiaries & Affiliates:

Government and Technical

Talley Defense Systems Inc.
4551 East McKellips Road
Mesa, Arizona 85205
(602) 832-3830

Minelco Inc.
135 South Main Street

Thomaston, Connecticut 06787
(203) 283-8261

Electrodynamics, Inc.
1200 Hicks Road
Rolling Meadow, Illinois 60008
(312) 259-0740

Dimetrics, Inc.
Diamond Springs, California

Universal Propulsion Company, Inc.
Phoenix, Arizona

Talley Metals Technology, Inc.
McBee, South Carolina

Porcelain Products, Inc.
Carey, Ohio

Rowe Industries, Inc
Toledo, Ohio

Waters Manufacturing, Inc.
Wayland, Massachusetts

Clocks and Timing Products

General Time Instruments Inc.
Davidson, North Carolina

Talley Canada Inc.
Peterborough, Canada

General Time Corporation
Norcross, Georgia

Talley U.K., Ltd.
Strathleven, Scotland

Joint Venture(s):

Relogios Brasil S.A.
Sao Paulo, Brazil

Transfer Agent(s):

Manufacturers Hanover Trust
Company of California
Post Office Box 711267
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: TAL

Number of Employees:

1986	4,000	1983	3,900
1985	4,300	1982	5,300
1984	4,400		

Plant Footage:

1986 . . . . . 2,645,482 sq. ft. 1985 2,291,000

Sales and Earnings

	Net Sales +	Net Income ‡
12/31/86	$ 345,572,000	$ 13,850,000
12/31/85	316,043,000	12,014,000
12/31/84	306,478,000	10,474,000
12/31/83*	210,833,000	6,713,000
3/31/83	264,109,000	8,190,000

	No. of Com. Shares	Earn. per Share †‡
12/31/86	7,293,000	$ 1.73
12/31/85	5,944,000	1.51
12/31/84	5,925,000	1.30
12/31/83*	5,951,000	0.83
3/31/83	5,941,000	1.12

* 9 months.
\+ Of continuing operations only.
‡ Including extraordinary gain of $2,762,000 ($0.38 per share) in the year ending Mar. 31, 1983.
† Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	12/31/86	12/31/85
Clocks & watches	$ 96,435	$ 94,497
Apparel	63,820	61,273
Specialty prods.	41,395	36,665
Government prods. & services	140,191	123,608
Realty	3,731	—
Total	$ 345,572	$ 316,043

Common Stock Equity

	Total Equity *	Equity Per Share
12/31/86	$ 105,935,000	$ 14.53
12/31/85	73,398,000	12.35
12/31/84	63,479,000	10.71
12/31/83	56,046,000	9.42
3/31/83	49,832,000	8.39

* After allowing for preferred stock at total involuntary liquidation preference value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 345,572	$ 316,043
Cost of sales	251,199	225,301
Expenses	73,731	72,609
Other income	(16,206)	(13,767)
Interest expense	19,245	12,368
Interest capitalized	(4,257)	(476)
Income before taxes	$ 21,860	$ 20,008
Income taxes	8,010	7,994
Net Income	$ 13,850	$ 12,014

* Included in Costs and Expenses, Depreciation and Amortization: $10,147,000 in 1986 and $8,583,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 3,173	$ 2,527
Marketable securities	1,255	1,200
Accts. receiv., net	86,976	62,616
*Inventories	152,243	118,903
Deferred inc. taxes	—	1,043
Prepaid expenses	3,517	2,633
Current Assets	$ 247,164	$ 188,922
Long-term receiv.	18,273	22,119
#Fixed assets	79,176	69,589
Defer. charges & other assets	22,969	5,445
Intangibles	17,024	16,543
Total Assets	$ 384,606	$ 302,618

Liabilities
(000's)

Notes payable	$ 4,111	$ 15,000
Long-term debt, curr.	18,174	6,044
Realty debt	12,161	7,779
Accts. payable	22,767	16,512
Accruals	20,484	22,206
Deferred income taxes	3,041	—
Curr. Liabilities	$ 80,738	$ 67,541
Long-term debt	141,397	107,995
Deferred inc. taxes	16,329	9,946
Other liabilities	5,095	8,565
+ Preferred stock:		
Series A	85	87
Series B	1,649	1,650
+ + Common stock	7,293	5,944
Add. paid-in capital	65,545	44,821
For. curr. trans. adj.	(657)	(622)
Retained earnings	67,132	56,691
Total Liabilities & Shareholders' Equity	$ 384,606	$ 302,618

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
\+ $1 par value, cumulative convertible.
\+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.33	6.33
%Net Income to Sales	4.01	3.80
%Net Income to Equity	9.82	11.07
Sales to Inventories	2.27	2.66
Debt to Equity	1.00	1.09
Working Capital	$166,426,000	$121,381,000
Current Ratio	3.06	2.80
Shareholders' Equity	$141,047,000	$108,571,000

Tandem Computers Incorporated

19333 Vallco Parkway
Cupertino, California 95014
(408) 725-6000

Officers: Thomas J. Perkins, chairman of the board; James G. Treybig, president & chief executive officer; Robert C. Marshall, sr. v.p. & chief operating officer; Lawrence A. Laurich, v.p.-engineering; Thomas J. Klitgaard, v.p., gen. counsel & secretary; Jan E. Jensen, v.p.-human resources; Dennis McEvoy, v.p.-software development; Jeanne D. Wohlers, v.p. & controller; Michael K. Bateman, v.p.-third party marketing; Jack W. Chapman, v.p.-international sales operations; George Eckert, v.p.-major projects mgmt.; Thomas L. Chun, v.p.-corp. projects; Richard A. Lamb, treasurer; Lawrence W. McGraw, v.p.-U.S. sales operations; Michael C. Moore, v.p. & gen. mgr.-Intercontinental Div.; Gerald L. Peterson, v.p.-marketing; Alois J. Strnad, v.p.-mgmt. information systems; David J. Rynne, v.p. & chief financial officer; Stephen C. Schmidt, v.p.-operations; Donald E. Fowler, v.p.-strategy & corp. development; Gerald D. Held, v.p.-new ventures; Robert F. Hoogstraten, v.p. & managing dir.- European Division.

Directors: Thomas J. Perkins*, Morton Collins, Thomas J. Davis, Jr.*, Franklin P. Johnson, Jr., Robert C. Marshall, Robert G. Stone, Jr., James G. Treybig*, Thomas I. Unterberg, Andrew Knight, Walter B. Wriston.

* Member of the Executive Committee.

Areas of Work: Designs, develops, manufactures, markets and services multiple processor computer systems solely dedicated to on-line transaction processing and software. The Tandem NonStop System eliminates the risk of system failures and protects the customer's data base from damage caused by electronic hardware malfunctions.

Operating Units:

Eastern Division
One Penn Plaza
New York, New York 10119

Central Division
1827 Walden Office Square
Schaumberg, Illinois 60195

Western International Division
245 Santa Ana Court
Sunnyvale, California 94086

Tandem Computers Canada Limited
180 Duncan Mill Road
Don Mills, Ontario M3B 1Z6
Canada

Tandem Computers Limited
Peel House, 32-34 Church Road
Northolt, Middlesex UB5 5AB
England

Tandem NonStop Pty., Ltd.
Sydney, Melbourne
Australia

Tandem Computers S.A.
1, Place des Etats-Unis
Silic 255
94568 Rungis Cedex, France

Tandem Computers, S.A.-N.V.
Brussels, Belgium

Tandem Computers GmbH
Bernerstrasse 34
6000 Frankfurt/Main 56
Germany

Tandem Computers Incorporated

Tandem Computers A.B.
Industrivagen 20 2TR
S-171 48 Solna
Sweden

Tandem Computers A/S
Taastrup, Denmark

Tandem NonStop Pty. Ltd.
Wellington, New Zealand

Tandem Computers A.S.
Oslo, Norway

Tandem Computers Italia S.p.A.
Via del Ghisallo 20
Milan, Italy

Tandem Computers Japan Limited
3-1-1 Hagashi Ikebukuro
Toshima-ku
Tokyo, Japan

Tandem Computers B.V.
Koningin Juliana Plein 30-20
2595 AA The Hague, Netherlands

Tandem Computers AG
Zweierstrasse 138
8003 Zurich, Switzerland

Tandem Computers (Hong Kong) Limited
Kowloon, Hong Kong

Tandem Computers International, Inc.
Singapore

Tandem Computer Ges. m.b. H.
Vienna, Austria

Tandem Computers Iberica S.A.
Madrid, Spain

Transfer Agent(s):
Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TNDM (NASDAQ)

Number of Employees:

1986	5,719	1983	4,396
1985	5,494	1982	3,821
1984	5,223		

Plant Footage:
1986 ..... 1,428,400 sq. ft. 1985 1,925,000

Sales and Earnings

	Revenues	Net Income
1986	$ 767,793,000	$ 63,766,000
1985	624,138,000	34,374,000
1984	532,620,000	42,908,000
1983	418,282,000	30,805,000
1982	312,143,000	29,856,000

	No. of Com. Shares #	Earn. per Share #
1986	44,201,000	$ 1.44
1985	41,765,000	0.82
1984	41,399,000	1.04
1983	40,784,000	0.76
1982	39,221,000	0.76

Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 534,680,000	$ 12.10
1985	420,408,000	10.07
1984	375,122,000	9.06
1983	310,993,000	7.63
1982	250,988,000	6.40

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Revenues	$ 767,793	$ 324,138
Cost of revenues	247,871	240,148
Prod. develop.	86,614	71,577
Expenses	327,330	262,332
Interest income	(8,504)	(6,269)
Income before taxes	$ 114,482	$ 56,350
Income taxes	50,716	21,976
Net Income	$ 63,766	$ 34,374

* Included in Costs and Expenses, Depreciation and Amortization: $43,242,000 in 1986 and $35,616,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & cash invest.	$ 239,819	$ 128,676
Accts. receiv., net	197,658	163,378
*Inventories	64,229	78,962
Prepaid expenses	17,505	10,746
Prepaid income taxes	—	3,655
Current Assets	$ 519,211	$ 385,417
#Fixed assets	175,022	160,598
Other assets	10,792	6,329
Total Assets	$ 705,025	$ 552,344

Liabilities
(000's)

Cap. lease oblig., curr.	$ 5,969	$ 7,049
Accts. payable	50,768	33,377
Accruals	55,584	46,380
Accrued inc. taxes	21,670	—
Curr. Liabilities	$ 133,991	$ 86,806
Long-term debt & cap. lease oblig.	6,526	12,412
Deferred inc. taxes	29,828	32,718
+Common stock	1,098	1,035
Add. paid-in capital	289,441	238,998
Retained earnings	244,141	180,375
Total Liabilities & Shareholders' Equity	$ 705,025	$ 552,344

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Revenues	14.91	9.03
%Net Income to Revenues	8.31	5.51
%Net Income to Equity	11.93	8.18
Debt to Equity	0.02	0.05
Working Capital	$385,220,000	$298,611,000
Current Ratio	3.87	4.44
Shareholders' Equity	$534,680,000	$420,408,000

Tandy Corporation

1800 One Tandy Center
Fort Worth, Texas 76102
(817) 390-3700

Officers: John V. Roach, chairman of the board, president & chief executive officer; John McDaniel, senior v.p. & controller; Charles W. Tindall, Jr., senior v.p. & treasurer; Herschel C. Winn, sr. v.p. & secretary; John W. Burnham, v.p.; Donald L. Bock, asst. treasurer; Louis G. Neumann, asst. secretary.

Directors: John V. Roach*, chairman; William C. Conner, Lawrence E. Dempsey, William T. Smith, Alfred J. Stein, Jesse L. Upchurch*, John A. Wilson, Robert R. Lowdon*, G.R. Nugent*, Donald L. Bryant, Lewis F. Kornfeld, Jr.*, Thomas G. Plaskett, William E. Tucker.

* Member of the Executive Committee.

Areas of Work: Manufactures minicomputers, microcomputers and various other consumer electronics products in 30 factories in 7 different countries. The Lika subsidiary manufactures printed circuit boards.

Divisions and Subsidiaries:

Radio Shack Division

- Radio Shack-Canada
- Radio Shack-U.S. Retail Operations
- Radio Shack-Business Products Division

Tandy International Electronics

- Tandy International Electronics-Europe
- Tandy International Electronics-U.K.

Tandy Trading International

- Tandy Trading International-Australia
- A & A Trading Company

Lika Corporation
Manufactures printed circuit boards.

Memtek Products
Markets a line of Memorex audio and video products.

O'Sullivan Industries
Manufactures furniture for electronic equipment.

Scott-McDuff Corporation
Chain of 24 audio-video appliance stores.

VideoConcepts
Name-brand electronics retailers located in malls in 29 states.

Transfer Agent(s):
First National Bank of Boston (Common Stock)
Boston, Massachusetts

Texas American Bank/Fort Worth N.A.
(Common Stock & Debentures)
Fort Worth, Texas

Stock Exchange(s): New York

Ticker Symbol: TAN

Number of Employees:

1986	N.A.	1983	32,000
1985	35,000	1982	31,000
1984	34,000		

Plant Footage:

1986	N.A.	1983	2,434,000
1985	3,382,000 sq. ft.	1982	2,142,000
1984	2,959,000		

N.A. - Not Available.

Sales and Earnings ×

	Net Sales + (000's)	Net Income (000's)
1986	$ 3,035,969	$ 197,659
1985	2,595,695	189,060
1984	2,490,473	281,871
1983	2,241,434	278,521
1982	1,832,301	224,085

	No. of Com. Shares ‡	Earn. per Share ‡
1986	89,203,000	$ 2.22
1985	89,490,000	2.11
1984	102,328,000	2.75
1983	104,335,000	2.67
1982	103,395,000	2.17

× Restated for pending spin-off of foreign retail operations.
+ Includes operating revenues; of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,306,458,000	$ 14.65
1985	1,063,454,000	11.88
1984	988,696,000	9.66
1983	1,120,872,000	10.74
1982	812,677,000	7.86

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended June 30	1986	1985 ‡
Net sales & oper. rev.	$ 3,035,969	$ 2,595,695
Cost of sales	1,471,310	1,218,353
Expenses	1,077,707	939,274
Depreciation & amortization	55,388	46,720
Interest expense	44,550	46,107
Income before taxes	$ 387,014	$ 345,241
Income taxes	186,436	158,233
Eq. in loss (inc.) of oper. to be spun off	2,919	(2,052)
Net Income	$ 197,659	$ 189,060

‡ Restated.

Assets
(000's)

As of June 30	1986	1985 ‡
Cash & short-term invest.	$ 273,634	$ 83,150
Accts. & notes receiv., net	116,166	98,429
*Inventories	982,881	1,026,879
Other assets	46,681	56,795
Current Assets	$ 1,419,362	$ 1,265,253
#Fixed assets	301,722	284,518
Assets of oper. to be spun-off	195,765	172,974
Other assets	161,256	152,927
Total Assets	$ 2,078,105	$ 1,875,672

Liabilities
(000's)

Notes payable	$ 179,415	$ 95,895
Subord. debentures called for redemp.	100,044	—
Accts. payable	96,309	86,208
Accruals	159,096	130,863
Income taxes payable (receiv.)	(22,533)	2,777
Curr. Liabilities	$ 512,331	$ 315,743
Notes payable	163,995	320,068
Subord. deb.	25,941	123,610
Other liabilities	24,785	19,177
Deferred inc. taxes	44,595	38,620
+Common stock	95,645	95,645
Add. paid-in capital	87,645	76,830
Retained earnings	1,301,016	1,103,357
For. curr. trans.	(21,818)	(29,415)
Treasury stock	(156,030)	(182,963)
Total Liabilities & Shareholders' Equity	$ 2,078,105	$ 1,875,672

‡ Restated.
* At lower of cost (primarily average cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.75	13.30
%Net Income to Sales	6.51	7.28
%Net Income to Equity	15.13	17.78
Debt to Equity	0.26	0.39
Working Capital	$ 907,031,000	$ 949,510,000
Current Ratio	2.77	4.01
Shareholders' Equity	$1,306,458,000	$1,063,454,000

TEC, Incorporated

2727 North Fairview Avenue
P.O. Box 5646
Tucson, Arizona 85703
(602) 792-2230

Officers: Byron C. Hamilton, chairman & president; Don V. Hamilton, vice chairman; Barry A. Hamilton, v.p.-sales, components group; Bruce M Hamilton, v.p.-marketing & secretary; Ivan D. Schlaefer, v.p.-human resources; William P. Perry, v.p.-purchasing; William E. Wallin, v.p.; treasurer & corp. controller.

Directors: Don V. Hamilton*, Byron C. Hamilton, Edward B. Grayden*, Bruce Hamilton, Kelvin T. Bacon, John P. Schaefer*, W.H.J. Selders.

* Member of the Executive Committee.

Areas of Work: Provides electronic and electro-mechanical human interface products for original equipment manufacturers, as well as performing subcontract assembly for select customers.

Divisions:

Component Group
Tucson, Arizona 85705
Produces Tec-Lite TM switches, indicators and readouts; keyboards, Data-Monitor TM annunciators; Data-Panel displays for the data processing and control industry.

Peripheral Group
Tucson, Arizona 85705
Develops and manufactures computer input/output Data-Screen terminals, and subcontract products.

Transfer Agent(s):
First Interstate Bank of Arizona, N.A.
P.O. Box 1871
Tucson, Arizona 85702

Stock Exchange(s): American

Ticker Symbol: TCK

Number of Employees:

1986	343	1983	429
1985	487	1982	569
1984	393		

Plant Footage:

1986	150,000 sq. ft.	1983	150,000
1985	150,000	1982	150,000
1984	150,000		

Sales and Earnings

	Net Sales	Net Income +
1986	$ 12,814,000	$ (759,000)
1985	18,401,000	362,000
1984	14,898,000	349,000
1983	14,817,000	(1,007,000)
1982	21,442,000	397,000

	No. of Com. Shares	Earn. per Share +
1986	856,275	$ —
1985	866,315	0.42
1984	826,901	0.41
1983	826,901	—
1982	826,901	0.48

(Loss)
+ Including extraordinary gain of $73,000 ($0.09 per share) in 1984.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.16	—	—
1985	0.14	—	—
1984	—	—	—
1983	0.06	—	—
1982	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 4,757,000	$ 5.56
1985	5,715,000	6.60
1984	5,310,000	6.42
1983	4,961,000	6.00
1982	6,018,000	7.28

Income Account *

Year ended June 30	1986	1985
Net sales	$ 12,814,000	$ 18,401,000
Cost of sales	10,804,000	14,279,000
Expenses	2,806,000	3,192,000
Prov. for doubtful accts.	2,000	—
Oper. profit (loss)	$ (798,000)	$ 930,000
Loss on sale of equip.	11,000	20,000
Interest income	(115,000)	(99,000)
Interest expense	128,000	221,000
Other expense	49,000	20,000
Unusual item	—	270,000
Income (loss) before taxes	$ (871,000)	$ 498,000
Income taxes (credit)	(112,000)	136,000
Net Income (Loss)	$ (759,000)	$ 362,000

* Included in Costs and Expenses, Depreciation: $514,000 in 1986 and $577,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 569,000	$ 493,000
Receivables, net	1,506,000	2,522,000
*Inventories	1,058,000	1,515,000
Prepaid expenses	54,000	9,000
Current Assets	$ 3,187,000	$ 4,539,000
#Fixed assets	4,010,000	4,059,000
Other assets	198,000	450,000
Total Assets	$ 7,395,000	$ 9,048,000

Liabilities

Notes payable	$ 300,000	$ —
Long-term debt, curr.	495,000	462,000
Cap. lease oblig., curr.	129,00	117,000
Accts. payable	329,000	497,000
Accruals	707,000	965,000
Income taxes	—	72,000
Curr. Liabilities	$ 1,960,000	$ 2,113,000
Long-term debt	436,000	684,000
Cap. lease oblig.	242,000	371,000
Deferred inc. taxes	—	165,000
+Common stock	173,000	173,000
Add. paid-in capital	1,654,000	1,654,000
Retained earnings	2,991,000	3,888,000
Treasury stock	(61,000)	—
Total Liabilities & Shareholders' Equity	$ 7,395,000	$ 9,048,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.17
%Net Income to Sales	—	1.97
%Net Income to Equity	—	6.33

Sales to Inventories	12.11	12.15
Debt to Equity	0.05	0.29
Working Capital	$1,227,000	$2,426,000
Current Ratio	1.63	2.15
Shareholders' Equity	$4,757,000	$5,715,000

Tech Serv, Inc.

5301 Holland Drive
Beltsville, Maryland 20705
(301) 474-2900

Officers: Frank L. Goodwin, Jr., president; Eli W. Fleming, v.p.-corporate operations, secretary & treasurer.

Directors: Eli W. Fleming, Frank L. Goodwin, Jr., Ronald C. Ray, William M. Stephens.

Areas of Work: Manufactures radio-controlled miniature aerial target systems and radio controls which are used in guidance of miniature aircraft and other applications.

Division:

RS Systems—a Tech Serve Company
Beltsville, Maryland 20705
(301) 474-2900
Markets Tech Serv, Inc.'s products

Transfer Agent(s):

Maryland National Bank
2 North Charles Street
Baltimore, Maryland 21202

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	39	1983	N.A.
1985	50	1982	90
1984	30		

Plant Footage:

1986	28,300 sq. ft.	1983	28,300
1985	28,300	1982	28,000
1984	28,300		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 3,109,555	$ 793,983
1985	2,886,167	239,962
1984	1,018,921	(502,950)
1983	2,943,539	128,437
1982	3,067,706	(27,538)

	No. of Com. Shares ‡	Earn. per Share ‡ †
1986	860,236	$ 0.92
1985	860,236	0.28
1984	860,236	—
1983	860,236	0.15
1982	830,236	—

(Loss)
† Including extraordinary gains of $210,492 ($0.24 per share) in 1986, $73,000 ($0.09 per share) in 1985 and $39,331 ($0.05 per share) in 1983.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 760,423	$ 0.88
1985	(33,560)	—
1984	(273,522)	—
1983	229,428	0.27
1982	100,991	0.12

(Deficiency)
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 3,109,555	$ 2,886,167
Cost of sales	2,433,740	2,211,308
Expenses	610,195	393,217
Interest expense	72,344	113,224
Gain on sale of rl. est.	(757,943)	—
Other income	(83,385)	(71,544)
Inc. bef. taxes	$ 834,604	$ 239,962
Income taxes	251,113	73,000
Net Income	$ 583,491	$ 166,962
Extraord. gain	210,492	73,000
Net Income & extraord. gain	$ 793,983	$ 239,962

* Included in Costs and Expenses, Depreciation: $39,592 in 1986 and $28,554 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 424,611	$ 172,703
Cert. of deposit	—	175,000
Accts. receiv., net	225,320	213,383
*Inventories	166,288	109,449
Prepaid expenses	59,699	40,203
Billings on uncomp. U.S. Gov't contracts	—	109,953
Current Assets	$ 902,722	$ 847,495
#Fixed assets	1,045,237	300,159
Note receivable	214,433	241,237
Other assets	72,520	4,120
Total Assets	$ 2,234,912	$ 1,393,011

Liabilities

Long-term debt, curr.	$ 44,352	$ 11,138
Accts. payable	144,070	339,224
Interest payable	—	12,473
Notes payable	—	125,000
Accruals	31,471	56,563
Income tax payable	16,736	
Billings in exc. of profit	129,891	—
Curr. Liabilities	$ 366,520	$ 544,398
Long-term debt	50,607	251,622
Indebt. to related parties	—	477,173
Capital leases	895,437	19,100
Deferred inc. taxes	23,885	—
Deferred profit	138,040	153,378
+Common stock	86,035	63,248
Add. paid-in capital	1,061,994	1,135,536
Deficit	(387,606)	(1,181,589)
Treasury stock	—	(50,755)
Total Liabilities & Shareholders' Equity	$ 2,234,912	$ 1,393,011

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	26.84	8.31
%Net Income to Sales	18.76	5.78
%Net Income to Equity	76.73	—
Sales to Inventories	18.70	26.37
Debt to Equity	0.15	—
Working Capital	$536,202	$ 303,097
Current Ratio	2.46	1.56
Shareholders' Equity (Deficiency)	$760,423	$(33,560)

Technical Communications Corporation

100 Domino Drive
Concord, Massachusetts 01742
(617) 862-6035

Officers: Arnold M. McCalmont, president; Herbert A. Lerner, secretary; Edward E. Hicks, clerk; John I. Gill, v.p.-manufacturing; William S. Henderson, v.p. & controller; Michael T. McCallig, v.p.-product development & engineering; James L. Woodward, treasurer.

Directors: Dean L. Kellogg, Herbert A. Lerner, Arnold M. McCalmont, chairman; Blanton C. Wiggin, James L. Woodward.

Areas of Work: Involved in the design, development and sale of communications security devices, data modulators and demodulators, signaling and supervisory control communication equipment and computer interface equipment.

Subsidiaries:

TCC Foreign Sales Corp. (FSC)
TCC Investment Corp.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TCCO (NASDAQ)

Number of Employees:

1986	35	1983	80
1985	60	1982	80
1984	N.A.		

Plant Footage:

1986	22,800 sq. ft.	1983	22,800
1985	22,800	1982	22,800
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 2,572,129	$ (1,189,946)
1985	5,270,930	336,725
1984	4,127,302	281,825
1983	4,776,027	501,141
1982	5,154,659	646,915

	No. of Com. Shares +	Earn. per Share #
1986	1,200,400	$ —
1985	1,164,554	0.29
1984	1,120,810	0.25
1983	1,119,910	0.43
1982	1,094,810	0.57

(Loss)
+ Adjusted to reflect stock dividend.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 2,290,262	$ 1.91
1985	3,470,996	2.98
1984	2,624,175	2.34
1983	2,341,550	2.09
1982	1,823,785	1.67

Adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 2,572,129	$ 5,270,930
Cost of sales	1,606,757	2,209,051
Expenses	2,528,855	2,659,117
Oper. Income (Loss)	$ (1,563,483)	$ 402,762
Other income	63,537	32,963
Income (loss) bef. taxes	$ (1,499,946)	$ 435,725
Income taxes (credit)	(310,000)	99,000
Net Income (Loss)	$ (1,189,946)	$ 336,725

* Included in Costs and Expenses, Depreciation and Amortization: $122,131 in 1986 and $117,584 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 137,540	$ 208,872
Accts. receiv., net	620,377	745,669
Short-term investments	223,330	2,027,483
*Inventories	1,149,657	1,115,229
Refundable income taxes	369,316	—
Deferred income taxes	—	39,335
Other assets	66,977	78,942
Current Assets	$ 2,567,197	$ 4,215,530
Cash value of life ins.	46,187	40,496
#Fixed assets	467,356	429,327
Deferred income taxes	20,342	47,753
Other assets	6,809	15,150
Loan receivable	86,954	88,131
Total Assets	$ 3,194,845	$ 4,836,387

Liabilities

Accts. payable	$ 134,087	$ 235,185
Accruals	241,505	294,546
Customers advances	264,331	446,925
Income taxes payable	—	165,096
Curr. Liabilities	$ 639,923	$ 1,141,752
Deferred compensation	264,660	223,639
+Common stock	120,458	119,788
Add. paid-in capital	1,219,624	1,211,082
Retained earnings	950,180	2,140,126
Total Liabilities & Shareholders' Equity	$ 3,194,845	$ 4,836,387

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	8.27
%Net Income to Sales	—	6.39
%Net Income to Equity	—	9.70
Sales to Inventories	2.24	4.73
Working Capital	$1,927,274	$3,073,778
Current Ratio	4.01	3.69
Shareholders' Equity	$2,290,262	$3,470,996

The Technical Materiel Corporation

700 Fenimore Road
Mamaroneck, New York 10543
(914) 698-4800

Officers: E.J. Hofmann, president; Frank Budetti, v.p.; Ray H. de Pasquale, treasurer; Ruth S. Taylor, secretary.

Directors: R.H. de Pasquale, chairman; E.J. Hofmann, F. Budetti, G.W. Jennings, D.C. MacDonald.

Areas of Work: Engaged in the engineering and manufacture of single sideband radio communications equipment, including field installation, servicing and maintenance.

Transfer Agent(s):
American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1985	$ 2,271,919	$ 10,719
1984	1,980,924	392,517
1983	2,900,623	578,927
1982	3,448,288	154,729
1981	2,344,376	92,349

	No. of Com. Shares	Earn. per Share †
1985	2,847,704	$ —
1984	2,847,704	0.14
1983	2,847,704	0.20
1982	2,847,704	0.05
1981	2,847,704	0.03

† Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 1,970,842	$ 0.69
1984	1,960,123	0.69
1983	1,566,458	0.55
1982	983,825	0.35
1981	830,082	0.29

Income Account *

Year ended Sept. 30	1985	1984
Net sales	$ 2,271,919	$ 1,980,924
Cost of sales	1,415,898	1,135,912
Expenses	684,858	737,153
Interest expense	160,343	167,010
Gain on sale	—	(444,672)
Other income	(9,962)	(11,460)
Income before taxes	$ 20,782	$ 396,981
Income taxes	10,063	4,464
Net Income	$ 10,719	$ 392,517

* Included in Costs and Expenses, Depreciation and Amortization: $28,208 in 1985 and $31,153 in 1984.

Assets

As of Sept. 30	1985	1984
Cash	$ 37,627	$ 62,168
Accts. receiv., net	267,457	286,670
*Inventories	3,020,584	3,124,569
Prepaid expenses	46,738	39,302
Current Assets	$ 3,372,406	$ 3,512,709
#Fixed assets	193,891	207,610
Total Assets	$ 3,566,297	$ 3,720,319

Liabilities

Notes payable	$ 350,000	$ 450,000
Mortgage notes payable	25,000	25,000
Demand notes payable	350,000	370,000
Accts. payable	43,113	51,537
Other accrued taxes	27,342	38,559
Curr. Liabilities	$ 795,455	$ 935,196
Long-term debt	800,000	825,000
+Common stock	355,963	355,963
Add. paid-in capital	6,924,042	6,924,042
Accumulated deficit	(5,309,163)	(5,319,882)
Total Liabilities & Shareholders' Equity	$ 3,566,297	$ 3,720,319

* At lower of cost average or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

%Net Income to Sales	0.47	19.81
%Net Income to Equity	0.54	20.03
Sales to Inventories	0.75	0.63
Debt to Equity	0.58	0.65
Working Capital	$2,576,951	$2,577,513
Current Ratio	4.24	3.76
Shareholders' Equity	$1,970,842	$1,960,123

Technitrol, Inc.

8200 Flourtown Avenue, Suite 10
Wyndmoor, Pennsylvania 19118
(215) 233-9500

Officers: Roy E. Hock, chairman & chief exec. officer; James J. Rafferty, Jr., president; J. Barton Harrison, secretary; Robert J. Citrino, treasurer; Thomas J. Flakoll, v.p.

Directors: Roy E. Hock, chairman; Edward M. Mazze, Gordon Palmer, Jr., J. Barton Harrison, Edwin S. Eichert, III, James M. Papada, III, James J. Rafferty, Jr., Thomas J. Flakoll, Graham Humes.

Areas of Work: Manufactures power transformers, pulse transformers, delay lines, electronic scales, electronic force measuring instruments and electronic components.

Divisions:

Components & Transformer Division
Philadelphia & Petersburg, Pennsylvania
Greensboro, Maryland

Products Division
1952 East Allegheny Avenue
Philadelphia, Pennsylvania 19134

Subsidiaries:

Advanced Metallurgy, Inc.
McKeesport, Pa.; Plum Boro, Pa.; Lancaster, Pa.
Manufactures electrical contacts for circuit breakers and semiconductor devices.

John Chatillon & Sons, Inc.
Kew Gardens, N.Y. and Greensboro, N.C.
Manufactures scales, force measuring instruments, and springs.

Technitrol International, Inc.
Wilmington, Delaware

Transfer Agent(s):
Registrar and Transfer Company
Cranford, New Jersey

Stock Exchange(s): American

Ticker Symbol: TNL

Number of Employees:

1986	551	1983	565
1985	667	1982	526
1984	728		

Plant Footage:
1986 . . . . . 238,600 sq. ft. 1985 255,100

Sales and Earnings

	Net Sales +	Net Income
1986	$ 37,385,000	$ 3,321,000
1985	39,009,000	3,314,000
1984	37,833,000	3,552,000
1983	32,401,000	2,665,000
1982	25,432,000	1,661,000

	No. of Com. Shares †	Earn. per Share ‡
1986	2,002,870	$ 1.65
1985	2,014,476	1.64
1984	2,010,756	1.77
1983	2,009,500	1.36
1982	2,007,920	0.76

Technitrol, Inc.

+ Of continuing operations only.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Electronic products	$ 13,347	$ 14,500
Electrical products	12,187	11,838
Mechanical products	8,843	8,938
Services	3,008	3,733
Total	$ 37,385	$ 39,009

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$0.38	—	—
1985	0.30	—	—
1984	0.24	—	—
1983	0.325	—	2-for-1
1982	0.165	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 21,285,000	$ 10.63
1985	18,984,000	9.42
1984	16,322,000	8.12
1983	13,269,000	6.60
1982	11,019,000	5.49

† Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 37,385,000	$ 39,009,000
Cost of sales	24,419,000	25,420,000
Expenses	7,171,000	7,370,000
Other income	(462,000)	(216,000)
Income before taxes	$ 6,257,000	$ 6,435,000
Income taxes	2,936,000	3,121,000
Net Income	$ 3,321,000	$ 3,314,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,061,000 in 1986 and $895,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 9,745,000	$ 6,192,000
Accts. & notes receiv., net	5,585,000	5,516,000
*Inventories	4,517,000	6,051,000
Prepaid expenses	171,000	597,000
Current Assets	$ 20,018,000	$ 18,356,000
#Fixed assets	5,000,000	5,094,000
Mortgage receivable	340,000	—
Other assets	430,000	402,000
Total Assets	$ 25,788,000	$ 23,852,000
Liabilities		
Long-term debt, curr.	$ 66,000	$ 61,000
Accts. payable	948,000	1,109,000
Accruals	1,522,000	1,768,000
Dividends payable	240,000	191,000
Curr. Liabilities	$ 2,776,000	$ 3,129,000
Long-term debt	1,347,000	1,413,000
Deferred inc. taxes	380,000	326,000
+Common stock	373,000	373,000
Add. paid-in capital	1,786,000	1,686,000
Retained earnings	22,581,000	20,070,000
Treasury stock	(3,455,000)	(3,145,000)
Total Liabilities & Shareholders' Equity	$ 25,788,000	$ 23,852,000

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Revenues	16.74	16.50
%Net Income to Revenues	8.88	8.50
%Net Income to Equity	15.60	17.46
Sales to Inventories	8.28	6.45
Debt to Equity	0.06	0.08
Working Capital	$17,242,000	$15,227,000
Current Ratio	7.21	5.87
Shareholders' Equity	$21,285,000	$18,984,000

Tech/Ops, Inc.

(formerly Technical Operations, Incorporated)

One Beacon Street
Boston, Massachusetts 02108
(617) 523-2030

Officers: Marvin G. Schorr, chairman of the board & president; Paul B. Rosenberg, vice president-finance and administration and treasurer; Robert P. Moncreiff, secretary and counsel.

Directors: Marvin G. Schorr*, chairman; Eric T. Clarke, Harold C. Mayer, Jr., Herbert Roth, Jr.*, C. Vincent Vappi*; Milton C. Lauenstein.

* Member of the Executive Committee.

Areas of Work: Operates a commercial service for personnel monitoring of nuclear radiation, including raden gas and x-rays. Develops, manufactures and markets control systems for electric fork lift trucks and other battery powered vehicles.

Divisions and Subsidiaries:

Nuclear Products and Services
Boston, Massachusetts

R.S. Landauer, Jr. & Company
Glenwood, Illinois

Terradex Corporation
Glenwood, Illinois
Walnut Creek, California

Nagase-Landauer, Ltd. (50%-owned)
Tokyo, Japan

Electronic Controls & Components

Tech/Ops Limited
Gateshead, England

Sevcon, Limited
Gateshead, England

Tech/Ops, S.A.
Paris, France

Tech/Ops Sevcon, Inc.
Burlington, Massachusetts

ICW, Limited
Wrexham, North Wales

Transfer Agent(s):

The Bank of Boston
Boston, Massachusetts 02101

Stock Exchange(s): American

Ticker Symbol: TO

Number of Employees:

1986	400	1984	450
1985	450	1983	400

Plant Footage:

1986	130,000 sq. ft.	1984	130,000
1985	130,000	1983	134,000

Sales and Earnings

	Net Sales +	Net Income ‡
1986	$ 24,641,000	$ 6,835,000
1985	21,027,000	9,085,000
1984	19,126,000	3,045,000
1983	16,161,000	3,694,000
1982	16,674,000	1,700,000

	No. of Com. Shares †	Earn. per Share #‡
1986	2,178,000	$ 3.39
1985	2,171,000	4.03
1984	2,655,000	1.19
1983	2,766,000	1.45
1982	2,436,000	0.59

+ Includes contract revenues; of continuing operations only.
‡ Including extraordinary gain of $1,692,000 ($0.67 per share) in 1983.
† Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-1

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 16,889,000	$ 7.75
1985	9,612,000	4.43
1984	15,793,000	5.95
1983	14,265,000	5.16
1982	10,357,000	4.25

† Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 24,641,000	$ 21,027,000
Cost of sales	9,881,000	8,265,000
Expenses	9,193,000	8,297,000
Interest expense	323,000	394,000
Other income	(1,035,000)	(619,000)
Income before taxes	$ 6,279,000	$ 4,690,000
Income taxes	2,762,000	2,132,000
Inc. - cont. oper.	$ 3,517,000	$ 2,558,000
Inc. - discont. oper.	3,318,000	6,527,000
Net Income	$ 6,835,000	$ 9,085,000

* Included in Costs and Expenses, Depreciation and Amortization: $376,000 in 1986 and $336,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash & cash equiv.	$ 12,214,000	$ 9,234,000
Receiv., net	5,160,000	4,208,000
*Inventories	2,016,000	2,013,000
Prepaid expenses	75,000	349,000
Assets of discont. oper.	—	1,463,000
Current Assets	$ 19,465,000	$ 17,267,000
#Fixed assets	4,058,000	3,004,000
Other assets	1,692,000	1,394,000
Intangibles	5,080,000	2,466,000
Assets of discont. oper.	—	1,185,000
Total Assets	$ 30,295,000	$ 25,316,000
Liabilities		
Long-term debt, curr.	$ 301,000	$ 327,000
Accts. payable	929,000	839,000
Accruals	2,737,000	1,902,000
Adv. payment on sale of radio station	—	3,850,000
Accrued inc. taxes	1,587,000	2,226,000
Deferred contract revenue	3,059,000	2,379,000
Curr. Liabilities	$ 8,613,000	$ 11,523,000

Long-term debt	2,830,000	3,170,000
Long-term liabilities	956,000	594,000
Deferred taxes	1,007,000	417,000
+Common stock	2,178,000	2,171,000
Add. paid-in capital	4,340,000	3,347,000
Retained earnings	12,965,000	6,702,000
Foreign curr. trans.	(322,000)	(620,000)
Prepaid compensation	(2,272,000)	(1,988,000)
Total Liabilities & Shareholders' Equity	$ 30,295,000	$ 25,316,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 stated value.

Statistical Summary

%Net Income to Equity	40.47	94.52
Sales to Inventories	12.22	10.45
Debt to Equity	0.21	0.36
Working Capital	$10,852,000	$5,744,000
Current Ratio	2.26	1.50
Shareholders' Equity	$16,889,000	$9,612,000

Tech-Sym Corporation

10500 Westoffice Drive
Houston, Texas 77042
(713) 785-7790

Officers: Wendell W. Gamel, chairman of the board & president; Robert E. Moore, v.p., secretary & general counsel; Ray F. Thompson, treasurer & controller; Coy J. Scribner, v.p. & president-Metric Systems Corp.; Rollin J. Sloan, president-TRAK Microwave.

Directors: Keith R. Beeman, Wendell W. Gamel, Robert E. Moore, Walter B. Putnam, Joal A. Teresko, Coy J. Scribner, Rollin J. Sloan, Christopher C. Kraft, Jr., Albert A. Gallotta, Jr.

Divisions and Subsidiaries:

TRAK Microwave Corporation
4726 Eisenhower Boulevard
Tampa, Florida 33634
(813) 884-1411

Designs, manufactures and markets a variety of electronic microwave components that are sold to manufacturers of electronic systems.

Western Division
735 Palomar Avenue
Sunnyvale, California 94086
(408) 735-9660

Manufacturer of microwave integrated circuits (video, intermediate frequency and microwave amplifiers, very stable oscillators, microwave transmitters) and microwave ferrite isolators and circulators; microwave energy sources, automatic weighing and measuring systems, a major portion of a laser tracking level, timing equipment and systems and specialty computer components and systems.

Metric Systems Corporation
645 Anchors Street
Fort Walton Beach, Florida 32548
(904) 244-9600

Produces military electronics, industrial and commercial data interface, monitoring and data processing. Military electronic products include timing terminals, the IRIG Time Reader, real time interface systems, meterological data processing systems, and other computer oriented systems. Produces monitoring and controls products and systems for paper mill boiler operations, paper production and electric power companies. Has developed a microprocessor, a small scale digital computer designed around a central integrated circuit. The Aeromechanics Division of Metric Systems Corporation is a supplier of materials and equipment for the domestic military transportation market; products include aerial delivery equipment.

Enterprise Electronics Corporation
Industrial Boulevard
P.O. Box 1216
Enterprise, Alabama 36331
(205) 347-3478

World-wide supplier of radar systems for meteorology. The systems detect, analyze and display information on weather patterns.

Tecom Industries, Inc.
9324 Topanga Canyon Blvd.
Chatsworth, California 91311
(818) 341-4010

Manufactures antennas for surveillance, communications, electronic warfare, missiles, and telemetry. Other products include positioners and controllers.

Transfer Agent(s):

First City National Bank of Houston
Stock Transfer Section
P.O. Box 809
Houston, Texas 77001

The Chase Manhattan Bank, N.A.
Shareholder Services
1 New York Plaza, 14th Floor
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: TSY

Number of Employees:

1986 1,538

Plant Footage:

1986 . . . . . 431,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 100,046,000	$ 8,517,000
1985	91,441,000	6,411,000
1984	71,585,000	7,826,000
1983	57,126,000	6,805,000
1982	53,338,000	4,570,000

	No. of Com. Shares	Earn. per Share ‡
1986	6,623,245	$ 1.29
1985	6,619,225	0.96
1984	6,682,245	1.19
1983	6,619,818	1.08
1982	6,137,653	0.80

+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding during each year.

Revenues By Line of Business

	1986	1985
Electronics	$ 91,098,00	$ 82,044,000
Aeromechanics	8,309,000	8,799,000
Real estate	639,000	598,000
Total	$ 100,046,000	$ 91,441,000

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 70,648,000	$ 10.67
1985	62,110,000	9.38
1984	56,496,000	8.45
1983	47,750,000	7.21
1982	31,687,000	5.16

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 100,046,000	$ 91,441,000
Cost of sales	68,479,000	62,315,000
Expenses	17,913,000	16,094,000
Prod. develop. costs	760,000	578,000
Interest expense	1,912,000	1,898,000
Other income	(3,942,000)	(2,034,000)
Income bef. taxes	$ 14,924,000	$ 12,590,000
income taxes	6,407,000	5,462,000
Inc. - cont. oper.	$ 8,517,000	$ 7,128,000
Loss - disc. oper.	—	(717,000)
Net Income	$ 8,517,000	$ 6,411,000

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $3,276,000 in 1986 and $2,777,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 2,639,000	$ 2,584,000
Marketable securities	14,507,000	16,015,000
Receiv., net	20,616,000	12,753,000
Unbilled revenue	29,825,000	26,565,000
*Inventories	7,938,000	7,444,000
Other curr. assets	225,000	164,000
Current Assets	$ 75,750,000	$ 65,525,000
Other assets	2,743,000	3,078,000
Long-term receivables	4,778,000	4,554,000
#Fixed assets	20,057,000	20,284,000
Prop. held for resale	1,039,000	1,132,000
Total Assets	$ 104,367,000	$ 94,573,000

Liabilities

Long-term debt, curr.	$ 8,414,000	$ 7,687,000
Accts. payable	3,635,000	4,903,000
Accruals	5,744,000	5,350,000
Income taxes	123,000	966,000
Current Liabilities	$ 17,916,000	$ 18,906,000
Long-term debt	11,950,000	10,898,000
Deferred commissions & other liabilities	3,853,000	2,659,000
+Common stock	688,000	688,000
Add. paid-in capital	32,063,000	32,042,000
Retained earnings	39,043,000	30,526,000
Treasury stock	(1,146,000)	(1,146,000)
Total Liabilities & Shareholders' Equity	$ 104,367,000	$ 94,573,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and depletion.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.92	—
%Net Income to Sales	8.51	—
%Net Income to Equity	12.06	10.32
Sales to Inventories	12.60	12.28
Debt to Equity	0.17	0.30
Working Capital	$57,834,000	$46,619,000
Current Ratio	4.23	3.47
Shareholders' Equity	$70,648,000	$62,110,000

Tektronix, Inc.

P.O. Box 500
14150 S.W. Karl Brown Drive
Beaverton, Oregon 97077
(503) 627-7111

Officers: John D. Gray, chairman; Earl Wantland, president & chief exec. officer; Willem B. Velsink, exec. v.p.; Larry N. Choruby, sr. v.p. & chief financial officer; John L. Landis, sr. v.p.; Philip J. Robinson, sr. v.p. & chief marketing officer; George Kersels, Kevin T. Considine, Francis Doyle, David P. Friedley, Charles H. Frost, Frederick L. Hanson, Stanley F. Kouba, Tom Long, Jon S. Reed, v.p.'s; R. Allen Leedy, Jr., v.p., secretary & gen. counsel; Kenneth H. Knox, treasurer; Jack Raiton, controller; Edward J. Lewis, N. Eric Jorgensen, asst. secretaries; Barbara J. Block, Terry W. Clifford, asst. treasurers.

Directors: John D. Gray, chairman; James B. Castles, Louis B. Perry, Earl Wantland, Donald Lundeen, William D. Walker, Paul Bragdon, F. Paul Carlson, Leonard Laster, Donald O. Pederson, Jean E. Vollum.

Areas of Work: Designs, manufactures and markets a wide variety of electronic equipment for design, service and manufacturing. These include laboratory and portable oscilloscopes, instrument systems, accessories, spectrum and logic analyzers, LSI and VSLI semiconductor testers, microprocessor develop-

Tektronix, Inc.

ment systems, television test and production equipment, fiber optic and coaxial reflectometers, and network testers. Also manufactures smart and intelligent graphic computer workstations, inkjet and dry silver hardcopy devices, graphic input products, graphic display products and electronic design software.

Subsidiaries:

Anthro Corp.
Portland, Oregon

TriQuint Semiconductor, Inc.
Beaverton, Oregon

Tektronix Development Corp.
Beaverton, Oregon

CAE Systems Inc.
Santa Clara, California

The Grass Valley Group, Inc.
Grass Valley, California

Dubner Computer Systems, Inc.
Fort Lee, New Jersey

Tektronix Europe B.V.
Amstelveen, The Netherlands

Tektronix Australia Pty. Ltd.
Sydney, Melbourne, Brisbane, Canberra, Adelaide & Perth, Australia

Tektronix Ges. mbH
Vienna, Austria

Tektronix S.A.
Brussels, Belgium

Tektronix Canada Ltd.
Barrie & Ontario, Canada

Tektronix A/S
Copenhagen, Denmark

Tektronix France
Paris, France

Tektronix GmbH
Cologne, West Germany

Tektronix Holland N.V.
Hoofddorp, The Netherlands

Sony/Tektronix Corporation (50% owned)
Tokyo, Japan

Tektronix AB
Stockholm & Gothenburg, Sweden

Tektronix International AG
Zug, Switzerland

Tektronix U.K. Ltd.
Harpenden, Hertfoldshire
England

Tektronix U.K. Ltd.
Dublin, Ireland

Tektronix Norge A/S
Oslo, Norway

Tektronix Oy
Helsinki, Finland

Tektronix-Industria e Commercio Ltda.
Rio de Janeiro & Sao Paulo, Brazil

Tektronix Guernsey Limited
Channel Island of Guernsey

Tektronix S.A. de C.V. (49% owned)
Mexico City, Mexico

Tektronix S.P.A.
Milan, Rome and Turin, Italy

Tektronix Espanola S.A.
Madrid & Barcelona, Spain

Tektronix Foreign Sales Corporation
St. Thomas, U.S. Virgin Islands

Grass Valley International, Inc.
St. Thomas, U.S. Virgin Islands

Tektronix China, Limited
Beijing, People's Republic of China

Tektronix Limited
Algiers, Algeria

Transfer Agent(s):

Morgan Shareholder Services
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: TEK

Number of Employees:

1986	19,251	1983	21,078
1985	20,525	1982	23,231
1984	20,693		

Plant Footage:

1986	7,901,000 sq. ft.	1983	7,795,000
1985	7,840,000	1982	7,496,000
1984	7,747,000		

Sales and Earnings

	Net Sales	Net Income
1986*	$1,352,212,000	$ 39,327,000
1985	1,438,082,000	90,181,000
1984	1,332,958,000	112,054,000
1983	1,191,485,000	46,807,000
1982	1,195,748,000	79,290,000

	No. of Com. Shares	Earn. per Share #
1986*	19,278,000	$ 1.97
1985	20,701,000	4.41
1984	20,242,000	5.74
1983	19,335,000	2.45
1982	18,878,000	4.23

* 53 weeks.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	1.00	—	—
1982	0.98	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 837,059,000	$ 43.42
1985	855,038,000	41.30
1984	783,174,000	38.69
1983	665,657,000	34.43
1982	632,111,000	33.48

Income Account *
(000's)

Year ended	6/3/86 (53 weeks)	5/25/85
Net sales	$ 1,352,212	$ 1,438,082
Cost of sales	663,424	705,924
Expenses	585,227	545,564
Profit sharing	35,083	59,023
Interest expense	15,586	19,338
Other expense (income)	10,565	(12,220)
Income before taxes	$ 42,327	$ 120,453
Income taxes	3,000	30,272
Net Income	$ 39,327	$ 90,181

* Included in Costs and Expenses, Depreciation: $84,139,000 in 1986 and $79,243,000 in 1985.

Assets
(000's)

As of	6/3/86	5/25/85
Cash	$ 258,396	$ 232,557
Accts. receiv.	240,095	279,771
*Inventories	164,962	219,056
Prepaid expenses	64,015	34,435
Current Assets	$ 727,468	$ 765,819
Other assets	89,853	60,029
#Fixed assets	379,626	398,524
Total Assets	$ 1,196,947	$ 1,224,372

Liabilities
(000's)

Short-term debt	$ 84,817	$ 19,553
Accts. payable	113,339	99,443
Accrued compensation	96,867	92,375
Income taxes	24,328	17,081
Curr. Liabilities	$ 319,351	$ 228,452
Long-term debt	10,935	92,103
Other liabilities	7,243	23,722
Deferred inc. taxes	22,359	25,057
+Common stock	51,539	124,837
Reinvested earnings	776,587	757,285
Currency trans. adj.	8,933	(27,084)
Total Liabilities & Shareholders' Equity	$ 1,196,947	$ 1,224,372

* At lower of cost or market. (U.S. inventory at LIFO; foreign at FIFO).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.13	8.38
%Net Income to Sales	2.91	6.27
%Net Income to Equity	4.70	10.55
Sales to Inventories	8.20	6.56
Debt to Equity	0.11	0.13
Working Capital	$408,117,000	$537,367,000
Current Ratio	2.28	3.35
Shareholders' Equity	$837,059,000	$855,038,000

Teledyne, Inc.

1901 Avenue of the Stars
Los Angeles, California 90067
(213) 277-3311

Officers: Henry E. Singleton, chairman of the board; George A. Roberts, chief exec. officer & president; Frederick A. Kaufman, Leo W. Killen, G. Williams Rutherford, Allen H. Orbuch, Jerrold V. Jerome, vice presidents; Charles E. Rinsch, vice president, treasurer & secretary.

Directors: Henry E. Singleton, chairman; George Kozmetsky, George A. Roberts, Arthur Rock, Fayez Sarofim.

Areas of Work: The Company's major business segments include aviation and electronic products, industrial products, specialty metal products, and consumer products. Aviation and electronic products include aircraft engines, airframe structures, remotely piloted vehicles, drone systems, spacecraft and avionics. This segment also includes the assembly of computers, the manufacture of semiconductors, relays, aircraft-monitoring and control systems, military electronic equipment and other related products and systems. Internal combustion engines are the major product of the industrial segment, including the manufacture of air and water cooled, gasoline and diesel fueled engines. Other products in this segment include machine tools, dies and consumable tooling. Specialty metal products include zirconium, high-speed and alloy steels, tungsten and molybdenum. Other operations in this segment include processing, casting, rolling and forging metals. The consumer segment includes oral hygiene products, shower massages, water filters, high fidelity speakers and other products and services.

Divisions and Subsidiaries:

Aviation and Electronics

Teledyne Aerospace Systems
1007 E. 10th Street
Fairmont, Minnesota 56031
Designs and produces high quality multi-conductor electrical cable assemblies and wiring harnesses.

Teledyne Avionics
Charlottesville-Albemarle Airport
Charlottesville, Virginia 22906
Produces angle of attack instrumentation, pneumatic instrumentation such as the IVSI (Inertial-lead Vertical Speed Indicator), and audiometers used to screen children for hearing disabilities.

Teledyne Battery Products
840 West Brockton
Redlands, California 92374
Designs and manufactures dry charged lead acid batteries for military trucks, aircraft, standby power, and other specialty applications.

Teledyne Brown Engineering
Cummings Research Park
Huntsville, Alabama 35807
Manufactures missile components and subsystems and targets and drones for the military; performs tasks ranging from ground test support for the main engine to the role of payload integration, in the U.S. Shuttle program.

Teledyne CAE
1330 W. Laskey Road
Toledo, Ohio 43612
Designs, develops and manufactures gas turbine engines.

Teledyne Camera Systems
131 North Fifth Avenue
Arcadia, California 91006
Manufactures photographic instrumentation, photo-optical systems and components including specialized airborne cameras, underwater photographic equipment and infrared detection systems.

Teledyne Continental Motors Aircraft Products
Brookley & Industrial Complex
Mobile, Alabama 36615
Produces aircraft piston engines.

Teledyne Controls
12333 W. Olympic Boulevard
Los Angeles, California 90064
Produces a wide variety of electronic equipment for commercial military and other applications, including airborne electronic equipment utilizing automatic digital communication.

Teledyne Crystalonics
147 Sherman Street
Cambridge, Massachusetts 02140
Manufactures high reliability semiconductors and specializes in the redevelopment of silicon transistor, tuning and current regulator diodes and hybrid microcircuits.

Teledyne Electro-Mechanisms
110 Lowell Road
Hudson, New Hampshire 03051
Produces flexible etched circuitry used in high reliability aerospace and electronic applications where space and weight requirements must be kept to a minimum.

Teledyne Electronics
649 Lawrence Drive
Newbury Park, California 91320
Designs, develops and manufactures airborne and ground based identification systems and test equipment (Identification Friend or FOE/Air Traffic Control). Also produces telemetry transmitters, multiplexers and signal conditioning equipment.

Teledyne Hastings-Raydist
804 Newcombe Avenue
Hampton, Virginia 23661
Provides products and services for navigational purposes such as precise radio location and positioning in inland and coastal waterways.

Teledyne Kinetics
410 South Cedros Avenue
Solana Beach, California 92075
Designs and manufactures proprietary electro-mechanical products including motor driven switches for use on missiles and space vehicles and printed circuit connectors.

Teledyne Lewisburg
Industrial Park
Lewisburg, Tennessee 37091
Manufactures high reliability electronic and electromechanical equipment for defense, space and industrial applications including UHF radio communications systems, fixed station transceivers, process control equipment for nuclear energy plant safety systems and data acquisition equipment for wind tunnel operation and control.

Teledyne McCormick Selph
3601 Union Road
Hollister, California 95023
Produces ordnance devices and specialty chemicals.

Teledyne MEC
3165 Porter Drive
Palo Alto, California 94304
Manufactures microwave devices for use in electronic countermeasures.

Teledyne Microelectronics
12964 Panama Street
Los Angeles, California 90066
Manufactures custom, high-reliability hybrid microcircuits.

Teledyne Microwave
1290 Terra Bella Avenue
Mountain View, California 94043
Designs and manufactures passive and active microwave devices and subsystems including filters, multiplexers and integrated sub-assemblies; ferrite components including circulators and isolators; coaxial, SPDT, transfer and multithrow switches and voltage controlled oscillator systems.

Teledyne Neosho
Doniphan Drive
Neosho, Missouri 64850
Precision gears for jet, tubine, and reciprocating engines.

Teledyne Philbrick
Allied Drive at Route 128
Dedham, Massachusetts 02026
Manufactures hybrid and modular electronic components including data converters, linear circuit components, nonlinear components and power supplies.

Teledyne Relays
12525 Daphne Avenue
Hawthorne, California 90250
Manufactures hermetically sealed electromechanical relays and solid state relays for electronic applications.

Teledyne Ryan Aeronautical
2701 Harbor Drive
San Diego, California 92138
Designs and develops remotely piloted supersonic airborne vehicles, Doppler velocity sensors, radar and infrared altimeters, microwave and electronically scannable antennas and space landing radars.

Teledyne Ryan Electronics
8650 Balboa Avenue
San Diego, California 92123
Designs and manufactures high technology radar related navigation and avionic systems.

Teledyne Semiconductor
1300 Terra Bella Avenue
Mountain View, California 94043
Manufactures semiconductor components and integrated circuits.

Teledyne Systems
19601 Nordhoff Street
Northridge, California 91324
Engaged in the manufacture of airborne and spaceborne computers, inertial and radio frequency navigation systems, custom test and ground support systems. Sales are principally to government and defense.

Teledyne Thermatics
P.O. Box 909
Elm City, North Carolina 27822
Full service wire and cable company.

Transfer Agent(s):

Bank of America N.T. & S.A.
Corporate Agency Service Center
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): New York, Pacific

Ticker Symbol: TDY

Number of Employees:

1986	44,800	1984	45,000
1985	47,200	1983	50,000

Plant Footage:

1986 . . . . . 22,200,000 sq.ft.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 3,241,400	$ 238,300
1985	3,256,200	546,400
1984	3,494,300	574,300
1983	2,979,000	304,600
1982	2,863,800	269,600

	No. of Com. Shares ‡	Earn. per Share ‡
1986	11,709,478	$ 20.35
1985	11,709,478	46.66
1984	15,235,393	37.69
1983	20,479,764	14.87
1982	20,657,531	13.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Industrial	$ 819,800	$ 930,600
Aviation & electronics	1,444,300	1,368,100
Specialty metals	701,800	692,600
Consumer & other	275,500	264,900
Total	$ 3,241,400	$ 3,256,200

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$1,636,600,000	$ 139.77
1985	1,577,400,000	134.71
1984	1,159,300,000	76.09
1983	2,641,200,000	128.97
1982	2,111,100,000	102.20

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 3,241,400	$ 3,256,200
Cost of sales	2,542,200	2,529,200
Expenses	455,900	437,900
Interest expense	20,500	26,000
Interest income	(7,200)	(15,600)
Gain on sale of secur.	(300)	(36,700)
Income before taxes	$ 230,300	$ 315,400
Income taxes	101,200	132,800
Eq. in inc. of unconsol. subsid.	(109,200)	(363,800)
Net Income	$ 238,300	$ 546,400

* Included in Costs and Expenses, Depreciation and Amortization: $107,700,000 in 1986 and $111,900,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & market. secur.	$ 116,800	$ 67,300
Receiv., net	384,700	421,600
*Inventories	211,000	172,600

Deferred inc. taxes	27,200	9,400
Prepaid expenses	10,200	12,000
Current Assets	$ 749,900	$ 682,909
Investments	1,625,500	1,723,000
#Fixed assets	325,300	337,300
Other assets	43,500	32,200
Total Assets	$ 2,744,200	$ 2,775,400
Liabilities (000's)		
Long-term debt, curr.	$ 2,400	$ 1,900
Accts. payable	137,300	126,000
Accruals	247,000	228,300
Income taxes	29,900	51,200
Curr. Liabilities	$ 416,600	$ 407,400
Long-term debt	572,700	669,200
Def. income taxes	78,800	89,100
Other liabilities	39,500	32,300
+Common stock	11,700	11,700
Add. paid-in capital	83,200	83,200
Retained earnings	1,479,400	1,426,900
Equity in unrealized apprec. in marketable sec. of uncons. subs.	64,000	58,400
Treasury stock	(1,700)	(2,800)
Total Liabilities & Shareholders' Equity	$ 2,744,200	$ 2,775,400

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.10	9.69
%Net Income to Sales	7.35	16.78
%Net Income to Equity	14.56	34.64
Sales to Inventories	15.36	18.87
Debt to Equity	.35	0.43
Working Capital	$ 333,300,000	$ 275,500,000
Current Ratio	1.80	1.68
Shareholders' Equity	$1,636,6000,000	$1,577,400,000

Teleflex Incorporated

155 South Limerick Road
Limerick, Pennsylvania 19468
(215) 948-5100

Officers: L.K. Black, chairman & chief executive officer; David S. Boyer, president & chief operating officer; John J. Sickler, president & chief operating officer-Defense/Aerospace Group; Ira Albom, sr. v.p.; Roy C. Carriker, president and chief operating officer- Sermatech; Harold L. Zuber, Jr., v.p. & controller; John F. Schoenfelder, v.p., secretary & treasurer; Steven K. Chance, v.p. & dir.-legal services.

Directors: John H. Remer, Harry T. Devine, L.K. Black, John J. Sickler, Lewis E. Hatch, Jr., Pemberton Hutchinson, Palmer E. Retzlaff, Donald Beckman, Lewis W. Bluemle, Jr., David S. Boyer, Richard A. Woodfield.

Areas of Work: Specialized mechanical, electromechanical, and hydraulic control systems including steering, engine controls, and cable linkages for aircraft, space vehicles, commercial ships and vehicular industries. Measurement and control systems for nuclear and chemical reactors, industrial processes, and other hostile atmospheres. Custom designed mechanical wire and cable controls including accelerators and cruise controls, hood releases, transmission and shift controls, disappearing tailgate window regulator system, heater, vent, and air conditioning controls, brake release controls, seat-back latches, and sunroof helical cable assemblies for automotive and motor truck industries. Engine control systems, electrical instrumentation systems, cables, and wiring harnesses for buses, trucks, industrial and leisure vehicles. Mechanical steering systems, engine control systems and cables, electrical instrumentation systems and wiring harnesses for pleasure marine industry. SermeTel inorganic corrosion resistant coatings and processes, ceramic compounds, and composites for aerospace, electronic, and industrial markets. Highly engineered fluoroplastic products including smooth wall and convoluted tubing, sleeving, and conduit, shapes, profile, custom linings and lined products, braided hose, custom wire products, rod and beading, and heat shrinkables for aerospace, automotive, industrial, medical and electronic applications.

Operations & Subsidiaries:

Major Facilities:

TFX Engineering Ltd.
Hamilton, Bermuda
Hong Kong

Teleflex Development & Training Center
King of Prussia, Pennsylvania

Technical Products and Services:

Teleflex Aerospace
Church Road
North Wales, Pennsylvania 19454

Hoover Electric Company
2100 South Stoner Avenue
Los Angeles, California 90025
(231) 272-3125

Teleflex Defense Systems
King of Prussia, Pennsylvania
Spanish Fork, Utah

Utah Valley Casting Corporation
Spanish Fork, Utah

Aero Space Controls Corporation
Wichita, Kansas

Electro-Pneumatic International GmbH
Hausham, West Germany

Aries Medical Inc.
Woburn, Massachusetts

Tact Inc.
Jaffrey, New Hampshire

TFX Medical
Jaffrey, New Hampshire
Eatontown, New Jersey
Limerick County, Ireland

Warne/Franklin
Lurgan, Northern Ireland
High Wycombe, England

Sermatech International, Inc.

Sermatech Technical Services
Limerick, Pennsylvania
Hartford, Connecticut
Houston, Texas
Los Angeles, California
West Palm Beach, Florida
Montreal, Canada
Dusseldorf, West Germany
Derbyshire, England

Seratech Repair Services
Hartford, Connecticut
Derbyshire, England

Sermatech Materials Division
Limerick, Pennsylvania

Airfoil Management Company
Los Angeles, California
Derbyshire, England

ECT Inc.
Limerick, Pennsylvania

Commercial Products:

Teleflex Automotive
2530 Industrial Row
Troy, Michigan 48084
(313) 280-0620

Capro, Inc.
300 South Cochran
Willis, Texas 77378

Teleflex Fluid Systems
Progress Industrial Park
506 Hayden Station Road
Windsor, Connecticut 06095
(203) 633-0745

Teleflex Fluoroplastics Inc.
Jaffrey, New Hampshire

Mechanical Division
Limerick, Pennsylvania

Electrical Division
Sarasota, Florida

Hydraulic Division
Vancouver, Canada

Acquisition(s):

Robinson-Halpern Company
Plymouth Meeting, Pennsylvania
Designs, manufactures and markets transducers for measuring linear displacement, pressure and velocity.

The Talley Corporation
Newbury Park, California
Designs and manufactures various actuators, control valves and missile launch components used by the defense/aerospace industry.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: TFX

Number of Employees:

1986	3,500	1983	1,940
1985	2,400	1982	1,750
1984	2,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 214,181,000	$ 16,430,100
1985	171,816,400	13,308,300
1984	153,310,700	11,310,000
1983	129,341,000	9,501,000
1982	111,688,900	10,954,100

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,877,000	$ 1.51
1985	10,602,000	1.26
1984	10,526,000	1.07
1983	10,366,000	0.92
1982	9,412,000	1.16

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985	1984	1983
Commercial products	51%	59%	63%	55%
Technical products & services	49	41	37	45
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.27	—	2-for-1
1985	0.23	—	—
1984	0.21	—	—
1983	0.19	—	—
1982	0.16	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 100,572,700	$ 9.37
1985	84,312,300	8.03
1984	72,619,600	6.96
1983	63,562,600	6.12
1982	40,107,500	4.29

† Adjusted to reflect stock split.

Income Account *

Year ended	12/28/86	12/29/85
Net sales	$ 214,181,900	$ 171,816,400
Cost of sales	147,701,200	119,518,400
Expenses	39,837,100	31,684,000
Interest expense	3,678,500	1,626,400
Other income	(3,965,000)	(3,220,700)
Income before taxes	$ 26,930,100	$ 22,208,300
Income taxes	10,500,000	8,900,000
Net Income	$ 16,430,100	$ 13,308,300

* Included in Costs and Expenses, Depreciation and Amortization: $7,244,700 in 1986 and $4,789,500 in 1985.

Assets

As of	12/28/86	12/29/85
Cash & short-term invest.	$ 24,247,000	$ 30,997,100
Accts. receiv., net	44,143,300	33,443,300
*Inventories	41,792,700	26,886,500
Prepaid expenses	1,793,400	839,700
Current Assets	$ 111,976,400	$ 92,166,600
#Fixed assets	70,804,500	36,220,100
Other assets	1,209,600	1,707,200
Escrowed funds	1,171,200	6,793,200
Total Assets	$ 185,161,700	$ 136,887,100

Liabilities

Demand Loans	$ 5,474,000	$ —
Accts. payable	17,546,700	12,641,500
Long-term debt, curr.	4,831,500	2,346,700
Accruals	7,685,700	5,874,500
Income taxes	6,715,400	4,526,900
Curr. Liabilities	$ 42,253,300	$ 25,389,600
Long-term debt	37,577,700	23,477,200
Deferred inc. taxes	4,758,000	3,708,000
+Common stock	10,729,700	5,246,900
Add. paid-in capital	20,163,800	18,684,300
Retained earnings	69,871,700	60,821,000
Foreign curr. trans. adj.	(192,500)	(439,900)
Total Liabilities & Shareholders' Equity	$ 185,161,700	$ 136,887,100

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.57	12.93
%Net Income to Sales	7.67	7.75
%Net Income to Equity	16.34	15.78
Sales to Inventories	5.12	6.39
Debt to Equity	0.48	0.31
Working Capital	$ 69,723,100	$66,777,000
Current Ratio	2.65	3.63
Shareholders' Equity	$100,572,700	$84,312,300

TeleSciences, Inc.

124 Gaither Drive
Mount Laurel, New Jersey 08054
(609) 866-1000

Officers: Fred Cohen, chairman of the board & president; Seymour Hernes, exec. v.p., secretary & treasurer.

Directors: Fred Cohen, chairman; Seymour Hernes, Samuel W. Fleming, III, Frank A. McDermott, Jr., Leopold P. Oberst, Richard P. Malloch.

Areas of Work: Engaged in the manufacture and marketing of computer-controlled electronic systems for use by telephone operating companies. These systems assist in the planning and maintenance of telephone networks and enable operating companies to generate more accurate billing information.

Subsidiaries:

URIX Corporation
Produces systems that utilize Interactive Voice Response technology for the audiotext market.

Telephone Announcement systems, Inc.

Telesciences Communication Options Systems, Inc. (42% owned)

Transfer Agent(s):
The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: TSC

Number of Employees:
1986 ..... 52 1985 ..... 50o

Plant Footage:
1986 ..... 91,000 sq. ft. 1985 164,000

Sales and Earnings

	Net Sales	Net Income †
1986	$ 27,282,705	$ (12,289,412)
1985	45,315,298	1,022,868
1984	64,858,140	3,239,949
1983	52,280,230	(13,522,482)
1982	54,126,825	2,052,140

	No of Com. Shares	Earn. per Share #†
1986	3,338,263	$ —
1985	3,338,138	0.31
1984	3,337,288	0.96
1983	3,320,176	—
1982	3,286,311	0.61

(Loss)
† Including extraordinary gains of $494,000 ($0.15 per share) in 1985 and $1,318,000 ($0.39 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 10,975,597	$ 3.29
1985	23,264,023	6.97
1984	11,748,428	3.52
1983	8,354,185	2.52
1982	21,510,264	6.55

Income Account

Year ended Dec. 31	1986	1985
Net sales	$ 27,282,705	$ 45,315,298
Cost of sales	25,730,535	41,730,001
Shortfall income	—	(4,270,013)
Sale of tech. to AT&T	(7,500,000)	—
Expense	21,781,751	21,091,804
Other income	(440,169)	(15,603,262)
Income (loss) bef. taxes	$ (12,289,412)	$ 2,366,768
Income taxes	—	1,715,000
Inc. (loss) - cont. oper.	$ (12,289,412)	$ 651,768
Loss - discont. oper.	—	(122,900)
Net Income (Loss)	$ (12,289,412)	$ 528,868
Extraord. gain	—	494,000
Net Income (Loss) & extraord. gain	$ (12,289,412)	$ 1,022,868

Assets

As of Dec. 31	1986	1985
Cash	$ 174,702	$ 306,319
Commercial paper	8,800,000	7,300,000
Accts. receiv., net	1,362,597	10,754,795
*Inventories	2,324,236	14,305,754
Prepaid expenses	344,310	1,074,083
Current Assets	$ 13,005,845	$ 33,740,951
#Fixed assets	275,990	7,666,911
Other assets	11,745,943	120,403
Total Assets	$ 25,027,778	$ 41,528,265

Liabilities

Accts. payable	$ 1,436,010	$ 3,737,408
Accruals	6,694,902	6,694,901
Legal fees payable	1,875,000	1,875,000
Curr. Liabilities	$ 9,272,514	$ 12,307,309
Legal fee	3,750,000	5,625,000
Long-term oblig.	1,029,667	331,333
+Common stock	334,326	334,314
Add. paid-in capital	19,146,520)	19,145,545
Retained earnings (deficit)	(8,393,572)	3,895,840
Treasury stock	(111,677)	(111,676)
Total Liabilities & Shareholders' Equity	$ 25,027,778	$ 41,528,265

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.22
%Net Income to Sales	—	1.17
%Net Income to Equity	—	2.27
Sales to Inventories	11.74	3.17
Debt to Equity	0.13	—
Working Capital	$ 3,733,331	$21,433,642
Current Ratio	1.40	2.74
Shareholders' Equity	$10,975,597	$23,264,023

The Telex Corporation

P.O. Box 1526
6422 E. 41st Street
Tulsa, Oklahoma 74101
(918) 627-2333

Officers: S.J. Jatras, chairman of the board; George L. Bragg, president; Ansel Kleiman, group v.p., J.B. Bailey, v.p., general counsel & secretary; E.G. Frank, v.p.-finance & treasurer; Serge Novovich, asst. secretary; David E. Gannon, asst. treasurer; Bhrent Waddell, controller.

Directors: S.J. Jatras, chairman; Robert W. Allen, George Bragg, Frank E. Cochran, Richard H. Hughes, Ansel Kleiman, Leonard R. Silver, Howard Upton, John S. Zink.

Areas of Work: Designs, manufactures, markets and services a line of peripheral products used in data processing applications as well as electronic communications and audio equipment.

Divisions and Subsidiaries:

Telex Computer Products, Inc.
6422 E. 41st Street
Tulsa, Oklahoma 74135
(918) 627-1111

Terminal Communications Division
Raleigh, North Carolina
Computer terminals, printers, and communication controllers.

International:
Le Bonaparte—Office 711
Centre Affaires Paris—
Nord
9315 Le Blanc—Mesnil,
France

The Telex Corporation

OEM/Peripheral Division
Tulsa, Oklahoma
Tape drives and tape drive subsystems for both end user and OEM markets.

Telex Service Division
Tulsa, Oklahoma
Provides maintenance for customers of all Telex computer products.

International Division
Tulsa, Oklahoma
Markets TCP products throughout the world, except the United States and Canada.

Telex Communications, Inc.
9600 Aldrich Avenue South
Minneapolis, Minnesota 55420
(612) 884-4051
Products include tape recorders and players, subassemblies for automotive tape players, headphones and headsets, microphones, hearing aids, antennas, CB accessories and tape duplication equipment.

International:
Telex World Trade
115 Norwood Park South
Boston-Providence Turnpike/Route 1
Norwood, Massachusetts 02062

Hy-Gain Division
Lincoln, Nebraska

Education Systems Division
Rochester, New York

Transfer Agent(s):
First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Pacific

Ticker Symbol: TC

Number of Employees:

1986	7,384	1983	3,929
1985	6,580	1982	3,618
1984	4,193		

Plant Footage:
1986 . . . . . 1,351,280 sq. ft.

Sales and Earnings

	Revenues	Net Income +
1986	$ 709,220,000	$ 67,493,000
1985	601,599,000	53,343,000
1984	325,432,000	36,114,000
1983	274,834,000	28,778,000
1982	207,715,000	11,835,000

	No. of Com. Shares	Earn. per Share +#
1986	14,567,214	$ 4.60
1985	14,487,983	3.65
1984	14,424,194	2.48
1983	14,407,596	2.05
1982	12,633,834	0.94

Based on the weighted average number of common shares and common share equivalents outstanding.
+ Including extraordinary credit of $4,213,000 ($0.30 per share) in 1983.

Revenues By Line of Business

	1986	1985
Computer products	$ 625,740,000	$ 520,330,000
Communications	83,480,000	81,269,000
Total	$ 709,220,000	$ 601,599,000

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 270,282,000	$ 18.55
1985	194,514,000	13.43
1984	147,208,000	10.21
1983	110,990,000	7.70
1982	61,165,000	4.84

Income Account *
(000's)

Year ended March 31	1986	1985
Revenues	$ 709,220	$ 601,599
Cost of revenues	389,613	351,006
Expenses	144,659	111,154
Prov. for loss on inventories	19,472	15,778
Interest expense	21,120	16,500
Other charges	8,660	6,398
Income bef. taxes	$ 125,676	$ 100,763
Income taxes	58,183	47,420
Net Income	$ 67,493	$ 53,343

* Included in Cost and Expenses, Depreciation: $35,394,000 in 1986 and $39,205,000 in 1985.

Assets
(000's)

As of March 31	1986	1985
Cash & temp. invest.	$ 35,005	$ 11,317
Accts. receiv., net	157,633	116,935
Investments in sales-type leases	48,459	68,483
*Inventories	163,193	141,038
Equipment leased or held for lease or sale	40,111	49,970
#Fixed assets	65,218	58,169
Other assets	26,171	17,825
Total Assets	$ 535,790	$ 463,737

Liabilities
(000's)

Short-term borrowing	$ —	$ 14,927
Accts. payable	25,125	24,659
Accruals	73,045	58,513
Income taxes	9,050	925
Oblig. under cap. lease	71,056	79,752
Long-term debt	69,425	71,703
Deferred inc. taxes	17,807	18,744
+Common stock	14,567	14,488
Add. paid-in capital	39,985	39,384
For. curr. trans.	1,168	(6,427)
Retained earnings	214,562	147,069
Total Liabilities & Shareholders' Equity	$ 535,790	$ 463,737

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Revenues	17.72	16.75
%Net Income to Revenues	9.52	8.87
%Net Income to Equity	24.97	27.42
Debt to Equity	0.52	0.78
Shareholders' Equity	$270,282,000	$194,514,000

Telxon Corporation

3330 West Market Street
Akron, Ohio 44313
(216) 867-3700

Officers: Robert F. Meyerson, chairman: Raymond D. Meyo, president & chief exec. officer: John W. Shumar, exec. v.p.; Eugene A. Novak, v.p. & chief financial officer; Steven L. Galvanoni, v.p.-North American sales; Ronald D. Bufton, v.p.-operations; Gary J. Sniadak, v.p.-field service.

Directors: Robert F. Meyerson, chairman; Raymond D. Meyo, Theodore Schlissel, Dan R. Wipff, M. Donald McClusky.

Areas of Work: Designs, manufactures, markets and services hand-held, portable, interactive microcomputer systems.

Subsidiaries:
Telxon Europe B.V.
2153 GB Nieuw-Vennep
The Netherlands

Telxon mde GmbH
Guterbergring 1-5
2000 Norderstedt
Hamburg, Germany

Telxon Limited
Old Orchard High Street
Poole, Dorset BH151AE
United Kingdom

Telxon Data Systems AG
P.O. Box 358
6301 ZUG
Switzerland

Telxon Canada Corporation, Inc.
2651 John Street, Unit 6
Markham, Ontario L3R 2W5
Canada

Telxon Australia Pty. Limited
15 Hunter Street
Parramatta N.S.W. 2150
Australia

Telxon France S.A.
Edifice Atlas
Avenue De La Baltique
91940 Les Ulis
France

Micro Office Systems Technology, Inc.
35 Kings Highway
East Fairfield, Connecticut 06430

Transfer Agent(s):
AmeriTrust Company N.A.
900 Euclid Avenue
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TLXN (NASDAQ)

Number of Employees:
1987 760

Plant Footage:
1987 . . . . . 123,300 sq. ft.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 82,095,000	$ 8,109,000
1985	64,019,000	4,984,000
1984	41,493,000	2,980,000
1983	32,582,000	2,208,000
1982	27,330,000	1,864,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	12,722,962	$ 0.64
1985	11,206,723	0.45
1984	10,166,446	0.29
1983	8,660,493	0.25
1982	8,250,525	0.23

† Including extraordinary gains of $224,000 ($0.02 per share) in 1986, $114,000 ($0.01 per share) in 1985, $39,000 ($0.01 per share) in 1984 and $384,000 ($0.05 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Product sales	$ 71,025,000	$ 55,315,000
Field service	11,070,000	8,704,000
Total	$ 82,095,000	$ 64,019,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.007	—	3-for-2
1985	0.005	—	—
1984	0.005	—	—
1983	—	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 54,673,000	$ 4.30
1985	28,928,000	2.58
1984	23,575,000	2.32
1983	8,939,000	1.03
1982	6,721,000	0.81

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Mar. 31	1986	1985
Revenues	$ 82,095	$ 64,019
Cost of sales & serv.	39,165	33,873
Expenses	29,563	22,128
Interest income	(838)	842
Interest expense	(302)	173
Income before taxes	$ 13,903	$ 8,687
Income taxes	6,018	3,817
Net Income	$ 7,885	$ 4,870
Extraord. gain	224	114
Net Income & extraord. gain	$ 8,109	$ 4,984

* Included in Costs and Expenses, Depreciation and Amortization: $2,503,000 in 1986 and $1,414,000 in 1985.

Assets
(000's)

As of Mar. 31	1986	1985
Cash	$ 20,017	$ 7,814
Accts. receiv., net	14,606	17,532
Other receivables	815	492
*Inventories	14,412	11,472
Prepaid expenses	382	293
Current Assets	$ 60,232	$ 37,603
#Fixed assets	9,312	6,115
Other assets	211	248
Intangibles	258	136
Total Assets	$ 70,013	$ 44,102

Liabilities
(000's)

Notes payable	$ 1,555	$ 2,831
Cap. lease oblig., curr.	135	91
Accts. payable	5,072	6,122
Accrued payroll	3,816	3,119
Income taxes	1,897	731
Accrued taxes	782	565
Deferred inc. taxes	82	7
Other accruals	1,041	989
Curr. Liabilities	$ 14,380	$ 14,455
Cap. lease oblig.	344	356
Deferred inc. taxes	616	363
+Common stock	127	107
Add. paid-in capital	37,247	19,360
Retained earnings	17,445	9,421
For. curr. trans. adjust.	(146)	40
Total Liabilities & Shareholders' Equity	$ 70,013	$ 44,102

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	16.94	13.57
%Net Income to Revenues	9.60	7.61
%Net Income to Equity	14.42	16.27
Debt to Equity	0.04	0.11
Working Capital	$45,852,000	$23,148,000
Current Ratio	4.19	2.60
Shareholders' Equity	$54,673,000	$29,928,000

Tenney Engineering, Inc.

1090 Springfield Road
Union, New Jersey 07083
(201) 686-7870

Officers: Saul S. Schiffman, chairman of the board; Robert S. Schiffman, president & chief exec. officer; Seymour B. Sternbach, exec. v.p.; Walter Gottesman, v.p. & secretary; Frank H. Gardner, Martin S. Schletter, G. Kenneth Sneden, v.p.'s; Frank C. Gosztyla, treasurer.

Directors: Saul S. Schiffman, Walter Gottesman, Robert S. Schiffman, David C. Schiffman, Seymour B. Sternbach, Stanley Siegel, Herman Hockmeyer.

Areas of Work: Designs, manufactures and markets high technology environmental test equipment, sophisticated custom-printed circuit boards, and specialized vacuum products.

Subsidiaries:

Tenney Foreign Sales Corporation (FSC)

Westenn Sales, Inc.
Englewood, Colorado

Precision Circuits, Inc.
Eatontown, New Jersey
Manufactures sophisticated custom printed circuit boards used in a wide variety of electronic equipment.

VacTenn, Inc.
Santa Clara, California

Acquisition:

Gloekler Refrigerator Company
Erie, Pennsylvania
Manufactures insulated enclosures used in the refrigeration and drug industries.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: TNY

Number of Employees:

1986 ..... N.A. 1985 350

Plant Footage:

1986 ..... N.A. 1985 ..... 141,000 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 21,208,977	$ 354,820
1985	23,211,965	1,148,476
1984	22,055,838	1,370,367
1983	19,018,336	782,823
1982	17,931,006	669,685

	No. of Com. Shares #	Earn. per Share #
1986	3,515,409	$ 0.10
1985	3,490,225	0.33
1984	3,481,882	0.39
1983	3,480,366	0.22
1982	3,478,274	0.19

Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	5-for-4
1983	—	—	5-for-4
1982	—	—	4-for-3

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 8,536,839	$ 2.43
1985	8,181,052	2.34
1984	6,956,139	2.00
1983	5,611,948	1.61
1982	4,821,760	1.39

‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 21,208,977	$ 23,211,965
Cost of sales	14,959,192	15,637,555
Expenses	5,885,545	5,935,086
Other income	(340,480)	(324,352)
Income before taxes	$ 704,720	$ 1,963,676
Income taxes	349,900	815,200
Net Income	$ 354,820	$ 1,148,476

* Included in Costs and Expenses, Depreciation: $642,137 in 1986 and $518,756 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 3,016,140	$ 2,290,433
Accts. receiv., net	4,301,841	5,746,761
*Inventories	4,091,452	3,522,622
Income tax receiv.	244,014	427,714
Prepaid expenses	393,386	281,270
Current Assets	$ 12,046,833	$ 12,268,800
#Fixed assets	4,616,192	4,561,024
Other assets	134,081	380,231
Goodwill	584,855	588,842
Total Assets	$ 17,381,961	$ 17,798,897

Liabilities

Long-term debt, curr.	$ 849,400	$ 281,300
Accts. pay. & accruals	2,741,403	3,170,299
Accrued payroll	582,036	584,355
Deferred inc. tax	428,300	518,400
Curr. Liabilities	$ 4,601,139	$ 4,554,354
Long-term debt	3,733,783	4,635,891
Deferred inc. taxes	510,200	427,600
+Common stock	353,848	353,848
Add. paid-in capital	1,680,372	1,680,372
Retained earnings	6,631,455	6,276,635
Treasury stock	(128,836)	(129,803)
Total Liabilities & Shareholders' Equity	$ 17,381,961	$ 17,798,897

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.32	8.46
%Net Income to Sales	1.67	4.95
%Net Income to Equity	4.16	14.04
Sales to Inventories	5.18	6.59
Debt to Equity	0.44	0.60
Working Capital	$7,445,694	$7,714,446
Current Ratio	2.62	2.69
Shareholders' Equity	$8,536,839	$8,181,052

Teradyne, Inc.

321 Harrison Avenue
Boston, Massachusetts 02118
(617) 482-2700

Officers: Alexander V. d'Arbeloff, chairman of the board & president; G. Russell Ashdown, v.p.-Telecommunications Division; George W. Chamillard, v.p.-Teradyne Connection Systems; George V. d'Arbeloff, v.p.-Industrial/Consumer Division; Joseph B. Lassiter, III, v.p.-Manufacturing Systems Division; Dennis P. O'Connell, v.p.; James A. Prestridge, v.p.-Component Test Group; Owen W. Robbins, v.p.-finance; Frederick T. Van Veen, v.p.-corporate relations; Loren G. Eaton, v.p.-personnel; Windsor H. Hunter, v.p.; Lennart B. Johnson, v.p.-Teradyne Connection Systems; Thomas B. Newman, Jr., v.p.-ATE customer service; Stuart M. Osattin, treasurer; Edward Rogas, Jr., v.p.-Semiconductor Test Division; John P. McCabe, controller; Richard J. Testa, secretary & clerk.

Directors: Alexander V. d'Arbeloff, Henry M. Watts, Jr., Franklin P. Johnson, Jr., Daniel S. Gregory, Walter L. Lingle, Jr., John H. McArthur, Richard J. Testa, Dwight H. Hibbard, John P. Mulroney.

Areas of Work: Engaged in the design and manufacture of automatic and computer-operated instruments for testing semiconductors, electronic components, assemblies, certain types of printed circuit boards and networks; computer-operated laser-trimming systems for manufacturing hybrid circuits and film resistors; wire-wrap connectors and wire-wrapping service; and other electronic items. Also produces telephone line test systems, film resistors and wire-wrap connectors and backplane connection systems.

Divisions:

Semiconductor Test Division
Woodland Hills, California

Manufacturing Systems Division
Boston, Massachusetts

Industrial-Consumer Division
Boston, Massachusetts

Teradyne Connection Systems
Nashua, New Hampshire

Automatic Test Equipment
Boston, Massachusetts

Semiconductor Test Division
Agoura Hills, California

Telecommunications Division
Deerfield, Illinois

Subsidiaries:

Teradyne S.A.
11 bis. Rue Roquepine
Paris VIII, France

Teradyne Holdings Limited
England
Teradyne Limited
Mark Instruments Limited

Teradyne Benelux, Inc.
Teradyne Hong Kong, Ltd.
Teradyne International, Inc.
Teradyne Japan, Ltd.
Teradyne Canada Limited
Teradyne Italia S.r.l.
Teradyne GmbH
Teradyne K.K.
Teradyne Korea, Ltd.

Transfer Agent(s):
Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: TER

Number of Employees:

1986	4,300	1983	3,900
1985	4,300	1982	3,200
1984	5,000		

Plant Footage:

1986	1,118,000 sq. ft.	1983	1,278,000
1985	1,118,000	1982	1,054,000
1984	1,118,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 306,112,000	$ 225,000
1985	336,368,000	20,159,000
1984	389,278,000	43,154,000
1983	251,422,000	21,382,000
1982	176,305,000	4,298,000

	No. of Com. Shares +	Earn. per Share ‡
1986	23,537,524	$ 0.01
1985	22,752,530	0.87
1984	22,283,281	1.87
1983	21,716,448	1.08
1982	17,253,224	0.24

+ Adjusted to reflect stock splits.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 263,617,000	$ 11.20
1985	253,513,000	11.14
1984	226,548,000	10.17
1983	176,460,000	8.13
1982	98,229,000	5.69

‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 306,112	$ 336,368
Cost of sales	176,000	188,528
Expenses	136,672	128,694
Interest expense (income)	(393)	1,717
Gain on sale of bldg.	(723)	(10,083)
Gain on sale of stock	(2,780)	—
Income (loss) bef. taxes	$ (2,664)	$ 27,512
Income taxes (credit)	(2,889)	7,353
Net Income	$ 225	$ 20,159

* Included in Costs and Expenses, Depreciation: $23,707,000 in 1986 and $23,867,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 33,117	$ 24,769
Accts. receiv., net	65,504	65,725
*Inventories	48,762	54,549
Fed. & state inc. taxes	5,025	2,984
Prepaid expenses	4,238	8,441
Current Assets	$ 156,646	$ 156,468
#Fixed assets	168,136	161,474
Defer. charges & other assets	9,890	8,808
Total Assets	$ 334,672	$ 326,750

Liabilities
(000's)

Notes payable	$ 6,001	$ 6,993
Mortg. note, curr.	253	34
Accts. payable	7,555	6,900
Accruals	18,281	15,374
Accrued payroll	8,560	10,234
Income taxes	278	2,920
Curr. Liabilities	$ 40,928	$ 42,455
Long-term note	12,302	12,554
Deferred inc. taxes	17,825	18,228
+Common stock	2,942	2,844
Add. paid-in capital	122,009	112,228
Retained earnings	138,666	138,441
Total Liabilities & Shareholders' Equity	$ 334,672	$ 326,750

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	8.18
%Net Income to Sales	0.07	5.99
%Net Income to Equity	0.09	7.95
Sales to Inventories	6.28	6.17
Debt to Equity	0.05	0.08
Working Capital	$115,718,000	$114,013,000
Current Ratio	3.83	3.69
Shareholders' Equity	$263,617,000	$253,513,000

Terminal Data Corporation

2800 North Madera Road
Simi Valley, California 93065
(805) 584-0500

Officers: Michael Rothbart, chairman of the board & chief executive officer; James R. Schwartz, president & chief operating officer; Herman W. Pass, sr. v.p.-corporate strategic planning; Samuel L. Greene, v.p.-marketing; Sharon K. Franzen, v.p.-administration & secretary; Ronald A. Ockander, v.p.-marketing; Kathryn A. Price, asst. secretary.

Directors: Michael Rothbart, chairman; M.H. Jacobs, Charles A. Roberts, Richard M. Drysdale, Stanley R. Schoen.

Areas of Work: Designs and manufactures components for electronic document image management systems including high resolution video terminals and automatic and manual high speed document digitizers. Designs and manufactures microfilm systems and microfiche duplicating equipment.

Subsidiaries:

TDC Properties Corp.
Terminal Data Service Corporation

Transfer Agent(s):

U.S. Stock Transfer Corporation
1745 Gardena Avenue
Glendale, California 91204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TERM (NASDAQ)

Number of Employees:

1986	370	1983	522
1985	430	1982	410
1984	613		

Plant Footage:

1986	167,000 sq. ft.	1983	163,000
1985	190,000	1982	165,000
1984	190,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 31,010,000	$ (3,824,000)
1985	34,848,000	(2,642,000)

1984	45,627,000	3,096,000
1983	30,254,000	1,993,000
1982	26,113,347	2,273,604

	No. of Com. Shares ‡	Earn. Per Share ‡
1986	4,482,000	$ —
1985	4,474,000	—
1984	4,555,000	0.68
1983	4,551,000	0.44
1982	4,106,000	0.55

(Loss)
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	10%	—
1984	—	25%	—
1983	—	25%	—
1982	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 14,671,000	$ 3.27
1985	18,495,000	4.13
1984	21,076,000	4.63
1983	17,711,000	3.89
1982	15,260,611	3.72

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 31,010,000	$ 34,848,000
Cost of sales	24,651,000	30,750,000
Expenses	7,722,000	8,956,000
Oper. Loss	$ (1,363,000)	$ (4,858,000)
Property held for sale	1,947,000	—
Interest expense	1,044,000	879,000
Interest income	(19,000)	(22,000)
Other expense (income)	(11,000)	474,000
Loss before taxes	$ (4,324,000)	$ (6,190,000)
Tax credit	(500,000)	(3,547,000)
Net Loss	$ (3,824,000)	$ (2,642,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,101,000 in 1986 and $1,068,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 657,000	$ 498,000
Receiv., net	7,703,000	7,657,000
Refund. inc. taxes	—	3,467,000
*Inventories	10,978,000	13,252,000
Prepaid expenses	263,000	241,000
Current Assets	$ 19,601,000	$ 25,115,000
#Fixed assets	7,867,000	8,431,000
Prop. held for sale	20,402,000	16,865,000
Other assets	1,762,000	1,171,000
Total Assets	$ 49,632,000	$ 51,582,000
Liabilities		
Notes payable	$ 4,950,000	$ 5,700,000
Long-term debt, curr.	292,000	646,000
Accts. payable	1,491,000	3,770,000
Accruals	3,182,000	2,870,000
Curr. Liabilities	$ 9,915,000	$ 12,986,000
Long-term debt	24,791,000	19,441,000
Deferred inc. taxes	255,000	660,000
+Common stock	4,482,000	4,482,000
Add. paid-in capital	14,146,000	14,146,000
Retained earn. (deficit)	(3,957,000)	(133,000)
Total Liabilities & Shareholders' Equity	$ 49,632,000	$ 51,582,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	2.82	2.63
Debt to Equity	1.69	1.39
Working Capital	$ 9,686,000	$12,129,000
Current Ratio	1.98	1.93
Shareholders' Equity	$14,671,000	$18,495,000

Texas Instruments Incorporated

P.O. Box 655474
13500 North Central Expressway
Dallas, Texas 75265
(214) 995-4855

Officers: Mark Shepherd, Jr., chairman of the board; Jerry R. Junkins, president & chief executive officer; William I. George, William N. Sick, Jr., William P. Weber, executive v.p.'s; George H. Heilmeier, sr. v.p. & chief technical officer; Richard J. Agnich, v.p., secretary & general counsel; William A. Aylesworth, v.p., treasurer & chief financial officer; Marvin M. Lane, Jr., v.p. & corporate controller; David D. Martin, v.p. & president-Materials & Controls Group; Dolan K. McDaniel, v.p. & president-Geophysical Service, Inc.; William B. Mitchell, v.p. & president-Defense Systems & Electronics Group; Walden C. Rhines, v.p. & president-Data Systems Group; Liston M. Rice, Jr., v.p.-corp. communications/marketing; William E. Wetsel, v.p.-corporate personnel; Joseph D. Zimmerman, v.p.-corporate services; Clara C. O'Donnell, asst. secretary.

Directors: Mark Shepherd, Jr., chairman of the board; Jerry R. Junkins, S.T. Harris, Douglass C. Harvey, Edward R. Kane, Paul F. Lorenz, John C. Toomay, Gerald W. Fronterhouse, Howard Bell, David C. Garrett, Jr., William P. Weber, Bernard M. Fauber, David M. Roderick, William N. Sick, Jr.

Areas of Work: Semiconductor materials, multilayer circuit boards, integrated circuits, small, medium, and large scale arrays (MOS and Bipolar); microprocessors & microcomputers, transistors, rectifiers, digital seismic equipment, radar systems, electro-optic systems, ordnance hardware, classified electronics equipment business, consumer and scientific calculators; electronic learning aids, opto-electronic devices; electronic and electro-mechanical parts and assemblies, safety and control devices; clad metals; digital computers and computer systems, electronic data terminals and printers, strip chart recorders, precision pressure instrumentation.

Subsidiaries:

Geophysical Service Inc.
Geophysical Service Incorporated (Nevada)
Geophysical Service International S.A. (Panama)
Texas Instruments Asia Limited
Texas Instruments Deutschland G.m.b.H.
Texas Instrumentos Eletronicos do Brasil Limitada
Texas Instruments Equipamento Electronico (Portugal) Lda.
Texas Instruments France
Texas Instruments Holland B.V.
Texas Instruments Italia S.p.A.
Texas Instruments Japan Limited
Texas Instruments Limited (U.K.)
Texas Instruments Malaysia Sdn. Bhd.
Texas Instruments Singapore (Pte) Limited
Texas Instruments Taiwan Limited

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

RepublicBank Dallas, N.A.
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York

Ticker Symbol: TXN

Number of Employees:

1986	77,270	1983	80,696
1985	77,872	1982	80,007
1984	86,563		

Plant Footage:

1986	25,360,668 sq.ft.	1983	22,555,133
1985	24,802,752	1982	22,100,000
1984	24,448,595		

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	$ 4,974,000	$ 29,100
1985	4,924,500	(118,700)
1984	5,741,600	316,000
1983	4,579,800	(145,400)
1982	4,326,600	144,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	25,314,000	$ 0.17
1985	24,948,000	—
1984	24,210,000	13.05
1983	23,862,000	—
1982	23,609,000	6.10

(Loss)
† Including extraordinary loss of $10,800,000 ($0.43 per share) in 1986.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.00	—	—
1985	2.00	—	—
1984	2.00	—	—
1983	2.00	—	—
1982	2.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	$ 1,427,100†	$ 56.38
1985	1,427,700	57.23
1984	1,540,500	63.63
1983	1,202,700	50.40
1982	1,360,800	57.64

† After allowing for preferred stock at liquidation value.
‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 4,974,000	$ 4,924,500
Cost of sales	4,035,400	4,112,300
Expenses	827,000	839,600
Retirement & prof. sh. plan	9,700	64,200
Oper. profit (loss)	$ 101,900	$ (91,600)
Interest on loans	24,100	40,400
Other income	(20,900)	(17,000)
Income (loss) before taxes	$ 98,700	$ (115,000)
Income taxes	58,800	3,700
Net Income (Loss)	$ 39,900	$ (118,700)
Extraord. loss	(10,800)	—
Net Income (Loss) & extraord. loss	$ 29,100	$ (118,700)

* Included in Costs and Expenses, Depreciation: $426,200,000 in 1986 and $515,900,000 in 1985.

Texas Instruments Incorporated

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 214,400	$ 158,800
Accts. receiv., net	669,700	620,100
*Inventories	609,500	447,700
Deferred inc. taxes	250,500	273,400
Prepaid expenses	37,300	30,700
Current Assets	$ 1,781,400	$ 1,530,700
#Fixed assets	1,437,000	1,450,000
Other assets & defer. charges	1,183,000	95,400
Total Assets	$ 3,336,700	$ 3,076,100

Liabilities
(000's)

Loans payable & long term debt, curr.	$ 79,400	$ 29,600
Accts. payable & accruals	989,200	1,024,700
Accrued retire. & prof. sh. plan	4,700	5,300
Dividends payable	14,200	12,600
Income taxes	25,600	56,700
Curr. Liabilities	$ 1,113,100	$ 1,128,900
Long-term debt	191,400	381,900
Deferred credits & other liab.	305,100	137,600
+Preferred stock	100	—
++Common stock	25,700	25,300
Add. paid-in capital	674,500	342,500
Retained earnings	1,039,300	1,072,500
Treasury stock	(12,500)	(12,600)
Total Liabilities & Shareholders' Equity	$ 3,336,700	$ 3,076,100

* At lower of cost, current replacement cost, or est. realizable value.
# Less accumulated depreciation.
+ $25 par value; 4.7% dividend.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.98	—
%Net Income to Sales	0.80	—
%Net Income to Equity	2.31	—
Sales to Inventories	8.16	11.00
Debt to Equity	0.16	0.29
Working Capital	$ 668,300,000	$ 401,800,000
Current Ratio	1.60	1.36
Shareholders' Equity	$1,727,100,000	$1,427,700,000

Texscan Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

3102 N. 29th Avenue
Phoenix, Arizona 85017
(602) 252-5021

Officers: James R. Bonfiglio, chairman, president, chief exec. and operating officer; Rene L. Flores, v.p.-finance & chief financial officer; William P. Dawson, v.p. & secretary; Gary Gerhold, v.p. & gen. mgr.-Instruments Division; William L. Firestone, v.p. & gen. mgr.-Communications Products Division; Norman L. Glew, Berthold L. Henscheid, David W. Keller, v.p.'s.

Directors: James R. Bonfiglio, chairman; William L. Firestone, Burton G. Mendelson.

Areas of Work: Designs, manufactures and markets a broad line of CATV distribution and testing equipment which is sold under the Theta-Com trademark, and CATV character generation equipment which is sold under the MSI trade name. CATV distribution equipment includes trunk amplifiers, line extenders, passives, power supplies and subscriber taps. CATV character generation equipment is used primarily in weather reporting, news and other textual displays. Also designs, manufactures and markets multipoint distribution system ("MDS") down converters under the Theta-Com trademark. The principal purchasers of the Company's products are operators of CATV systems. In addition, the Company designs and manufactures RF testing equipment, including spectrum analyzers, sweep signal generators, oscilloscopes, microwave filters, and coaxial components for laboratory, communications and industrial uses under the Texscan trademark. Designs, manufactures and markets nonaddressable converters. Designs and manufactures standby power supplies for CATV systems.

Divisions and Subsidiaries:

Texscan Instruments
3169 North Shadeland Avenue
Indianapolis, Indiana 46226
(317) 545-4196

Texscan MSI Compuvid
3855 South 500 West
Suite S
Salt Lake City, Utah 84115
(801) 262-8475

Texscan Theta-Com CATV
2960 Grand Avenue
Phoenix, Arizona 85017
(602) 252-5021

Texscan El Paso Division
1440 Goodyear Drive
El Paso, Texas 79936
(915) 594-3555

Texscan Communicaciones Banda Grande
S.A. de C.V.
Parque Ind. A.J. Bermudez
Apdo. Postal 1747 Suc "D"
Ciudad, Juarez, Chihuahua, Mexico

Texcan GmbH
Peschelanger II
D-8000 Munchen 83
Munich, West Germany

Texscan Instruments Limited
One Northbridge Road
Berkhamsted, Hertfordshire
England

Texscan de Mexico
Melguiades Alanis
Fray Juan de Zumarraga
Ciudad Juarez, Chihuahua
Mexico

Societe Texscan S.A.
7, Rue Du Chemin Vert
94100 Saint Maur, France

Texscan Instruments Limited
Watermeadow, Germain Street
Chesham, Bucks HP5 1LF
England, United Kingdom

Transfer Agent(s):

American National Bank & Trust Co. of Chicago
LaSalle at Washington
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986	900	1983	N.A.
1985	3,000	1982	978
1984	N.A.		

Plant Footage:

1986	184,700 sq. ft.	1983	N.A.
1985	305,700	1982	174,900
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 47,078,001	$ (51,850,382)
1985	75,594,423	(50,905,814)
1984	84,859,336	4,795,178
1983	54,665,454	5,697,600
1982	40,495,723	4,012,000

	No. of Com. Shares +	Earn. per Share +
1986	6,670,620	$ —
1985	6,711,091	—
1984	6,879,907	0.70
1983	6,385,108	0.89
1982	5,934,583	0.68

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ (49,808,907)	$ —
1985	2,397,596	0.36
1984	51,747,604	7.52
1983	40,013,792	6.27
1982	32,313,879	5.45

(Deficiency)
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended April 30	1986	1985
Net sales	$ 47,078,001	$ 75,594,423
Cost of sales	56,412,371	65,929,310
Expenses	18,183,967	21,522,521
Prov. for bad debts	3,571,946	2,575,732
Interest expense	3,4087,561	5,104,315
Interest income	(181,951)	(337,842)
Prov. for unusual items	17,547,489	37,304,20
Loss before taxes	$ (51,863,382)	$ (56,503,814)
Tax credit	(13,000)	(5,598,000)
Net Loss	$ (51,850,382)	$ (50,905,814)

* Included in Costs and Expenses, Depreciation and Amortization: $3,775,214 in 1986 and $4,244,920 in 1985.

Assets

As of April 30	1986	1985
Cash	$ 6,872,898	$ 1,618,923
Receiv., net	8,658,027	19,549,841
*Inventories	9,725,509	28,608,249
Recov. inc. taxes	—	5,936,788
Other curr. assets	790,041	592,257
Current Assets	$ 26,046,475	$ 56,306,058
#Fixed assets	8,629,988	19,803,384
Fixed assets held for dispos.	2,603,774	1,399,379
Intangibles	—	7,359,290
Notes receiv. from officers	90,269	942,472
Other assets	1,758,124	1,987,803
Total Assets	$ 39,128,630	$ 87,798,386

Liabilities

Accts. payable	$ 1,120,274	$ 11,387,274
Warranty reserve	5,441,800	1,895,664
Notes payable	—	14,062,408
Adverse sales commit.	—	2,466,066
Accruals	8,421,843	5,999,482
Long-term debt, curr.	24,771	8,772,092

Curr. Liabilities	15,008,688	44,582,986
Liab. subj. to Chap. XI	73,326,044	—
Long-term debt	584,235	40,607,251
Deferred inc. taxes	18,570	210,553
+Common stock	35,884,002	35,84,002
Notes receivable	(800,840)	(1,239,433)
Add. paid-in capital	1,731,370	1,731,370
Retained earnings (deficit)	(85,770,045)	(33,919,663)
Treasury stock	(853,394)	(58,680)
Total Liabilities & Shareholders' Equity	$ 39,128,630	$ 87,798,386

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

Sales to Inventories	4.84	2.64
Working Capital	$ 1,037,787	$11,723,072
Current Ratio	1.74	1.26
Shareholders' Equity (Deficiency)	$(49,808,907)	$ 2,397,596

Textron Inc.

40 Westminster Street
Providence, Rhode Island 02903
(401) 421-2800

Officers: B.F. Dolan, chairman, president & chief executive officer; E. Paul Casey, vice chairman; William A. Anders, Donald K. Farrar, Seymour S. Feuer, sr. exec. v.p.'s; William J. Ledbetter, senior exec. v.p.-administration & planning; Richard A. McWhirter, sr. v.p.-financial controls; Charles F. Chapin, George H. Hartmann, Quentin G. Achuff, John J. Mahoney, Gary E. Atwell, E. Earl Fleck, Derek Plummer, John F. Ulrich, Maurice G. Wilkins, Jr., group v.p.'s; Edward O. Handy, Jr., v.p. & secretary; Thomas D. Soutter, executive v.p. & general counsel; William P. Janovitz, v.p. & controller; Raymond W. Caine, Jr., v.p-corporate communications; Gregory E. Hudson, v.p.-taxes; John L. Morse, v.p.-risk management/insurance; Richard A. Watson, v.p.-pension investments; Dennis G. Little, exec. v.p. & chief financial officer; William F. Wayland, sr. v.p.-human resources; Robert B. Clendenen, v.p.-internal audit; Brian T. Downing, v.p. & treasurer; Arnold M. Friedman, v.p. & deputy general counsel; Mary L. Howell, v.p.-government affairs; Cecil W. Labhart, v.p.-info. systems services; Lorna F. Long, v.p.-human resources develop. & adm.; William R. Gallagher, v.p.-int'l.

Directors: Dante C. Fabiani, James R. Martin, Sam F. Segnar, E. Paul Casey, William A. Anders, Wendell W. Anderson, Jr., Martin D. Walker, Robert P. Straetz, Webb C. Hayes, III, Barbara Scott Preiskel, Jean Head Sisco, Howard R. Swearer, B.F. Dolan, John J. Schmidt, J. Paul Sticht, Joseph R. Carter, R. Stuart Dickson, William M. Ellinghaus, Donald K. Farrar, Amos A. Jordan Jr.

Areas of Work: A multi-industry company with operations in three business sectors: aerospace technology, commercial products, and financial and other services.

Divisions:

Avco Lycoming Stratford
550 South Main Street
Stratford, Connecticut 06497
(203) 385-2000
Manufactures gas turbine engines for the military.

Avco Lycoming Williamsport
652 Oliver Street
Williamsport, Pennsylvania 17701
(717) 323-6181
Produces reciprocating and small gas turbine engines for general aviation fixed-wing aircraft and helicopters.

Avco Aerostructures
P.O. Box 210
Nashville, Tennessee 37202
(615) 361-2000
A major subcontractor to the aerospace industry. Principal products are wings and tail sections for military aircraft.

Avco Research Laboratory
2385 Revere Beach Parkway
Everett, Massachusetts 02149
(617) 389-3000
Performs applied research in high-temperature gas dynamics and electro-optics for the U.S. government, other Textron units and commercial organizations.

Avco Specialty Materials
Two Industrial Avenue
Lowell, Massachusetts 01851
(617) 452-8961
Develops and manufactures advanced composite materials and components, particularly for high-temperature use.

Avco Systems
201 Lowell Street
Wilmington, Massachusetts 01887
(617) 657-5111
Develops and produces advanced technology weapon systems for the U.S. Department of Defense. Products include the reentry system and the Mark 21 reentry vehicles for the Peacekeeper missile.

Avco Electronics
4807 Bradford Drive
Huntsville, Alabama 35805
(205) 837-6500
Contract manufacturer of products for other electronics companies, principally subassemblies and systems, for telecommunication and computer-type markets.

Bell Aerospace Textron
P.O. Box One
Buffalo, New York 14240
(716) 297-1000
Rocket engines, communications and air cushion systems, aircraft landing systems, missile and spacecraft propulsion systems, rocket propellant tanks, inertial navigation instruments, gravity sensing systems, air cushion vehicles and surface effect ships.

Bell Helicopter Texton, Inc.
P.O. Box 482
Fort Worth, Texas 76101
(817) 280-2011
Military and commercial helicopters and vertical lift aircraft, systems integration, spare parts.

HR Textron Inc.
25200 West Rye Canyon Road
Valencia, California
(805) 259-4030
System studies and analyses, flight control actuators, servovalve controls, cryogenic coolers, filters, automatic test equipment and product support.

Aircraft Engine Components
P.O. Box 11906
Newington, Connecticut 06111
(203) 666-4601
Manufactures to customer design, gas turbine engine components such as discs, hubs, cases, frames and precision gears for engine producers and the spares market.

Airfoil Textron
P.O. Box 1085
Lima, Ohio 45802
(419) 228-3302
Produces titanium and superalloy compressor components, both forgings and finished parts, for the domestic and international gas turbine industry.

Fuel Systems Textron
700 North Centennial
Zeeland, Michigan 49464
(616) 772-9171
Major products are fuel nozzles, manifolds and augmentors for military and commercial customers.

Cadillac Gage Textron
P.O. Box 1027
Warren, Michigan 48090
(313) 777-7100
Produces lightweight armored combat vehicles, turrets and weapon/turret control and stabilization systems.

Textron Marine Systems
6800 Plaza Drive
New Orleans, Louisiana 70127
(504) 245-6600
Produces air cushion vehicles and surface effect ships, principally for the U.S. Department of Defense.

Davidson Exterior Trim Textron
Route 6, Box 10
Americus, Georgia 31709
(912) 924-6111
Manufactures and supplies exterior trim parts, principally fascia and body moldings, to manufacturers of cars and light trucks.

Davidson Instrument Panel Textron
875 Greenland Road
Building C
Portsmouth, New Hampshire 03801
(603) 433-4142
Develops, manufactures and markets high technology plastic instrument panels to car and light truck producers.

Davidson Interior Trim Textron
Industrial Park
Dover, New Hampshire 03820
(603) 742-0720
Designs, engineers, manufactures and markets plastic components for automobiles and light trucks.

McCord Winn Textron
620 Washington Street
Winchester, Massachusetts 01890
(617) 729-4400
Manufactures electro-mechanical components for automobile and light truck producers.

Contractor Tool and Equipment Textron
4455 Boeing Drive
Rockford, Illinois 61109
(815) 399-2078
Has two operations: Greenlee Tool Company, which produces conduit benders, cable pullers and punch and die metal hole making systems for electricians; and Forest City Tool Company, which manufactures woodworking tools including wood augers, router bits and indexible tooling for the furniture markets.

CWC Castings
Henry Street
Muskegon, Michigan 49441
(616) 733-1331
Iron castings for engine blocks, camshafts, cylinder heads, gears, manifolds, housings, transmission cases and other ferrous casting applications.

Randall
P.O. Box 46334
Cincinnati, Ohio 45246
(513) 896-9400
Manufactures metal and plastic parts and trim used in the automotive and appliance industries.

Shaeffer Eaton
75 So. Church Street
Pittsfield, Massachusetts 01201
(413) 499-2210
Writing instruments, desk sets, social stationery, personal record and appointment books, typewriter paper, correction fluid and tapes, report folders.

Speidel
70 Ship Street
Providence, Rhode Island 02903
(401) 421-8600
Watchbands, identification bracelets, analog quartz watches, jewelry, men's toiletries.

Camcar
600 18th Avenue
Rockford, Illinois 61108
(815) 226-3600
Cold-formed metal parts, proprietary and special fasteners for aerospace, automotive, railroad, and appliance industries.

Cherry
1224 East Warner Avenue
P.O. Box 2157
Santa Ana, California 92707
(714) 545-5511
Proprietary fastening systems for aerospace and commercial applications, locknut products and installation tools.

Townsend
5250-77 Center Drive
Suite 300
Charlotte, North Carolina 28210
(704) 525-8003
Special fasteners and cold-formed metal parts for aerospace, automotive, railroad, metal working, industrial construction industries and fastening systems.

Textron Inc.

Homelite
14401 Carowinds Boulevard
P.O. Box 7047
Charlotte, North Carolina 28217
Chain saws, string trimmers, generators and pumps.

Jacobsen Turf
1721 Packard Avenue
Racine, Wisconsin 53403
(414) 637-6711
Lawn mowers, snow throwers, lawn and garden tractors; commercial turf maintenance equipment.

E-Z-Go
P.O. Box 388
Augusta, Georgia 30913
(404) 798-4311
Produces gas and electric golf cars and utility vehicles.

Textron Financial Corporation
P.O. Box 878
Providence, Rhode Island 20901
(401) 272-8000
Financing and leasing programs to Textron Divisions to facilitate sale of their products.

Avco Financial Services
P.O. Box 19701
Irvine, California 92713
(714) 533-1200
Consumer finance.

Avco Insurance Services/Balboa Life and Casualty
P.O. Box 19702
Irvine, California 92713
(714) 553-0700
Collateral protection, credit life, disability and property casualty insurance.

Paul Revere Insurance Group
18 Chestnut Street
Worcester, Massachusetts 01608
(617) 799-4441
Principal product is individual noncancellable disability income insurance.

Avco Management Services
(Avco Overseas Services Corporation)
Park 10, 17200 Park Row
Houston, Texas 77084
(713) 492-3200
Operates and maintains facilities in Saudi Arabia, including four civilian airports.

Acquisition:

Ex-Cell-O Corporation
2855 Coolidge Road
Troy, Michigan 48084
(313) 637-1000

Major product lines of the company fall into three industry segments: Aerospace/Defense includes precision blades and vanes, turbomachinery rotating components, fuel metering devices, turret control and stabilization systems, lightweight armored vehicles, and related products; Automotive products include interior and exterior flexible urethane parts, gaskets, small DC motors, armatures, and windshield washer systems; industrial products include metal cutting and metal forming machine tools, cutting tools and abrasives, packaging and materials handling equipment, contractors' tools, power transmission equipment, computer-aided manufacturing controls.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, N. Y. 10015

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TXT

Number of Employees:

1986	72,000	1983	41,000
1985	56,000	1982	41,000
1984	43,000		

Sales and Earnings

	Net Sales + ($000's)	Net Income † ($000's)
1986	$ 5,023,300	$ 239,200
1985	4,038,500	251,800
1984	2,148,000	113,500
1983	2,046,600	88,700
1982	1,982,400	84,400

	No. of Com. Shares #	Earn. per Share #†
1986	41,282,000	$ 5.79
1985	37,318,000	6.75
1984	36,469,000	3.11
1983	36,989,000	2.40
1982	36,754,000	2.30

+ Of continuing operations only.
† Including extraordinary gain of $16,400,000 ($0.44 per share) in 1985 and extraordinary loss of $6,700,000 ($0.16 per share) in 1986.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Aerospace technology:		
Helicopters	$ 1,098,000	$ 855,000
Propulsion	1,044,000	827,000
Systems	1,444,000	1,058,000
Commercial products	1,365,000	1,232,000
Financial & other serv.:		
Management serv.	72,000	66,000
Total	$ 5,023,000	$ 4,038,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.80	—	—
1985	1.80	—	—
1984	1.80	—	—
1983	1.80	—	—
1982	1.80	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$1,756,090,000	$ 44.76
1985	1,529,730,000	39.88
1984	1,131,540,000	34.46
1983	1,132,050,000	33.09
1982	1,102,560,000	32.57

‡ After allowing for preferred stock at redemption values.

Income Account * ($000's)

Year ended	1/3/87	12/28/85
Net sales	$ 5,023,300	$ 4,038,500
Cost of sales	4,011,900	3,175,200
Expenses	610,200	571,800
Interest income	(12,200)	(12,100)
Interest expense	192,100	216,200
Eq. in inc. of unconsol. co.	(223,500)	(213,400)
Income before taxes	$ 444,800	$ 300,800
Income taxes	203,200	120,700
Inc. - cont. oper.	$ 241,600	$ 180,100
Inc. - discont. oper.	4,300	43,500
Net Income	$ 245,900	$ 223,600
Extraord. item	(6,700)	16,400
Cum. effect of change in accutng.	—	11,800
Net Income & extraord. item	$ 239,200	$ 251,800

* Included in Costs and Expenses, Depreciation: $118,700,000 in 1986 and $98,900,000 in 1985.

Assets ($000's)

As of	1/3/87	12/28/85
Cash & market. securities	$ 51,700	$ 47,600
Accts. receiv., net	844,000	616,500
*Inventories	1,320,700	1,025,600
Net assets of discont. oper.	—	397,800
Other curr. assets	64,800	28,400
Current Assets	$ 2,281,200	$ 2,115,900
Invest. in unconsol. subsid.	1,394,200	1,299,400
#Fixed assets	857,600	588,900
Goodwill	761,900	174,800
Other assets	262,200	158,400
Total Assets	$ 5,557,100	$ 4,337,400

Liabilities ($000's)

Short-term debt, curr.	$ 22,300	$ 20,700
Long-term debt, curr.	9,100	18,100
Accts. payable	392,100	345,300
Income taxes	123,800	61,700
Other liabilities	737,900	613,000
Curr. Liabilities	$ 1,285,200	$ 1,058,800
Long-term debt	2,181,500	1,503,100
Other liabilities	243,200	142,200
+ Preferred stock:		
$2.08 Cum. conv.	26,300	31,000
$1.40 Convertible	9,300	10,000
+ + Common stock	10,200	10,100
Add. paid-in capital	372,500	355,500
Retained earnings	1,502,800	1,337,600
For. curr. trans. adj.	(36,600)	(61,800)
Eq. secur. valuation adjust.	2,600	2,700
Treasury stock	(39,900)	(51,800)
Total Liabilities & Shareholders' Equity	$ 5,557,100	$ 4,337,400

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value.
+ + $0.25 par value.

Statistical Summary

%Net Income to Equity	13.31	13.69
Sales to Inventories	3.80	3.94
Debt to Equity	1.20	0.94
Working Capital	$ 996,000,000	$1,057,100,000
Current Ratio	1.77	2.00
Shareholders' Equity	$1,847,200,000	$1,633,300,000

Thermo Electron Corporation

101 First Avenue
P.O. Box 9046
Waltham, Massachusetts 02254
(617) 890-8700

Officers: George N. Hatsopoulos, president & chief executive officer; Peter G. Pantazelos, exec. v.p. and chief financial officer; Robert C. Howard, exec. v.p.; John N. Hatsopoulos, exec. v.p.; John P. Appleton, v.p.; Walter J. Bornhorst, Arvin H. Smith, sr. v.p.; Paul F. Ferrari, treasurer & secretary; Paris L. Nicolaides, Jerry P. Davis, Firooz Rufeh, v.p.'s; Paul F. Kelleher, controller.

Directors: George N. Hatsopoulos, Robert A. McCabe, Donald E. Noble, Alexander V. d'Arbeloff, Peter O. Crisp, Edward Teller, Frank Jungers, Roger D. Wellington, Elias P. Gyftopoulos.

Areas of Work: Provides industry, utilities, and government with high technology equipment and services, in fields of energy conversion, cogeneration systems, instruments to monitor nuclear radiation, and critical air pollutants; equipment used in the manufacture of computers and electronics, magnetic tapes and films, and components for national defense. Six groups of operations include cogeneration systems, instruments, process equipment, metallurgical services, R & D Center, and thermedics.

Divisions and Subsidiaries:

Thermo Analytical, Inc. (67% owned)
Analytical services involving the testing and identification of toxic and hazardous chemicals in the environment.

Thermedics Inc. (85% owned)
Biomedical products, principally heart assist devices, and wound dressings.

Instruments Division
Environmental Instruments
108 South Street
Hopkinton, Massachusetts 01748

Analytical Instruments
101 First Avenue
P.O. Box 2108
Santa Fe, New Mexico 87501

Eberline
Airport Road
P.O. Box 2108
Santa Fe, New Mexico 87501

Air Monitoring
2015 Bellaire Avenue
Royal Oak, Michigan 48067

Environmental Analysis Laboratory
2030 Wight Avenue
Richmond, California 94804

Thermo Electron Limited
Woolborough Lane
Crawley, West Sussex RH10 2AQ
England

Thermo Electron Nippon Co., Ltd.
3-5-11 Minami-Nakaburi
Hiakaba, Osaka Japan

Van Hengel Instruments B.V.
Heerbaan 220
Breda
The Netherlands

Van Hengel Instrumente GmbH
Buiertalerstrasse 24-26
6908 Wiesloch
West Germany

Energy Systems Division
Research, development and manufacturing programs related to the conversion of energy and the generation of power.

Energy Systems
101 First Avenue
P.O. Box 459
Waltham, Massachusetts 02254

Crusader Engines
7100 East 15 Mile Road
Sterling Heights, Michigan 48077

Metallurgical Equipment Division
Designs, develops, manufactures and markets controlled atmosphere furnaces and associated equipment for industrial heat-treating processes.

Loftus
5 Gateway Center
Pittsburgh, Pennsylvania 15222

Holcroft
12068 Market Street
Livonia, Michigan 48150
(313) 261-8410

Holcroft & Company (Canada) Ltd.
94 Bessemer Court
London, Ontario, Canada N6E 1K7

NAPCO, Inc.
NAPCO Drive
P.O. Box 26
Terryville, Connecticut 06786

Metallurgical Services Division
Develops and manufactures medical prosthetic devices and fabricate high performance metal alloy components.

SCAT DIVISION
2829 East Washington Boulevard
Los Angeles, California 90023

Metal Treating Division
1575 West Pierce Street
Milwaukee, Wisconsin 52304

Cal-Doran Division
2830 East Washington Boulevard
Los Angeles, California 90023

TEMS Division
411 Jackson Hill Street
Houston, Texas 77007

Perfection Heat Treating Division
24200 Plymouth Road
Detroit, Michigan 48239

Metallurgical, Inc.
900 East Hennepin Avenue
Minneapolis, Minnesota 55414

Metals Division
115 Eames Street
Wilmington, Massachusetts 01887

R & D New Business Division
45 First Avenue
P.O. Box 02264
Waltham, Massachusetts 02254

National Nuclear Corporation
Manufacturer of highly sensitive devices for monitoring the presence of low-level radioactive materials.

Transfer Agent(s):
Bank of Boston
Securities Transfers and Shareholder Correspondence
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: TMO

Sales and Earnings

	Net Sales ‡	Net Income
12/28/85	$ 265,668,000	$ 9,614,000
12/29/84	234,924,000	6,073,000
12/31/83	181,866,000	50,000
1/1/83	217,222,000	2,578,000
1/2/82*	114,630,000	4,068,000

	No. of Com. Shares +	Earn. per Share +
12/28/85	9,917,235	$ 1.01
12/29/84	9,049,918	0.67
12/31/83	8,892,966	0.01
1/1/83	9,600,568	0.27
1/2/82*	9,829,390	0.90

* 6 months.
‡ Includes other income.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	12/28/85	12/29/84
Engineered industrial prods.	$ 173,236	$ 151,684
Environmental and health instruments	45,911	39,824
Metallurgical services	32,404	31,158
Sponsored research	14,117	12,258
Total	$ 265,668	$ 234,924

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/28/85	$ —	—	3-for-2
12/29/84	—	—	—
12/31/83	—	—	3-for-2
1/1/83	—	—	—
1/2/82	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
12/28/85	$ 101,638,000	$ 10.25
12/29/84	84,219,000	9.31
12/31/83	79,026,000	8.89
1/1/83	78,092,000	8.13
1/2/82	84,526,000	8.60

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 251,723	$ 219,723
Rev. from res. & develop. cont.	13,945	15,201
Gain on stock sale	9,105	—
Other income	2,400	917
Total income	$ 277,173	$ 235,841
Cost of sales	182,105	159,532
Expenses	72,219	64,191
Restruc. costs	4,300	50
Deferred income	2,201	1,029
Interest expense	4,558	4,879
Income before taxes	$ 11,790	$ 6,160
Income taxes	2,176	87
Net Income	$ 9,614	$ 6,073

* Included in Costs and Expenses, Depreciation and Amortization: $7,841,000 in 1985 and $8,577,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 3,572	$ 1,865
Short-term invest.	26,433	9,513
Accts. receiv., net	47,006	44,167
Unbilled contract costs & fees	22,859	17,494
*Inventories	30,227	29,082
Prepaid expenses	1,307	1,216
Current Assets	$ 131,404	$ 103,337
#Fixed assets	44,729	44,401
Assets of closed div.	925	4,147
Invest. in future tax benefit	5,077	6,744
Other assets	9,781	8,956
Intangibles	29,734	26,514
Total Assets	$ 221,650	$ 194,099

Liabilities
(000's)

Notes payable	$ 5,136	$ 4,197
Long-term debt, curr.	674	1,016
Accts. payable	23,572	23,916
Billings in exc. of contract costs	3,966	7,623
Accrued payroll	9,091	7,694
Accruals & misc. taxes	10,619	7,632
Income taxes	4,453	3,358
Curr. Liabilities	$ 57,511	$ 55,436
Long-term debt.	45,173	44,109
Deferred inc. taxes	5,159	5,793
Other deferred items	5,551	3,227
Minority interest	6,618	1,315
+Common stock	9,917	6,612
Add. paid-in capital	42,580	42,750
Retained earnings	55,397	45,783
Treasury stock	(2,297)	(6,326)
Cum. trans. adjust.	(3,959)	(4,600)
Total Liabilities & Shareholders' Equity	$ 221,650	$ 194,099

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes Revenues	4.68	2.62
%Net Income to Revenues	3.82	2.59

%Net Income to Equity	9.46	7.21
Debt to Equity	0.50	0.59
Working Capital	$ 73,893,000	$47,901,000
Current Ratio	2.28	1.86
Shareholders' Equity	$101,638,000	$84,219,000

Thomas & Betts Corporation

920 Route 202
Raritan, New Jersey 08869
(201) 685-1600

Officers: J. David Parkinson, chairman of the board; T. Kevin Dunnigan, president & chief executive officer; Robert V. Berry, sr. v.p.; Edward D. Thomas, v.p.-corp. development; James D. Hay, v.p. & general counsel; Ronald P. Babcock, v.p.-finance; John F. Walsh, v.p.-human resources; David M. Hunihan, v.p.-operations; James F. Haggerty, controller; James D. Oberlender, v.p.-marketing; J.W. Kearny Hibbard, treasurer; Janice H. Way, secretary.

Directors: J. David Parkinson, chairman; Ian M. Ross, Edward D. Thomas, William R. Hartman, Louis Putze, Peter Cartmell, J. Wendell Crain, Frederick Bartenstein, Hobart Betts, T. Kevin Dunnigan, Norma Maine Loeser, William H. Waltrip, William C. Hittinger.

Areas of Work: Engaged in the manufacture and marketing of connectors and accessory products for the electrical-electronic industry. Products include tools that cut, strip, and identify wires and conduits; connectors that splice or terminate wires; markers that label wires; wire fittings; flat cables; flexible circuits.

Divisions and Subsidiaries:

T&B Construction & Industrial Marketing
920 Route 202
Raritan, New Jersey 08869
(201) 685-1600

Thomas & Betts France, S.A.
57, Place de la Seine
Silic 120
94513 Rungis Cedex
France

Thomas & Betts GmbH
6072 Dreieich
Siemensstrasse 11
West Germany

Thomas & Betts S.p.A.
Via Archimede 19
Angolo P. de Labriola
20092 Cinisello Balsamo (Mi)
Italy

Thomas & Betts International, Inc.
Sedgwick Road
Luton LU4 9DT
Bedfordshire, England

Thomas & Betts Limited
Thomas & Betts Manufacturing, Ltd.
P.O. Box 30
700 Thomas Boulevard
Iberville, Quebec J2X 2M9
Canada

Thomas & Betts Pty. Limited
11 Inman Road, Dee Why West
N.S.W.
P.O. Box 91
Brookvale 2100, N.S.W.
Australia

T&B/Ansley Corporation
35 Elizabeth Avenue
Somerset, New Jersey

T&B Japan Ltd.
No. 32 Kowa Bldg.
2-32 Minami Azabu
Minato-Ku, Tokyo 106
Japan

Doylestown Manufacturing Corporation
Old Easton Road
Doylestown, Pennsylvania

Thomas & Betts Aktiebolag
Kanalvagen 1
S19461 Upplands Vasby
Sweden

Thomas & Betts de Mexico, S.A. de CV
Alberto J. Pani 165
Cto. Economistas
Cd. Satellite
Edo de Mexico, Mexico

Thomas & Betts Limited
Thomas & Betts Manufacturing Limited
England

Thomas & Betts (S.E. Asia) Pte. Ltd.
Unit 10[illegible], First Floor
Cideco Industrial Complex
50 Genting Lane
Singapore 1334

Thomas & Betts Spain
Pallars, 65-71
Barcelona 18, Spain

Ouest Electronic Connecteurs
1 Place Honore de Balzac
Tour du Moulin Sarrazin 1
B.P. 38
95102 Argenteuil, Cedex, France
Excel Products Company
New Brunswick, New Jersey
Manufactures logic packaging panels, DIP Sockets, and back plane wiring components and systems.

Quelcor, Inc.
P.O. Box 33
Media, Pennsylvania 19063
Flame retardant products.

Transfer Agent(s):
Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: TNB

Number of Employees:

1986	3,200	1983	3,000
1985	3,200	1982	2,900
1984	3,200		

Sales and Earnings

	Net Sales	Net Income
1986	$ 347,400,000	$ 38,000,000
1985	318,000,000	33,400,000
1984	322,400,000	39,000,000
1983	278,400,000	27,050,000
1982	255,200,000	23,550,000

	No. of Com. Shares +	Earn. per Share ‡
1986	15,628,205	$ 2.44
1985	15,523,524	2.15
1984	15,533,925	2.51
1983	15,571,156	1.74
1982	15,495,702	1.52

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$1.48	—	—
1985	1.33	—	—
1984	1.20½	—	2-for-1
1983	1.08	—	—
1982	1.06	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 244,494,000	$ 15.64
1985	224,994,000	14.49
1984	212,144,000	13.65
1983	194,580,000	12.52
1982	183,720,000	11.87

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 347,400	$ 318,000
Cost of sales	169,290	158,921
Expenses	99,795	90,591
Other income	(1,596)	(2,067)
Research & develop.	16,589	17,574
Income before taxes	$ 63,322	$ 52,981
Income taxes	25,322	19,581
Net Income	$ 38,000	$ 33,400

* Included in Costs and Expenses, Depreciation: $14,325,000 in 1986 and $12,976,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & invest.	$ 58,036	$ 47,146
Accts. receiv., net	52,672	43,953
*Inventories	88,231	86,074
Deferred inc. taxes	5,391	3,962
Prepaid expenses	2,568	3,463
Current Assets	$ 206,898	$ 184,598
#Fixed assets	102,075	91,212
Defer. charges & other assets	23,296	18,892
Total Assets	$ 332,269	$ 294,702

Liabilities
(000's)

Notes payable	$ 24,602	$ 13,535
Long-term debt, curr.	518	641
Accts. payable	12,865	15,016
Accruals	15,377	11,766
Dividends payable	5,938	5,283
Income taxes	11,895	11,624
Curr. Liabilities	$ 71,195	$ 57,865
Long-term debt	10,289	8,516
Deferred inc. taxes	6,291	3,327
+Common stock	7,931	7,916
Add. paid-in capital	16,940	15,844
Retained earnings	228,408	213,481
For. curr. translation adjustment	(2,267)	(3,992)
Treasury stock	(6,518)	(8,255)
Total Liabilities & Shareholders' Equity	$ 332,269	$ 294,702

* At lower of standard cost or market, and at lower of appropriate year's standard cost or current market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.23	16.66
%Net Income to Sales	10.94	10.50
%Net Income to Equity	15.54	14.84
Sales to Inventories	3.94	3.69
Debt to Equity	0.04	0.04
Working Capital	$135,703,000	$126,733,000
Current Ratio	2.91	3.19
Shareholders' Equity	$244,494,000	$224,994,000

TIE/communications, Inc.

Eight Progress Drive
Shelton, Connecticut 06484
(203) 926-2000

Officers: Thomas L. Kelly, Jr., chairman & president; William A. Merritt, Jr., exec. v.p.; Gilbert H. Engels, sr. v.p.; Eric V. Carter, v.p.-manufacturing; Patrick Courtin, v.p.-technology; Paul B. Gaynor, v.p., general counsel & secretary; Joseph Lederhaas, v.p.-corp. services; Polly Parke, v.p.-corp. communications; David Ruberg, v.p.-research & development; Robert Luth, treasurer.

Directors: Thomas L. Kelly, Jr., chairman; Duuse L. Bibby, Gilbert H. Engels, Robert E. LaBlanc, H. Tyler Marcy, Thomas P. Melady, William A. Merritt, Jr., James A. Ross.

Areas of Work: Engaged in the design, manufacture and marketing of telecommunications products. Principal products are multi-featured, fully electronic, digitally controlled telephone systems, primarily for business use.

Subsidiaries:

Technicom International, Inc.
Markets key telephone systems and telephone instruments for small business and residential use.

Chatlos Systems, Inc.
Engaged in the design, assembly and marketing of communications cable monitoring and pressurization equipment.

TIE/International, Inc.

TIE/Telecommunications Canada, Ltd.
(63.4% owned by TIE/International, Inc.)
Exclusive Canadian distributor for the Company. Also manufactures and markets two digital PABX systems.

Turret Equipment Corporation
Engaged in the design, manufacture and marketing of specialized high traffic turret telephone systems primarily for use in the financial trading community.

International Components Corporation
TIE/Industries, Inc.
TIE/communications, (U.K.) Ltd.
TIE/Italia S.p.A.
Technicom Systems, Inc.

Transfer Agent(s):
Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: TIE

Number of Employees:
1986 1,700

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 298,154,000	$ (56,593,000)
1985	321,263,000	(77,889,000)
1984	501,066,000	15,919,000
1983	324,078,000	48,089,000
1982	171,523,000	14,870,000

	No. of Com. Shares	Earn. per Share †‡
1986	36,060,085	$ —
1985	35,893,953	—
1984	35,594,345	0.47
1983	32,638,265	1.55
1982	N.A.	0.61

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
† Including extraordinary gains of $1,179,000 in 1986 and $13,000,000 ($0.42 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 156,346,000	$ 4.35
1985	211,452,000	5.89
1984	290,199,000	8.15
1983	247,861,000	7.59
1982	81,473,000	—

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 298,154	$ 321,263
Cost of sales	233,290	261,897
Writedown of inventory	34,352	34,000
Expenses	82,609	97,626
Prof. for restruc. of oper.	3,645	10,000
Loss on sale of assets	—	17,000
Other expense (income)	(272)	3,062
Loss before taxes	$ (55,470)	$ (102,322)
Income taxes (credit)	3,094	(28,513)
Eq. in loss of affil.	391	209
Minotiry interest	360	1,012
Loss from cont. oper.	$ (59,315)	$ (75,030)
Income (loss) from discont. oper.	1,543	(2,859)
Net Loss	$ (57,772)	$ (77,889)
Extraord. gain	1,179	—
Net Income (Loss) & extraord. gain	$ (56,593)	$ (77,889)

* Included in Costs and Expenses, Depreciation and Amortization: $12,581,000 in 1986 and $15,478,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 7,746	$ 2,845
Short-term invest.	60,180	43,202
Accts. receiv., net	56,569	56,111
*Inventories	88,896	130,611
Receiv. from officers	1,375	1,502
Other receivables	10,826	9,493
Other curr. assets	3,142	1,720
Current Assets	$ 228,734	$ 245,484
Investments in subsid.	—	13,636
Investments in affil.	319	4,756
#Fixed assets	20,034	36,510
Notes receivable	5,167	1,412
Other assets	1,517	1,562
Intangibles	25,134	26,171
Restricted cash	16,500	—
Total Assets	$ 297,405	$ 329,531

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 40,749	$ 11,519
Accts. payable	11,494	11,360
Accruals	39,335	34,077
Income taxes	2,467	(21,440)
Curr. Liabilities	$ 94,045	$ 35,516
Long-term debt	35,471	73,031
Minority interest	8,329	8,804
Deferred income	1,952	—
Deferred inc. taxes	1,262	728
+Common stock	1,803	1,795
Add. paid-in capital	194,623	193,966
Retained earnings (deficit)	(38,358)	18,235
Restricted stock awards	(420)	—
Cum. trans. adjust.	(1,302)	(2,544)
Total Liabilities & Shareholders' Equity	$ 297,405	$ 329,531

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	3.35	2.46
Debt to Equity	0.49	0.40
Working Capital	$134,689,000	$209,968,000
Current Ratio	2.43	6.91
Shareholders' Equity	$156,346,000	$211,452,000

TII Industries, Inc.

1375 Akron Street
Copiague, New York 11726
(516) 789-5000

Officers: Alfred J. Roach, chairman of the board & chief exec. officer; Timothy J. Roach, president, vice chairman & asst. chief exec. officer; Steve L. Takacs, exec. v.p. & chief operating officer; John T. Hyland, Jr., v.p.-finance; C. Bruce Barksdale, v.p.-product development; Dorothy Roach, secretary-treasurer; Darrell Bell, v.p.-sales; Frank Schleip, v.p.-special projects; Frances Giabanco, v.p.-adm. & asst. secretary.

Directors: Alfred J. Roach, chairman; Dorothy Roach, Joseph C. Hogan, C. Bruce Barksdale, Timothy J. Roach, James Grover, Jr.

Areas of Work: Produces gas tube overvoltage protective devices, uninterruptible power systems and electronic products used in the communications industry.

Subsidiaries:
TII Corporation
TII Electronics, Inc.

both at:

100 No. Strong Avenue
Lindenhurst, New York 11757

TII Industries, Inc./Puerto Rico
Road 165, Kilometer 1.6
Toa Alta, Puerto Rico 00758

EHV Systems, Inc.
New York, New York
Manufactures uninterruptible power supply systems.

Affiliates:

Teleprobe Systems, Inc. (35.2%-owned)
Manufactures fault diagnosis and testing equipment for communication systems.

Transfer Agent(s):
Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: TI

Number of Employees:
1986 900
1985 849
1984 500

Plant Footage:
1986 . . . . . 128,000 sq. ft.
1985 88,000
1984 60,000

Sales and Earnings

	Net Sales	Net Income †
1986	$ 38,291,000	$ 1,271,000
1985	31,353,000	310,000
1984	32,653,000	2,954,000
1983	23,379,000	(2,150,000)
1982	23,109,000	2,587,000

	No. of Com. Shares #	Earn. per Share #†
1986	2,949,000	$ 0.43
1985	2,947,000	0.11
1984	2,927,000	1.01

1983	2,603,000	—
1982	2,668,000	0.97

† Including extraordinary gains of $30,000 ($0.01 per share) in 1984, $50,000 ($0.02 per share) in 1983 and $80,000 ($0.03 per share) in 1982.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	11-for-10
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 20,280,000	$ 6.88
1985	18,975,000	6.44
1984	18,185,000	6.21
1983	14,778,000	5.68
1982	16,808,000	6.30

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 38,291,000	$ 31,353,000
Cost of sales	27,059,000	21,530,000
Expenses	6,469,000	7,580,000
Research & devel.	1,716,000	1,423,000
Other income	(326,000)	(163,000)
Interest exp.	714,000	473,000
Interest income	(193,000)	(118,000)
Gain on sale of subsid. stock	(43,000)	(236,000)
Income bef. taxes	$ 2,895,000	$ 864,000
Tax credit	—	(114,000)
Eq. in loss of affil.	1,624,000	668,000
Net Income	$ 1,271,000	$ 310,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,602,000 in 1986 and $1,721,000 in 1985.

Assets

As of June 30	186	1985
Cash	3,162,000	4,072,000
Accts. receiv., net	3,502,000	4,945,000
Other receivables	326,000	293,000
*Inventories	17,363,000	16,731,000
Prepaid expenses	272,000	175,000
Current Assets	$ 24,627,000	$ 26,216,000
Invest. in affil.	394,000	725,000
#Fixed assets	9,227,000	8,636,000
Other assets	1,443,000	1,859,000
Total Assets	$ 35,691,000	$ 37,436,000
Liabilities		
Notes payable	$ 900,000	$ 2,514,000
Long-term debt, curr.	1,005,000	5,000
Accts. payable	2,579,000	3,289,000
Accruals & taxes	1,546,000	1,735,000
Curr. Liabilities	$ 6,030,000	$ 7,543,000
Long-term debt	4,193,000	5,198,000
Deferred credit	5,188,000	5,720,000
+Common stock	29,000	29,000
Add. paid-in capital	7,269,000	7,235,000
Retained earnings	13,263,000	11,992,000
Treasury stock	(281,000)	(281,000)
Total Liabilities	$ 35,691,000	$ 37,436,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.56	2.76
%Net Income to Sales	3.32	0.99
%Net Income to Equity	6.27	1.63
Sales to Inventories	2.21	1.87
Debt to Equity	0.30	0.41
Working Capital	$18,597,000	$18,673,000
Current Ratio	4.08	3.48
Shareholders' Equity	$20,280,000	$18,975,000

Timeplex, Inc.

400 Chestnut Ridge Road
Woodcliff Lake, New Jersey 07675
(201) 391-1111

Officers: Edward Botwinick, chairman of the board, president, chief executive & chief operating officer; Bernard Furman, vice-chairman, chief administrative officer, secretary & general counsel; Victoria A. Brown, sr. v.p.-sales & marketing; Joseph Wechter, v.p.-operations; Wayne McPherson, v.p.-engineering; Stewart Paperin, sr. v.p.-finance; M. Bradford Randolph, treasurer; Brian Robson, controller; Harry Thomas, v.p.-marketing; Thomas Cook, v.p.-field service; Bryan Gray, v.p.-int'l sales; Alan Guibord, v.p.-information systems; Richard McPherson, v.p.-North American sales.

Directors: John Elich, Bernard Furman, Edward Botwinick, A. Leon Fergenson, C. Lester Hogan, James D. Wolfensohn, Robert A. Gross.

Areas of Work: Designs, manufactures, sells and services electronic data communications systems and equipment, and produces and distributes data multiplexers. Also produces modems and related communications products, and provides complete data communications systems, which increase the capacity and efficiency of communications facilities by employing advanced, high speed, realtime data processing techniques to collect and combine digital data for transmission at high speeds over communications circuits. They also provide network management, statistical and diagnostic information, supervisory communications capabilities, and high level fault diagnostic capabilities for users.

Divisions and Subsidiaries:
Timeplex Limited
Brentford & Leeds, England

Timeplex B.V.
Dublin, Ireland

Controlware, GmbH
Frankfurt, West Germany

Timeplex Canada
Toronto, Ontario

Timeplex Europe
Brussels, Belgium

Timeplex Caribe Ltd.
Puerto Rico

Timeplex Far East
Hong Kong

Timeplex Australia
Australia

Transfer Agent(s):
Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: TIX

Number of Employees:

1986	1,453	1983	745
1985	1,253	1982	574
1984	960		

Plant Footage:

1986	261,000 sq. ft.	1983	235,000
1985	261,000	1982	105,000
1984	240,000		

Sales and Earnings

	Revenues +	Net Income
1986	$ 119,118,000	$ 9,561,000
1985	96,043,000	9,992,000
1984	66,022,000	5,666,000
1983	43,670,000	3,443,000
1982	32,183,000	1,329,000

	No. of Com. Shares ‡	Earn. Per Share ‡
1986	8,804,161	$ 1.09
1985	8,673,157	1.15
1984	8,481,054	0.67
1983	7,567,200	0.45
1982	6,355,973	0.21

+ Of continuing operations only.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	5-for-4
1983	—	—	5-for-4
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 75,588,000	$ 8.59
1985	67,458,000	7.78
1984	54,457,000	6.42
1983	49,311,000	6.52
1982	22,859,000	3.60

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Total revenues	$ 119,118,000	$ 96,043,000
Cost of sales	47,352,000	41,101,000
Expenses	59,177,000	44,003,000
Interest expense	3,298,000	3,128,000
Interest & other income	(2,967,000)	(6,028,000)
Income before taxes	$ 12,258,000	$ 13,839,000
Income taxes	2,697,000	4,982,000
Tax credit	—	(1,135,000)
Net Income	$ 9,561,000	$ 9,992,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,092,000 in 1986 and $4,682,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 27,495,000	$ 33,993,000
Accts. receiv., net	25,089,000	23,628,000
*Inventories	23,310,000	26,770,000
Prepaid expenses	1,062,000	1,376,000
Current Assets	$ 76,956,000	$ 85,767,000
#Fixed assets	53,923,000	38,804,000
Other assets	7,571,000	4,988,000
Total Assets	$ 138,450,000	$ 129,559,000
Liabilities		
Long-term debt, curr.	$ 2,561,000	$ 1,049,000
Accts. payable	4,364,000	5,990,000
Accrued liabilities	11,197,000	9,204,000
Curr. Liabilities	$ 18,122,000	$ 16,243,000

Long-term debt	35,733,000	38,542,000
Deferred inc. taxes	9,007,000	7,316,000
+Common stock	88,000	86,000
Add. paid-in capital	49,293,000	45,785,000
Retained earnings	34,455,000	24,894,000
Treasury stock	(4,159,000)	(627,000)
Notes from officers, deferred comp., & cum. for. exch. adj.	(4,089,000)	(2,680,000)
Total Liabilities & Shareholders' Equity	$ 138,450,000	$ 129,559,000

* At lower of average cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.29	14.41
%Net Income to Sales	8.03	10.40
%Net Income to Equity	12.65	14.81
Sales to Inventories	5.11	3.59
Debt to Equity	0.47	0.59
Working Capital	$58,834,000	$69,524,000
Current Ratio	4.25	5.28
Shareholders' Equity	$75,588,000	$67,458,000

The Titan Corporation

(formerly Electronic Memories & Magnetics Corporation)

9191 Towne Centre Drive
Suite 600
San Diego, California 92122
(619) 453-9592

Officers: J. Sidney Webb, chairman; Gene W. Ray, president & chief exec. officer; Rolf B. Erikson, sr. v.p.-corporate development; Edward F. Kavanaugh, sr. v.p. & chief financial officer; Albert E. Knauf, exec. v.p.; James G. Turner, v.p. & president-Titan Severe Environment Systems; Eric M. Iwafuchi, controller; Gerald Yonas, pres.-Titan Technologies; J. Kenneth Driessen, pres.-Titan Electronics; John R. McDougall, pres.-Titan Systems; D. Marshall Nelson, v.p., gen. counsel & secretary.

Directors: Harry S. Derbyshire, J. Sidney Webb, Joseph F. Caligiuri, Daniel J. Fink, Simon Ramo, Gene W. Ray, R. James Woolsey.

Areas of Work: Manufactures and markets memory and computer products, meteor burst communications equipment, ferrite powders and stainless steel castings. Also provides design, development and testing services, as well as deployment and operational support for defense systems. These products and services are provided to U.S. government agencies, the military, and original equipment manufacturers of military, computer, communications and industrial products.

Subsidiaries:

Titan Severe Environment Systems Company
Manufactures microcomputers, which include logic and control functions as well as memories. These microcomputers are used in airborne, shipboard and ground-based mobile military systems as well as in harsh industrial environments.

Computing Applications Software Technology, Inc. (87.5% owned)

Titan Systems, Inc.
Provides systems engineering in high-priority defense program.

Beta Development Corporation
Designs and produces pulsed power systems, which include lasers and high-power, high voltage electronic subsystems for directed energy devices.

Acquisition(s):

California Research & Technologies, Inc.
Involved in the field of computer modeling used in nuclear effects testing.

Spectron Development Laboratories, Inc.
Engaged in electro-optics technology.

Meteor Communications Corporation
Designs and manufactures communications systems based on meteor burst technology.

Aeronautical Research Associates of Princeton, Inc.
Possesses a technology base in the areas of computational mechanics and associated experiments.

Defense Systems Corporation
Applies artificial intelligence to avionics.

Transfer Agent(s):

Bank of America, N.T. & S.A.
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TTN

Number of Employees:

1986	2,100	1983	N.A.
1985	1,841	1982	3,000
1984	1,800		

N.A. - Not Available.

Plant Footage:

1986	590,000 sq. ft.	1984	600,000
1985	640,000		

Sales and Earnings ‡

	Net Revenues +	Net Income
1986	$ 121,358,000	$ 1,118,000
1985	98,604,000	(7,954,000)
1984	92,245,000	3,303,000
1983	77,505,000	4,757,000
1982	62,489,000	1,586,000

	No. of Com. Shares #	Earn. per Share #
1986	12,203,000	$ 0.01
1985	11,968,000	—
1984	11,248,000	0.21
1983	N.A.	0.35
1982	N.A.	0.05

(Loss)
N.A. - Not Available.
‡ Restated to reflect the merger of Titan Corp. with California Research & Tech. and with Spectrum Develop. Laboratories, accounted for as a pooling of interests.
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Electronics & materials	$ 61,290,000	$ 52,578,000
Systems	39,499,000	32,193,000
Technologies	20,569,000	13,833,000
Total	$ 121,358,000	$ 98,604,000

Common Stock Equity ‡

	Total Equity †	Equity Per Share #
1986	$ 26,955,000	$ 2.21
1985	20,876,000	1.74
1984	29,549,000	2.63
1983	26,686,000	—
1982	18,950,000	—

‡ Restated.
† After allowing for preferred stock at liquidation value of $20 per share.
# Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended	12/31/86	12/28/85 ‡
Net revenues	$ 121,358	$ 98,604
Cost of revenues	91,314	77,426
Expenses	17,794	14,527
Merger expenses	300	1,724
Other expense	423	1,206
Income before taxes	$ 11,527	$ 3,721
Income taxes	4,921	2,248
Inc. - cont. oper.	$ 6,606	$ 1,473
Loss - discont. oper.	(5,488)	(9,427)
Net Income (Loss)	$ 1,118	$ (7,954)

* Included in Costs and Expenses, Depreciation and Amortization: $3,711,000 in 1986 and $3,092,000 in 1985.
‡ Restated.

Assets
(000's)

As of	12/31/86	12/28/85 ‡
Cash	$ 9,366	$ 21,969
Accts. receiv., net	31,100	19,713
*Inventories	13,361	11,438
Prepaid expenses	1,721	2,120
Assets of discont. oper.	1,556	14,533
Current Assets	$ 57,104	$ 69,773
#Fixed assets	13,097	10,125
Intangibles	9,880	124
Other assets	2,929	3,824
Total Assets	$ 83,010	$ 83,846

Liabilities
(000's)

Accts. payable	$ 4,690	$ 2,966
Income taxes	918	2,365
Accrued comp.	5,983	5,180
Other accruals	6,189	4,316
Curr. Liabilities	$ 17,780	$ 14,827
Long-term debt	8,704	18,506
Deferred inc. taxes	10,349	10,393
+Preferred stock	961	962
++Common stock	120	111
Add. paid-in capital	25,730	19,451
Retained earnings	20,227	20,071
For. curr. trans. adj.	(441)	(475)
Treasury stock	(420)	—
Total Liabilities & Shareholders' Equity	$ 83,010	$ 83,846

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value, cumulative.
++ $1 par value.

Statistical Summary

%Net Income to Equity	2.42	—
Debt to Equity	0.19	0.46
Working Capital	$39,324,000	$54,946,000
Current Ratio	3.21	4.71
Shareholders' Equity	$46,177,000	$40,120,000

Torotel, Inc.

13402 South 71 Highway
Grandview, Missouri 64030
(816) 761-6314

Officers: Dale H. Sizemore, chairman of the board & chief executive officer; Alfred F. Marsh, president; Victor K. Brewer, Jr., treasurer; Donald H. Loudon, secretary.

Directors: Dale H. Sizemore, chairman; Alfred F. Marsh, Dale H. Sizemore, Jr.

Areas of Work: Designs and manufactures magnetic components such as transformers, inductors, magnetic amplifiers and networks, used in aircraft navigational systems, voice and data secure communications, telephone and avionics equipment, and missile and torpedo guidance systems.

The Titan Corporation

Subsidiary:
Tenxtel Products, Inc.
Grandview, Missouri

Transfer Agent(s):
DST Systems, Inc.
Kansas City, Missouri

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: TTL

Sales and Earnings

	Net Sales +	Net Income
1986	$ 11,040,000	$ (5,408,000)
1985	9,493,000	118,000
1984	8,402,000	826,000
1983	6,124,000	(1,357,000)
1982	5,540,000	212,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,506,717	$ —
1985	2,513,223	0.05
1984	2,494,686	0.33
1983	2,465,666	—
1982	2,455,008	0.09

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 2,193,000	$ 0.87
1985	7,531,000	3.00
1984	8,654,000	3.47
1983	7,713,000	3.13
1982	8,977,000	3.66

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 11,040,000	$ 9,493,000
Cost of sales	6,400,000	5,610,000
Expenses	3,049,000	2,616,00
Interest expense	316,000	242,000
Interest income	(44,000)	(7,000)
Other expense (income)	40,000	(111,000)
Income before taxes	$ 1,279,000	$ 1,143,000
Income tax	642,000	495,000
Inc. - cont. oper.	$ 637,000	$ 648,000
Loss - discont. oper.	(6,045,000)	(530,000)
Net Income (Loss)	$ (5,408,000)	$ 118,000

* Included in Costs and Expenses, Depreciation and Amortization: $695,000 in 1986 and $793,000 in 1985.

Assets

As of March 31	1986	1985
Cash & cert. of deposit	$ 129,000	$ 198,000
Accts. receiv., net	3,253,000	11,323,000
*Inventories	1,847,000	7,137,000
Other assets	272,000	416,000
Current Assets	$ 5,501,000	$ 19,074,000
#Fixed assets	1,228,000	4,773,000
Notes receivable	2,500,000	—
Other investments	1,758,000	—
Other assets	67,000	142,000
Intangibles	—	309,000
Total Assets	$ 11,054,000	$ 24,298,000

Liabilities

Long-term debt, curr.	$ 65,000	$ 273,000
Short-term borrowings	5,628,000	—
Accts. payable	1,521,000	3,490,000
Accruals	1,272,000	1,609,000
Income taxes	83,000	24,000
Net liab. of discont. oper.	205,000	—
Curr. Liabilities	$ 8,774,000	$ 5,396,000
Long-term debt.	87,000	10,078,000
+Common stock	1,265,000	1,196,000
Add. paid-in capital	8,401,000	7,451,000
Retained earnings (deficit)	(7,369,000)	281,000
Treasury stock	(104,000)	(104,000)
Total Liabilities & Shareholders' Equity	$ 11,054,000	$ 24,298,000

* At lower of cost (moving average) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Net Income to Equity	—	0.49
Sales to Inventories	5.98	1.33
Working Capital	—	$13,678,000
Current Ratio	—	3.53
Shareholders' Equity	$2,193,000	$24,298,000

Tracor, Inc.

6500 Tracor Lane
Austin, Texas 78725
(512) 926-2800

Officers: Frank W. McBee, Jr., chairman of the board & chief exec. officer; Mellon C. Baird, president & chief operating officer; Jim A. Smith, v.p., treasurer & chief financial officer; Murray Shaw, v.p.-industrial relations; Audrey T. Dearing, corp. secretary; Russell E. Painton, v.p. & gen. counsel; Sheila J. Nagy, gen. mgr.-Traco Publications; Benny E. Jay, v.p.-planning & special products; J. David Baird, v.p.-financial services; J.O. Colley, v.p.-taxes; Judith A. Newby, v.p.-public relations; Fred S. Schulte, v.p. & controller; Winford L. Paschall, corp. director-internal audit; Leroy J. Kana, corp. director-quality & safety assurance; Charles E. Kosser, Jr., corp. director-security services.

Directors: Frank W. McBee, Jr.*, chairman; Marcel E. Gres, Edward Randall, III, J.T. Trotter*, Donald L. Lucas, W.J. Buffo, Kenneth L. Block, Dewuse Guyton, Jr.*, John H. Duncan*, Jim A. Smith*, Charls E. Walker, Walter A. Clements, Norman Hackerman, Bobby R. Inman, William C. Moyer, Sam K. Smith, Mellon C. Baird.

* Member of the Executive Committee.

Divisions and Subsidiaries:

Components Group
800 East Northwest Highway
Des Plaines, Illinois 60016
(312) 824-1188
Production of fuses, fuseholders, circuit breakers, switches, relays, automobile buzzers and flashers, coils, capacitors, controls, anti-skid sensors, color convergence assemblies, indicating lights, potentiometers, blue lateral and purity devices and other electronic and electromechanical components.

Littelfuse Tracor, Inc.
Des Plaines, Illinois

Littelfuse Tracor, Europe
Utrecht, The Netherlands

Tracor Littelfuse, S.A. de C.V.
Piedras Negras, Mexico

Instruments Group
2551 West Beltline Highway
Middleton, Wisconsin 53562
(608) 831-6511
Designs, develops and produces proprietary scientific instruments for chemical, elemental, and medical analyses, and for process control.

Tracor Instruments Austin, Inc.
Austin, Texas

Tracor Europa, B.V.
Bilthoven, The Netherlands

Tracor Northern, Inc.
Middleton, Wisconsin

Tracor Westronics, Inc.
Fort Worth, Texas

Tracor Atlas, Inc.
Houston, Texas

Tracor Xray, Inc.
Mountain View, California

Applied Sciences Group
402 Cottonwood Parkway
California, Maryland 20619
(301) 862-9300
Involved in scientific research and development under sponsorship of government agencies and private clients. Its major fields of activity include submarine and surface ship sonar; underwater acoustical surveillance; ocean engineering research and ship support; collection and analysis of medical information related to cancer and occupational safety and health; communications; environmental, social, physical sciences; and safety.

Tracor Marine, Inc.
Port Everglades, Florida

Analysis & Applied Research Division
Austin, Texas

Electronics Systems Division
Rockville, Maryland

Applied Technology Division
Rockville, Maryland

Special Programs Division
Orlando, Florida

Tracor Hydronautics, Inc.
Laurel, Maryland

Tracor Hydro-Services, Inc.
Missouri City, Texas

Tracor Jitco, Inc.
Rockville, Maryland

Tracor Marcon, Inc.
Bellevue, Washington

Aerospace Group
6500 Tracor Lane
Austin, TX 78725
(512) 926-2800
Manufactures specialized electronic and electromechanical systems including passive electronic countermeasure systems, advanced telecommunications terminals and specialized microprocessors. Also manufactures airborne navigation systems for use in commercial and private aircraft.

Tracor Aerospace, Inc.
Austin, Texas

Flight Systems Group
1901 Dove Street
Newport Beach, California 92660
(714) 833-9661
Performs flight testing, designs and produces electronic warfare systems, and modified aircraft.

Tracor Flight Systems, Inc.
Newport Beach, California

Tracor Flight Services, Inc.
Newport Beach, California

Tracor Aviation, Inc.
Santa Barbara, California

Transfer Agent(s):
MBank-Dallas
Dallas, Texas

Stock Exchange(s): New York, Midwest, Pacific, Midwest, Philadelphia, London

Ticker Symbol: TRR

Number of Employees:

1986	10,500	1983	8,300
1985	9,700	1982	7,800
1984	9,100		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 632,119,000	$ 18,837,000
1985	546,534,000	13,371,000
1984	497,631,000	33,235,000
1983	410,199,000	24,565,000
1982	374,026,000	20,272,000

	No. of Com. Shares ×	Earn. per Share ×
1986	19,520,000	$ 0.97
1985	19,498,000	0.69
1984	19,284,000	1.72
1983	19,180,000	1.28
1982	18,640,000	1.09

+ Of continuing operations only.
× Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Defense electronics	$ 441,385	$ 368,917
Instruments	83,482	81,482
Components	107,252	96,135
Total	$ 632,119	$ 546,534

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.36	—	—
1985	0.32	—	5-for-4
1984	0.272	—	—
1983	0.224	—	5-for-4
1982	0.192	—	5-for-4

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 212,957,000	$ 10.91
1985	196,301,000	10.07
1984	182,767,000	9.48
1983	153,849,000‡	8.02
1982	127,704,000‡	6.85

‡ After allowing for preferred stock at involuntary liquidation value.
† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 632,119	$ 546,534
Cost of sales	484,261	414,944
Expenses	107,980	92,582
Interest expense	11,467	7,799
Income before taxes	$ 28,411	$ 31,209
Income taxes	9,574	12,347
Income - cont. oper.	$ 18,837	$ 18,862
Loss- discont. oper.	—	(5,491)
Net Income	$ 18,837	$ 13,371

* Included in Costs and Expenses, Depreciation and Amortization: $23,867,000 in 1986 and $18,420,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 8,850	$ 4,364
Accts. receiv., net	182,854	148,897
*Inventories	71,593	74,771
Assets of discont. oper.	6,287	7,615
Prepaid expenses	11,502	5,105
Current Assets	$ 281,086	$ 240,752
Investments & other assets	3,869	6,126
#Fixed assets	171,455	154,501
Defer. charges & intangibles	9,105	5,822
Total Assets	$ 465,515	$ 407,201

Liabilities
(000's)

Long-term debt, curr.	$ 3,105	$ 2,778
Accts. payable	21,723	24,540
Accruals	45,584	53,084
Income taxes	12,912	6,811
Curr. Liabilities	$ 83,324	$ 87,213
Long-term debt	149,833	103,423
Deferred inc. taxes	19,401	20,264
+Common stock	6,610	6,565
Add. paid-in capital	72,784	70,498
Retained earnings	137,337	122,822
Treasury stock	(3,774)	(3,584)
Total Liabilities & Shareholders' Equity	$ 465,515	$ 407,201

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.33⅓ par value.

Statistical Summary

%Income bef. Taxes to Sales	4.49	—
%Net Income to Sales	2.98	—
%Net Income to Equity	8.85	6.81
Sales to Inventories	8.83	7.31
Debt to Equity	0.70	0.54
Working Capital	$197,762,000	$153,539,000
Current Ratio	3.37	2.76
Shareholders' Equity	$212,957,000	$196,301,000

Transducer Systems, Inc.

1510 Delp Drive
P.O. Box 341
Kulpsville, Pennsylvania 19443
(215) 256-4611

Officers: Michael Nakonechny, chairman of the board & chief exec. officer; Thomas J. Carduff, president, chief operating officer & secretary; R. Phillip Wallauer, v.p.; Mark J. Kadish, chief financial officer & treasurer.

Directors: Michael Nakonechny, Thomas J. Carduff, Harvey Mahlig, Alfred A. Zollo, Alfred Lifton.

Areas of Work: The Company designs, manufactures and markets electro-magnetic and electronic components for use in a variety of applications. Principal products include: magnetic pickups, digital-output sensors, zero-speed sensors and velocity transducers, sold to the computer peripheral industry for use in disk drives and printers; inverters which convert voltage from DC to AC, used in electroluminescent lamps; and printed circuit boards, cable harnesses, coils, and electronic subassemblies, for use by major aerospace-electronics equipment manufacturers.

Subsidiaries:
BCA, Ltd.

Caribbean Services Incorporated
Barbados, West Indies

Transfer Agent(s):
Mellon Bank (East) NA
Securities Transfer Services
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TSIC (NASDAQ)

Number of Employees:

1986	N.A.	1983	360
1985	200	1982	130
1984	250		

N.A. - Not Available.

Plant Footage:

1986	70,000 sq. ft.	1983	45,000
1985	70,000	1982	45,000
1984	54,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 4,380,000	$ 66,000
1985	3,932,000	(921,000)
1984	7,455,000	613,000
1983	6,014,000	471,000
1982	3,752,000	14,000

	No.of Com. Shares †	Earn. per Share #
1986	1,030,011	$ 0.07
1985	1,030,011	—
1984	1,028,636	0.60
1983	1,028,194	0.46
1982	1,017,480	0.01

(Loss)
† Adjusted to reflect stock dividend.
# Based on the average number of shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.02	10%	—
1983	0.02	—	—
1982	0.02	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 2,060,000	$ 2.00
1985	2,045,000	1.99
1984	2,960,000	2.88
1983	2,364,000	2.30
1982	1,877,000	1.84

† Adjusted to reflect stock dividend.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 4,380,000	$ 3,932,000
Cost of sales	3,028,000	3,256,000
Expenses	1,082,000	1,777,000
Interest expense	166,000	197,000
Other expense (income)	(6,000)	14,000
Loss on closed facil.	68,000	182,000
Inc. (loss) bef. taxes	$ 42,000	$ (1,494,000)
Tax credit	(24,000)	(573,000)
Net Income (Loss)	$ 66,000	$ (921,000)

* Included in Costs and Expenses, Depreciation and Amortization: $369,000 in 1986 and $398,000 in 1985.

Transducer Systems, Inc.

Assets

As of Dec. 31	1986	1985
Cash	$ 53,000	$ 67,000
Accts. receiv., net	1,140,000	786,000
Inc. taxes refundable	—	470,000
*Inventories	926,000	975,000
Prepaid expenses	86,000	95,000
Assets held for sale	—	450,000
Current Assets	$ 2,205,000	$ 2,843,000
#Fixed assets	1,904,000	1,998,000
Other receivables	222,000	147,000
Other assets	50,000	96,000
Total Assets	$ 4,381,000	$ 5,084,000

Liabilities

Notes payable	$ 755,000	$ 1,225,000
Long-term debt, curr.	178,000	154,000
Accts. payable	195,000	213,000
Accruals	186,000	223,000
Curr. Liabilities	$ 1,314,000	$ 1,815,000
Long-term debt	939,000	1,198,000
Deferred income	42,000	—
Deferred inc. taxes	26,000	26,000
+Common stock	103,000	103,000
Add. paid-in capital	1,673,000	1,673,000
Retained earnings	335,000	269,000
Treasury stock	(51,000)	—
Total Liabilities & Shareholders' Equity	$ 4,381,000	$ 5,084,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.96	—
%Net Income to Sales	1.51	—
%Net Income to Equity	3.20	—
Sales to Inventories	4.73	4.03
Debt to Equity	0.46	1.26
Working Capital	$ 891,000	$1,028,000
Current Ratio	1.68	1.57
Shareholders' Equity	$2,060,000	$2,045,000

Trans-Lux Corporation

110 Richards Avenue
Norwalk, Connecticut 06856-5090
(203) 853-4321

Officers: Richard Brandt, chairman, president & chief exec. officer; Louis A. Credidio, exec. v.p.; Victor Liss, sr. v.p.-finance & administration, secretary & chief financial officer; Frank N. Daniels, sr. v.p.; Charles J. Holloman, sr. v.p. & chief scientist; Thomas M. Waltz, sr. v.p.; Albert Boyers, Karl P. Hirschauer, Marianne Johnson, v.p.'s; Robert Bosworth, treasurer & asst. secretary; John Antonio, William Berson, Robert Budd, Frank Calderone, Thomas Calello, Fred Duray, Michael R. Mulcahy, asst. v.p.'s; Derek Stodart, Ronald H. Turcotte, v.p.'s-Canadian Trans-Lux Corporation, Ltd.

Directors: Richard Brandt, chairman; Louis A. Credidio, Allan Fromme, Robert Greenes, Bud Levy, Edward H. Meyer, Howard S. Modlin, Eugene Picker, Melvin Starr.

Areas of Work: The Company's Communications Division designs, produces, leases, sells and services large-scale LED (light-emitting diodes) information displays and microprocessor bases telecommunications terminals. The Company's Entertainment Division operates two multimedia auditoriums in New York City.

Divisions:

Communications Division
Entertainment Division

Subsidiaries:

Trans-Lux SignLine Corporation
Trans-Lux News-Sign Corporation
Trans-Lux Service Corporation
Trans-Lux Multimedia Corporation
Trans-Lux Syndicated Programs Corporation
Canadian Trans-Lux Corporation, Ltd.
Saunders Realty Corporation
Trans-Lux Experience Corporation
Trans-Lux Data Network Corporation
Trans-Lux South Street Venture Corporation
Trans-Lux Seaport Corporation
Trans-Lux Investment Corporation

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: TLX

Number of Employees:

1986 325

Plant Footage:

1986 . . . . . 102,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 19,965,000	$ 4,104,000
1985	22,844,000	1,709,000
1984	21,026,000	1,829,000
1983	19,581,000	2,499,000
1982	19,866,000	2,416,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,739,000	$ 2.38
1985	1,871,000	0.94
1984	2,007,000	0.93
1983	N.A.	1.25
1982	N.A.	1.20

N.A. - Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.134	5% & 5%	—
1985	—	2% & 5%	—
1984	0.10	—	—
1983	0.10	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 26,616,000	$ 15.31
1985	24,871,000	13.29
1984	24,702,000	12.31
1983	23,044,000	—
1982	20,542,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Gross revenues	$ 19,965	$ 22,844
Cost of sales	11,955	12,929
Write-down of assets	5,518	—
Expenses	8,412	8,082
Interest expense	1,879	648
Interest income	(1,369)	(209)
Income (loss) before taxes	$ (6,430)	$ 1,394
Income taxes (credit)	(2,922)	199
Income (loss) from cont. oper.	$ (3,508)	$ 1,195
Income from discont. oper.	7,612	514
Net Income	$ 4,104	$ 1,709

* Included in Costs and Expenses, Depreciation and Amortization: $3,949,000 in 1986 and $4,129,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	$ 2,333	$ 4,743
Marketable securities	21,814	10,262
Accts. receiv., net	1,796	2,238
Refundable taxes	—	401
*Inventories	780	1,281
Current Assets	$ 26,723	$ 18,925
Investments	348	485
Rental equipment	11,620	13,673
#Fixed assets	8,414	13,081
Defer. charges	2,027	2,727
Intangibles	2,104	2,505
Total Assets	$ 51,236	$ 51,396

Liabilities (000's)

Notes payable	$ —	$ 295
Long-term debt, curr.	1,477	395
Accts. payable & accruals	2,366	1,960
Income taxes	1,324	148
Curr. Liabilities	$ 5,167	$ 2,798
Long-term debt	18,779	20,698
Deferred income	—	117
Deferred inc. taxes	674	2,912
+Common stock	1,793	2,525
+Class B stock	820	—
Add. paid-in capital	12,548	11,092
Retained earnings	18,399	15,654
Treasury stock	(6,944)	(4,400)
Total Liabilities & Shareholders' Equity	$ 51,236	$ 51,396

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	15.42	6.87
Debt to Equity	0.76	0.85
Working Capital	$21,556,000	$16,127,000
Current Ratio	5.17	6.76
Shareholders' Equity	$26,616,000	$24,871,000

Transmation, Inc.

977 Mt. Read Boulevard
Rochester, New York 14606
(716) 254-9000

Officers: William J. Berk, president & chief executive; Philip P. Schulp, v.p.-product coordination; Anthony S. Graff, v.p.-manufacturing; John A. Misiaszek, v.p.-finance, secretary-treasurer; Lucille M. Milne, asst. secretary.

Directors: William J. Berk, Angelo J. Chiarella, Philip P. Schulp, Gerald R. Katz, Roy Smart, Ronald Iannucci, Arthur M. Richardson, Robert S. Peterson, Robert G. Klimasewski.

Areas of Work: Engaged in the development and manufacture of electronic interface instruments and digital systems; produces products such as thermocouple dial alarms for monitoring plant warning temperatures, electronic integrators for accurate counting of proportional analog signals, integrated circuit transmitters, field signal indicators, calibration equipment. Additionally, the Transcat, Inc. subsidiary sells Transmation's and other manufacturers' products through direct mail marketing.

Divisions and Subsidiaries:
Instrument Division
Transcat, Inc.
Systems/Computer Division

Transmation (Canada) Inc.
Rexdale, Ontario, Canada

Transfer Agent(s):
The National City Bank of Cleveland
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRNS (NASDAQ)

Number of Employees:

1986	166	1984	179
1985	172		

Plant Footage:

1986	38,800 sq. ft.	1884	38,800
1985	38,800		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 15,418,680	$ 373,450
1985	12,968,169	336,713
1984	13,092,895	329,624
1983	11,241,704	(257,339)
1982	10,608,224	539,780

	No. of Com. Shares †	Earn. per Share # ‡
1986	2,307,282	$ 0.16
1985	2,306,782	0.14
1984	2,306,782	0.14
1983	2,304,782	—
1982	2,150,040	0.24

(Loss)
† Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.
‡ Including extraordinary gains of $62,300 ($0.03 per share) in 1985 and $58,350 ($0.03 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 3,572,791	$ 1.55
1985	3,157,099	1.37
1984	2,848,452	1.23
1983	2,500,170	1.08
1982	2,537,624	1.18

† Adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 15,418,680	$ 12,968,169
Cost of sales	8,823,164	6,988,764
Expenses	4,902,851	4,071,865
Research & devel.	920,634	1,342,744
Interest expense	252,181	181,283
Income before taxes	$ 519,850	$ 383,513
Income taxes	146,400	109,100
Net Income	$ 373,450	$ 274,413
Extraordinary gain	—	62,300
Net Income & extraord. gain	$ 373,450	$ 336,713

* Included in Costs and Expenses, Depreciation: $162,862 in 1986 and $103,111 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 152,062	$ 153,760
Accts. receiv. net	3,374,338	2,882,244
*Inventories	2,947,987	2,863,440
Prepaid expenses	767,274	391,142
Current Assets	$ 7,241,661	$ 6,290,586
#Fixed assets	1,544,826	1,177,838
Deferred charges	114,368	—
Prepaid taxes	129,375	102,275
Other assets	98,441	72,292
Total Assets	$ 9,128,671	$ 7,642,991

Liabilities

Notes payable	$ —	$ 750,000
Long-term debt, curr.	130,570	78,125
Accts. payable	1,068,969	1,242,884
Accruals	917,672	823,277
Income taxes curr.	110,874	85,908
Deferred income taxes	202,300	102,200
Curr. Liabilities	$ 2,430,385	$ 3,082,394
Capital lease oblig.	304,991	--
Long-term debt	2,535,833	1,171,875
Deferred compensation	284,671	231,623
+Common stock	1,153,641	1,153,391
Add. paid-in capital	842,153	844,132
Translation adjust.	6,594	(26,669)
Retained earnings	1,704,548	1,331,098
Treasury stock	(134,145)	(144,853)
Total Liabilities & Shareholders' Equity	$ 9,128,671	$ 7,642,991

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.37	2.96
%Net Income to Sales	2.42	2.60
%Net Income to Equity	10.45	10.67
Sales to Inventories	5.23	4.53
Debt to Equity	0.71	0.63
Working Capital	$4,811,276	$3,208,192
Current Ratio	2.98	2.04
Shareholders' Equity	$3,572,791	$3,157,099

TransTechnology Corporation

Suite 400, Union Bank Plaza
15233 Ventura Boulevard
Sherman Oaks, California 91403
(818) 990-5920

Officers: Arch C. Scurlock, chairman; Dan McBride, president & chief exec. officer; Paul Grosher, sr. v.p. & treasurer; Burl Alison, William F. Bakker, Joseph R. Cabaret, Thomas E. Hanrahan, Ralph E. Hutchins, Salvatore J. Mira, John B. Reilly, vice presidents; Jeffrey A. Norton, v.p. & secretary.

Directors: Arch C. Scurlock, chairman; Jefferson W. Asher, Jr., William O. Bowers, III, Frank L. Bryant, John N. Grover, Richard Mascuch, Dan McBride, Joseph W. Powell, Jr., Richard J. Riordan.

Areas of Work: Develops, manufactures and markets a wide range of technically sophisticated products.

Aerospace-Defense products include cargo restraint and control products — principally helicopter rescue hoists and external hook systems, winches and hoists for aircraft and other weapon systems, and aircraft and cargo tie-down devices; metallized glass fiber products (referred to as chaff) and related devices and systems; high-reliability devices containing solid propellants, high explosives, or pyro-technic materials; tear gas and related law enforcement products; custom electrical-interconnection systems and their components, including a broad line of high-quality connectors; and weather instruments.

Advanced-Technology products include sophisticated computer-aided design and drafting (CADD) display work stations; bank automation equipment — advanced reader-sorters and related accessories, check repair equipment, and automated terminals; and state-of-the-art message switching terminals and systems.

Industrial products include gear-driven fasteners, tachometers and related equipment, and crane accessories and other construction-related equipment, and textile-finishing machinery and related supplies, and elastomer products.

Divisions and Subsidiaries:

Breeze-Eastern
700 Liberty Avenue
Union, New Jersey 07083
(201) 686-4000

Aerospace-Defense Products
700 Liberty Avenue
Union, New Jersey 07083
(201) 686-4000

Industrial Products
100 Aero-Seal Drive
Saltsburg, Pennsylvania 15681
(412) 639-3527

SSP Construction
1100 East Second Street
Pomona, California 91766
(714) 623-6184

TransTechnology Electronics
8823 North Industrial Road
Peoria, Illinois 61615-1584
(309) 693-3322

Breeze-Illinois
Main and Agard Streets
Wyoming, Illinois 61491
(309) 693-2511

Flight Connector
233 East Manville Street
Rancho Dominguez, California 90220
(213) 631-1133

T.J. Electronics
611 - 109th Street
Arlington, Texas 76005
(817) 469-1521

Space Ordnance Systems
25977 Sand Canyon Road
Canyon Country, California 91351
(805) 252-6220

Lundy Technical Center
3901 N.E. 12th Avenue
Post Office Box 5280
Pompano Beach, Florida 33064
(305) 943-1500

Federal Laboratories
100 Aero-Seal Drive
Saltsburg, Pennsylvania 15681
(412) 639-3511

Belfort Instrument
727 South Wolfe Street
Baltimore, Maryland 21231
(301) 342-2626

Belfort West Regional Sales & Service
2620 Concord Avenue, Suite 102
Alhambra, California 91803
(818) 282-4893

Lundy
1 Robert Lane
Glen Head, New York 11545
(516) 671-9000

Computer Graphics
1 Robert Lane
Glen Head, New York 11545
(516) 671-9000

Bank Systems
5535 Wilkinson Boulevard
Post Office Box 668
Charlotte, North Carolina 28208
(704) 394-1161

Sidereal
9600 S.W. Barnes Road
Portland, Oregon 97225
(503) 297-5531

TransTechnology Corporation

Lundy-Farrington
18 Ordnance Row, Portsmouth
Hampshire PO1 3DN, England
44 (705) 828866

Gessner
41 Fremont Street
Worcester, Massachusetts 01603
(617) 793-7000

Lloyd Manufacturing
130 Franklin Street
Warren, Rhode Island 02885
(401) 245-6600

Howard Brothers
42 Southbridge Street
Auburn, Massachusetts 01501
(617) 793-7070

Gessner South
Sales and Demonstration Headquarters
4004 G Spring Garden Street
Greensboro, North Carolina 27407
(919) 852-3941

Transfer Agent(s):
Bank of America, N.T. & S.A.
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: IT

Number of Employees:
1986 2,627

Plant Footage:
1986 . . . . . 1,327,500 sq. ft.

Sales and Earnings

	Revenues	Net Income
1986	$ 113,022,000	$ 6,947,000
1985	112,941,000	8,418,000
1984	108,586,000	8,402,000
1983	71,665,000	5,766,000
1982	51,007,000	3,723,000

	No. of Com. Shares	Earn. per Share ‡
1986	4,570,472	$ 1.52
1985	4,542,999	1.75
1984	4,915,418	1.78
1983	3,800,877	1.90
1982	N.A.	1.42

N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Aerospace-defense prods.	$ 75,448,000	$ 74,087,000
Industrial prods.	36,946,000	37,060,000
Other	628,000	1,794,000
Total	$ 113,022,000	$ 112,941,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.64	—	—
1985	0.56	—	—
1984	0.48	—	—
1983	0.40	—	—
1982	0.35	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 59,554,000	$ 13.03
1985	55,238,000	12.16
1984	53,996,000	10.99
1983	34,492,000	9.07

Income Account *
(000's)

Year ended Mar. 31	1986	1985
Net sales	$ 112,028	$ 110,688
Other income	994	2,253
Total income	$ 113,022	$ 112,941
Cost of sales	72,795	72,964
Expenses	24,126	21,973
Interest expense	2,522	1,698
Income before taxes	$ 13,579	$ 16,306
Income taxes	6,632	7,888
Net Income	$ 6,947	$ 8,418

* Included in Costs and Expenses, Depreciation and Amortization: $3,173,000 in 1986 and $2,674,000 in 1985.

Assets
(000's)

As of Mar. 31	1986	1985
Cash	$ 5,203	$ 1,370
Short-term invest.	1,135	—
Accts. receiv., net	54,265	26,674
Unreimbursed costs to be billed	6,062	11,710
*Inventories	59,828	30,095
Prepaid expenses	3,754	2,431
Current Assets	$ 130,247	$ 72,280
Investments	—	1,752
#Fixed assets	40,404	17,626
Other assets	1,710	1,143
Intangibles	7,365	1,726
Unamort. deferred costs	703	795
Total Assets	$ 184,228	$ 99,028

Liabilities
(000's)

Notes payable	$ 24,957	$ 881
Accts. payable	18,428	8,524
Accrued compensation	5,292	2,620
Income taxes	4,978	3,500
Deferred income taxes	5,270	5,746
Accrued acq. costs	5,452	—
Other current liabilities	5,736	3,636
Curr. Liabilities	$ 70,113	$ 24,907
Long-term debt	50,860	16,000
Deferred inc. taxes	2,732	2,067
Other liabilities	969	816
+Common stock	2,381	2,367
Add. paid-in capital	29,575	29,302
Retained earnings	27,598	23,569
Total Liabilities & Shareholders' Equity	$ 184,228	$ 99,028

* At Lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.12	14.73
%Net Income to Sales	6.20	7.61
%Net Income to Equity	11.67	15.24
Sales to Inventories	1.87	3.68
Debt to Equity	0.85	0.29
Working Capital	$60,134,000	$47,373,000
Current Ratio	1.86	2.90
Shareholders' Equity	$59,554,000	$55,238,000

Triad Systems Corporation

1252 Orleans Drive
P.O. Box 61779
Sunnyvale, California 94088—1779
(408) 734-9720

Officers: William W. Stevens, chairman of the board; James R. Porter, president & chief exec. officer; Shane E. Gorman, v.p. & gen. mgr.-Automotive Division; Stephen J. LaCommare, v.p.-manufacturing; Stanley F. Marquis, president-TSC Leasing Corporation; Thomas J. O'Malley, Jr., v.p.-administration; Ralph C. Montelius, v.p.-customer service; Robert L. West, group v.p.; Jerome W. Carlson, v.p.-finance, chief financial officer & treasurer; Bruce J. Hansen, v.p.-engineering; Robert M. Anderton, v.p. & gen. mgr.-Dental Division; Anthony J. Zvanich, v.p. & gen. mgr.-Retail Hardware Division.

Directors: William W. Stevens, chairman; Henry M. Gay, Anthony V. Carollo, Jr., James R. Porter, George O. Harmon.

Areas of Work: The corporation designs, manufactures, markets and services small business computer systems. These systems are fully-packaged industry-specific for use by employees of small businesses with little or no previous computer experience. The systems are primarily marketed to automotive parts wholesalers, automotive warehouse distributors, retail hardware dealers, independent tire dealers, and dentists.

Divisions:
Retail Hardware Division
Automotive Division
Warehouse Systems Division
Dental Division
Customer Service Division
Information Services Division

Subsidiaries:
TSC Leasing Corporation

Triad Systems Canada, Ltd.
Toronto, Ontario
Canada

TRIDEX Systems, Ltd.
Ealing, London
England

Transfer Agent(s):
Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRSC (NASDAQ)

Number of Employees:

1986	1,596	1983	1,367
1985	1,450	1982	1,363
1984	1,531		

Plant Footage:
1986 . . . . . 50,000 sq. ft. 1985 50,000

Sales and Earnings

	Net Sales & Serv. Rev.	Net Income
1986	$ 111,676,000	$ 3,181,000
1985	107,278,000	(5,507,000)
1984	120,433,000	4,807,000
1983	90,831,000	2,142,000
1982	82,314,000	3,271,000

	No. of Com. Shares #	Earn. per Share #
1986	7,697,000	$ 0.41
1985	7,440,000	—
1984	7,332,000	0.66
1983	7,365,000	0.29
1982	7,178,000	0.46

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 66,208,000	$ 8.60
1985	61,736,000	8.30
1984	66,251,000	9.04
1983	60,632,000	8.23
1982	57,447,000	8.00

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales & serv. rev.	$ 111,676	$ 107,278
Cost of sales & serv.	61,667	63,757
Expenses:		
Marketing	30,629	35,340
Prod. develop.	8,097	8,717
Gen. & adm.	7,631	7,219
Interest expense	2,018	3,408
Income from nonconsol. subsid.	(3,850)	(5,060)
Special charges	—	2,610
Inc. (loss) bef. taxes	$ 5,484	$ (8,713)
Income taxes (credit)	2,303	(3,206)
Net Income (Loss)	$ 3,181	$ (5,507)

* Included in Costs and Expenses, Depreciation and Amortization: $8,565,000 in 1986 and $8,414,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & cash equiv.	$ 13,613	$ 2,491
Accts. receiv., net	6,066	7,889
*Inventories	10,292	17,112
Deferred inc. taxes	8,355	9,361
Prepaid expenses	1,674	2,317
Current Assets	$ 40,000	$ 39,170
Service parts	6,747	7,860
#Fixed assets	19,534	19,384
Invests & adv. to subsid.	29,790	30,940
Other assets	3,721	5,786
Land for resale	13,799	14,373
Total Assets	$ 113,591	$ 117,513

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 4,631	$ 4,941
Accts. payable	4,462	4,742
Accrued emp. comp.	6,110	5,924
Other curr. liab.	5,336	4,837
Curr. Liabilities	$ 20,539	$ 20,444
Long-term debt	1,025	9,680
Deferred inc. taxes	25,819	25,653
+Common stock	38,249	36,964
Retained earnings	27,681	24,500
Translation adjust.	278	272
Total Liabilities & Shareholders' Equity	$ 113,591	$ 117,513

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.91	—
%Net Income to Sales	2.85	—
%Net Income to Equity	4.80	—
Sales to Inventories	10.85	6.27
Debt to Equity	0.02	0.24
Working Capital	$19,461,000	$18,726,000
Current Ratio	1.95	1.92
Shareholders' Equity	$66,208,000	$61,736,000

Trion, Inc.

P.O. Box 760
101 McNeill Road
Sanford, North Carolina 27331
(919) 775-2201

Officers: Hugh E. Carr, president & chief executive officer; William P. Glaser, Daniel H. Kassick, vice presidents; Gary H. Cox, gen. sales mgr.-engineered products; J.M. Grant, managing director-Trion, Ltd.; John M. King, general sales manager-consumer products; Don F. Schreiner, director-planning; Robert L. Strouth, gen. mgr.-Trion Canada, Inc.; Roy G. Stephens, dir. of mfg.; J. Gary Waters, controller; Harold Feder, asst. treas.; Dorothy R. Howell, asst. sec.; Robert H. Petty, director of engineering.

Directors: Hugh E. Carr, Thomas P. Johnson, Seddon Goode, Jr., Grant R. Meyers, Robert K. Wagner, James E. Heins, Samuel J. Wornom, III.

Areas of Work: Engaged in the design, manufacture, and distribution of electrostatic precipitating equipment, primarily used in conjunction with central ventilating systems or as self-contained units to remove particulate matter from circulating air.

Divisions:

Tepco Division
Sanford, North Carolina
Electronic air cleaners.

Subsidiaries:

Trion Ltd. (90% owned)
Brunel Gate, West Portway Industrial Estate
Andover, Hampshire, England

Trion Canada, Inc.
Kitchener, Ontario

Trion GmbH
Koln, West Germany

Transfer Agent(s):

First Union National Bank
Charlotte, North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRON (NASDAQ)

Number of Employees:

1986 397

Plant Footage:

1986 ..... 311,000 sq. ft.

Sales and Earnings

	Revenues	Net Income
1986	$ 30,113,000	$ 2,163,000
1985	25,995,000	1,381,000
1984	20,802,000	1,550,000
1983	20,808,000	2,015,000
1982	18,522,000	1,537,000

	No. of Com. Shares #	Earn. per Share #
1986	3,249,072	$ 0.67
1985	3,233,242	0.43
1984	3,220,659	0.48
1983	3,214,121	0.63
1982	3,194,796	0.48

Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.1075	—	—
1985	0.0975	—	—
1984	0.0875	—	—
1983	0.078	—	2-for-1
1982	0.066	—	3-for-2

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 13,070,000	$ 4.02
1985	11,167,824‡	3.45
1984	9,954,684‡	3.09
1983	8,737,684‡	2.71
1982	7,059,169‡	2.20

‡ After allowing for preferred stock at a redemption value of $7 per share.
† Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 29,927,000	$ 25,856,000
Other income	186,000	139,000
Total income	$ 30,113,000	$ 25,995,000
Cost of sales	18,182,000	16,595,000
Expenses	7,879,000	6,879,000
Income before taxes	$ 4,052,000	$ 2,521,000
Income taxes	1,889,000	1,140,000
Net Income	$ 2,163,000	$ 1,381,000

* Included in Costs and Expenses, Depreciation: $877,000 in 1986 and $719,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & cash equivalents	$ 1,010,000	$ 408,000
Accts. receiv., net	7,293,000	6,227,000
*Inventories	7,330,000	6,097,000
Prepaid expenses & other current assets	417,000	235,000
Current Assets	$ 16,050,000	$ 12,967,000
#Fixed assets	7,340,000	8,139,000
Total Assets	$ 23,390,000	$ 21,106,000

Liabilities

Note payable	$ 300,000	$ 1,351,000
Accts. payable & accruals	3,449,000	2,333,000
Income taxes	513,000	301,000
Curr. Liabilities	$ 4,262,000	$ 3,985,000
Long-term debt	5,000,000	5,000,000
Deferred inc. taxes	1,058,000	882,000
+Preferred stock	—	51,000
++Common stock	1,626,000	1,620,000
Add. paid-in capital	632,000	606,000
Retained earnings	10,915,000	9,105,000
Currency transl. adj.	(103,000)	(143,000)
Total Liabilities & Shareholders' Equity	$ 23,390,000	$ 21,106,000

* At lower of cost (FIFO or LIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value; 5% cumulative.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.54	9.75
%Net Income to Sales	7.23	5.34
%Net Income to Equity	16.55	12.29
Sales to Inventories	4.08	4.24
Debt to Equity	0.38	0.57
Working Capital	$11,788,000	$ 8,982,000
Current Ratio	3.77	3.25
Shareholders' Equity	$13,070,000	$11,239,000

TRW Inc.

1900 Richmond Road
Cleveland, Ohio 44124
(216) 383-2121

Officers: Ruben F. Mettler, chairman of the board & chief exec. officer; J.T. Gorman, president & chief operating officer; Jerry K. Myers, exec. v.p. & chief financial officer; Robert M. Lynas, exec. v.p.-automotive worldwide; Bernard Blankenstein, group v.p.-steering components; Keith K. Dixon, group v.p.-automotive aftermarket; Edsel D. Dunford, exec. v.p. & deputy gen. mgr.-electronics & defense; William G. Evans, group v.p.-energy products; Lester Hill, group v.p.-electronic components; Trevor O. Jones, group v.p.-automotive sales, marketing & planning; Chester O. Macey, group v.p.-engine components; James J. McCluskey, group v.p.-Asia/Pacific; Charles L. Miller, group v.p.-general components; Robert D. Williams, group v.p.-Federal systems; Adolf Mueller, group v.p.-controls & fasteners; Daniel S. Goldin, group v.p.-space & technology; Edward E. Noneman, group v.p.-operations & support; Edwin A. Goldberg, group v.p.-electronic systems; George E. Solomon, exec. v.p.-electronics & defense; Richard D.C. Whilden, group v.p.-information systems; Donald L. Jacobs, group v.p.-defense systems; J.R. Burnett, v.p. & deputy gen. mgr.-electronics & defense; Edward N. Button, v.p.-investments; Martin A. Coyle, v.p., general counsel & secretary; Thomas J. Fay, v.p.-communications; John S. Foster, Jr., v.p.-science & technology; Stanley V. Intihar, v.p.-cost effectiveness; D. Van Skilling, v.p.-planning & development; Howard V. Knicely, v.p.-human relations.

Directors: Ruben F. Mettler, chairman; Jack S. Parker, H. Guyford Stever, W.H. Krome George, E. Bradley Jones, Charles T. Duncan, Martin Feldstein, William F. Kieschnick, William S. Kiser, Joseph T. Gorman, Robin W. Adam, Clifton C. Garvin, Jr.

Areas of Work:

Car & Truck

A range of steering, engine, safety, hydraulic, chassis, electrical, electronic, and other parts for passenger cars, trucks, buses, farm machinery and off-highway vehicles, sold to original equipment manufacturers and a variety of replacement parts distributors.

Products include manual and power rack and pinion steering gears, occupant safety systems, engine valves, hydraulic motors, hydraulic valves and off-highway vehicle steering systems, suspension systems, electronic monitoring and control systems, electromechanical assemblies, stud welding systems, and a service line of cars and trucks accessories, tools and car care products.

Electronics & Space Systems

Electronic components, including large-scale integrated circuits, connectors, motors, semiconductors, inductors, power supplies, and optoelectronic products used in the telecommunications, computer, instrumentation, and automotive industries.

Computer-based and analytical services, including software systems and analytical services for space and defense; and rapid prototyping software systems that allow customers to determine through computer modeling whether a software system will meet their needs before it is designed.

Electronic systems, equipment, and services for defense and space applications, related research and analysis, and software and support services.

Spacecraft, including the design and manufacture of spacecraft and their subsystems and components, for defense, scientific research, and communications.

Information systems and services, including computer-based consumer credit information and real estate credit information.

Other

Pumps, valves, and energy services, including submergible electric pumping systems, solids control equipment, power cables, valves, pumps, pump parts and drilling tools for oil and gas exploration, production, pipeline transmission, and other industrial purposes. These products are distributed directly to end users and through independent distributors.

Divisions and Subsidiaries:

TRW Electronic Components Group
2525 East El Segundo Boulevard
El Segundo, California 90245
(213) 536-0600

Printed Circuit Division
200 South Turnbull Canyon Road
City of Industry, California 91749
(213) 333-1201
Products: Etched circuit boards, single, double-sided and mululayer circuits available with various hardware and heat sinks.

Active Components Division
2525 East El Segundo Blvd.
El Segundo, California 90245
(213) 535-1831
Products: A/D converters, D/A converters, multiplier-accumulators, shift registers and correlators.

Optoelectronics
1201 Tappan Circle
Carrollton, Texas 75006
(214) 242-6571
Products: Light-emitting diodes, photo sensors, optocouplers and assemblies.

RF Devices Division
14520 Aviation Boulevard
Lawndale, California 90260
(213) 536-0888
VHF and UHF microwave power transistors; linear amplifiers; lownoise transistors; power switching transistors; power amplifiers and darlingtons; doubleslug, avalanche, Schottky, and zener diodes.

LSI Products Division
4243 Campus Point Court
San Diego, California 92121
(619) 457-1000
Data converters, arithmetic products, and special processors.

TRW Connective Components
1501 Morse Avenue
Elk Grove Village, Illinois 60007
(312) 981-6010

Connector Division
1501 Morse Avenue
Elk Grove Village, Illinois 60007
(312) 981-6000
Products: Connectors, interconnection systems, IC sockets, relay sockets, and tube sockets, terminal strips, barrier blocks, and crimp terminals.

Cylindrical Connector Division
8821 Science Cents. Drive
New Hope, Minnesota 55428
(612) 537-1010
Aircraft and military cylindrical connectors.

TRW Electro Magnetic Components
380 West Palatine Road
Wheeling, Illinois 60090
(312) 537-1010

TRW Capacitor Division
301 West O Street
Ogallala, Nebraska 69153
(308) 284-3611
Products: Film, metalized film, and tantalum capacitors, molded diodes, rectifiers,and power transistors. Ceramic capacitors, film capacitors, voltage multipliers.

Motor Division
1554 Hayes Drive
Manhattan, Kansas 66502
(913) 776-0721
Products: DC permanent magnet and wound-field hysteresis and induction type motors and other motorized devices, including actuators, pumps blowers and integral gear trains.

Inductive Products Division
380 West Palatine Road
Wheeling, Illinois 60090
(312) 541-0300
Products: Assemblies (AFC-pin cushion circuit, convergence circuit), coils (bobbin, color punty-convergence, IF or IFT, peaking, RF chokes, shielded IF, variable, insert molded), transformers (IF, RF, pin cushion correctors); yokes (color convergence).

TRW Resistive Products Division
401 North Broad Street
Philadelphia, Pennsylvania 19108
(215) 922-8900
Products: Resistors (carbon, metal film, wirewound, fire-proof, flameproof); variable resistors (carbon and wirebound trimmers, rotary selector switches); and connectors (barriers, connectors, plugs and sockets).

TRW Datacom International Inc.

TRW Communications Group
Suite 1812
10880 Wilshire Boulevard
Los Angeles, California 90024
(213) 475-6777

TRW Datacom Inc.
Suite 1812, 10880 Wilshire Boulevard
Los Angeles, California 90024
(213) 475-9861
Worldwide sales and services for data processing, word processing, and communications equipment.

TRW Customer Service Division
15 Law Drive
Fairfield, New Jersey 07006
(201) 575-7110
Maintenance service for electronic equipment.

TRW Vidar Division
77 Ortega Avenue
Mountain View, California 94040
(415) 961-1000
Transmission systems for voice and data applications. Switching systems for telephone accounting management and control; digital switching systems for local and toll telephone switching offices.

TRW Systems & Energy:

TRW Defense Systems Group
One Space Park
Redondo Beach, California 90278
(213) 536-1776

TRW Space & Technology Group
One Space Park
Redondo Beach, California 90278
(213) 535-3478

Applied Technology Division
One Space Park
Redondo Beach, California 90278
(213) 535-3478
Electro-optical and instrument systems, propulsion subsystems, high-energy lasers and laser technology, advanced payloads technology, and research in the physical sciences.

Defense Projects Division
One Space Park 92-2385
Redondo Beach, California 90278
(213) 535-4567
Management of special projects.

Program Management Division
One Space Park R5-2090
Redondo Beach, California 90278
(212) 535-1302
Management of major space systems programs and projects: new business development in space systems area including special projects, manned space systems, science and applications satellite systems, and communication satellite systems.

Spacecraft Engineering Division
One Space Park R4-2198
Redondo Beach, California 90278
(213) 535-2991
Engineering of spacecraft equipment and subsystems including structural, thermal, electric power, command and control, attitude control, and spacecraft electromechanical and attitude sensor subsystems.

Test & Field Operations Division
One Space park R4-2998

Redondo Beach, California 90278
(213) 535-2563
Spacecraft assembly and test, system test planning, ground support systems design and development, environmental test facilities, and launch and orbital operations.

TRW Electronic Systems Group
One Space Park
Redondo Beach, California 90278
(213) 536-2421

TRW Electronic Products, Inc.
3600 N. Nevada Avenue
Colorado Springs, Colorado 80907
(303) 475-0660
Digital and RF communications systems, multiplexers, signal processors, receivers, transmitters, and ac/dc converters for military application.

Military Electronics Division
One Space Park
Redondo Beach, California 90278
(213) 536-1187
Military communications and electronic warfare systems and subsystems for avionic, ground and shipborn applications.

Space Communication Division
One Space Park
Redondo Beach, California 90278
(213) 536-1306
Spacecraft electronics and communications systems, subsystems, and components.

TRW Energy Development Group
One Space Park
Redondo Beach, California 90278
(213) 53[illegible]

Energy Technology Division
One Space Park
Redondo Beach, California 90278
(213) 535-1680
Research and development in fossil, chemical and nuclear energy technologies and energy systems engineering. General chemical technology support services.

Major Programs Division
One Space Park
Redondo Beach, California 90278
(213) 536-3725
Coalbed Methane production, Heavy Oil and tar sands recovery, combustion systems and applied research.

TRW Microwave Products Inc.
825 Stewart Drive
Sunnyvale, California 94086
(408) 732-0880
Solid state microwave components for military and commercial communications and avionics.

Spacecraft Engineering Division
One Space Park
Redondo Beach, California 90278
(213) 535-2991
Spacecraft design fabrication, integration, test and launch activities. Systems engineering of communication and scientific spacecraft systems including ground stations.

ESL Incorporated
495 Java Drive
Sunnyvale, California 94086
(408) 743-6171
Design and development of data systems for communications and defense applications.

TRW Ballistic Missiles Division
P.O. Box 1310
San Bernardino, California 92402
(714) 382-5175
Minuteman and MX Programs.

Software & Information Systems Division
One Space Park
Redondo Beach, California 90278
(213) 536-3525
Systems for mission data processing, mission planning and control, and for electronic information systems.

Systems Engineering & Applications Division
7600 Colshire Drive
McLean, Virginia 22102
(703) 734-6200
Systems engineering and technical support services in the fields of antisubmarine warfare; undersea surveillance; command, control, and communications; and logistics.

Systems Engineering & Development Division
One Space Park
Redondo Beach, California 90278
(213) 217-3003
Systems for tactical data fusion; command, control and communications; avionics; and laser applications; and for hardness and survivability engineering, high energy electronic and mechanical design, and ground systems engineering.

TRW Equipment Group
23555 Euclid Avenue
Cleveland, Ohio 44117
(216) 383-2121

Compressor Components
23555 Euclid Avenue
Cleveland, Ohio 44117
(216) 692-5200
Forging and machining jet engine compressor components, steam turbine blading and heavy-duty gas turbine blading.

Turbine Airfoils
1400 North Cameron Street
Harrisburg, Pennsylvania 17105
(717) 255-3400
Forging and machining turbine blades and vanes for aircraft engines, stationary gas and steam turbine engines, industrial power and marine engines. Refurbishment of aircraft and land based turbine engine components. Precision investment castings for use in aircraft engines and airframes, gas and steam turbines, industrial, marine and vehicular turbines, and high performance super-alloys for operation in corrosive or extreme temperature environments. Ceramic materials and preformed ceramic cores for investment casting industry; quartz crucibles and quartz rods and tubes. New investment casting process development.

TRW Power Accessories
23555 Euclid Avenue
Cleveland, Ohio 44117
(216) 692-5300
Design, development, manufacture, assembly and test of aircraft and engine fuelpumps, accessories, underwater propulsion systems, control rod drive mechanisms and structural components for nuclear reactors.

TRW Materials & Manufacturing
23555 Euclid Avenue
Cleveland, Ohio 44117
(216) 383-3147
Research, development and engineering in materials, products and processes. Metallurgical and chemical services.

Castings Division
P.O. Box 250
3860 Union Avenue, S.E.
Minerva, Ohio 44657
(216) 868-6441
Precision investment castings for gas turbine aircraft engines, gas turbine, industrial and marine vehicular turbines, and high-performance superalloys for operation in corrosive and extreme temperature environments.

Ceramics Division
23555 Euclid Avenue
Cleveland, Ohio 44117
(216) 692-5400
Ceramic materials and preformed ceramic cores for investment castings serving the aircraft industry; electronic-grade quartz crucibles, quartz rods and quartz tubes for high-alloy investment casting industry, final finishing of ceramic cores.

Hartzell Propeller Products
1800 Covington Avenue
Piqua, Ohio 45356
(513) 778-4210
Design, development and manufacture of aircraft propeller assemblies, propeller governors and tachometers.

TRW Industrial & Replacement:

TRW Energy Products Group
30050 Chagrin Boulevard
Cleveland, Ohio 44124
(216) 292-1100

Brandt Solids Control Division
P.O. Box 22368
3100 Weslayan, Suite 400
Houston, Texas 77227
A complete line of solids control equipment for the petroleum drilling industry. Applications include the cleaning of drilling fluids and gas separation for both on shore and offshore use.

Oilwell Cable Division
P.O. Box 945
2400 Packer Road
Lawrence, Kansas 66044
(913) 841-5610
Electric cable for powering submergible oil pumps.

TRW Subsea Petroleum Systems Inc.
3673 West Center Drive
Houston, Texas 77042
(713) 978-6666
Engineering and manufacture of hydraulic and electrohydraulic control systems for subsea oil production and drilling operations. System engineering, integration, and analysis for subsea production completion.

TRW Pleuger
A Division of TRW
P.O. Box 989
Statesville, North Carolina 28677
(800) 872-2468
Multistage submersible pumps with directly-coupled water lubricated motors for municipal, industrial and agricultural water supply; large capacity axial flow pumps for water level control system, flood control, dewatering applications and power plants; maneuvering equipment for ships and thruster equipment for dynamic positioning of ships. Submersible motors for marine technology applications.

Mission Drilling Products Division
P.O. Box 40420
Houston, Texas 77240
(713) 460-6200
Provides products and services for the oil/gas exploration and production market.

Reda Pump Co.
P.O. Box 1181
Fourth and Dewey
Bartlesville, Oklahoma 74005
(918) 661-2000
A complete line of submergible electrically driven, multistage centrifugal pumps.

United-Carr Division of TRW Canada Limited
455 Arvin Avenue
Stoney Creek, Ontario, Canada L8G 3Y4
(416) 664-4401
Relays, timing devices, electromechanical assemblies, combination locks, deep draw metal parts and stampings.

TRW Information Services
505 City Parkway West
Orange, California 92668
(714) 937-2000

TRW Information Services
505 City Parkway West
Orange, California 92668
(714) 937-2000
Provides consumer and commercial credit reporting services on a nationwide basis to credit-granting organizations. Markets a broad range of information services to the real estate and financial industries.

HW Systems
16134 Hart Street
Van Nuys, California 91406
(213) 988-1830

Computerized on-line access to title, tax, and real property information to title companies and lending institutions.

TRW Operations & Support Group
One Space Park
Redondo Beach, California 90278
(213) 535-1655

Administrative Services Division
One Space Park
Redondo Beach, California 90278
(213) 536-1035
Facilities management; administrative operations; material procurement and management; and security, safety, and health management services.

Financial & Data Services Division
One Space Park
Redondo Beach, California 90278
(213) 535-0498
Management systems, information processing, accounting services and financial planning activities.

Manufacturing Division
One Space Park
Redondo Beach, California 90278
(231) 535-6460
Mechanical and electronic manufacturing activities for Defense Systems Group, Electronic Systems Group, Space & Technology Group, and Energy Development Group.

Threading Tools Division
Sanderson Street
Greenfield, Massachusetts 01301
(413) 773-3611

Greenfield Plant
Sanderson Street
Greenfield, Massachusetts 01301
(413) 773-3611
Greenfield brand high-speed and carbon taps and dies and precision gauges.

New Haven Plant
Blake and Valley Streets
New Haven, Connecticut 06515
(203) 387-2525
Geometric thread-cutting die heads, collapsible and solid adjustable taps, chasers, thread rolling heads, and annular dies.

TRW Industrial Products Group
30050 Chagrin Boulevard
Cleveland, Ohio 44124
(216) 292-1100

Bearings Division
402 Chandler Street
Jamestown, New York 14701
(716) 661-2600
MRC brand ball bearings, roller bearings and specialty steel balls for passenger cars, trucks, tractors, off-the-road machinery, power transmission machinery, office machines, computers, machine tools, electric motors, jet engines, nuclear power and other industrial applications.

Carbide Division
P.O. Box 9
205 North 13th Street
Rogers, Arkansas 72756
(501) 636-1515

Bentonville Plant
P.O. Box 488
1602 East Central
Bentonville, Arkansas 72712
(501) 636-1515
Wendt-Sonis brand carbide-tipped and solid carbide drills, reamers, end mills, milling cutters.

Rogers Plant
P.O. Box 9
205 North 13th Street
Rogers, Arkansas 72756
(501) 636-1515
Wendt-Sonis brand carbide inserts and blanks, tool holders, wear parts, mining compacts, and basic carbide powders.

Drill & End Mill Division
P.O. Box 2587
Augusta, Georgia 30913
(404) 863-7708

Augusta Plant
P.O. Box 2587
470 Old Evans Road
Augusta, Georgia 30913
(404) 863-7708
Chicago-Latrobe brand and private label high speed drills, reamers and countersinks. Putnam brand high-speed end mills.

Clemson Plant
P.O. Box 872
Clemson, South Carolina 29631
(803) 654-4922
Chicago-Latrobe brand and private label high-speed drills.

Detroit Plant
2981 Charlevoix Avenue
Detroit, Michigan 48207
(313) 579-2219
Putnam brand high-speed end mills.

Hand Tools Division
400 Vulcan Street
Buffalo, New York 14207
(716) 875-3200

Buffalo Plant
400 Vulcan Street
Buffalo, New York 14207
(716) 875-3200
Williams brand wrenches, sockets and accessories, c-clamps, hoist hooks, eye bolts, machine shop tools, commercial forgings and extrusions.

Columbus Plant
6969 Jamesson Road
Columbus, Georgia 31904
(404) 563-9590
Williams brand socket wrenches, accessory drive tools and cold steel extrusions.

Vulcan Tools
2300 Kenmore Avenue
Buffalo, New York 14207
(716) 873-5150
Mobil dealer sales of 3,000 items used in automotive aircraft, marine service and related fields, including Vulcan brand wrenches and hand tools, electric and pneumatic power tools, wheel aligning equipment, battery chargers, tune-up equipment and similar items.

TRW Automotive Aftermarket Group
30000 Aurora Road
Solon, Ohio 44139
(216) 292-8813

Niehoff Automotive Products Division
4925 W. Lawrence Avenue
Chicago, Illinois 60630
(312) 283-3400
Automotive ignition wire and cable and brake parts for the replacement markets. Heavy-duty brushless alternators for original equipment and replacement markets.

Replacement Parts Division
8001 East Pleasant Valley Road
Cleveland, Ohio 44131
(216) 447-1879
National distribution of TRW automotive replacement parts for passenger cars, heavy and light trucks and industrial applications. Sales through warehouse distributors and jobbers, mass merchandisers, private brand accounts, and specialty outlets, including railroad, gas and oil transmission industries.

TRW Chassis Components Group
30000 Aurora Road
Solon, Ohio 44139
(216) 292-8807

Steering & Suspension Division
34201 Van Dyke Avenue
Sterling Heights, Michigan 48077
(313) 977-1000
Steering linkage, suspension ball joints and assemblies, manual and power rack and pinion steering gears.

TRW Engine Components Group
30000 Aurora Road
Solon, Ohio 44139
(216) 292-8804

Ramsey Corporation
1233 Manchester Road
Manchester, Missouri 63011
(314) 394-3700
Piston rings and industrial retaining rings.

Valve Division
1455 East 185th Street
Cleveland, Ohio 44110
(216) 383-2121
Engine valves, valve seat inserts, valve retainers, valve retainer locks, valve rotating mechanisms, and forged pistons.

Acquisition(s):

Teknekron Financial Systems, Inc.
Provides information processing systems and consulting services, records management systems, and systems for handling checks, credit card drafts and payments, and automated bank teller transactions.

Transfer Agent(s):

TRW Inc.
Cleveland, Ohio

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, London, Frankfurt.

Ticker Symbol: TRW

Number of Employees:

1986	78,556	1983	88,374
1985	93,186	1982	85,099
1984	93,524		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 6,036,000	$ 217,700
1985	5,917,000	(7,088)
1984	5,369,000	266,842
1983	4,840,000	205,160
1982	4,451,000	196,260

	No. of Com. Shares	Earn. per Share #
1986	29,457,000	$ 7.25
1985	29,029,000	—
1984	36,812,000	7.14
1983	36,360,000	5.53
1982	35,330,000	5.49

\+ Of continuing operations only.
\# Based on the weighted average number of common shares and common share equivalents.

Revenues By Line of Business
(000's)

	1986	1985
Car & truck:		
Orig. equip.	$ 1,933,400	$ 1,693,000
Replacement equip.	432,400	454,000
Electronics & space systems:		
Computer-based & analytical serv.	891,900	906,000
Electronic systems, equip. & serv.	981,200	877,000
Spacecraft	798,700	765,000
Electronic components	305,000	458,000
Information syst. & service	421,200	338,000
Other	272,100	426,000
Total	$ 6,035,900	$ 5,917,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$3.05	—	—
1985	3.00	—	—
1984	2.85	—	—
1983	2.65	—	—
1982	2.55	—	—

Common Stock Equity

	Total Equity † (000's)	Equity Per Share
1986	$1,173,900,000	$ 39.85
1985	985,915,000	33.96
1984	1,721,871,000	46.79
1983	1,573,367,000	43.28
1982	1,459,000,000	41.28

† After allowing for serial preference stock II at aggregate involuntary liquidation price.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 6,035,900	$ 5,917,243
Cost of sales	4,678,200	4,585,954
Expenses	952,690	928,257
Interest expense	96,300	76,687
Other expense (income)	(61,100)	91,140
Income before taxes	$ 369,900	$ 235,205
Income taxes	152,200	101,476
Inc. - cont. oper.	$ 217,700	$ 133,729
Loss discont. oper.	—	(140,817)
Net Income (Loss)	$ 217,700	$ (7,088)

* Included in Costs and Expenses, Depreciation: $259,800,000 in 1986 and $227,319,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & market. secur.	$ 84,900	$ 63,874
Accts. receiv., net	998,500	851,066
*Inventories	513,400	518,904
Prepaid expenses	43,200	35,068
Deferred inc. taxes	108,900	214,977
Current assets	$ 1,748,900	$ 1,683,889
#Fixed assets	1,637,000	1,446,200
Other assets	222,500	215,651
Intangibles	300,900	205,661
Assets of discont. oper.	—	184,017
Total Assets	$ 3,909,300	$ 3,735,418

Liabilities
(000's)

Short-term debt	$ 335,900	$ 501,756
Long-term debt, curr.	19,400	30,661
Accts. payable	335,400	293,737
Accruals	632,700	548,187
Income taxes	28,300	14,987
Curr. Liabilities	$ 1,351,700	$ 1,429,328
Long-term liab.	127,000	77,100
Long-term debt	786,100	697,964
Minority interest	9,600	8,330
Deferred inc. taxes	437,000	507,781
+ Serial preference II	1,100	1,341
+ + Common stock	36,800	36,286
Add. paid-in capital	170,800	155,334
Retained earnings	1,054,800	930,080
Cumulative trans. adjust.	1,200	(43,793)
Treasury stock	(66,800)	(64,333)
Total Liabilities & Shareholders' Equity	$ 3,909,300	$ 3,735,418

* At lower of cost or market domestic inventories at LIFO; remainder at FIFO).
# Less accumulated depreciation.
+ $2.75 stated value.
+ + $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.13	—
%Net Income to Sales	3.61	—
%Net Income to Equity	18.17	—
Sales to Inventories	11.76	11.40
Debt to Equity	0.95	1.21
Working Capital	$397,200,000	$ 254,561,000
Current Ratio	1.29	1.18
Shareholders' Equity	$1,197,900,000	$1,014,915,000

Tyco Laboratories, Inc.

Tyco Park
Exeter, New Hampshire 03833
(603) 778-7331

Officers: John F. Fort, chairman of the board, president & chief exec. officer; Joshua M. Berman, secretary; Irving Gutin, v.p.; Richard D. Power, v.p.-finance & chief financial officer; James T. Gard, v.p.-operations; William A. Hartley, v.p.-tax counsel.

Directors: John F. Fort, Joshua M. Berman, Philip M. Hampton, Robert A. G. Monks, Stephen W. Foss, Richard B. Nichols, W. C. Westmoreland.

Areas of Work: Manufactures fire protection systems, precision printed circuit boards in two-sided and multilayer configurations for computers and telecommunications; press fit backplane board and connectors; underwater communications and power cable; vacuum metalized plastic films; polyethylene film and plastic products; deep-drawn metal parts for writing instruments.

Divisions and Subsidiaries:

Fire Protection & Safety

Grinnell Fire Protection Systems Co., Inc.
10 Dorrance Street
Providence, Rhode Island 02903
(401) 456-5600

Electronic & Electrical Components Group

Atlantic Coast Electronics Division
2681 Northeast 4th Avenue
Pompano Beach, Florida 33064
(305) 943-7300

Atlantic Backplane Co.
Fort Lauderdale, Florida

Tyco Backplane Company
Stafford, Connecticut

Saphikon Division
51 Powers Street
Milford, New Hampshire
(603) 673-5831

Tyco Printed Circuit Group
Stafford, Connecticut

North American Printed Circuit Division
Stafford, Connecticut

Simplex Wire and Cable Company
P.O. Box 479
Portsmouth, New Hampshire
(603) 436-6100

Piedmont Circuits Division
P.O. Box 905
Creedmoor, North Carolina 27522
(919) 528-2525

Packaging & Consumer Materials

Accurate Forming Division
Walkill Road
P.O. Box 278
Hamburg, New Jersey 07419
(201) 827-7155

Armin Corporation
301 West Side Avenue
Jersey City, New Jersey 07305
(201) 432-8032

Ludlow Corporation
105 Rosemary Street
Needham Heights, Massachusetts
(617) 444-4900

Acquisition(s):

Hersey Products Inc.
Manufactures meters, valves, gauges and related products used to measure and control fluids.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): New York

Ticker Symbol: TYC

Number of Employees:

1986	10,000	1983	7,135
1985	7,000	1982	7,470
1984	7,141		

Plant Footage:

1986	8,023,000 sq. ft.	1983	3,794,000
1985	3,643,000	1982	3,974,000
1984	4,048,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 796,351,000	$ 37,500,000
1985	673,932,000	35,105,000
1984	650,064,000	30,095,000
1983	573,930,000	21,475,000
1982	552,160,000	23,200,000

	No. of Com. Shares +	Earn. per Share # †
1986	18,255,394	$ 2.17
1985	19,240,794	1.87
1984	20,494,622	1.61
1983	18,120,816	1.24
1982	17,528,256	1.28

† Including extraordinary gain of $2,284,000 (0.14 per share) in 1986.
+ Adjusted to reflect stock splits.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Fire protection & safety	$ 380,694,000	$ 211,278,000
Electronics & electrical	131,324,000	164,491,000
Consumer materials & electronic products	284,333,000	298,163,000
Total	$ 796,351,000	$ 673,932,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.40	—	2-for-1
1985	0.3875	—	—
1984	0.35	—	—
1983	0.35	—	—
1982	0.35	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 210,303,000	$ 11.52
1985	192,540,000	10.01
1984	184,583,000	9.01
1983	156,672,000	8.65
1982	136,859,000	7.81

+ Adjusted to reflect stock splits.

Tyco Laboratories, Inc.

Income Account *

Year ended May 31	1986	1985
Net sales	$ 796,351,000	$ 673,932,000
Other income	8,119,000	4,568,000
Total income	$ 804,470,000	$ 678,500,000
Cost of sales	627,078,000	525,935,000
Expenses	106,881,000	89,142,000
Interest expense	7,418,000	2,797,000
Income before taxes	$ 63,093,000	$ 60,626,000
Income taxes	27,877,000	25,521,000
Net Income	$ 35,216,000	$ 35,105,000
Extraord. gain	2,284,000	—
Net Income & Extraord. gain	$ 37,500,000	$ 35,105,000

* Included in Costs and Expenses, Depreciation and Amortization: $24,638,000 in 1986 and $20,997,000 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 700,000	$ 5,131,000
Investments	523,000	22,197,000
Receiv., net	175,255,000	96,020,000
Insurance claim receiv.	8,363,000	9,766,000
Contracts in process	14,353,000	9,894,000
*Inventories	184,153,000	67,076,000
Prepaid expenses	4,188,000	2,395,000
Current Assets	$ 387,535,000	$ 212,479,000
#Fixed assets	185,286,000	117,649,000
Intangibles	8,601,000	7,943,000
Other assets	10,486,000	7,603,000
Total Assets	$ 591,908,000	$ 345,674,000

Liabilities

Loans payable	$ 2,251,000	$ 1,630,000
Accts. payable	63,365,000	36,585,000
Accruals	71,217,000	37,597,000
Contracts in process	5,624,000	5,694,000
Income taxes	10,571,000	11,489,000
Deferred income taxes	9,943,000	13,374,000
Other liab.	3,826,000	9,167,000
Curr. Liabilities	$ 166,797,000	$ 115,536,000
Long-term debt:		
Loans payable	33,930,000	—
Deferred earn-out liability	125,000,000	—
Industrial rev. bonds	25,072,000	15,798,000
Deferred inc. taxes	30,806,000	21,800,000
+Common stock	9,128,000	4,810,000
Add. paid-in capital	5,454,000	22,189,000
Retained earnings	195,721,000	165,541,000
Total Liabilities & Shareholders' Equity	$ 591,908,000	$ 345,674,000

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.92	9.00
%Net Income to Sales	4.42	5.21
%Net Income to Equity	16.75	18.23
Sales to Inventories	4.32	10.05
Debt to Equity	0.89	0.09
Working Capital	$220,738,000	$ 96,943,000
Current Ratio	2.32	1.84
Shareholders' Equity	$210,303,000	$192,540,000

Tylan Corporation

23301 South Wilmington Avenue
Carson, California 90745
(213) 518-3610

Officers: Charles F. Drexel, chairman of the board; Kenneth C. Cleveland, president & chief exec. officer; William E. Standring, Jr., exec. v.p. & secretary; Klaus K. Schuegraf, v.p. & director of technology; John L. Olson, v.p-finance.

Directors: Charles F. Drexel, chairman; William E. Standring, Jr., Roy J. Brown, Edward F. Phillippi, Jr., Roy L. Rogers, John D. Hussey, Richard Campbell, William F. Kieschnick.

Business Activities: The company manufactures production equipment used in the semiconductor industry for processing silicon wafers. Products include microprocessor control systems which provide diverse control functions for several diffusion furnaces from a central location, mass flowmeters, gas blenders, as well as complete diffusion furnaces.

Subsidiaries:

Microsensor Technology, Inc.
Designs and manufactures proprietary gas chromatographs and gas detection instrumentation.

Tylan GmbH
Munich, West Germany

Tylan S.A.R.L.
Lyon, France

Tylan, U.K. Ltd.
Swindon, United Kingdom

Tylan, Israel
Hud-Hasharon, Israel

Joint Venture:

Nippon Tylan Corporation
Tokyo, Japan

Transfer Agent(s):

Bank of America NT & SA
Corporate Agency Services Center
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TYLN (NASDAQ)

Number of Employees:

1986	250	1983	325
1985	280	1982	285
1984	N.A.		

N.A. - Not Available.

Plant Footage:

1986 . . . . . 117,000 sq. ft.

Sales and Earnings

	Net Sales	Net Income
1986	$ 28,405,000	$ (9,458,000)
1985	33,185,000	2,224,000
1984	23,780,000	1,150,000
1983	18,511,000	812,000
1982	18,214,000	1,019,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,049,000	$ —
1985	2,053,000	1.08
1984	2,053,000	0.56
1983	2,047,000	0.40
1982	2,010,000	0.51

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 7,638,000	$ 3.73
1985	15,269,000	7.44
1984	12,987,000	6.33
1983	11,685,000	5.71
1982	10,987,000	5.47

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 28,405,000	$ 33,185,000
Cost of sales	23,306,000	19,468,000
Expenses	11,588,000	10,971,000
Interest expense	934,000	983,000
Other income	(873,000)	(407,000)
Non-recurring item	4,800,000	—
Income (loss) bef. taxes	$ (11,350,000)	$ 2,170,000
Income taxes (credit)	(1,910,000)	752,000
Eq. in loss (inc.) of joint venture	18,000	(806,000)
Net Income (Loss)	$ (9,458,000)	$ 2,224,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,099,000 in 1986 and $763,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 558,000	$ 414,000
Accts. rec., net	6,561,000	8,123,000
Income taxes receiv.	638,000	—
*Inventories	7,467,000	12,783,000
Prepaid expenses	510,000	251,000
Current Assets	$ 15,734,000	$ 21,571,000
#Fixed assets	5,396,000	5,505,000
Invest. in joint venture	3,996,000	2,713,000
Other assets	427,000	893,000
Total Assets	$ 25,553,000	$ 30,682,000

Liabilities

Revolv. line of credit	$ 7,995,000	$ 2,541,000
Long-term debt, curr.	532,000	380,000
Accts. payable	2,574,000	1,962,000
Accrued payroll	4,601,000	2,284,000
Income taxes	50,000	629,000
Curr. Liabilities	$ 15,752,000	$ 7,796,000
Long-term debt	2,163,000	6,866,000
Deferred inc. taxes	—	751,000
+Common stock	4,040,000	3,974,000
Retained earnings	2,157,000	11,615,000
Cum. trans. adj.	1,441,000	(320,000)
Total Liabilities & Shareholders' Equity	$ 25,553,000	$ 30,682,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	8.97
%Net Income to Sales	—	6.70
%Net Income to Equity	—	14.57
Sales to Inventories	3.80	2.60
Debt to Equity	0.35	0.47
Working Capital	—	$13,775,000
Current Ratio	—	2.77
Shareholders' Equity	$7,638,000	$15,269,000

UMC Electronics Co.

(Operating under Chapter 11 of the U.S. Bankruptcy Code)

460 Sackett Point Road
North Haven, Connecticut 06473
(203) 288-7731

Officers: E. William Bishop, chairman, president & chief exec. officer; William P. Peterson, treasurer & chief financial officer.

Directors: Ogden W. Sutro, Chester A. Barrett, James P. Rybeck, E. William Bishop, David W. Wallace.

Areas of Work: Engaged in the manufacture, assembly, and distribution of electrical and hydraulic aircraft and vehicular testing equipment, cartridge tape equipment, and a variety of pressure, flow, dust and liquid level sensing devices.

Divisions:

United Division
Components Division
460 Sackett Point Road
North Haven, Connecticut 06473
(203) 288-7731

Subsidiary:

Precision Sensors, Inc.
Milford, Connecticut

Transfer Agent(s):

Union Trust Co.
300 Main Street
Stamford, Connecticut 06904

Stock Exchange(s): Over-the-Counter

Number of Employees:

1986 ..... N.A. 1985 73

Plant Footage:

1986 ..... 47,000 sq. ft. 1985 47,000

N.A. - Not Available.

Sales and Earnings †

	Revenues	Net Income
1986	$ 3,904,616	$ (947,170)
1985	6,658,771	(4,024,242)
1984	4,928,121	(1,654,161)
1983	5,799,109	(296,125)
1982	11,511,517	438,313

	No. of Com. Shares +	Earn. per Share +
1986	1,187,385	$ —
1985	1,187,385	—
1984	1,187,234	—
1983	1,170,792	—
1982	1,124,033	0.39

(Loss)
† Restated to reflect change in method of accounting for long-term contracts from the cost-to-cost basis to the units-of-delivery basis.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business

	1986	1985
Testing equipment	$ 4,808,396	$ 2,688,691
Components prods.	3,096,220	3,970,080
Total	$ 3,904,616	$ 6,658,771

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	10%	—
1982	—	—	5-for-4

Common Stock Equity ‡

	Total Equity	Equity Per Share †
1986	$ (4,639,114)	$ —
1985	(3,691,944)	—
1984	332,298	0.28
1983	2,056,431	1.78

(Deficiency)
‡ Restated.
† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Income Account *

Year ended Sept. 30	1986	1985 ‡
Net revenues	$ 3,904,616	$ 6,658,771
Cost of revenues	2,747,381	6,146,181
Expenses	1,648,586	2,324,607
Research & development	97,680	77,303
Loss on term. contracts		
Loss on dispos. - discont. oper.	—	765,828
	—	997,483
Interest expense	365,592	368,669
Other expense (income)	(7,453)	2,942
Net Loss	$ (947,170)	$ (4,024,242)

* Included in Costs and Expenses, Depreciation and Amortization: $139,462 in 1986 and $218,256 in 1985.
‡ Restated.

Assets

As of Sept. 30	1986	1985 ‡
Cash	$ 92,744	$ 49,673
Accts. receiv., net	525,413	849,041
*Inventories	1,080,532	747,421
Prepaid expenses	48,582	87,153
Current Assets	$ 1,747,271	$ 1,733,288
Assets of discont. oper.	—	410,000
#Fixed assets	741,808	693,193
Other assets	126,466	48,019
Total Assets	$ 2,615,545	$ 2,884,500

Liabilities

Long-term debt, curr.	$ 394,547	$ 3,146,915
Accts. payable	2,236,431	1,280,679
Accruals & taxes	648,584	370,569
Advances on contracts	757,632	144,192
U.S. progress payments	—	1,371,257
Curr. Liabilities	$ 4,037,194	$ 6,313,612
Long-term liabilities	3,217,465	262,832
+Common stock	949,909	949,909
Add. paid-in capital	1,620,975	1,620,975
Retained earnings (deficit)	(6,952,855)	(6,005,685)
Emp. stock owner. plan	(257,143)	(257,143)
Total Liabilities & Shareholders' Equity	$ 2,615,545	$ 2,884,500

‡ Restated.
* At cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

UNC Incorporated

175 Admiral Cochrane Drive
Annapolis, Maryland 21401-7394
(301) 266-7333

Officers: Walter S. Holmes, Jr., chairman; Dan A. Colussy, president & chief exec. officer; Robert J. Waugh, exec. v.p. & chief operating officer; G. Vern Diedrick, exec. v.p. & chief financial officer; John A. Hollansworth, sr. v.p. & asst. to president; Bernard M. Kostelnik, sr. v.p.-law & administration; Thomas M. Brandt, Jr., v.p. & controller; Gerald R. Cioci, v.p. & treasurer; Paul X. McLain, v.p.-financial controls; Ronald L. Messenheimer, v.p.; William R. Yeo, v.p.-human resources.

Directors: Walter S. Holmes, Jr., chairman; Frederick Alex Allan, D. Allan Bromley, John K. Castle, Dan A. Colussy, H. Justin Davidson, William C. Hittinger, Jack H. Vollbrecht.

Areas of Work: Operates through three business segments: Aerospace/Aviation provides precision fabrication of jet engine and aircraft components, turbine engine overhaul services, pilot training for U.S. Armed Services and line maintenance and operational support for military training aircraft. The Telecommunications segment provides a wide range of international and domestic telecommunication services including telex and data switching, high speed data transmission, leased channel which includes data, voice and facsimile message telegrams, switched voice, direct satellite access and marine radio telex and telegraph. The Defense segment provides production and fabrication of major components for reactor propulsion units used in naval submarines and surface vessels, operation of a government owned reactor and engineering, environmental reclamation and remedial action services.

Divisions and Subsidiaries:

Aerospace/Aviation

UNC Aerospace
Norwich, Connecticut
(203) 848-1511

Airwork Corporation
Millville, New Jersey
(609) 825-6000

Pacific Airmotive Corporation
Burbank, California
(818) 842-5171

Aircraft Turbine Service
Bayshore, New York
(516) 242-4330

Burnside-Ott Aviation Corporation
Pensacola, Florida
(904) 477-7360

Telecommunications

TRT Communications, Inc.
Washington, D.C.
(202) 879-2200

Defense

UNC Naval Products
Uncasville, Connecticut
(203) 848-1511

UNC Geotech
Grand Junction, Colorado
(303) 242-8621

UNC Nuclear Industries, Inc.
Richland, Washington
(509) 376-7411

Transfer Agent(s):

Manufacturers Hanover Trust Co.
Securities Holder Relations Dept.
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: UNC

Number of Employees:

1986 ..... 6,295 1983 4,350
1985 ..... 6,175 1982 4,350
1984 4,300

Plant Footage:

1986 ..... 950,070 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 572,065,000	$ 17,889,000
1985	352,927,000	17,698,000
1984	278,845,000	(122,238,000)
1983	243,232,000	(12,987,000)
1982	243,108,000	(14,075,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	17,545,000	$ 0.97
1985	21,926,000	0.81
1984	17,638,000	—

1983 . . .	13,030,000	—
19[illegible] . . .	11,275,000	—

(Los.
+ Of continuing operations only.
† Including extraordinary gains of $7,375,000 ($0.40 per share) in 1986, $8,428,000 ($0.38 per share) in 1985 and $1,044,000 in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Aerospace/Aviation	$ 138,786,000	$ 28,849,000
Telecommunications	131,974,000	33,537,000
Defense	301,305,000	290,318,000
Other	—	223,000
Total	$ 572,065,000	$ 352,927,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 97,675,000	$ 5.57
1985	154,433,000	7.04
1984	137,325,000	7.79
1983	158,707,000	12.18
1982	158,008,000	14.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales & oper. revenues	$ 572,065	$ 352,927
Cost of sales	434,797	301,215
Payments to telecomm. carriers	53,361	14,187
Expenses	52,372	27,606
Interest expense	13,223	6,518
Interest income	(1,624)	(8,424)
Other expense (income)	614	(1,497)
Income before taxes	$ 19,322	$ 13,322
Income taxes	9,889	6,889
Income from cont. oper.	$ 9,433	$ 6,433
Income from discont. oper.	1,081	2,837
Net Income	$ 10,514	$ 9,270
Extraord. gain	7,375	8,428
Net Income & extraord. gain	$ 17,889	$ 17,698

* Included in Costs and Expenses, Depreciation and Amortization: $15,819,000 in 1986 and $5,288,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 11,496	$ 27,141
Accts. receiv., net	94,418	112,774
Costs in exc. of billings	29,645	16,884
*Inventories	45,990	36,579
Other curr. assets	8,273	9,801
Current Assets	$ 189,822	$ 203,179
Net assets of discont. oper.	13,017	14,954
#Fixed assets	138,390	129,737
Costs in exc. of assets of acq. cos.	45,123	31,603
Other assets	22,611	10,832
Total Assets	$ 408,963	$ 390,305

Liabilities
(000's)

Long-term debt, curr.	$ 1,732	$ 898
Accts. payable	64,109	54,494
Accruals & other curr. liab.	52,384	42,982
Income taxes	539	2,994
Curr. Liabilities	$ 118,764	$ 101,368
Long-term debt	137,373	78,893
Minority interest	762	785
Deferred inc. taxes	6,075	4,704
Other liabilities	48,314	50,122
+Common stock	3,494	4,415
Add. paid-in capital	144,997	198,176
Retained earnings (deficit)	(25,816)	(43,705)
Treasury stock	(25,000)	(4,453)
Total Liabilities & Shareholders' Equity	$ 408,963	$ 390,305

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Net Income to Equity	10.76	6.00
Sales to Inventories	12.44	9.65
Debt to Equity	1.42	0.52
Working Capital	$71,058,000	$101,811,000
Current Ratio	1.60	2.00
Shareholders' Equity	$97,675,000	$154,433,000

The Union Corporation

50 Washington Street
South Norwalk, Connecticut 06854
(203) 866-1099

Officers: Melvin L. Cooper, chairman & chief exec. officer; Robert H. Sabel, vice chairman; Michael Strauss, exec. v.p.; Charles E. Atwood, II, v.p.-finance, treasurer & secretary.

Directors: Melvin L. Cooper, chairman; Robert H. Sabel, Michael Strauss, John E. Angle, Robert Kerr, Stuart J. Northrop.

Areas of Work: Through subsidiary General Connector Corporation, the Company manufactures electrical connectors, electronic components and sub-assemblies primarily for use in the manufacture of military, computer and industrial products.

Subsidiaries:
General Connector Corporation

Union Spring & Manufacturing Company
Manufactures a variety of steel coil springs.

Gichner Mobile Systems
Garlet Manufacturing Company
Manufacturers of transportable shelters, steel rolling doors and miscellaneous steel fabrications.

Transworld Systems, Inc.
Capital Credit Corporation
Financial service companies.

Transfer Agent(s):
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: UCO

Number of Employees:
1986 1,800

Plant Footage:
1986 . . . . . 692,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 136,104,000	$ 7,239,000
1985	114,185,000	(23,451,000)
1984	139,263,000	(5,713,000)
1983	130,581,000	(2,975,000)
1982	162,068,000	(8,126,000)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	7,445,000	$ 0.96
1985	6,996,000	—
1984	6,849,000	—
1983	N.A.	—
1982	N.A.	—

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
† Including extraordinary gains of $3,367,000 ($0.45 per share) in 1986, $275,000 in 1984 and $528,000 in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business
(000's)

	1986	1985
Financial services	$ 40,809	$ 11,325
Equipment manufacturing	59,138	50,389
Electronic components	21,084	20,281
Industrial components	8,597	14,631
Resources recovery	6,476	17,559
Total	$ 136,104	$ 114,185

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	7½%	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 36,073,000	$ 4.85
1985	28,074,000	4.01
1984	51,382,000	7.50
1983	54,714,000	—

† After allowing for preferred stock at redemption value of $90 per share.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account
(000's)

Year ended June 30	1986	1985
Net sales	$ 95,295	$ 102,860
Oper. revenues	40,809	11,325
Total income	$ 136,104	$ 114,185
Cost of sales	73,279	81,879
Expenses	45,926	25,777
Depreciation & amortization	3,533	2,614
Interest expense	6,422	5,128
Interest income	(860)	(1,981)
Nonrecurring item	—	24,100
Income (loss) bef. taxes	$ 7,804	$ (23,332)
Income taxes	3,932	119
Net Income (Loss)	$ 3,872	$ (23,451)
Extraord. gain	3,367	—
Net Income (Loss) & extraord. gain	$ 7,239	$ (23,451)

Assets
(000's)

As of June 30	1986	1985
Cash	$ 4,210	$ 3,288
Short-term invest.	6,085	13,141
Accts. receiv., net	16,660	16,464
Refundable taxes	—	1,686

*Inventories	18,556	19,592
Prepaid expenses	3,411	3,533
Current Assets	$ 48,922	$ 57,704
#Fixed assets	21,069	16,336
Other assets & deferred charges	5,740	4,501
Intangibles	28,313	8,110
Assets to be disposed of	—	2,568
Total Assets	$ 104,044	$ 89,219

Liabilities (000's)		
Long-term debt, curr.	$ 1,785	$ 1,514
Accts. payable	8,390	8,582
Accruals	10,922	7,607
Income taxes	896	2,741
Liab. of oper. to be disposed of	1,764	2,961
Curr. Liabilities	$ 23,757	$ 23,405
Long-term debt	37,234	31,545
Deferred liabilities	3,013	3,778
Liab. of oper. to be disposed of	1,727	—
+Redeemable pref. stock-Series D	47	93
+Preferred stock-Series B & C	2,193	2,324
+ +Common stock	3,605	3,513
Add. paid-in capital	34,157	33,363
Retained earnings (deficit)	(1,689)	(8,802)
Total Liabilities & Shareholders' Equity	$ 104,044	$ 89,219

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value; cumulative convertible. Dividends: Series D, $6.50; Series B, $4.50; Series C, $5.00.
+ + $0.50 par value.

Statistical Summary

%Income bef. Taxes to Revenues	5.73	—
%Net Income to Revenues	2.84	—
%Net Income to Equity	10.12	—
Debt to Equity	1.02	1.09
Working Capital	$25,165,000	$34,299,000
Current Ratio	2.06	2.47
Shareholders' Equity	$38,266,000	$30,398,000

Unisys Corporation

(formerly Burroughs Corporation)

P.O. Box 418
Detroit, Michigan 48232
(313) 972-7000

Officers: W. Michael Blumenthal, chairman of the board & chief exec. officer; Joseph J. Kroger, vice chairman; Paul G. Stern, president; James A. Unruh, exec. v.p.; Philip S. Dauber, Frederick F. Jenny, Robert F. Holmes, Richard H. Bierly, Hollis L. Caswell, Edwin P. Gilbert, Jan Lindelow, sr. v.p.'s; Curtis A. Hessler, sr. v.p. & gen. counsel; Fred R. Meier, Jack F. Thompson, Leroy W. Beers, Martin A. Belsky, Richard B. Williams, John J. Holton, Reto Braun, George R. Gazerwitz, Gary Alexander, Vincent M. Donovan, John F. Horten, Kurt Merl, G. Graham Murphy, Dewaine C. Osman, Vincent Puritano, Joseph M. Tucci, Jeanette P. Lerman, v.p.'s; Kenneth L. Miller, v.p. & secretary; Raymond V. Thomas, v.p. & controller; Leon J. Level, v.p. & treasurer; I. Charles Beauchamp, general auditor; Bobette Jones, Teresa A. O'Connor, asst. secretaries; Bernard M. Hirl, Steven Petsis, asst. controllers; Jack R. Silverberg, Richard A. Albright, Robert S. Manturuh, Peter S. Noll, asst. treasurers.

Directors: W. Michael Blumenthal, chairman of the board; Charles F. Barber, Wade H. McCree, Jr., William G. Milliken, Paul S. Mirabito, Alan E. Schwartz, Arthur R. Seder, Jr., Harold T. Shapiro, Paul G. Stern, Robert M. Surdam, Alice M. Rivlin, William E. LaMotte, Joseph J. Kroger, Donald V. Seibert, Richard R. Shinn, James A. Unruh.

Areas of Work: Engaged in designing, engineering, manufacturing, marketing and supporting electronics-based information systems, including commercial information systems and defense and other systems for government customers, and related equipment and services, including software.

Principal products and services include processors and peripherals; workstations and office automation products; software and related services; media products; custom products and services; and equipment maintenance services.

Included with processors and peripherals are a complete line of small, medium and large mainframes and related peripheral products, such as printers, storage devices and document handling equipment. Workstations and office automation products include intelligent workstations and terminals. Software and related services consist of application and systems software along with related professional services. Media products include magnetic media used for storage devices. Custom products and services include specialized information processing systems and services marketed mainly to government agencies.

Subsidiaries:

Burroughs International Company
Wilmington, Delaware

Compania Burroughs de Maquinas, S.A.
Ingeniero Heurgo 965
Buenos Aires, Argentina

Burroughs Datenverarbeitung Gesellshaft m.b.H.
Moering Gasse 10
A-1151 Vienna, Austria

Burroughs Machines Limited
Heathrow House, Bath Road
Hounslow, Cranford
Middlesex, England

Burroughs Machines (Hong Kong) Ltd.
B300, Block 'B', Watson's Estate
Watson Road
North Point, Hong Kong

Burroughs A/S
P.O. Box 40-Bestun
Oslo 2, Norway

TATA Burroughs Ltd.
Manish Commercial Centre-5th Floor
Dr. Anni E. Seasant Rd.
Worli, Bombay 400-025, India

Burroughs Machines, Limited
P.O. Box 3996
Johannesburg, Transvaal, South Africa

Burroughs International S.A.
18, Rue St. Pierre
1700 Fribourg, Switzerland

BMRX Holding (Denmark) A/S
BMX Holdings Limited (95% owned)
BMX Incorporated
BMX Information Systems (UK) Limited
Brazilian Equity, Inc.
Burmex Holding Sweden Aktieboiag (70% owned)
Burroughs Aktiegolag
Burroughs Cyberware Canada Inc.
Burroughs Cyberware Inc. (50% owned)
Burroughs-Cyberware Pte. Ltd.
Burroughs de Venezuela C.A.
Burroughs International Finance N.V.
Burroughs International Government Sales, Inc.
Burroughs International Procurement Co., Inc.
Burroughs International Trading Company
Burroughs-Memorex S.p.A.
Burroughs Mexican Manufacturing, Inc.
Burroughs Overseas Sales Company Limited
Burroughs Systems Incorporated
Burroughs Transport Corporation
C3 Pty. Limited (Australia) (49% interest)
Compania Burroughs de Venezuela, Inc.
Compubur, S.A. de C.V. (Mexico)
Foundation Computer Systems, Inc.
Future Systems Limited (New Zealand)
Graphics Technology Disc, Inc.
Harrison Credit Group, Inc. (50% interest)
HCG Services, Inc.
Inplex Corporation
Integration Installation International, Inc.
Japan Softec Co., Ltd. (Japan) (50% interest)
Joseph & Cogan Associates, Inc.
Marine Systems S.p.A. (Italy)
MEM-MEX S.A. de C.V. (Mexico)
MIFCO B.V. (Netherlands)
Nippon Univac Kaisha, Ltd. (Japan) (33% interest)
Oki Univac Kaisha, Ltd. (Japan) (48% interest)
OY Unisys AB (Finland)
Paramax Electronics Inc. (Canada)
Plasma Graphics Corporation (80% owned)
Ramac Services Corporation
Remdex, S.p.A. (Italy)
SDC (1981) Limited (50% interest)
Solar Sociedade Lusitana de Organizacoes, Ltd. (Portugal)
South American Equities, Inc.
SP-Marine Inc.
Sperry Arabia Limited (Saudi Arabia) (49% interest)
Sperry A/S (Norway)
Sperry Asia, Inc.
Sperry Bet. m.b.H.
Sperry Capital Management Corporation
Sperry Cayman Islands
Sperry Curacao N.V. (Netherlands Antilles)
Sperry Dalmo Victor, Inc. (50% interest)
Sperry Finance Company Pty. Ltd. (Australia)
Sperry Finance Inc. (Canada)
Sperry Financial Corporation
Sperry Finanz AG (Switzerland)
Sperry Ges. m.b.H. (Austria)
Sperry (Hong Kong) Limited
Sperry Holding AB (Sweden)
Sperry Holding Company, Inc.
Sperry Industria e Comercio Ltda. (Brazil)
Sperry Insurance Company Ltd. (Bermuda)
Sperry International Capital Corporation
Sperry International Finance Corporation B.V. (Netherlands)
Sperry International Foreign Sales Corporation (Virgin Islands)
Sperry International Marketing AG (Switzerland)
Sperry International Services Company, Inc.
Sperry International Trade, Inc.
Sperry Lease Finance Corporation
Sperry Leasing Corp.
Sperry Limited (England)
Sperry Limited (Australia)
Sperry Mapper Services, Inc.
Sperry Overseas Corporation (Switzerland)
Sperry Overseas N.V. (Netherlands Antilles)
Sperry Overseas Services Corporation
Sperry (Proprietary) Limited (South Africa)
Sperry Rand Corporation
Sperry Rand International Corporation (Switzerland)
Sperry S.A. (Argentina)
Sperry S.A. (France)
Sperry S.A. (Spain)
Sperry, S.A. de C.V. (Mexico)
Sperry Trustees Limited (England)
Sperry World Trade, Inc.
Sperry Zentrallager Europa GmbH (West Germany)
STS Limited (Australia) (51% owned)
Synercom Australia Pty. Limited
System Development Corporation
Trade and Industry Sperry L.L.C. (Greece)
U.K. Holdings 1 Ltd.
U.K. Holdings 2 Ltd.
Unisys A/S (Denmark) (52% owned)
Unisys (Asia) Limited (Hong Kong)
Unisys Australia Limited
Unisys Belgium (53% owned)
Unisys Canada Inc. (54% owned)
Unisys China Investments Inc.
Unisys China Limited
Unisys China Services, Inc.
Unisys (Chile) Corporation
Unisys de Centro America, S.A.
Unisys de Colombia, S.A.
Unisys de Mexico, S.A. de C.V.
Unisys del Peru Corporation
Unisys Deutschland G.m.b.H. (West Germany)
Unisys Electronica Ltda. (Brazil)
Unisys Espana, S.A. (Spain)
Unisys Europe-Africa, Limted (England)
Unisys Finance Corporation
Unisys France
Unisys (Hong Kong) Ltd.
Unisys International (Singapore) Pte. Ltd.
Unisys Italia S.p.A.
Unisys Limited (England)
Unisys Ltd. (Korea)
Unisys Nederland N.V.
Unisys New Zealand Limited
Unisys PRC Limited
Unisys Peripherals Corporation
Unisys Pte. Ltd. (Singapore)

Unisys Corporation

Unisys Puerto Rico, Inc.
Unisys (Schweiz) A.G. (Switzerland)
Unisys Sweden AB
Unisys South Africa (Pty.) Limited
Unisys (Taiwan) Limited
Univac (1967) Limited (New Zealand)

Burroughs Caribbean Limited
P.O. Box 69
Cross Roads
Kingston 5, Jamaica, W.I.

Burroughs Electronica (Portugal) Ltda.
Rua Gregorio Lopes, Lote 1514
Lisbon-3 (Restelo) Portugal

Galactic Assurance Group Ltd.
Bank of Bermuda Building
Hamilton, Bermuda

Formularios E Euprimentos Burroughs Ltda.
Rio De Janeiro, Est. de Guanbara, Brazil

Burroughs Co. Ltd.
Hanzomon Building
7.1 chrome, Kojimachi
Chiyoda Ku, Tokyo
102, Japan

Industrias Mexicanas Burroughs, S.A. de C.V.
Guadalajara Jalisco, Mexico

Burroughs Europe-Africa, Inc.
Burroughs Pacific, Inc.
Burroughs Overseas Limited
Burroughs Pacific Finance Limited

Grafek, Inc.
Boulder, Colorado
Manufactures and develops CAD/CAM systems. Grafek specializes in software applications such as mechanical design, automated drafting, numerical control programming and plastic injection-mold design and analysis.

Acquisition(s):

Sperry Corporation
1290 Avenue of the Americas
New York, New York 10104
(212) 484-4444

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York*, Midwest*, Pacific*, Cincinnati, London, Amsterdam, Antwerp, Basel, Brussels, Geneva, Lausanne, Zurich

* Listed.

Ticker Symbol: UIS

Number of Employees:

1986	98,300	1983	63,800
1985	60,500	1982	62,500
1984	65,300		

Plant Footage:

1986	24,300,000 sq.ft.	1983	10,239,000
1985	8,885,000	1982	N.A.
1984	10,109,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$5,115,900,000	$ (74,500,000)
1985	3,526,000,000	248,200,000
1984	3,240,800,000	244,900,000
1983	2,703,400,000	196,900,000
1982	2,485,679,000	117,628,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	45,806,000	$ —
1985	45,454,000	5.46
1984	45,373,600	5.40
1983	42,847,000	4.60
1982	47,048,000	2.80

(Loss)
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Information Systems & Equipment	$ 4,106,500	$ 2,899,300
Equipment Service	1,654,300	1,142,200
Media Products	485,300	593,900
Special Purpose Products & Components	1,186,300	402,300
Total	$ 7,432,400	$ 5,037,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$2.60	—	—
1985	2.60	—	—
1984	2.60	—	—
1983	2.60	—	—
1982	2.60	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 2,396,600†	$ 51.94
1985	2,492,400	54.71
1984	2,297,400	50.65
1983	2,231,900	49.12
1982	2,040,649	48.36

† After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 5,115,900	$ 3,526,000
Rentals & service revenue	2,316,500	1,511,700
Total income	$ 7,432,400	$ 5,037,700
Cost of sales	3,681,600	2,185,000
Cost of rentals & service	1,436,300	898,700
Expense	2,330,300	1,527,000
Interest expense	269,600	144,500
Interest & other income	(193,600)	(77,000)
Income (loss) before taxes	$ (91,800)	$ 359,500
Income taxes (credit)	(48,400)	111,300
Net Income (Loss)	$ (43,400)	$ 248,200

* Included in Costs and Expenses, Depreciation: $444,000,000 in 1986 and $338,400,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & marketable securities	$ 56,000	$ 42,500
Accts. & notes receiv., net	1,806,900	1,238,800
*Inventories	1,951,900	1,475,400
Prepaid expenses	721,600	121,700
Current Assets	$ 4,536,400	$ 2,878,400
Long-term receiv.	339,300	223,200
Rental equip.	339,900	261,900
#Fixed assets	1,852,300	1,007,100
Intangibles	962,600	—
Investments	539,500	49,100
Other assets	838,800	136,300
Total Assets	$ 9,408,800	$ 4,556,400

Liabilities
(000's)

Notes payable	$ 155,900	$ 157,200
Long-term debt, curr.	373,500	14,000
Accts. payable	1,098,300	511,700
Other accruals	1,326,300	447,600
Dividends payable	52,500	29,600
Income taxes	335,600	79,600
Curr. Liabilities	$ 3,342,100	$ 1,239,700
Long-term debt	2,225,600	801,800
Deferred inc. taxes	12,800	22,500
+Preferred stock	1,431,000	—
++Common stock	231,000	228,000
Add. paid-in capital	625,500	596,300
Retained earnings	1,678,600	1,872,400
Treasury stock	(1,600)	(400)
Currency translation adjustment	(136,900)	(203,900)
Total Liabilities Shareholders' Equity	$ 9,408,800	$ 4,556,400

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $3.75 cumulative.
++ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.14
%Net Income to Sales	—	4.93
%Net Income to Equity	—	9.96
Debt to Equity	0.58	0.39
Working Capital	$1,194,300,000	$1,638,700,000
Current Ratio	1.36	2.32
Shareholders' Equity	$3,828,300,000	$2,492,400,000

United Industrial Corporation

18 East 48th Street
New York, New York 10017
(212) 752-8787

Officers: Bernard Fein, chairman of the board & president; Irwin R. Barr, v.p. & president-AAI Corporation; Russell A. Wills, president-Detroit Stoker Company; Howard M. Bloch, treasurer; Michael J. Klitus, Jr., asst. treasurer; Michael P. Coppins, asst. secretary; John R. Garland, president-Neo Products Company.

Directors: Bernard Fein, chairman; Ben Feit, Howard M. Bloch, Myron Simons, Edward M. Melton.

Areas of Work: Designs, manufactures and markets electronics and aerospace systems, and weaponry for the United States and its allies, energy systems for industries and utilities, and specialized plastic products.

Subsidiaries:

AAI Corporation
Cockeysville, Maryland; Orlando, Florida; Oakland, California
Engaged in the development and manufacture of automatic test equipment for aircraft; weapons, ammunition and fuzing; material handling equipment; simulator for electronic warfare training (SEWT); and energy systems.

Neo Products Company
Chicago, Illinois
Producer of custom thermoplastic parts for the merchandisers of major appliances.

Detroit Stoker Company
Monroe & Marshall, Michigan; Columbus, Ohio
Designs, manufactures and markets coal burning stokers and auxiliary equipment, refuse burning systems, pollution control devices, related material handling equipment, and waste material crushers/shredders.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Bank of America, N.T. & S.A.
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: UIC

Number of Employees:

1986	4,050	1983	3,450
1985	3,740	1982	3,250
1984	3,630		

Plant Footage:

1986 . . . . . 1,370,766 sq. ft.

Sales and Earnings

	Net Sales †	Net Income
1986	$ 272,508,000	$ (9,174,000)
1985	269,378,000	29,054,000
1984	246,155,000	18,533,000
1983	224,173,000	16,739,000
1982	197,759,000	13,930,000

	No. of Com. Shares +	Earn. per Share #
1986	13,325,000	$ —
1985	13,303,000	2.18
1984	13,238,000	1.38
1983	13,475,000	1.23
1982	13,475,000	1.04

(Loss)
† Of continuing operations only.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock splits.
+ Adjusted to reflect stock dividends and stock splits.

Revenues By Line of Business

	1986	1985
Defense	$ 228,770,000	$ 224,164,000
Energy systems	38,715,000	40,051,000
Plastic products	5,023,000	5,163,000
Total	$ 272,508,000	$ 269,378,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.58	10%	—
1985	0.49	10%	—
1984	0.45	10%	—
1983	0.29	—	2-for-1
1982	0.23	10%	3-for-2

‡ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 93,267,000	$ 7.00
1985	109,954,000	8.27
1984	86,853,000	6.56
1983	77,735,000	5.77
1982	64,927,000	4.82

† Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 272,508,000	$ 269,378,000
Cost of sales	251,806,000	204,092,000
Expenses	41,790,000	42,652,000
Interest income	(3,264,000)	(5,012,000)
Other income	(242,000)	(1,371,000)
Income (loss) bef. taxes	$ (17,582,000)	$ 29,017,000
Income taxes (credit)	(8,408,000)	9,905,000
Inc.(loss)-cont. oper.	$ (9,174,000)	$ 19,112,000
Inc.-discont. oper.	—	9,942,000
Net Income (Loss)	$ (9,174,000)	$ 29,054,000

* Included in Costs and Expenses, Depreciation and Amortization: $7,616,000 in 1986 and $6,352,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & marketable securities	$ 4,705,000	$ 12,068,000
Trade receiv., net	44,421,000	38,315,000
*Inventories	38,268,000	68,682,000
Prepaid expenses	9,944,000	3,721,000
Current Assets	$ 97,338,000	$ 122,786,000
#Fixed assets	60,498,000	59,174,000
Other assets	54,229,000	55,584,000
Total Assets	$ 212,065,000	$ 237,544,000

Liabilities

Notes payable	$ 16,745,000	$ 16,570,000
Long-term debt, curr.	1,215,000	277,000
Accts. payable	14,323,000	12,102,000
Accrued payroll	9,316,000	8,272,000
Cust. advances	1,811,000	2,779,000
Income taxes	—	2,330,000
Other liabilities	8,070,000	7,536,000
Deferred inc. taxes	36,094,000	46,307,000
Curr. Liabilities	$ 87,574,000	$ 96,173,000
Long-term debt	13,822,000	14,783,000
Deferred inc. taxes	17,402,000	16,634,000
+Common stock	14,348,000	13,117,000
Add. paid-in capital	99,251,000	83,584,000
Retained earnings (def.)	(13,687,000)	19,898,000
Treasury stock	(6,645,000)	(6,645,000)
Total Liabilities & Shareholders' Equity	$ 212,065,000	$ 237,544,000

* At lower of cost (LIFO, actual, average, standard) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	36.42
Sales to Inventories	7.12	3.92
Debt to Equity	0.15	0.29
Working Capital	$ 9,764,000	$ 26,613,000
Current Ratio	1.11	1.28
Shareholders' Equity	$93,267,000	$109,054,000

United Technologies Corporation

United Technologies Building
Hartford, Connecticut 06101
(203) 728-7000

Officers: Robert F. Daniell, chairman & chief exec. officer; John A. Rolls, exec. v.p. & chief financial officer; Edward W. Large, exec. v.p.-corp. development; Clark MacGregor, sr. v.p.-external affairs; Sidney F. McKenna, sr. v.p.-employee & external relations; William F. Paul, sr. v.p.-defense & space systems; Richard F. Gamble, sr. v.p.-Controls Group; Edward M. Irving, sr. v.p.-Industrial Systems Group; Edward J. Rapetti, group v.p.-Automotive Group; Beverly Lannquist Hamilton, v.p.-investor relation pension investment; Martin R. Lewis, Jr., v.p., secretary & deputy gen. counsel; Latham L. Allison, v.p.-strategic planning; Russell G. Meyerand, Jr., v.p.-technology; J. Thomas Bouchard, v.p.-human resources & organization; Thomas A. Drohan, v.p.-public relations; Walter F. Eells, v.p.-ombudsman; Jeffrey L. Kushner, financial planning; Charles B. Preston, sr. v.p. & controller; Irving B. Yoskowitz, sr. v.p. & general counsel; William A. Wilson, president & chief exec. officer-Carrier; Karl J. Krapek, president, North American Operations-Otis; George A.L. David, president & chief oper. officer-Otis; Lawrence W. Clarkson, president-Commercial Products Division of Pratt & Whitney Group; Frank W. McAbee, Jr., v.p.-gov't contracts & compliance; Karl M. Thomas, president-manufacturing division of Pratt & Whitney Group; Elvie L. Smith, chairman-Pratt & Whitney Canada Inc.; Irwin Mendelsen, president-Pratt & Whitney engineering division; Arthur E. Wegner, sr. v.p.-power & president-Pratt & Whitney Group; William C. Mitsimer, exec. v.p.-Pratt & Whitney; Terry D. Stinson, president-Hamilton Standard-aerospace; James G. O'Connor, president, government products division-Pratt & Whitney Group; Robert Zincone, president and chief exec. officer-Sikorsky Aircraft; John M. Bruce, president & chief exec. officer-Essex; Selwyn D. Benson, exec. v.p.-Pratt & Whitney; L. David Caplan, president & chief exec. officer-Pratt & Whitney Canada Inc; William J. Evans, v.p. & deputy head-defense & space systems; Patrick J. Gnazzo, v.p. & gov't liaison; William H. Trachsel, v.p. & deputy gen. counsel; Harvey I. White, v.p. corp. purchasing; Adolph J. Medica, president-space transportation systems; Pierre J. Fougeron, president-European & Transcontinental Operations, Otis; Francois Jaulin, sr. v.p.; Peter K. Chapman, president-United Technologies International Corporation; Edwin D. Decker, president-Norden Systems; Michael M. Michigami, president-commercial & industrial controls; Calvin L. Ransom, president-United Technologies Microelectronic Center; Richard P. Webb, president-UT Financial Services.

Directors: Henry J. Gray*, T. Mitchell Ford*, Robert L. Sproull, William I. Spencer*, Richard S. Smith*, Edward W. Large, Jacqueline G. Wexler, Antonia H. Chayes, Robert F. Dee, Charles W. Duncan, Jr., Pehr G. Gyllenhammar, Robert H. Malott, K. Rupert Murdoch, John S. Reed, Robert F. Daniell*.

* Member of the Executive Committee.

Areas of Work: Vertical-lift aircraft for military and civil operation and precision systems for flight, including environmental engine, air-inlet, and wing-sweep actuator controls; airborne integrated data systems and flight recorders; airborne radar and cockpit display systems; propellers; solid propellant rocket boosters and motors; liquid-fueled and hybrid rocket engines; space life support, environmental, guidance, and power systems; altitude control thrusters; turbine aircraft engines in a range of power ratings; gas turbines and allied equipment for electrical power generation, industrial process, natural gas transmission, and marine propulsion; computerized diagnostic and control systems for the automotive and other industries; laser welding systems for industry; electrical products principally for electric utility, telephone, automotive, construction and appliance markets; elevators, and escalators; air conditioning, advanced business communication systems electronic energy management control and intergrated building systems, and services.

Divisions and Subsidiaries:

Pratt & Whitney Aircraft Group
East Hartford, Connecticut 06108
(203) 565-4321

Otis Group, Inc.
245 Park Avenue
New York, New York 10017
(212) 557-5700

Hamilton Standard Division
Bradley International Airport
Windsor Locks, Connecticut 06096
(203) 623-1621

Sikorsky Aircraft Division
Stratford, Connecticut 06497
(203) 378-6361

Norden Systems, Inc.
Helen Street
Norwalk, Connecticut 06856
(203) 838-4471

Power Systems Division
Hartford, Connecticut 06101
(203) 728-7000

Essex Group, Inc.
1601 Wall Street
Fort Wayne, Indiana 46804
(291) 743-0311

United Technologies Research Center
East Hartford, Connecticut 06108
(203) 565-4321

Pratt & Whitney Aircraft of West Virginia, Inc.
P.O. Box 245
Bridgeport, West Virginia 26330
(304) 842-5421

United Technologies International Incorporated
East Hartford, Connecticut 06108
(203) 565-4321

Pratt & Whitney Aircraft of Canada Limited (97% owned)
P.O. Box 10
Longueuil, Quebec, Canada
(514) 677-9411

Carrier Corporation
Carrier Tower
Syracuse, New York 13221
(315) 424-4711
Engaged in the manufacture and sale of air conditioning equipment, chemical specialty products and energy processing equipment.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
(common stock $2.55 and $4.50 preferred stock)
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, London, Paris, Frankfurt, Geneva, Basel, Zurich, Brussels, Amsterdam, Lausanne.

Ticker Symbol: UTX

Number of Employees:

1986	193,500	1983	194,000
1985	184,000	1982	184,000
1984	205,000		

Sales and Earnings

	Net Sales + (000's)	Net Income † (000's)
1986	$ 15,669,157	$ 72,727
1985	14,991,674	312,724
1984	14,826,013	645,015
1983	13,326,957	509,173
1982	12,510,168	533,721

	No. of Com. Shares ‡	Earn. per Share ‡ †
1986	122,795,258	$ 0.27
1985	122,538,718	2.12
1984	120.795,140	4.90
1983	111,433,990	3.97
1982	106,209,690	4.37

+ Of continuing operations only.
† Including extraordinary gain of $40,226,000 ($0.76 per share) in 1982.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Power	$ 5,451,392	$ 5,257,114
Flight systems	2,843,581	2,851,273
Building syst.	4,992,414	4,474,071
Indust. prods. for auto., elec. & other	2,429,434	2,364,525
Other	239,786	331,829
Eliminations	(287,450)	(287,138)
Total	$ 15,669,157	$ 14,991,674

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$1.40	—	—
1985	1.40	—	—
1984	1.375	—	2-for-1
1983	1.275	—	—
1982	1.20	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1986	$3,801,390,000	$ 29.14
1985	3,848,848,000	31.32
1984	3,645,399,000	30.04
1983	3,253,897,000	27.21
1982	2,775,784,000	25.56

+ After allowing for preferred stock at aggregate liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 15,669,157	$ 14,991,674
Other income	209,694	112,576
Total income	$ 15,878,851	$ 15,104,250
Cost of sales & services	12,373,271	10,893,768
Expenses	3,140,133	2,919,424
Interest expense	241,530	208,363
Income before taxes	$ 123,917	$ 1,082,695
Income taxes	51,426	422,251
Minority interest	24,396	24,045
Inc. - cont. oper.	$ 48,095	$ 636,399
Income (loss) - discont. oper.	24,632	(323,675)
Net Income	$ 72,727	$ 312,724

* Included in Costs and Expenses, Depreciation: $462,259,000 in 1986 and $397,964,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 269,654	$ 971,827
Accts. receiv., net	2,481,284	2,179,358
Fut. inc. tax ben.	475,226	278,945
*Inventories	3,607,596	3,389,599
Prepaid expenses	106,586	72,928
Current Assets	$ 6,940,346	$ 6,892,657
Investments & advances	507,333	444,010
Accts. & notes receiv.	125,961	99,191
#Fixed assets	3,060,251	2,711,053
Prepaid pension costs & other defer. charges	457,896	381,174
Total Assets	$ 11,091,787	$ 10,528,105

Liabilities
(000's)

Notes payable	$ 705,862	$ 396,205
Long-term debt, curr.	54,301	37,647
Accts.payable	1,282,633	1,145,295
Accruals	2,001,114	1,860,835
Income taxes	218,776	442,990
Advances on contracts	363,791	236,562
Curr. Liabilities	$ 4,626,477	$ 4,119,534
Long-term debt	1,723,136	1,289,047
Deferred invest. tax credit	227,143	243,871
Other liabilities	556,153	394,847
Minority interest	155,815	107,462
+Preferred stock:		
$4.50 Cumulative	1,593	1,756
$2.55 Cumulative	—	526,133
+ +Common stock	1,684,699	1,434,805
Deferred trans. adjust.	(164,520)	(194,057)
Retained earnings	2,281,291	2,604,707
Total Liabilities & Shareholders' Equity	$ 11,091,787	$ 10,528,105

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value, convertible.
+ + $5 par value.

Statistical Summary

%Net Income to Equity	1.91	7.15
Sales to Inventories	4.34	4.42
Debt to Equity	0.45	0.39
Working Capital	$2,313,869,000	$2,773,123,000
Current Ratio	1.50	1.67
Shareholders' Equity	$3,803,063,000	$4,373,344,000

United Telecommunications, Inc.

2330 Shawnee Mission Parkway
Westwood, Kansas 66205
(913) 676-3000

Mailing address:

P.O. Box 11315
Kansas City, Missouri 64112

Officers: Paul H. Henson, chairman of the board; William T. Esrey, president & chief executive officer; Charles W. Battey, vice chairman & chief financial officer; Robert H. Snedaker, Jr., vice chairman & chief operating officer; John F. Dodd, executive v.p. & general counsel; John C. Hancock, exec. v.p.-corp. development & technology; Ronald T. LeMay, exec. v.p.-corp. affairs; Richard H. Brown, sr. v.p.-human resources & administration; Robert J. Currey, sr. v.p.-operations; Donald G. Forsythe, Thomas A. Benedett, Hayward D. Fisk, Ralph T. Whiteside, Sushil G. Munshi, Paul H. Till, David J. Nicol, Frank R. Ventura, J. Richard Devlin, v.p.'s; M. Jeannine Strandjord, v.p. & controller; William J. Gunter, v.p. & treasurer; Don A. Jensen, v.p. & secretary.

Directors: Raymond M. Alden, Charles W. Battey, Warren L. Batts, Joseph D. Brenner, Ruth M. Davis, William T. Esrey, Donald J. Hall, Paul H. Henson, Harold S. Hook, Carl Horn, Jr., Lewis W. Lehr, James F. McDonald, Thomas S. Numberger, James C. Olson, Charles E. Rice, Robert H. Snedaker, Jr., Stewart Turley.

Areas of Work: A publicly-owned, holding company which is engaged in a number of telecommunications businesses. The company's two operating groups are United Telephone System, Inc., one of the nation's largest telephone systems, and U.S. Telecom, Inc., which provides voice, data and video transmission services. The Company owns 50% of US Sprint Communications Company, the nation's third largest long-distance telephone company. Complementary businesses are engaged in computer graphics, distribution and computer software activities.

Subsidiaries:

Megatek Corporation
9605 Scranton Road
San Diego, California 92121
(619) 455-5590

North Supply Company
600 Industrial Parkway
Industrial Airport, Kansas 66031
(913) 791-7000

Information Systems of America, Inc.
P.O. Box 47975
500 Northridge
Atlanta, Georgia 30338
(404) 587-6800

Market Information, Inc.
11414 West Center Road, Suite 360
Omaha, Nebraska 68144
(402) 333-6633

United Information Systems, Ltd.
London, England

United Telephone System, Inc.
P.O. Box 11315
Kansas City, Missouri 64112
(913) 676-3000

Consists of the following companies:

Carolina Telephone and Telegraph Co.
720 Western Blvd.
Tarboro, North Carolina 27886
(919) 823-9900

United Telephone Company of Florida
919 West Highway 436
Altamonte Springs, Florida 32701
(305) 862-1123

United Telephone Company of Indiana
Post Office Box 391
Warsaw, Indiana 46580
(219) 267-6161

United Telephone Company of the Northwest
601 State Street
Hood River, Oregon 97301
(503) 386-2211

United Telephone Company of Ohio
Post Office Box 3555
Mansfield, Ohio 44907
(419) 755-8011

United Telephone System-Eastern Group
1170 Harrisburg Pike
Carlisle, Pennsylvania 17013
(717) 243-6312

Consists of the following companies:

United Telephone Company of Pennsylvania
United Telephone Company of New Jersey
New Jersey Telephone Company
West Jersey Telephone Company
Hillsborough and Montgomery Telephone Company
United-Sussex Telephone Company

United Telephone Company of Texas
P.O. Box 2016
Tyler, Texas 75710
(214) 675-8521

United Telephone System-Midwest Group
666 W. 110th St.
Overland Park, Kansas 66211
(913) 381-6400

Consists of the following companies:

United Telephone Company of Iowa
United Telephone Company of Kansas
United Telephone Company of Minnesota
United Telephone Company of Missouri
United Telephone Company of Arkansas
United Telephone Company of the West

United Telephone System-Southeast Group
112 Sixth Street
Bristol, Tennessee 37620
(615) 968-8121

Consists of the following companies:

United Inter-Mountain Telephone Company
United Telephone Company of the Carolinas

United Telecom Corporate Center
Westwood, Kansas

United TeleSentinel, Inc.
P.O. Box 33080
Kansas City, Missouri 64114
(913) 341-0009

United TeleSpectrum, Inc.
P.O. Box 33080
Kansas City, Missouri 64114
(913) 341-0009

U.S. Telecom, Inc.
P.O. Box 11315
Kansas City, Missouri 64112
(913) 676-3000

Consists of the following companies:

U.S. Telecom-Corporate Network Services Company
1815 Century Blvd., Suite 500
Atlanta, Georgia 30345
(404) 320-1033

U.S. Telecom-Data Communications Company
10951 Lakeview Avenue
Lenexa, Kansas 66219
(913) 541-4400

US Sprint Communications Company (50% owned)
Markets inter-city voice telephone service; offers switched digital communications services; and markets video teleconferencing services to business and residential customers.

U.S. Telecom-Communications Services Company
Box 11315
Kansas City, Missouri 64112
(913) 676-3000

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

United Missouri Bank of Kansas City, N.A.
P.O. Box 226
Kansas City, Missouri 64141

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: UT

Number of Employees:

1986	23,245	1983	27,218
1985	27,415	1982	29,309
1984	27,639		

Plant Footage:

1986 . . . . . 60,624,000 sq. ft.

Sales and Earnings

	Revenues & Sales # (000's)	Net Income (000's)
1986	$ 3,058,783	$ 180,561
1985	3,130,315	20,773
1984	2,829,600	235,238
1983	2,555,500	198,971
1982	2,414,100	192,419

	No. of Com. Shares ‡	Earn. per Share ‡
1986	97,700,000	$ 1.81
1985	93,700,000	0.18
1984	89,800,000	2.57
1983	87,800,000	2.21
1982	82,400,000	2.28

Of continuing operations only.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.92	—	—
1985	1.92	—	—
1984	1.88	—	—
1983	1.80	—	—
1982	1.72	—	—

Common Stock Equity

	Total Equity †	Equity Per Share +
1986	$1,696,679,000	$ 17.37
1985	1,657,440,000	17.69
1984	1,676,649,000	18.67
1983	1,598,126,000	18.20
1982	1,457,552,000	17.69

† After allowing for preferred stock at involuntary liquidation values of $40 per share for First Series and $33⅓ per share for Second Series.
+ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Telephone Syst.:		
Revenues	$ 2,371,997	$ 2,306,805
Maintenance	454,599	432,914
Depreciation	499,632	527,623
Other expenses	622,113	591,466
Income taxes	211,157	185,066
Other taxes	162,077	156,211
Oper. income	$ 422,419	$ 413,525
Other income	(21,096)	(17,262)
Interest expense	128,607	132,357
Pref. div. of subsid.	2,984	3,024
Income from Telephone Syst.	$ 311,924	$ 295,406
Diversified oper.:		
Sales	485,230	498,946
Cost of sales & expenses	473,543	497,127
Interest expense	6,287	6,990
Income taxes (credit)	131	(5,062)
Income (loss) from diversified oper.	$ 5,269	$ (109)
Parent operations & eliminations	(34,234)	(16,250)
Eq. in oper. of U.S. Sprint	(55,575)	—
Loss applic. to U.S. Telecom	(40,169)	(252,694)
Income - cont. oper.	187,215	26,353
Loss - discont. oper.	(6,654)	(5,580)
Net Income	$ 180,561	$ 20,773

* Included in Costs and Expenses, Depreciation: $540,296,000 in 1986 and $605,265,000 in 1986.

Assets
(000's)

As of Dec..31	1986	1985
Cash	$ 34,850	$ 80,776
Invest. & deposits	77,077	31,353
Accts. receiv., net	448,507	554,124
Allow. for uncoll. accts.	(9,467)	(40,636)
*Inventories	118,856	155,943
Prepaid expenses	45,763	53,685
Fed. inc. tax refund	94,658	—
Income tax benefit	20,540	52,044
Current Assets	$ 830,784	$ 887,289
Invest. & adv. to U.S. Sprint	1,065,935	—
Investments & non-curr. receiv.	141,359	116,979
#Fixed assets	4,280,663	4,718,399
Defer. charges	42,754	26,884
Intangibles	17,612	17,833
Total Assets	$ 6,379,107	$ 5,767,384

Liabilities
(000's)

Outstanding checks	$ 56,636	$ 143,625
Notes payable	15,545	7,426
Long-term debt, curr.	49,884	42,806
Accts. payable	325,218	442,470
Comm. paper	21,375	78,863
Accrued interest	56,846	45,162
Advance billings	44,953	41,646
Accrued taxes	85,652	19,910
Other liab.	128,292	159,215
Writedowns	—	78,700
Curr. Liabilities	$ 784,401	$ 1,059,823
Long-term debt	2,683,309	1,947,695
Deferred credit	1,105,445	988,760
Minority interest	11,078	10,055
Redeem. pref. stock:		
Parent	29,200	30,400
Subsid.	13,490	13,948
Non-redeem. stock of subsid.	24,355	24,355
Preferred stock:		
+ First series	431	501
+ + Second series	2,490	2,772
+ + + Common stock	246,340	239,789
Emp. stock purch. install.	6,000	13,566
Add. paid-in capital	810,535	763,872
Retained earnings	662,033	671,848
Total Liabilities & Shareholders' Equity	$ 6,379,107	$ 5,767,384

* Utility inventories at average cost. Supply inventories and terminal equip. held for resale at lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $3.75 stated value, convertible.
+ + $3.125 stated value, convertible.
+ + + $2.50 par value.

Statistical Summary

%Net Income to Equity	10.45	1.23
Debt to Equity	1.59	1.18
Shareholders' Equity	$1,727,829,000	$1,692,348,000

United Telecontrol Electronics, Inc.

(Acquired by MTI, Inc. on June 30, 1987)

3500 Sunset Avenue
Asbury Park, New Jersey 07712
(201) 922-1000

Officers: Harold T. Sher, chairman & president; Raymond F. Herter, v.p., secretary & treasurer.

Directors: Harold T. Sher, chairman; Raymond F. Herter, Stanley R. Sprung, Philip H. Meyer, Jr.

Areas of Work: Electronic products for military use, consisting of radar transponders, telemetry equipment, missile launchers, and video and trigger amplifiers.

Affiliate:

UTE Microwave, Inc.
3500 Sunset Avenue
Asbury Park, New Jersey 07712
Produces microwave components.

Transfer Agent(s):

The National State Bank
Elizabeth, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UTEL (NASDAQ)

Sales and Earnings

	Net Sales	Net Income +
1986	$ 9,060,819	$ 770,195
1985	10,288,222	1,273,076
1984	13,131,183	1,725,586
1983	11,331,104	458,121
1982	4,478,316	(214,441)

	No. of Com. Shares †	Earn. per Share # +
1986	1,908,245	$ 0.40
1985	1,908,197	0.67
1984	1,777,499	0.97
1983	1,591,680	0.29
1982	1,591,680	—

(Loss)
+ Including extraordinary gains of $6,500 in 1984 and $178,900 ($0.11 per share) in 1983.
† Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	4-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 7,145,713	$ 3.74
1985	6,375,518	3.34
1984	5,102,442	2.87
1983	2,006,829	1.26
1982	1,548,708	0.97

‡ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1986	1985
Net sales	$ 9,060,819	$ 10,288,222
Cost of sales	6,729,020	6,664,163
Expenses	1,593,949	1,499,191
Oper. Income	$ 737,850	$ 2,124,868
Other income	347,132	443,307
Total	$ 1,084,982	$ 2,568,175
Interest expense (income)	(170,575)	92,183
Income before taxes	$ 1,255,557	$ 2,475,992
Income taxes	389,800	1,132,000
Minority interest	95,562	70,916
Net Income	$ 770,195	$ 1,273,076

* Included in Costs and Expenses, Depreciation and Amortization: $388,208 in 1986 and $268,567 in 1985.

Assets

As of March 31	1986	1985
Cash & securities	$ 2,080,210	$ 2,759,599
Marketable securities	2,354,706	2,136,440
Receiv., net	865,681	865,681
*Inventories	868,658	1,420,704
Other assets	56,405	69,087
Current Assets	$ 6,315,699	$ 7,251,511
#Fixed assets	2,495,355	885,446
Other assets	48,299	38,963
Total Assets	$ 8,859,353	$ 8,175,920

Liabilities

Long-term debt, curr.	$ 31,580	$ 78,427
Accts. payable	377,505	357,409
Accruals	939,979	1,063,227
Curr. Liabilities	$ 1,349,064	$ 1,499,073
Long-term debt	18,817	51,133
Minority interest	345,759	250,196
+Common stock	184,170	184,170
Add. paid-in capital	2,088,309	2,088,309
Retained earnings	4,873,234	4,103,039
Total Liabilities & Shareholders' Equity	$ 8,859,353	$ 8,175,920

* At lower of average cost or net realizable market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.86	24.07
%Net Income to Sales	8.50	12.37
%Net Income to Equity	10.78	19.97
Sales to Inventories	10.43	7.24
Debt to Equity	—	0.02
Working Capital	$4,966,635	$5,752,438
Current Ratio	4.68	4.84
Shareholders' Equity	$7,145,713	$6,375,518

Unitrode Corporation

5 Forbes Road
Lexington, Massachusetts 02173
(617) 861-6540

Officers: George M. Berman, chairman of the board & president; Howard F. Wasserman, president; Gerald C. Bellis, exec. v.p.; Michael O'Connor, v.p.-semiconductors; Edward Simon, v.p.-technology; Walter B. Gates, sr. v.p.-finance & treasurer; Robert R. Feser, v.p.-passive components; Richard S. Morse, Jr., secretary; Norman E. Dewhirst, v.p.-special projects; William T. Campbell, Jr., v.p.-data networks & controller; Robert E. Brierley, asst. treasurer.

Directors: George M. Berman, chairman; Norman Landstrom, Walter B. Gates, Kenneth Hecht, Peter A. Brooke, Arthur L. Goldstein, William B. Mitchell, Stephen R. Levy, Harold F. Wasserman.

Areas of Work: Develops, manufactures, and markets semiconductors, ceramic capacitors, switching power supplies, data conversion products, and analog integrated circuits.

Subsidiaries:

Powercube Corporation
8 Suburban Park Drive
Billerica, Massachusetts 01821
(617) 862-6400

Unitrode Integrated Circuits Corp.
7 Continental Blvd.
Merrimack, New Hampshire
Manufactures analog ICs.

Unitrode Mexicana S.A. de C.V.
Agua Prieta, Sonora, Mexico

U.S. Microtek Components Corp.
Sun Valley, California
Manufactures ceramic chip capacitors and filters.

Power General Corporation
Canton, Massachusetts
Manufactures multiple-output switching power supplies, modular DC-DC converters and uninterruptible power supplies.

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York

Ticker Symbol: UTR

Number of Employees:

1987	2,706	1984	3,094
1986	2,695	1983	2,425
1985	3,120		

Plant Footage:

1987	731,000 sq. ft.	1984	635,000
1986	737,000	1983	575,000
1985	642,000		

Sales and Earnings

	Net Sales	Net Income †
1987	$ 149,422,000	$ (7,030,000)
1986	167,968,000	9,163,000
1985	200,113,000	22,215,000
1984	159,571,000	16,739,000
1983	131,132,000	13,640,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	13,837,000	$ —
1986	13,701,000	0.67
1985	13,464,000	1.65
1984	13,385,000	1.25
1983	12,955,000	1.05

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985	1984
Semiconductors	58%	55%	52%	50%
Capacitors	13	12	17	21
Data conversion devices	12	14	14	13
Power circuit modules	17	19	17	16
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.1625	—	2-for-1
1983	0.125	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	$ 125,285,000	$ 9.09
1986	132,918,000	9.73
1985	119,939,000	9.07
1984	95,627,000	7.34
1983	75,034,000	5.88

† Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 149,421,800	$ 167,968,272
Cost of sales	100,821,891	102,315,294
Expenses	50,237,309	50,925,729
Interest income	(508,464)	(586,872)
Interest expense	939,299	985,980
Restructuring charges	7,932,000	—
Income (loss) bef. taxes	$ (10,000,235)	$ 14,328,141
Income taxes (credit)	(2,970,000)	5,165,000
Net Income (Loss)	$ (7,030,235)	$ 9,163,141

* Included in Costs and Expenses, Depreciation and Amortization: $13,703,575 in 1987 and $13,566,154 in 1986.

Assets

As of Jan. 31	1987	1986
Cash & short-term investment	$ 5,418,967	$ 9,595,101
Accts. & notes receiv., net	29,154,323	34,150,747
Income tax refund receiv.	5,829,000	—
*Inventories	51,028,032	51,217,167
Prepaid expenses	1,110,041	914,422
Current Assets	$ 92,540,363	$ 95,877,437
#Fixed assets	60,537,687	62,679,897
Intangibles	6,670,823	6,863,448
Other assets	2,026,965	3,125,017
Total Assets	$ 161,775,838	$ 168,545,799

Liabilities

Long-term debt, curr.	$ 4,033,704	$ 4,261,895
Accts. payable	6,461,292	5,512,242
Accrued payroll	2,298,731	3,334,235
Other accruals	4,882,597	6,010,812
Income taxes	4,004,200	649,490
Curr. Liabilities	$ 21,680,524	$ 19,768,674
Long-term debt	7,026,204	9,815,075
Deferred inc. taxes	7,783,983	6,043,983
+Common stock	2,765,390	2,738,271
Add. paid-in capital	29,650,745	27,725,549
Retained earnings	96,446,376	106,226,321
Treasury stock	(689,857)	(357,659)
Deferred compens.	(2,887,527)	(3,414,415)
Total Liabilities & Shareholders' Equity	$ 161,775,838	$ 168,545,799

* At current average cost but not in excess of net realizable value.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	8.53
%Net Income to Sales	—	5.46
%Net Income to Equity	—	6.89
Sales to Inventories	2.93	3.28
Debt to Equity	0.06	0.11
Working Capital	$ 70,859,839	$ 76,108,763
Current Ratio	4.27	4.85
Shareholders' Equity	$125,285,127	$132,918,067

Universal Security Instruments, Inc.

10324 South Dutfield Road
Owings Mills, Maryland 21117
(301) 363-3000

Officers: Stephen Knepper, chairman; Michael Kovens, president; Irvin Kovens, secretary & treasurer; Harvey Grossblatt, v.p. & chief financial officer; Scott Edwards, v.p.-sales; Frank DiLeo, v.p.; Michael Johnson, asst. treasurer.

Directors: Stephen Knepper, chairman; Michael Kovens, Irvin Kovens.

Areas of Work: Designs, manufactures and markets burglar and fire alarm systems and other consumer electronic products including cordless telephones and video products.

Subsidiaries:
Cable Call, Inc.
Datatrac Control Center, Inc.
Chesapeake Technologies, Inc.

Transfer Agent(s):
Maryland National Bank
Baltimore, Maryland 21201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: USEC (NASDAQ)

Number of Employees:
1985 100

Sales and Earnings

	Net Sales	Net Income
1985	$ 11,515,495	$ (811,003)
1984	9,397,193	(921,575)
1983	15,567,256	(2,527,345)
1982	18,528,387	59,786
1981	13,564,805	653,024

	No. of Com. Shares ‡	Earn. per Share ‡
1985	3,848,647	$ —
1984	3,276,463	—
1983	2,405,759	—
1982	2,403,566	0.02
1981	2,371,503	0.27

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	3-for-2
1981	—	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 8,065,473	$ 2.10
1984	8,846,342	2.70
1983	3,431,125	1.43
1982	5,958,470	2.48
1981	5,848,344	2.45

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1985	1984
Net sales	$ 11,515,495	$ 9,397,193
Cost of sales	9,756,666	7,448,784
Expenses	2,561,710	2,733,167
Oper. Loss	$ (802,881)	$ (784,758)
Interest income	247,776	(236,167)
Interest expense	304,944	464,968
Other income	(49,046)	(91,984)
Net Loss	$ (811,003)	$ (921,575)

* Included in Costs and Expenses, Depreciation and Amortization: $306,498 in 1985 and $329,637 in 1984.

Assets

As of March 31	1985	1984
Cash	$ 33,026	$ 50,656
Time deposits	1,418,932	2,797,043
Accts. receiv., net	2,567,116	1,987,880
Refundable income taxes	19,022	30,778
*Inventories	3,259,335	5,754,780
Prepaid expenses	138,463	141,049
Current Assets	$ 7,435,894	$ 10,762,186
Accounts receivable	219,567	100,000
#Fixed assets	2,374,012	2,734,684
Cash held in escrow	489,387	485,101
Other assets & defer. charges	640,737	343,016
Total Assets	$ 11,159,597	$ 14,424,987

Liabilities

Notes payable	$ 155,931	$ —
Bankers' acceptance	—	1,233,578
Oblig. under cap. lease, curr.	62,357	56,260
Accts. payable	411,387	388,860
Accruals	231,827	301,600
Notes payable	500,000	500,000
Curr. Liabilities	$ 1,361,502	$ 2,480,298
Long-term debt	1,125,233	2,448,919
Long-term oblig. under cap. lease	607,389	649,428
+Common stock	38,566	38,437
Add. paid-in capital	11,519,065	11,489,060
Retained earnings (deficit)	(3,492,158)	(2,681,155)
Total Liabilities & Shareholders' Equity	$ 11,159,597	$ 14,424,987

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.53	1.63
Debt to Equity	0.28	0.15
Working Capital	$6,074,392	$8,281,888
Current Ratio	5.46	4.34
Shareholders' Equity	$8,065,473	$8,846,342

Universal Voltronics Corp.

27 Radio Circle Drive
Mount Kisco, New York 10549
(914) 241-1300

Officers: Barry Ressler, chairman & chief exec. officer; Joseph R. Petite, president & chief operating officer; Walter F.J. Crewson, v.p. & senior technical advisor; Julian M. Polis, v.p.-engineering; Frank X. Samperi, v.p.-sales; Dominick Congiusti, v.p.-manufacturing; Stuart Clymer, secretary.

Directors: Barry Ressler, chairman; Joseph R. Petite, Lewis Cohen, Milton Gold, William W. Hoover, Richard Lewisohn, III, Mike McCormack.

Areas of Work: Engaged in the design, manufacture and sale of high voltage power conversion systems, modulators and related equipment for strategic defense projects, energy research, as well as medical, commercial and utility applications.

Transfer Agent(s):
Harris Trust Company
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UVOL (NASDAQ)

Plant Footage:
1986 . . . . . 45,000 sq. ft. 1985 45,000

Sales and Earnings

	Net Sales	Net Income †
1986	$ 9,209,786	$ 1,050,392
1985	8,413,322	141,124
1984	7,736,949	(2,253,141)

Universal Voltronics Corp.

1983	10,380,485	(1,640,514)
1982	9,622,109	(1,622,834)

	No. of Com. Shares ‡	Earn. per Share †‡
1986	2,653,958	$ 0.38
1985	2,653,[illegible]	0.05
1984	2,653,[illegible]	—
1983	2,076,4[illegible]	—
1982	1,878,744	—

(Loss)
† Including extraordinary gains of $467,145 ($0.17 per share) in 1986 and $54,476 ($0.02 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 1,848,262	$ 0.70
1985	797,870	0.30
1984	656,746	0.25
1983	2,904,711	1.40
1982	1,013,473	0.54

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 9,209,786	$ 8,413,322
Cost of sales	5,679,642	5,553,134
Prov. for unusual losses	—	350,635
Expenses	2,138,457	1,902,580
Interest expense	346,532	473,960
Interest income	(5,237)	(8,111)
Income before taxes	$ 1,050,392	$ 141,124
Income taxes	467,145	54,476
Net Income	$ 583,247	$ 86,648
Extraord. gain	467,145	54,476
Net Income & extraord. gain	$ 1,050,392	$ 141,124

* Included in Costs and Expenses, Depreciation and Amortization: $137,664 in 1986 and $163,259 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 208,320	$ 192,931
Accts. receiv., net	1,345,253	1,562,016
Costs & earn. in exc. of billings	621,009	129,500
*Inventories	1,811,404	2,227,834
Equip. held for resale	—	78,000
Other curr. assets	95,641	68,206
Current Assets	$ 4,081,627	$ 4,258,487
#Fixed assets	1,142,546	1,080,768
Other assets	124,647	127,083
Total Assets	$ 5,348,820	$ 5,466,338
Liabilities		
Notes payable	$ 806,791	$ 1,333,911
Long-term debt, curr.	437,044	258,267
Accts. payable	542,816	608,421
Accrued compensation	193,300	175,050
Accrued warranty costs	35,000	40,000
Other accruals	240,923	437,414
Curr. Liabilities	$ 2,255,874	$ 2,853,063
Long-term debt	1,107,865	1,611,629
Deferred pension	136,819	203,776
+Common stock	134,142	134,142
Add. paid-in capital	4,001,096	4,001,096
Accum. deficit	(2,283,672)	(3,334,064)
Treasury stock	(3,304)	(3,304)
Total Liabilities & Shareholders' Equity	$ 5,348,820	$ 5,466,338

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.41	1.68
%Net Income to Sales	6.33	1.03
%Net Income to Equity	31.56	10.86
Sales to Inventories	5.08	3.78
Debt to Equity	1.27	4.02
Working Capital	$1,825,753	$1,405,424
Current Ratio	1.81	1.49
Shareholders' Equity	$1,848,262	$ 797,870

UTL Corporation

4500 West Mockingbird Lane
Dallas, Texas 75209
(214) 350-7601

Officers: C.C. Lee, president & chief exec. officer; Paul Spero, sr. v.p.-operations; R.H. Lichtenstein, v.p.-administration; Bob W. Maupin, sr. v.p.-advanced development; Bernard S. Bernard, v.p.-new business development; John Benson, secretary & treasurer, v.p.-finance.

Directors: C.C. Lee, Robert McCulloch, H.L. Simpson, Robert Hibbert.

Areas of Work: Engaged in the design, development and manufacture of electronic systems and subsystems which are used by the United States and foreign military services in reconnaissance, surveillance and electronic countermeasure activities.

Transfer Agent(s):
Texas American Bank
Trust Department
P.O. Box 35207
Dallas, Texas 75235

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UTLC (NASDAQ)

Number of Employees:

1986	414	1983	260
1985	N.A.	1982	240
1984	281		

Plant Footage:

1986	143,500 sq. ft.	1983	91,000
1985	76,500	1982	91,000
1984	75,000		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income ‡
1986	$ 31,519,253	$ 5,122,340
1985	26,158,341	4,862,966
1984	22,846,760	4,185,079
1983	19,006,000	2,711,142
1982	16,680,909	1,963,914

	No. of Com. Shares +	Earn. per Share ‡+
1986	4,844,000	$ 1.06
1985	4,860,000	1.00
1984	4,828,000	0.87
1983	3,969,000	0.68
1982	3,630,000	0.54

‡ Including extraordinary credit of $216,000 ($0.06 per share) in 1982.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity ‡	Equity Per Share +
1986	$ 39,487,658	$ 8.15
1985	34,159,914	7.03
1984	29,243,098	6.06
1983	25,502,608	6.43
1982	6,572,562	1.81

‡ After allowing for preferred stock at liquidation value.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Revenues	$ 31,519,253	$ 26,158,341
Contract costs	20,891,572	17,593,128
Expenses	4,312,366	3,033,698
Interest income	(355,233)	(889,439)
Dividend income	(1,385,586)	(1,274,994)
Interest expense	277,401	202,151
Realized gain on sale of secur.	(563,533)	(447,800)
Unrealized loss on secur.	173,786	26,995
Other expense (income)	(167,987)	40,936
Income before taxes	$ 8,336,467	$ 7,873,666
Income taxes	3,214,127	3,010,700
Net Income	$ 5,122,340	$ 4,862,966

* Included in Costs and Expenses, Depreciation: $496,285 in 1986 and $479,336 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 612,021	$ 1,267,216
Temp. invest.	809,747	7,981,153
Market. secur.	9,678,772	8,262,543
Accts receiv.-trade	2,614,669	3,686,889
Accts receiv.-brokers	3,771,396	2,130,725
Long-term contracts	16,677,538	11,355,367
Inc. taxes refund.	—	378,208
Prepaid expenses	445,348	615,698
Current Assets	$ 34,609,491	$ 35,677,799
Marketable securities	1,123,579	1,837,475
Investments & adv.	516,656	371,205
#Fixed assets	12,724,855	3,235,706
Other assets & defer. charges	44,761	11,174
Total Assets	$ 49,019,342	$ 41,133,359
Liabilities		
Long-term debt, curr.	$ 536,005	$ 65,552
Note payable	3,250,000	—
Accts. payable	1,036,145	1,909,411
Securities sold short	2,139,051	2,047,994
Billings in exc. of costs	137,629	851,695
Accruals	1,931,309	1,174,866
Fed. inc. taxes	137,626	—
Curr. Liabilities	$ 9,167,765	$ 6,049,518
Long-term debt	—	531,427
Def. fed. inc. taxes	301,419	330,000
+Preferred stock	62,500	62,500
++Common stock	1,205,181	1,200,585
Add. paid-in capital	21,299,835	21,037,852
Allowances on marketable secur.	(651,342)	(590,167)

Retained earnings	17,645,234	12,522,894
Treasury stock	(11,250)	(11,250)
Total Liabilities & Shareholders' Equity	$ 49,019,342	$ 41,133,359

Less accumulated depreciation and amortization.
+ No par value; $0.625 stated value, noncumulative.
+ + $0.25 par value.

Statistical Summary

%Income bef. Taxes to Revenues	26.45	30.10
%Net Income to Revenues	16.25	18.59
%Net Income to Equity	12.95	14.21
Debt to Equity	0.10	0.02
Working Capital	$25,441,726	$29,628,281
Current Ratio	3.78	5.90
Shareholders' Equity	$39,550,158	$34,222,414

Varian Associates, Inc.

611 Hansen Way
Palo Alto, California 94303
(415) 493-4000

Officers: Thomas D. Sege, chairman of the board, president & chief exec. officer; Larry L. Hansen, exec. v.p.-corp. technology; & pres.-Semiconductor Equipment Group; Alan J. Bennett, v.p.-research; George Caryotakis, v.p. & managing director-Varian European Operations; Stanley Z. Cole, v.p.-patents & licensing; John J. Cooper, v.p.-gen. counsel & secretary; William E. Finney, v.p. & pres.-Medical & Industrial Prods. Group; Allen J. Lauer, v.p. & pres.-Instrument Group; Robert A. Lemos, v.p.-finance; David F. Minnery, v.p. & pres.-Int'l. Group; Norman H. Pond, exec. v.p. & pres.-Electron Device Group; Gary E. Simpson, v.p.-corporate communications; Wayne P. Somrak, controller; James A. Taylor, treasurer.

Directors: Thomas D. Sege*, chairman; Kenneth J. Arrow, Ruth M. Davis, C. Lester Hogan*, William F. Miller*, Gordon E. Moore, H. Myrl Stearns*, Larry L. Hansen, James C. Gaither*, Edward L. Ginzton*, John J. Cooper, Lewis W. Lehr, Gordon E. Moore, Donald O. Pederson, Norman H. Pond.

* Member of the Executive Committee.

Areas of Work: Manufactures microwave, power and special-purpose electron tubes and devices for defense and communications; analytical instruments for science and industry; wafer-fabrication equipment for the semiconductor industry; radiation equipment for cancer therapy; vacuum equipment and leak detectors for industrial and scientific processes.

Divisions and Subsidiaries:

Electron Device Group

Microwave Tube Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Klystrons, traveling-wave tubes, gyrotrons.

Image Tube Division
601 California Avenue
Palo Alto, California 94304
(415) 493-1800
Night vision devices and microchannel plates.

EIMAC Division
301 Industrial Way
San Carlos, California 94070
(415) 592-1221

1678 S. Pioneer Road
Salt Lake City, Utah 84104
(801) 972-5000
Power grid tubes, and X-ray tubes.

Solid State Microwave Division
3251 Olcott Street
Santa Clara, California 95050
(408) 988-1331
Solid state oscillators and amplifiers and, YIG-tuned devices.

Microwave Equipment Division
3200 Patrick Henry Drive
Santa Clara, California 95050
(408) 496-6273
Power amplifiers and power supplies, microwave components, electromagnets.

Beverly Microwave Division
8 Salem Road
Beverly, Massachusetts
(617) 922-6000
Magnetrons, cross-field amplifiers, modulators, solid state, microwave components, ring-loop traveling-wave tubes, radar subsystems and receiver protectors.

Canada Microwave Division
45 River Drive
Georgetown, Ontario
Canada L7G 2J4
Klystrons, traveling and millimeter-wave tubes, power supplies.

III-V Device Center
Santa Clara, California
Gallium arsenide and indium phosphide devices and integrated circuits.

Continental Electronics Division
Dallas, Texas
High-power radio transmitters.

Thorn EMI-Varian Ltd. (affiliate)
248 Blythe Road
Hayes, England UB3 1HR
Microwave tubes.

Instrument Group

Palo Alto Instrument Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Nuclear magnetic resonance (NMR) spectrometers.

Walnut Creek Instrument Division
2700 Mitchell Drive
Walnut Creek, California 94587
(415) 939-2400
Gas and liquid chromatographs, data systems, laboratory information management systems.

Varian Techtron Pty. Ltd.
679 Springvale Road
Mulgrave, Victoria 3170
Melbourne, Australia
Atomic absorption and UV-Vis spectrophotometers.

Medical & Industrial Products Group

Radiation Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Medical and radiographic linear accelerators, electronic radiography imaging systems.

Varian-TEM, Limited
Gatwick Road
Crawley, West Sussex
England
Radiotherapy planning simulators.

Vacuum Systems Operation
3580 Bassett
Santa Clara, CA 95054
(408) 986-9888
Memory disk sputtering system.

Vacuum Products Division
121 Hartwell Avenue
Lexington, MA 02173
(617) 861-7200

3100 Jay Street
Santa Clara, CA 95051
(408) 727-0590

Via Varian, 54
1-10040 Leini (Torino)
Italy
Leak detectors; gauges; vacuum pumps, systems, and accessories.

TEL-Varian Ltd. (affiliate)
2381-Ohara, Kita Gejo Fugii-cho
Nirasaki-City
Yamanashi
Japan
Ion implanters.

Semiconductor Equipment Group

Extrion Division
Blackburn Industrial Park
P.O. Box 1226
Gloucester, Massachusetts 01930
(617) 281-2000
Ion implantation equipment, rapid thermal processing equipment.

Thin Film Technology Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Sputtering systems, molecular beam epitaxy systems, memory disc sputtering systems.

Analytichem International, Inc. (affiliate)
24201 Frampton Avenue
Harbor City, CA 90710
(213) 539-6490
Sample preparation products.

Specialty Metals Division
3515 Grove City Road
Grove City, Ohio 43123
(614) 875-7912
Special materials used in thin and thick film coating.

Fremont Division
Fremont, California
Chemical vapor deposition systems, dry etching systems.

Corporate Manufacturing

Tempe Electronics Center
Tempe, Arizona
Printed circuit board assembly.

Transfer Agent(s):
The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, Pacific

Ticker Symbol: VAR

Number of Employees:

1986	11,600	1983	13,600
1985	13,600	1982	12,600
1984	16,000		

Plant Footage:

1986	4,328,000 sq.ft.	1983	3,600,000
1985	4,463,000	1982	3,600,000
1984	4,600,000 sq.ft.		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 891,100,000	$ (14,870,000)
1985	935,900,000	26,122,000
1984	884,500,000	59,877,000
1983	724,300,000	44,881,000
1982	655,500,000	26,500,000

	No. of Com. Shares †	Earn. per Share #
1986	21,448,000	$ —
1985	21,313,000	1.19
1984	21,817,000	2.72
1983	21,408,000	2.14
1982	19,537,000	1.47

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Varian Associates, Inc.

Revenues By Line of Business
(000's)

	1986	1985
Electron devices	$ 421,000	$ 395,000
Analytical instruments	168,000	159,000
Semiconductor equip.	137,000	231,000
Medical & industrial prods.	175,000	163,000
Adjust. & eliminations	(10,000)	(12,000)
Total	$ 891,000	$ 936,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.26	—	—
1985	0.26	—	—
1984	0.26	—	—
1983	0.26	—	2-for-1
1982	0.26	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 410,900,000	$ 19.16
1985	429,200,000	20.14
1984	426,946,000	19.57
1983	362,500,000	16.93
1982	274,700,000	14.06

+ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 891,139	$ 935,888
Cost of sales	646,212	643,209
Expenses	263,753	239,409
Interest expense	8,403	8,471
Interest income	(2,058)	(4,762)
Unusual items	15,012	(4,576)
Income (loss) before taxes	$ (40,173)	$ 54,137
Income taxes (credit)	(25,310)	16,220
Inc. (loss)- cont. oper.	$ (14,863)	$ 37,917
Loss - discont. oper.	(7)	(11,795)
Net Income (Loss)	$ (14,870)	$ 26,122

* Included in Costs and Expenses, Depreciation: $32,868,000 in 1986 and $24,762,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & short-term invest.	$ 7,978	$ 13,491
Accts. receiv., net	190,403	188,474
*Inventories	211,819	213,899
Other	95,220	57,966
Current Assets	$ 505,420	$ 473,830
#Fixed assets	254,272	246,849
Other assets	30,463	24,127
Total Assets	$ 790,155	$ 744,806

Liabilities
(000's)

Notes payable	$ 30,274	$ 18,376
Accts. payable	49,697	41,290
Accruals	150,106	133,306
Prod. warranty	24,008	21,600
Adv. pay. from cust.	50,395	32,561
Curr. Liabilities	$ 304,480	$ 247,133
Long-term debt	50,824	46,188
Deferred inc. taxes & invest. tax credit	23,921	22,256
+Common stock	21,448	21,313
Add. paid-in capital	157,476	155,488
Retained earnings	232,006	252,428
Total Liabilities & Shareholders' Equity	$ 790,155	$ 744,806

* At lower of cost (LIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	6.09
Sales to Inventories	4.21	4.55
Debt to Equity	0.12	0.15
Working Capital	$200,940,000	$226,697,000
Current Ratio	1.66	1.92
Shareholders' Equity	$410,930,000	$429,229,000

Varo, Inc.

2203 West Walnut Street
Post Office Box 461426
Garland, Texas 75046
(214) 487-4100

Officers: Samuel T. Yanagisawa, chairman of the board; James F. Gero, president & chief exec. officer; Stanley J. Sadlowski, asst. to chairman; Kevin W. McAleer, v.p., chief financial officer, treasurer & secretary; David L. Dallob, v.p. & chief operating officer; Leo J. Eveleth, Jr., v.p. & chief personnel officer; Robert L. Esser, asst. secretary and controller.

Directors: Samuel T. Yanagisawa, James F. Gero, Joseph V. Mariner, Jr., John W. Turner, Eugene L. Miller, Donald R. Scheuch, Russell D. O'Neal, C.B. Sung, Stanley J. Sadlowski.

Areas of Work: Manufactures high-technology products, principally night vision equipment and image intensification tubes, weapons delivery systems, power conversion products, and metal optics. Most of the Company's products have application in the defense industry.

Divisions:

Systems Division
2800 West Kingsley
P.O. Box 469015
Garland, Texas 75046
(214) 840-5000

Power Systems Group
2203 W. Walnut St.
P.O. Box 469015
Garland, Texas 75046
(214) 487-4100

Electron Devices Division
2203 W. Walnut Street
P.O. Box 469014
Garland, Texas 75046
(214) 487-4100

Subsidiary:

Applied Optics Center Corporation
2005 Whitfield Industrial Way
Sarasota, Florida 33580
(813) 756-0636
Designs and produces precision metal optics and optic assemblies for defense, aerospace, and communications applications.

Transfer Agent(s):

RepublicBank Dallas, National Association
Dallas, Texas

Stock Exchange(s): New York

Ticker Symbol: VRO

Number of Employees:

1986	1,031	1983	1,490
1985	1,366	1982	1,490
1984	1,400		

Plant Footage:

1986	400,000 sq. ft.	1983	519,000
1985	532,845	1982	515,000
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Oper. Revenues +	Net Income
1986	$ 75,434,000	$ (906,000)
1985	65,982,000	1,634,000
1984	73,369,000	4,870,000
1983	65,446,000	900,000
1982	49,757,000	1,990,000

	No. of Com. Shares	Earn. per Share #
1986	4,520,25[illegible]	$ —
1985	4,529,372	0.36
1984	4,491,582	1.08
1983	4,483,182	0.20
1982	4,482,142	0.45

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—
1982	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 49,618,000	$ 10.98
1985	53,554,000	11.82
1984	53,232,000	11.85
1983	49,980,000	11.15
1982	50,744,000	11.32

Income Account *
(000's)

Year ended April 30	1986	1985
Oper. revenues	$ 75,434	$ 65,982
Cost of sales & contracts	56,560	49,649
Expenses	16,591	17,779
Interest income	(96)	(514)
Interest expense	601	349
Other income	(371)	(14)
Income (loss) before taxes	$ 2,149	$ (1,267)
Income taxes (credit)	433	(2,527)
Inc. - cont. oper.	$ 1,716	$ 1,260
Inc. (loss) - discont. oper.	(2,622)	374
Net Income (Loss)	$ (906)	$ 1,634

* Included in Costs and Expenses, Depreciaton and Amortization: $2,570,000 in 1986 and $2,206,000 in 1985.

Assets
(000's)

As of April 30	1986	1985
Cash	$ 1,421	$ 1,604
Receiv., net	21,192	14,734
*Inventories	23,271	39,266
Prepaid expenses	479	882
Deferred inc. taxes	2,485	3,011
Current Assets	$ 48,848	$ 59,497
Notes receivable	3,169	—

#Fixed assets	19,839	24,734
Other assets	2,126	969
Total Assets	$ 73,982	$ 85,200

Liabilities (000's)

Long-term debt, curr.	$ 359	$ 343
Accts. payable	7,353	8,410
Accruals	4,755	7,256
Advances	3,024	7,589
Curr. Liabilities	$ 15,491	$ 23,598
Long-term debt	1,288	1,620
Cap. lease oblig.	1,407	1,500
Deferred inc. taxes	3,705	3,124
Def. gain & credits	2,473	1,804
+Common stock	457	454
Add. paid-in capital	10,522	10,069
Retained earnings	40,700	43,409
Treasury stock	(657)	(159)
Stock plan def. compens.	(1,404)	(219)
Total Liabilities & Shareholders' Equity	$ 73,982	$ 85,200

* At lower of average cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value

Statistical Summary

%Net Income to Equity	—	3.05
Debt to Equity	0.06	0.06
Working Capital	$33,357,000	$35,899,000
Current Ratio	3.15	2.52
Shareholders' Equity	$49,618,000	$53,554,000

Veeco Instruments Inc.

515 Broad Hollow Road
Melville, New York 11747
(516) 694-4200

Officers: Albert Nerken, chairman of the board; Allen E. Busching, president & chief executive officer; Edward H. Braun, executive v.p. & chief operating officer; Joshua A. Hauser, exec. v.p.-Lambda Group; Steven Goldschein, v.p.-administration, chief financial officer & treasurer; Thomas E. Heftler, secretary; Michael J. Speiller, controller; Rikihiro Madarame, v.p.-Lambda Far East Operations; B. Alan Ross, v.p.-Automation and Semiconductor Equipment Group.

Directors: Albert Nerken, chairman; Philip L. Defliese, David Lubart, R.C. Mercure, Jr., Joseph Ponce, Murray Rosenzweig, Edward H. Braun, Allen E. Busching, Joshua A. Hauser, Thomas E. Heftler.

Areas of Work: Designs, manufactures and markets power supply products which include standard linear and switching power supplies, power supply instruments and systems and specialty power semiconductors; a line of test instrumentation which includes helium leak detectors, surface measurement equipment, and ion milling equipment; and a flexible wafer automation fabrication system and other semiconductor wafer processing equipment.

Divisions and Subsidiaries:

Lambda Electronics Division
515 Broad Hollow Road
Melville, New York 11747

Lambda Electronics
Melville, New York
Tucson, Arizona
McAllen, Texas

Lambda Semiconductor
Corpus Christi, Texas

Lambda Semiconductor S.A.
Reynosa, Mexico

Veeco S.A.
Orsay, France

Veeco GmbH
Knorrstrasse 142
8000 Munich 45, West Germany

Veeco Integrated Automation Inc.
Dallas, Texas

Veeco K.K.
Tokyo, Japan

Veeco Instruments
Tel Aviv, Israel

Veeco Products and Instrumentation Division
Plainview, New York

Lambda Electronique S.A.
Orsay, France

Veeco Instruments, Ltd.
High Wycombe, Bucks, England

Lambda Electronica de Mexico, S.A.
Reynosa, Mexico

Islambda Electronics Ltd.
Tel Aviv, Israel

Lambda Eletronics
St. Laurent, Canada
High Wycombe, Bucks, England

Lambda Netzgerate GmbH
Achern, Germany

NEMIC-Lambda K.K. (60% interest)
Tokyo & Nagaoka, Japan

Lambda Electronics Ltd.
Carmiel, Israel

NEMIC-Lambda (Singapore) Pte. Ltd.
Singapore

Acquisition(s):

Magnapower, Inc.
Ronkonkoma, New York
Designs and manufactures military power supplies for airborne, shipboard and ground applications.

Sloan Technology Corp.
Santa Barbara, California
Manufactures high-precision computer-based measurement and control instrumentation for high technology thin film applications.

Transfer Agent(s):

The Chase Manhattan Bank
New York, New York

Stock Exchange(s): New York

Ticker Symbol: VEE

Number of Employees:

1986	2,500	1983	2,300
1985	2,650	1982	2,200
1984	2,300		

Plant Footage:

1986	771,000 sq. ft.	1983	688,000
1985	703,000	1982	675,000
1984	721,000		

Sales and Earnings ×

	Net Sales	Net Income
1986	$ 167,769,000	$ 380,000
1985	161,900,000	9,836,000
1984	167,298,000	14,933,000
1983	130,883,000	10,456,000
1982	122,044,000	8,575,000

	No. of Com. Shares	Earn. per Share #
1986	10,487,224	$ 0.04
1985	10,466,872	0.94
1984	10,457,244	1.43
1983	10,440,249	1.00
1982	N.A.	0.82

N.A. - Not Available.
× Restated to include operations of Sloan Technology Corporation acquired on a pooling of interests basis.

Based on weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Power products	$ 131,529,000	$ 122,755,000
Instruments	30,320,000	30,925,000
Auto. & semiconductor equip.	5,961,000	8,338,000
Eliminations	(41,000)	(118,000)
Total	$ 167,769,000	$ 161,900,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.37	—	—
1985	0.35	—	—
1984	0.29	—	—
1983	0.20	—	—
1982	0.18	—	—

Common Stock Equity ×

	Total Equity	Equity Per Share
1986	$ 92,821,000	$ 8.85
1985	89,389,000	8.54
1984	81,072,000	7.75
1983	70,260,000	6.73

× Restated.

Income Account *

Year ended Sept. 30	1986	1985 ‡
Net sales	$ 167,769,000	$ 161,900,000
Cost of sales	105,662,000	91,895,000
Expenses	54,343,000	49,575,000
Interest expense	1,773,000	1,893,000
Other expense (income)	4,200,000	(1,415,000)
Income before taxes	$ 1,791,000	$ 19,952,000
Income taxes	233,000	9,167,000
Income before minority interest	$ 1,558,000	$ 10,785,000
Minority interest	1,178,000	949,000
Net Income	$ 380,000	$ 9,836,000

‡ Restated.
* Included in Costs and Expenses, Depreciation and Amortization: $5,201,000 in 1986 and $4,363,000 in 1985.

Assets

As of Sept. 30	1986	1985 ‡
Cash	$ 19,124,000	$ 12,974,000
Accts. receiv., net	44,920,000	39,137,000
*Inventories	40,140,000	52,268,000
Prepaid expenses	13,602,000	7,265,000
Current Assets	$ 117,786,000	$ 111,644,000
#Fixed assets	35,287,000	34,048,000
Other assets	1,429,000	1,076,000
Intangibles	2,354,000	3,355,000
Total Assets	$ 156,856,000	$ 150,123,000

Liabilities

Notes payable	$ 3,506,000	$ 8,630,000
Long-term debt, curr.	1,746,000	1,333,000
Accts. payable	16,380,000	12,851,000
Accruals	13,047,000	10,846,000
Income taxes	3,444,000	2,234,000
Curr. Liabilities	$ 38,123,000	$ 35,894,000
Long-term debt	15,301,000	16,977,000
Deferred taxes & credits	2,728,000	3,208,000
Minority interest	7,883,000	4,655,000
+Common stock	10,487,000	10,467,000
Add. paid-in capital	1,199,000	1,231,000
Retained earnings	75,059,000	78,336,000
Trans. adjust.	6,256,000	(494,000)
Treasury stock	(180,000)	(151,000)
Total Liabilities & Shareholders' Equity	$ 156,856,000	$ 150,123,000

‡ Restated.
* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.07	12.32
%Net Income to Sales	0.23	6.08
%Net Income to Equity	0.41	11.00
Debt to Equity	4.18	3.10
Sales to Inventories	0.18	0.20
Working Capital	$79,663,000	$75,750,000
Current Ratio	3.09	3.11
Shareholders' Equity	$92,821,000	$89,389,000

Vermont Research Corporation

Precision Park
North Springfield, Vermont 05150
(802) 886-2256

Officers: Hugh M. Taft, president & treasurer; Edward D. Winkler, Jr., controller; John G. Kristensen, clerk; Robert G. Kaseta, v.p.-engineering.

Directors: Hugh M. Taft, Richard A. Stover, J. Franklin Jones, Jr., John G. Moody, Stuart J. Lock.

Areas of Work: Engaged in the development, design and manufacture of drums, discs and other basic memory devices for the computer industry.

Subsidiaries:

Vermont Research Limited
Cleeve Road
Leatherhead, Surrey, England KT227NB

Vermont Research International Sales Corp.
Precision Park
North Springfield, Vermont 05150
(802) 886-2256

Transfer Agent(s):

State Street Bank and Trust Company
P. O. Box 1370
Boston, Massachusetts 02107

Stock Exchange(s): American

Ticker Symbol: VRE

Number of Employees:

1986	N.A.	1984	105
1985	88		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 4,638,000	$ (3,258,000)
1985	7,224,000	(993,000)
1984	9,488,000	(817,000)
1983	10,100,000	(1,488,000)
1982	13,489,000	1,143,000

	No. of Com. Shares	Earn. per Share #
1986	1,952,933	$ —
1985	1,952,933	—
1984	1,952,933	—
1983	1,952,924	—
1982	1,952,822	0.58

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	0.15	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 6,600,000	$ 3.38
1985	9,858,000	5.05
1984	10,851,000	5.42
1983	11,668,000	5.98
1982	13,758,000	7.05

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 4,638,000	$ 7,224,000
Cost of sales	3,858,000	5,876,000
Expenses	5,053,000	3,863,000
Interest expense	14,000	24,000
Interest income	(535,000)	(620,000)
Other income	(215,000)	(185,000)
Loss before taxes	$ (3,537,000)	$ (1,734,000)
Tax credit	(279,000)	(741,000)
Net Loss	$ (3,258,000)	$ (993,000)

* Included in Costs and Expenses, Depreciation: $497,000 in 1986 and $512,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 4,337,000	$ 6,238,000
Accts. receiv., net	1,112,000	1,065,000
Refundable income taxes	128,000	635,000
*Inventories	305,000	1,246,000
Prepaid taxes	52,000	119,000
Current Assets	$ 5,934,000	$ 9,303,000
#Fixed assets	2,071,000	1,865,000
Other assets	9,000	13,000
Total Assets	$ 8,014,000	$ 11,181,000

Liabilities

Long-term debt, curr.	$ 41,000	$ 84,000
Accts. payable	340,000	483,000
Accrued payroll	156,000	136,000
Other accruals	877,000	528,000
Curr. Liabilities	$ 1,414,000	$ 1,231,000
Long-term debt	—	41,000
Deferred income taxes	—	51,000
+Common stock	1,026,000	1,026,000
Add. paid-in capital	5,468,000	5,468,000
Retained earnings	1,800,000	5,058,000
For. curr. trans. adjust.	(310,000)	(310,000)
Treasury stock	(1,384,000)	(1,384,000)
Total Liabilities & Shareholders' Equity	$ 8,014,000	$ 11,181,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	15.21	5.80
Debt to Equity	0.06	0.03
Working Capital	$4,520,000	$8,072,000
Current Ratio	4.20	7.56
Shareholders' Equity	$6,600,000	$9,858,000

Vernitron Corporation

(54.7% owned by SB Holding Corporation)

2001 Marcus Avenue
Lake Success, New York 11042
(516) 775-8200

Officers: Stephen W. Bershad, chairman of the board & chief executive officer; John R. Slowik, chief operating officer; Benjamin Kittner, vice president; Benjamin K. Sachs, mgr.-human resources; Michael J. Goldman, v.p. & chief financial officer; John F. Rein, Jr., controller & chief accounting officer; Neal G. Winnig, gen. counsel & secretary.

Directors: Stephen W. Bershad, chairman; Benjamin R. Sachs, John R. Slowik, Michael J. Goldman, J. Tomilson Hill, III, David G. Offensend.

Divisions and Subsidiaries:

Vernitron Controls Division
1601 Precision Park Lane
San Diego, California 92073
(619) 428-5581
Manufactures electro-mechanical servo components, including synchros, resolvers, limited angle D.C. torque motors, remote indicators, and electromechanical assemblies.

VERNITECH Division
300 Marcus Boulevard
Deer Park, New York 11729
(516) 586-5100
Manufactures instrument servo motors, hysteresis synchronous motors, optical, contact, and linear encoders, synchro conversion modules and systems, electromagnetic clutches and brakes, read-out indicators, potentiometers and pressure transducers.

Magnetic Technology Division
21001 Kittridge Street
Canoga Park, California 91303
(818) 887-7700
Direct drive DC motors, tachometers, and servos.

Vernitron Piezoelectric Division
232 Forbes Road
Bedford, Ohio 44146
(216) 232-8600
Manufactures and sells piezoelectric ceramic based products, including ceramic shapes, flatware and thin sheet materials for various industrial uses, and piezoelectric igniters, resonators and filters.

BEAU Products Divsion
P.O. Box 10
117 Union Avenue
Laconia, New Hampshire 03246
(603) 524-5101
Electrical connectors and barrier terminal strips.

AIE Electronic Division
701 Murfreesboro Road
Nashville, Tennessee 37210
(615) 244-9024
Manufactures transformers, inductors, electronic filters, magnetic components and subassemblies for industrial, telecommunications and data processing application.

AST/Servo Systems, Inc.
115 Main Road, Route 202
Montville, New Jersey 07045
(201) 335-1007
Sells and distributes electromechanical devices and ball bearings.

2448 Walnut Ridge Street
Dallas, Texas 75229
(214) 620-9004

20 Republic Road
North Billerica, Massachusetts 01862
(617) 667-8541

1708 South Lyon Street
Santa Ana, California 92705
(714) 543-8788

Vernitron Limited
Bursledon Road
Southampton SO9 5QF England
Manufactures piezoelectric materials and transducers, including gas igniters, electrical wave filters, ceramic and magnetic pickup cartridges, mica capacitors and electronic spark generators and controls for gas ignition.

VRN International Division
P.O.4400
2801 72nd Street
St. Petersburg, Florida 33743
(813) 347-2181
Produces trimmer and precision potentiometers, switches, dials and resistive devices.

Lorch Electronics Corp.
105 Cedar Lane
Englewood, New Jersey 07631
(201) 569-8282
Manufactures active and passive RF and IF signal processing components.

Transfer Agent(s):
Harris Trust Company of New York
New York, New York

Stock Exchange(s): American, Pacific

Ticker Symbol: VRN

Number of Employees:

1986	1,600	1985	2,300

Plant Footage:

1986	1,018,700 sq. ft.	1984	N.A.
1985	1,003,400	1983	180,000

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$ 93,300,000	$ (4,651,000)
1985	99,001,000	(2,802,000)
1984	99,979,000	6,415,000
1983*	85,009,000	6,390,000
1982	82,093,000	6,419,000

	No. of Com. Shares	Earn. per Share ‡
1986	5,943,747	$ —
1985	6,268,700	—
1984	6,204,077	1.01
1983*	6,041,828	1.02
1982	5,931,398	1.06

(Loss)
* 53 weeks.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.15	—	—
1985	0.20	—	—
1984	0.17	—	—
1983	0.13	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 59,545,000	$ 10.02
1985	68,434,000	10.92
1984	71,462,000	11.52
1983	64,084,000	10.61
1982	57,406,000	9.68

Income Account *

Year ended	12/27/85	12/28/84
Net sales	$ 93,300,000	$ 99,001,000
Cost of sales	67,193,000	69,916,000
Expenses	22,319,000	21,718,000
Interest expense	1,321,000	1,953,000
Other expenses	4,101,000	—
Other income	(341,000)	(408,000)
Inc. (loss) bef. taxes	$ (1,293,000)	$ 5,822,000
Income taxes (credit)	(151,000)	3,346,000
Inc. (loss)-cont. oper.	$ (1,142,000)	$ 2,476,000
Loss-discont. oper.	(3,509,000)	(5,278,000)
Net Loss	$ (4,651,000)	$ (2,802,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,128,000 in 1986 and $2,583,000 in 1985.

Assets

As of	12/27/86	12/28/85
Cash	$ 6,941,000	$ 7,087,000
Accts. receiv., net	13,065,000	12,847,000
*Inventories	29,014,000	31,179,000
Other curr. assets	8,915,000	8,344,000
Assets of discont. oper.	16,691,000	18,591,000
Current Assets	$ 74,626,000	$ 78,049,000
#Fixed assets	23,120,000	24,209,000
Mortgage proceeds receiv.	3,836,000	5,286,000
Other assets	4,796,000	4,142,000
Assets of discont. oper.	10,627,000	11,567,000
Total Assets	$ 117,005,000	$ 123,252,000

Liabilities

Notes payable	$ 5,000,000	$ 7,000,000
Long-term debt, curr.	1,444,000	1,455,000
Accts. payable	2,754,000	2,969,000
Accruals	11,710,000	9,978,000
Income taxes	2,164,000	1,540,000
Liab. of discont. oper.	7,228,000	3,115,000
Curr. Liabilities	$ 30,300,000	$ 26,057,000
Long-term debt	20,473,000	21,912,000
Long-term debt-discont. oper.	4,161,000	4,482,000
Def. inc. taxes	2,526,000	2,367,000
+Class B common stock	25,000	25,000
+Common stock	628,000	627,000
Add. paid-in capital	23,926,000	23,969,000
Retained earnings	39,148,000	44,698,000
Treasury stock	(3,378,000)	(46,000)
Foreign currency translation adjustment	(804,000)	(839,000)
Total Liabilities & Shareholders' Equity	$ 117,005,000	$ 123,252,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.22	3.18
Debt to Equity	0.37	0.34
Working Capital	$44,326,000	$51,991,000
Current Ratio	2.46	3.00
Shareholders' Equity	$59,545,000	$68,434,000

Vicon Industries, Inc.

525 Broad Hollow Road
Melville, New York 11747
(516) 293-2200

Officers: Donald N. Horn, chairman & president; Arthur V. Wallace, executive v.p.; Kenneth M. Darby, v.p.-finance & treasurer; Stuart I. Chambers, v.p.-product development; Peter A. Horn, v.p.-engineering; Richard R. Perna, v.p.-operations; Dar Hyatt, v.p.-sales; Frances McArdle, v.p.-communications; Lawrence M. Russo, v.p.-materials.

Directors: Donald N. Horn, chairman; Arthur C. Berman, Arthur V. Wallace, Frederick Hainfield, Jr., Peter F. Barry.

Areas of Work: Designs and manufactures closed circuit television equipment for the security and surveillance market. Principal products consist of pan and tilt drives and scanners, video switchers and controls, housings and enclosures, mounting accessories, consoles and lenses, as well as video cameras, monitors and video cassette recorders.

Subsidiary:
Vicon Industries (U.K) Ltd.
Portsmouth, England

Transfer Agent(s):
Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: VII

Number of Employees:

1986	366	1983	400
1985	384	1982	385
1984	400		

Plant Footage:

1986	110,000 sq. ft.	1983	110,000
1985	110,000	1982	90,000
1984	110,000		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 33,704,000	$ 390,049
1985	30,437,297	(162,868)
1984	29,331,255	1,906,301
1983	25,979,738	1,318,621
1982	22,041,214	783,523

	No. of Com. Share +	Earn. per Share +†
1986	2,372,000	$ 0.16
1985	2,381,974	—
1984	2,366,847	0.80
1983	2,322,552	0.56
1982	2,315,271	0.34

(Loss)
† Including extraordinary gain of $459,689 ($0.19 per share) in 1984.
+ Based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 14,029,851	$ 5.91
1985	13,532,167	5.68
1984	13,451,496	5.68
1983	11,667,260	5.02
1982	10,396,047	4.49

‡ Based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 33,704,000	$ 30,437,297
Cost of sales	25,319,194	23,590,207
Expenses	6,820,561	5,855,837
Interest expense	1,302,452	1,361,783
Interest income	(26,436)	(35,277)
For. curr. trans.	52,180	377,615
Income (loss) bef. taxes	$ 236,049	$ (712,868)
Tax credit	(154,000)	(550,000)
Net Income (Loss)	$ 390,049	$ (162,868)

* Included in Costs and Expenses, Depreciation and Amortization: $1,107,126 in 1986 and $1,016,101 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 385,066	$ 128,489
Notes receivable	287,709	1,563,926
Accts. receiv., net	9,970,913	5,596,123

Vicon Industries, Inc.

*Inventories	15,648,711	16,184,404
Prepaid expenses	374,173	381,072
Current Assets	$ 22,666,572	$ 23,854,016
#Fixed assets	10,886,412	10,970,565
For gov't secur.	—	569,046
Other assets	64,987	255,437
Total Assets	$ 33,617,971	$ 35,649,064
Liabilities		
Notes payable	$ 61,273	$ 4,203,085
Long-term debt, curr.	550,000	1,050,478
Accts. payable	3,585,911	3,692,497
Accruals	534,507	494,623
Deferred income taxes	283,700	302,000
Income taxes	135,516	308,481
Curr. Liabilities	$ 5,150,907	$ 10,051,164
Long-term debt	13,775,000	11,472,820
Deferred income taxes	662,213	592,913
+Common stock	23,488	23,477
Add. paid in capital	5,340,056	5,335,582
Retained earnings	8,776,971	8,386,912
For. curr. trans.	(110,664)	(213,814)
Total Liabilities & Shareholders' Equity	$ 33,617,971	$ 35,649,064

* At lower of cost (moving average which approximates FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.70	—
%Net Income to Sales	1.16	—
%Net Income to Equity	2.78	—
Sales to Inventories	2.15	1.81
Debt to Equity	0.98	1.24
Working Capital	$17,515,665	$13,802,852
Current Ratio	4.40	2.37
Shareholders' Equity	$14,029,851	$13,532,167

Vishay Intertechnology, Inc.

63 Lincoln Highway
Malvern, Pennsylvania 19355
(215) 644-1300

Officers: Felix Zandman, president & chief executive officer; Robert A. Freece, v.p., treasurer & chief financial officer; Moshe Shamir, v.p.; William J. Spires, v.p. & secretary; Henry V. Landau, v.p.

Directors: Alfred P. Slaner, chairman; Felix Zandman, Robert A. Freece, Milton N. Scofield, Gerald N. Frank, Edward B. Shils, Carroll Novick.

Areas of Work: Produces precision resistors and resistive devices, strain gages, electronic equipment to read and record the output of strain gages and strain gage transducers, services and equipment in visual and optical measurement sciences for the stress analysis field, with applications in dentistry, and technical teaching aids to colleges, technical schools, and industrial training institutes.

Divisions and Subsidiaries:

Resistive Systems Group

Resistive Systems Group Hq.
63 Lincoln Highway
Malvern, Pennsylvania 19355

Vishay de Mexico S.A.
Tijuana, Mexico

Vishay-Israel, Limited
2 Haofan Street
Holon, Israel

Vishay Micro-Mesures S.A.
98 Boulevard Gabriel Peri
92240 Malakoff, France

Nippon Vishay (K.K.)
Machimoku Bldg.
Tokyo, 194, Japan

Vishay-Mann, Ltd.
Wymondham, Norfolk
England, NR 180RA

Angstrohm Precision, Inc.
Hagerstown, Maryland
San Diego, California

GEKA, S.A.
Paris, France

Measurements Group, Inc.

Measurements Group Headquarters
U.S. Highway 64
Raleigh, North Carolina 27611

Instruments Division

Photolastic Division

Education Division

Micro-Measurements Division
38905 Chase Road
Romulus, Michigan 48174

Measurements Group GmbH
8032 Lochham
Am Lochhamer Schlag 6
Munich, West Germany

Acquisition:

Dale Electronics, Inc. (50%-owned)
1122 23rd Street
Columbus, Nebraska 68601
Manufacturer of electronic components, including resistors, inductors, connectors, transformers, plasma displays, and thermistors.

Transfer Agent(s):

Mellon Bank (East)
Philadelphia, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: VSH

Number of Employees:

1986	N.A.	1983	1,100
1985	N.A.	1982	1,100
1984	1,400		

N.A. - Not Available.

Sales and Earnings

	Net Sales #	Net Income
1986	$ 58,854,795	$ 9,337,661
1985	56,536,108	7,902,873
1984	48,531,628	6,103,046
1983	42,161,020	4,422,550
1982	41,068,550	3,236,145

	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,490,981	$ 1.44
1985	6,490,981	1.22
1984	6,490,981	0.94
1983	6,490,981	0.68
1982	5,149,545	0.63

Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	4-for-3
1985	—	—	5-for-4
1984	—	5%	—
1983	—	5%	—
1982	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 58,931,062	$ 9.08
1985	49,237,288	7.59
1984	41,370,002	6.37
1983	35,286,987	5.44
1982	21,413,796	4.16

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 58,854,795	$ 56,536,108
Cost of sales	31,833,859	29,818,276
Expenses	18,307,233	16,733,575
Other income	(2,623,598)	(676,386)
Income before taxes	$ 11,337,301	$ 10,660,643
Income taxes	1,999,640	2,757,770
Net Income	$ 9,337,661	$ 7,902,873

* Included in Costs and Expenses, Depreciation and Amortization: $2,408,042 in 1986 and $2,193,611 in 1985.

Assets

As of June 30	1986	1985
Cash & cert. of deposit	$ 18,024,831	$ 8,174,168
Short-term invest.	6,686,559	11,424,530
Acct. receiv., net	12,974,332	12,234,985
*Inventories	17,215,963	16,667,927
Prepaid expenses & other assets	4,009,165	798,730
Current Assets	$ 58,910,850	$ 49,300,340
#Fixed assets	19,041,669	17,789,495
Equity in unconsol. affil.	14,582,718	—
Other assets	783,046	891,876
Total Assets	$ 93,318,283	$ 67,981,711
Liabilities		
Notes payable	$ 6,939,824	$ 4,885,705
Long-term debt, curr.	770,494	823,016
Accts. payable	1,599,091	1,884,884
Commissions & payable	445,734	420,150
Payroll & other accrued expenses	4,611,247	4,556,469
Income taxes	791,711	1,149,720
Curr. Liabilities	$ 15,158,101	$ 13,719,944
Long-term debt	16,952,384	4,745,661
Deferred taxes	2,276,736	278,818
+Common stock	649,098	486,823
Add. paid-in capital	24,786,740	24,949,015
Retained earnings	33,435,064	24,097,403
Currency translation adj.	60,160	(295,953)
Total Liabilities & Shareholders' Equity	$ 93,318,283	$ 67,981,711

* At lower of standard production cost or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	19.26	18.86
%Net Income to Sales	15.87	13.98
%Net Income to Equity	15.75	16.05
Sales to Inventories	3.42	3.39
Debt to Equity	0.42	0.11
Working Capital	$43,752,749	$35,580,396
Current Ratio	3.89	3.59
Shareholders' Equity	$58,931,062	$49,237,288

Vitramon, Incorporated

Route 25
Monroe, Connecticut 06468
(203) 268-6261

Mailing address:

P.O. Box 544
Bridgeport, Connecticut 06601

Officers: Barton L. Weller, chairman of the board & chief exec. officer; Robert H. Paquette, v.p.-finance & treasurer; David R. Chipman, secretary and general counsel; Robert Swart, v.p.-engineering; Rolf Mueller, v.p.-European operations; Walter Goedkoop, v.p.-American operations; John F. Pierce, asst. treasurer & asst. secretary.

Directors: Barton L. Weller, chairman; Earle A. Hallstrom, William H. Parr, David B. Morgan, Jr., Howard L. Richardson, Richard J. Broderick, William A. Prior, Donald R. Sorterup.

Areas of Work: Engaged in the manufacture of monolithic ceramic capacitors for the electronics industry in the United States and abroad. Products are classified in three major categories: porcelain, ceramic and chip capacitors. These components are basic elements in all electronic equipment — including communications, computers, instruments, wrist watches, heart pacemakers and mobile radios. They consist of layers of dielectric material (porcelain or ceramic) and electrodes (metal plates) that form a monolithic body when used in furnaces.

Subsidiaries:

Vitramon North America
Route 25
Monroe, Connecticut 06468

Vitramon Limited
Wycombe Lane
Wooburn Green
Bucks, England

Vitramon Pty. Limited
102 Railway Parade
Kogarah, N.S.W., 2217
Australia

Vitramon Japan Limited
Nihon Igaku Bldg. 302
1-2-13 Tamagawa Setagaya-ku
Tokyo 158, Japan

Vitramon do Brasil Ltda.
511 Rua Carmo de Rio Verde
Sao Paulo
Brazil

Vitramon GmbH
Muhlbachstrasse, 7
7150 Backnang-Waldrems
West Germany

Vitramon France S.A.R.L.
Rue Rabelais
41100 Vendome
France

Transfer Agent(s):

The Connecticut Bank and Trust Company
Hartford, Connecticut

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VITR (NASDAQ)

Number of Employees:

1986	868	1983	723
1985	740	1982	606
1984	728		

Plant Footage:

1986	N.A.	1983	139,000
1985	159,000 sq. ft.	1982	139,000
1984	139,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 38,401,000	$ 2,215,000
1985	29,912,000	862,000
1984	29,832,000	711,000
1983	23,558,000	705,000
1982	20,681,000	132,000

	No. of Com. Shares +	Earn. per Share +‡
1986	1,945,847	$ 1.14
1985	1,939,664	0.44
1984	1,941,969	0.37
1983	1,950,217	0.36
1982	1,935,677	0.07

+ Based on the average number of shares outstanding adjusted to reflect stock dividends.
‡ Including extraordinary gains of $313,000 ($0.16 per share) in 1986, $227,000 ($0.11 per share) in 1985, $84,000 ($0.04 per share) in 1984, $234,000 ($0.12 per share) in 1983 and $204,000 ($0.11 per share) in 1982.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—
1982	—	5%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 13,133,000	$ 6.75
1985	9,975,000	5.14
1984	8,339,000	4.29
1983	7,951,000	4.08
1982	7,537,000	3.89

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	$ 38,401,000	$ 29,912,000
Cost of sales	24,690,000	20,871,000
Expenses	8,798,000	6,763,000
Interest expense	940,000	882,000
For. curr. exch.	50,000	(378,000)
Income before taxes	$ 3,923,000	$ 1,774,000
Income taxes	2,021,000	1,139,000
Net Income	$ 1,902,000	$ 635,000
Extraord. gain	313,000	227,000
Net Income and extraord. gain	$ 2,215,000	$ 862,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,439,000 in 1986 and $2,162,000 in 1985.

Assets

As of	12/27/86	12/28/85
Cash & temp. invest.	$ 636,000	$ 541,000
Accts. receiv., net	5,478,000	4,035,000
*Inventories	10,833,000	9,057,000
Future inc. tax benefits	706,000	812,000
Prepaid expenses	495,000	316,000
Current Assets	$ 18,148,000	$ 14,761,000
Investments & other assets	753,000	671,000
#Fixed assets	12,283,000	9,693,000
Total Assets	$ 31,184,000	$ 25,125,000

Liabilities

Long-term debt, curr.	$ 5,088,000	$ 4,291,000
Accts. payable	2,015,000	1,471,000
Accruals	1,549,000	955,000
Income taxes	874,000	1,044,000
Curr. Liabilities	$ 9,526,000	$ 7,761,000
Long term debt.	7,179,000	6,326,000
Deferred liab.	1,346,000	1,063,000
+Common stock	195,000	185,000
Add. paid-in capital	9,634,000	8,690,000
Retained earnings	3,074,000	1,789,000
Cum. translation adjust.	230,000	(689,000)
Total Liabilities & Shareholders' Equity	$ 31,184,000	$ 25,125,000

* At production or purchase cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	10.22	5.93
%Net Income to Sales	4.95	2.12
%Net Income to Equity	14.48	6.37
Sales to Inventories	3.54	3.30
Debt to Equity	0.55	1.08
Working Capital	$ 8,622,000	$7,000,000
Current Ratio	1.91	1.90
Shareholders' Equity	$13,133,000	$9,975,000

Wang Laboratories, Inc.

One Industrial Avenue
Lowell, Massachusetts 01851
(617) 459-5000

Officers: An Wang, chairman of the board, president & chief exec. officer; Harry H.S. Chou, vice chairman & chief financial officer; Frederick A. Wang, exec. v.p.-research & development & treasurer; Eugene M. Bullis, sr. v.p. & corporate controller; Edward D. Grayson, sr. v.p., general counsel, clerk & secretary; Raymond C. Cullen, Jr., Robert L. Doretti, Ian Diery, Johannes Spanjaard, Dodge Chu, Edward J. Devin, Paul Guzzi, sr. v.p.'s; Horace Tsiang, sr. v.p. & chief development officer.

Directors: An Wang, chairman of the board; Peter A. Brooke, Frederick A. Wang, Lorraine C. Wang, Harry H.S. Chou, Martin Kirkpatrick, Richard A. Smith, Louis W. Cabot, Ernest F. Stockwell, Jr., Leo L. Beranek, Paul E. Tsongas.

Areas of Work: Designs, manufactures, markets and services computers and related peripheral devices for the office automation marketplace. These products are combined into systems which perform data processing, word processing, audio processing and image processing functions and include networking products which enable such systems to communicate with each other.

Subsidiaries:

Wang Computer Pty., Ltd.
Box 407, Milsons Point
Sydney, N.S.W. 2061
Australia

Wang Gesellschaft m.b.H.
Linke Wienzeille 234
A-1150 Vienna
Austria

Wang Europe S.A./N.V.
350, Avenue Louise
1050 Brussels
Belgium

Wang Canada, Ltd.
225 Duncan Mills Road
1st. Floor
Don Mills, Ontario
Canada M3B 3K9

Wang Industrial Co. Ltd.
Taipei, Taiwan

Wang Computer China, Ltd.
Beijing, China

Wang (UK) Ltd.
Wang House

Wang Laboratories, Inc.

661 London Road
Isleworth
Middlesex, TW7 4EH
United Kingdom

Wang Computer Limited
Hazama Building 14th Floor
5-8, Kita Aoyama 2-Chome
Minato-Ku, Tokyo 107
Japan

Wang Europe S.A./N.V.
Luxembourg

Wang Computer Ltd.
Eden House
44 Khyber Pass Road
Aukland
New Zealand

Wang Computer (Pte.) Ltd.
101 Thomson Road, 12-00
Gold Hill Square
Singapore 1130
Republic of Singapore

Wang France S.A.
Tour Gallieni 1
78/80 Avenue Gallieni
93170 BAGNOLET
France

Wang Deutschland, GmbH
Lyoner Strasse 26
Postfach 710 570
6000
West Germany

Wang Nederland B.V.
Postbus 4
4100 AA Culemborg
Netherlands

Wang Skandinaviska AB
Dalvagen 8
Box 1196
S-171 23 Solna
Sweden

Wang Italia, S.p.A.
Centro Terziario
Strada Statale
Padana Superoire
Vimodrone 20090
Milano
Italy

Wang (Schweiz) A.G.
Talackerstrasse 7
8152 Glattbrugg
P.O. Box 8065
Zurich
Switzerland

Wang Pacific Limited
31st Floor, Hennessy Centre
Causeway Bay
500 Hennessy Road
Hong Kong

Wang Computadoras, Inc.
Banco Popular Center
Suite 1501
Hato Rey
Puerto Rico
00918

Wang Ireland Limited
Wang House
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Wang de Panama S.A.
Apartado 6425
Ave. Justo Arosemena
Cale 44, Bella Vista
Panama City 5
Panama

Wang de Panama S.A.
Costa Rica

Wang de Mexico S.A. de C.V.
Mexico

Wang Computer, Ltd.
South Korea

Wang Espana S.A.
Spain

Wang Information Services Corp.
Telecommunications and voice mail services.

Acquisition(s):

Walsh Greenwood Information Systems, Inc.
New York, New York
Provides market data services for the brokerage, banking and insurance industries.

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): American, Swiss

Ticker Symbol: WAN

Number of Employees:

1986	31,628	1983	24,769
1985	31,061	1982	19,759
1984	30,646		

Plant Footage:

1986 . . . . . N.A. 1985 . . . . 3,197,000 sq. ft.

N.A. - Not Available.

Sales and Earnings

	Revenue	Net Income
1986	$2,642,500,000	$ 50,900,000
1985	2,351,700,000	15,500,000
1984	2,184,700,000	210,200,000
1983	1,538,000,000	152,000,000
1982	1,159,309,000	107,139,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	146,600,000	$ 0.35
1985	141,100,000	0.11
1984	138,100,000	1.52
1983	130,600,000	1.16
1982	121,700,000	0.88

‡ Based on the weighted average number of Class B Common and Class C Common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986 Class B	$0.16	—	—
1986 Class C	0.11	—	—
1985 Class B	0.16	—	—
1985 Class C	0.11	—	—
1984 Class B	0.12	—	—
1984 Class C	0.07	—	—
1983 Class B	0.09	—	2-for-1#
1983 Class C	0.04	—	—
1982 Class B	0.06	—	—
1982 Class C	0.01	—	—

+ Adjusted to reflect stock split.
# In the form of a dividend of one share of Class B Common Stock for each share of Class B Common Stock and Class C Common Stock issued.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,447,600,000	$ 9.59
1985	1,248,300,000	8.93
1984	1,249,400,000	9.01
1983	937,800,000	7.09
1982	577,110,000	4.82

‡ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$1,873,800,000	$1,732,000,000
Other income	768,700,000	619,700,000
Total Income	$2,642,500,000	$2,351,700,000
Cost of sales	1,461,500	1,398,400,000
Expenses	1,064,800	948,900,000
Interest expense	60,300	58,900,000
Inc. (loss) bef. taxes	$ 55,900,000	$ (54,500,000)
Income taxes (credit)	5,000,000	(70,000,000)
Net Income	$ 50,900,000	$ 15,500,000

* Included in Costs and Expenses, Depreciation and Amortization: $223,200,000 in 1986 and $177,300,000 in 1985.

Assets

As of June 30	1986	1985
Cash	$ 38,000,000	$ 31,100,000
Short-term invest.	119,700,000	17,200,000
Accts. receiv., net	530,100,000	479,400,000
*Inventories	448,400,000	469,400,000
Prepaid expenses & other curr. assets	68,000,000	52,200,000
Current Assets	$1,204,200,000	$1,049,300,000
#Fixed assets	737,700,000	715,100,000
Other assets	707,400,000	611,500,000
Total Assets	$2,649,300,000	$2,375,900,000

Liabilities

Notes payable	$ 10,100,000	$ 64,000,000
Commercial paper	—	2,700,000
Long-term debt, curr.	54,600,000	13,800,000
Accts. payable	333,000,000	268,900,000
Unearned serv. revenue	122,100,000	90,700,000
Income taxes	12,100,000	9,400,000
Dividends payable	6,000,000	5,500,000
Curr. Liabilities	$ 537,900,000	$ 455,000,000
Long-term debt	656,500,000	666,600,000
Deferred inc. taxes	7,300,000	6,000,000
+Class B Common	72,500,000	66,800,000
+Class C Common	3,000,000	3,100,000
Add. paid-in capital	781,500,000	595,100,000
For. curr. trans. adj.	(66,700,000)	(47,000,000)
Retained earnings	658,900,000	630,900,000
Treasury stock	(1,600,000)	(600,000)
Total Liabilities & Shareholders' Equity	$2,649,300,000	$2,375,900,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value

Statistical Summary

%Income bef. Taxes to Total Income	2.12	—
%Net Income to Total Income	1.93	0.66
%Net Income to Equity	3.52	1.24
Debt to Equity	0.45	0.60
Working Capital	$ 666,300,000	$ 594,300,000
Current Ratio	2.24	2.31
Shareholders' Equity	$1,447,600,000	$1,248,300,000

Washington Scientific Industries, Inc.

2605 West Wayzata Boulevard
Long Lake, Minnesota 55356
(612) 473-1271

Officers: C.W. Dinsmore, president & chief exec. officer; Terry J. Blount, v.p.-human resources; Bernard E. Kinney, v.p.-finance; William J. Lucke, v.p.-contract services & Power Components Division; George E. Rathke, v.p.-contract ser-

vices & advanced technology programs; Gerald E. Mahnuson, secretary.

Directors: A.E. Abramson, Warren G. Christianson, C.W. Dinsmore, Mrs. Lawrence V. Hastings, Melvin L. Katten, Gerald E. Magnuson, George J. Martin, Eugene Mora, Stewart Pfannstiehl, Harrison Randolph.

Areas of Work: The Company, through its two operating divisions, manufactures precision machined components and subassemblies, hydraulic motors and mechanical power transmission gearboxes for a variety of industries.

Divisions:

Contract Services Division
Power Components Division

Transfer Agent(s):

First Trust Company, Inc.
P.O. Box 64008
St. Paul, Minnesota 55164

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WSCI

Number of Employees:

1986	404	1985	518

Sales and Earnings

	Net Sales	Net Income
1986	$ 31,008,000	$ 376,000
1985	34,927,000	2,078,000
1984	24,799,000	1,469,000
1983	15,937,000	184,000
1982	18,766,000	1,316,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,437,471	$ 0.15
1985	2,412,425	0.86
1984	2,365,815	0.62
1983	2,360,430	0.08
1982	2,360,430	0.56

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Contract services	$ 24,516,000	$ 28,642,000
Power components	6,492,000	6,285,000
Total	$ 31,008,000	$ 34,927,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.10	—	—
1985	0.09	—	—
1984	0.067	—	—
1983	0.067	—	—
1982	0.067	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 14,804,000	$ 6.04
1985	14,534,000	5.99
1984	12,536,000	5.30
1983	11,144,000	4.72
1982	11,118,000	4.71

Income Account *

Year ended	8/31/86	8/25/85
Net sales	$ 31,007,928	$ 34,927,307
Cost of sales	26,448,829	27,173,233
Expenses	3,796,724	4,063,754
Interest expense	337,771	218,296
Interest income	(110,296)	(219,731)
Income before taxes	$ 534,900	$ 3,691,755
Income taxes	159,000	1,614,000
Net Income	$ 375,900	$ 2,077,755

* Included in Costs and Expenses, Depreciation and Amortization: $2,404,302 in 1986 and $1,842,359 in 1985.

Assets

As of	8/31/86	5/25/85
Cash	$ 503,122	$ 328,551
Temp. cash invest.	4,000,000	—
Accts. receiv., net	3,149,572	5,122,315
Refundable taxes	281,000	—
*Inventories	5,847,592	5,062,742
Prepaid expenses	160,803	109,142
Current Assets	$ 13,942,089	$ 10,622,750
#Fixed assets	10,869,303	11,783,037
Other assets	94,726	177,681
Intangibles	629,785	752,375
Total Assets	$ 25,535,903	$ 23,335,843

Liabilities

Long-term debt, curr.	$ 238,863	$ 717,780
Accts. payable	1,590,044	2,390,475
Accrued payroll	878,748	1,255,053
Accrued pension contrib.	88,094	181,871
Accrued real est. taxes	150,361	135,199
Other accruals	247,352	188,039
Curr. Liabilities	$ 3,193,462	$ 4,868,417
Long-term debt	6,472,028	2,930,630
Deferred inc. taxes	1,066,876	1,002,876
+Common stock	244,949	242,443
Add. paid-in capital	777,148	641,936
Retained earnings	13,781,440	13,649,541
Total Liabilities & Shareholders' Equity	$ 25,535,903	$ 23,335,843

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.73	10.57
%Net Income to Sales	1.21	5.95
%Net Income to Equity	2.54	14.30
Sales to Inventories	5.30	6.90
Debt to Equity	0.45	0.25
Working Capital	$10,748,627	$ 5,754,333
Current Ratio	4.37	2.18
Shareholders' Equity	$14,803,537	$14,533,920

Waters Instruments, Inc.

2411 Seventh Street, N.W.
Valley High Industrial Park
Rochester, Minnesota 55903
(507) 288-7777

Mailing address:

P.O. Box 6117
Rochester, Minnesota 55903

Officers: George F. Waters, chairman of the board; Thomas A. Burton, president & chief exec. officer; Richard E. Thompson, v.p.-Farm Products Group; Robert D. Dunbar, v.p.-Sub-Contract Group; George Sedivy, v.p.-Medical Group; James M. Liberko, secretary & treasurer.

Directors: Charles A. Elliott, J. William McRoberts, George F. Waters, Thomas A. Burton, James A. Hornig, Charles G. Schiefelbein, Stewart D. Siebens.

Groups:

Farm Products Group
Rochester, Minnesota
Products: electric fence chargers for farm use.

Sub Contract Group
Rochester, Minnesota
Engaged in sub-contract manufacturing of cable harness assemblies and other electric or mechanical assemblies for computer equipment manufacturers.

Medical Group
Rochester, Minnesota
Produces electro-medical equipment and analytical instruments for hospital and laboratory use. Oximeters for measuring the oxygen saturation of human blood, cardiac out-put computers for determining heart function and 'MOX' 100 kidney preservation equipment used in kidney transplant surgery.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WTRS (NASDAQ)

Number of Employees:

1987	187	1984	222
1986	185	1983	201
1985	255		

Plant Footage:

1987	66,000 sq. ft.	1984	100,500
1986	71,000	1983	96,000
1985	100,000		

Sales and Earnings

	Net Sales	Net Income
1987	$ 11,909,000	$ 102,000
1986	10,805,000	(71,000)
1985	14,674,000	449,000
1984	13,065,000	393,000
1983	12,245,000	394,000

	No. of Com. Shares †	Earn. per Share +
1987	1,433,071	$ 0.07
1986	1,428,964	—
1985	1,415,445	0.31
1984	1,415,445	0.28
1983	1,414,395	0.28

(Loss)
† Adjusted to reflect stock split.
+ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Sub-contract division	$ 3,463,000	$ 2,627,000
Farm products div.	6,364,000	6,249,000
Medical division	2,082,000	1,929,000
Total	$ 11,909,000	$ 10,805,000

	Cash Dividend +	Stock Dividend	Stock Split
1987	$0.05	—	3-for-2
1986	0.07	—	—
1985	0.07	—	—
1984	0.07	—	—
1983	0.07	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 5,042,000	$ 3.52
1986	4,995,000	3.50
1985	5,171,000	3.62
1984	4,782,000	3.38
1983	4,481,000	3.17

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 11,909,000	$ 10,805,000
Cost of sales	9,068,000	8,258,000
Expenses	2,777,000	2,744,000
Oper. profit (loss)	$ 64,000	$ (197,000)
Other income	(66,000)	(80,000))
Interest expense	56,000	84,000
Inc. (loss) bef. taxes	$ 74,000	$ (201,000)
Tax credit	(28,000)	(130,000)
Net Income (Loss)	$ 102,000	$ (71,000)

Waters Instruments, Inc.

* Included in Costs and Expenses, Depreciation and Amortization: $188,000 in 1986 and $171,000 in 1985.

Assets

As of Jan. 31	1987	1986
Cash & marketable secur.	$ 478,000	$ 617,000
Receiv., net	2,241,000	1,582,000
Refundable inc. taxes	34,000	205,000
*Inventories	2,573,000	3,145,000
Prepaid expenses	43,000	45,000
Current Assets	$ 5,369,000	$ 5,594,000
#Fixed assets	1,198,000	1,105,000
Other assets	403,000	455,000
Intangibles	263,000	280,000
Total Assets	$ 7,233,000	$ 7,434,000
Liabilities		
Notes payable	$ 95,000	$ 267,000
Accts. payable	997,000	892,000
Accruals	528,000	638,000
Curr. Liabilities	$ 1,620,000	$ 1,797,000
Long-term debt	493,000	561,000
Deferred inc. tax credits	78,000	81,000
+Common stock	143,000	95,000
Add. paid-in capital	1,153,000	1,141,000
Retained earnings	3,746,000	3,759,000
Total Liabilities & Shareholders' Equity	$ 7,233,000	$ 7,434,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.62	—
%Net Income to Sales	0.86	—
%Net Income to Equity	2.02	—
Sales to Inventories	4.63	3.44
Debt to Equity	0.12	0.17
Working Capital	$3,749,000	$3,797,000
Current Ratio	3.31	3.11
Shareholders' Equity	$5,042,000	$4,995,000

Watkins-Johnson Company

Stanford Research Park
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Officers: Dean A. Watkins, chairman of the board; H. Richard Johnson, president & chief executive officer; Keith D. Gilbert, v.p.-Devices Group; William E. Kunz, v.p.-Systems Group; Bernard Rosen, Bruce G. Bleecker, Ronald D. Lessack, Barry R. Hoglund, Paul Y. Lin, W. Keith Kennedy, Jr., Kenneth W. Bach, Robert C. Lowe, Peter S. Pao, v.p.'s; C. Louise Beer, secretary; H. Edward Beckmeyer, treasurer; Carl L. Avelar, controller.

Directors: Dean A. Watkins, chairman; H. Richard Johnson, John J. Hartmann, Nathan C. Finch, Rita R. Campbell, Jack L. Shepard, Von R. Eshleman, Raymond F. O'Brien.

Areas of Work: Engaged in the development, design and production of receiving equipment for surveillance, direction finding and countermeasures; antenna-to-data-reduction reconnaissance and surveillance systems; solid-state amplifiers, travelling-wave and backward-wave tubes and oscillators, tuners, receivers and computer controlled microwave receiving systems.

Divisions:

Systems Group
Electronic Support Measures (ESM)
2525 N. Arst Street
San Jose, California 95131
(415) 493-4141

Devices Group
Subsystems Division
SSE Division
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Federal Systems Division
Columbia, Maryland

CEI Division
Gaithersburg, Maryland

Subsidiaries:

Watkins-Johnson Associates
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson International
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson Limited
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson Italiana, S.p.A.
Rome, Italy

Watkins-Johnson FSC
Foreign Sales Corporation

Transfer Agent(s):
Bank of America

Stock Exchange(s): New York, Philadelphia, Pacific, Boston

Ticker Symbol: WJ

Number of Employees:

1986	3,150	1983	2,850
1985	3,110	1982	2,690
1984	3,050		

Sales and Earnings

	Net Sales	Net Income
1986	$ 255,382,000	$ 17,241,000
1985	232,587,000	18,437,000
1984	210,510,000	21,898,000
1983	186,034,000	17,726,000
1982	156,066,000	10,338,000

	No. of Com. Shares +	Earn. per Share +
1986	8,752,569	$ 1.97
1985	9,490,402	1.94
1984	9,671,430	2.26
1983	9,620,874	1.84
1982	9,569,145	1.08

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985	1984	1983
Systems	51%	56%	59%	61%
Devices	49	44	41	39
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.36	—	—
1984	0.32	—	—
1983	0.23	—	3-for-1
1982	0.16	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ·	Equity Per Share ‡
1986	$ 102,557,000	$ 11.72
1985	105,868,000	11.16
1984	115,174,000	11.91
1983	96,074,000	9.99
1982	80,228,000	8.38

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 255,382,000	$ 232,587,000
Cost of sales	161,811,000	146,677,000
Expenses	62,679,000	56,162,000
Other expense (income)	911,000	(819,000)
Income before taxes	$ 19,981,000	$ 30,567,000
Income taxes	12,740,000	12,130,000
Net Income	$ 17,241,000	$ 18,437,000

* Included in Costs and Expenses, Depreciation and Amortization: $10,315,000 in 1986 and $9,125,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 4,601,000	$ 4,517,000
Marketable securities	1,983,000	15,237,000
Receiv., net	65,172,000	63,977,000
*Inventories	39,930,000	35,144,000
Other assets	3,331,000	2,560,000
Current Assets	$ 115,017,000	$ 121,435,000
#Fixed assets	52,378,000	49,107,000
Other assets	5,246,000	5,843,000
Total Assets	$ 172,641,000	$ 176,385,000
Liabilities		
Notes payable	$ 345,000	$ 230,000
Accts. payable	10,209,000	8,162,000
Payroll & prof. sharing	16,004,000	13,909,000
Advances on contracts	8,924,000	12,786,000
Income taxes	1,889,000	2,088,000
Guarantee under term. contract	1,875,000	1,875,000
Other liabilities	4,300,000	4,665,000
Curr. Liabilities	$ 43,546,000	$ 43,715,000
Long-term oblig. under cap. leases	26,538,000	26,802,000
+Common stock	7,263,000	7,935,000
Retained earnings	95,294,000	97,933,000
Total Liabilities & Shareholders' Equity	$ 172,641,000	$ 176,385,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	11.74	13.14
%Net Income to Sales	6.75	7.93
%Net Income to Equity	16.81	17.42
Sales to Inventories	6.40	6.62
Debt to Equity	0.26	0.26
Working Capital	$ 71,471,000	$ 77,720,000
Current Ratio	2.64	2.78
Shareholders' Equity	$102,557,000	$105,868,000

Wavetek

9191 Towne Centre Drive, Suite 450
San Diego, California 92122
(619) 450-9971

Mailing address:
P.O. Box 85434
San Diego, California 92138

Officers: John M. Thornton, chairman of the board; John W. Battin, president & chief exec. officer; Henry Reinecke, Jr., sr. v.p.-new ventures; Lawrence C. Dolan, V.p.-sales & marketing; John H. Byrne, chief financial officer & general counsel; Daniel L. Sullivan, v.p.-human resources; Sandra M. Walker, secretary.

Directors: John M. Thornton, chairman, John W. Battin, C. Frederick Sehnert, David M. Goodman, J. Garrett Fitzgibbons, Joel A. Naive, Katherine P. Naive, Henry Reinecke, Jr.

Areas of Work: Designs, manufactures and sells electronic test and measurement equipment used in a variety of industrial, laboratory and defense applications involving the evaluation and manufacture of electronic circuits and related equipment.

Subsidiaries:

Wavetek Indiana, Incorporated
5808 Churchman
Beech Grove, Indiana 46107
(317) 788-9351

Wavetek Electronics GmbH
Hans-Pinsel-Strasse 9-10
8013 Haar bei München
Federal Republic of Germany

Wavetek Electronics, Ltd.
Tag Lane
Hare Hatch
Reading, Berkshire RG10 9LT
England

Wavetek Microwave, Inc.
488 Tasman Drive
Sunnyvale, California 94086

Wavetek San Diego, Inc.
9145 Balboa Avenue
San Diego, California 92123

Transfer Agent(s):
California First Bank
P.O. Box 2529
8155 Mercury Court
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WVTK (NASDAQ)

Number of Employees:

1986	1,082	1983	1,581
1985	1,047	1982	1,603
1984	1,232		

Plant Footage:

1986	N.A.	1983	464,000
1985	438,000 sq. ft.	1982	248,000
1984	459,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales #	Net Income
1986	$ 73,824,000	$ 3,081,000
1985	75,409,000	(14,316,000)
1984	81,478,000	1,394,000
1983	84,004,000	4,687,000
1982	64,634,000	3,401,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,120,000	$ 0.34
1985	9,074,000	—
1984	9,078,000	0.15
1983	7,814,000	0.60
1982	7,148,000	0.48

(Loss)
Of continuing operations only. Includes other income.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 64,163,000	$ 7.04
1985	60,478,000	6.66
1984	75,006,000	8.26
1983	73,358,000	9.39
1982	39,902,000	5.58

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 73,824,000	$ 75,409,000
Cost of sales	33,279,000	40,978,000
Expenses	37,410,000	42,778,000
Loss on dispos. of prop.	—	10,329,000
Interest expense	347,000	364,000
Interest income	(1,704,000)	(1,064,000)
Income (loss) bef. taxes	$ 4,492,000	$ (17,976,000)
Income taxes (credit)	1,411,000	(3,660,000)
Net Income (Loss)	$ 3,081,000	$ (14,316,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,455,000 in 1986 and $4,223,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 984,000	$ 734,000
Short-term invest.	15,152,000	11,355,000
Receiv., net	16,527,000	14,883,000
Income taxes refundable	188,000	2,815,000
*Inventories	22,613,000	20,112,000
Other assets	412,000	386,000
Current Assets	$ 55,876,000	$ 50,285,000
#Fixed assets	21,092,000	21,500,000
Long-term receiv.	2,516,000	2,634,000
Other assets	87,000	65,000
Total Assets	$ 79,571,000	$ 74,484,000
Liabilities		
Long-term debt, curr.	$ 67,000	$ 111,000
Accts. payable	3,355,000	2,651,000
Accruals	1,146,000	1,026,000
Accrued payroll	2,724,000	2,307,000
Other liab.	2,302,000	3,272,000
Income taxes	570,000	—
Curr. Liabilities	$ 10,164,000	$ 9,367,000
Long-term debt	2,832,000	2,898,000
Deferred inc. taxes	2,412,000	1,741,000
+Common stock	9,106,000	9,054,000
Add. paid-in capital	42,872,000	42,610,000
Retained earnings	12,342,000	9,261,000
Cum. trans. adj.	(157,000)	(447,000)
Total Liabilities & Shareholders' Equity	$ 79,571,000	$ 74,484,000

* At cost (FIFO) not in excess of market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.08	—
%Net Income to Sales	4.17	—
%Net Income to Equity	4.80	—
Sales to Inventories	3.26	3.75
Debt to Equity	0.05	0.05
Working Capital	$45,712,000	$40,918,000
Current Ratio	5.50	5.37
Shareholders' Equity	$64,163,000	$60,478,000

R. V. Weatherford Co.

6921 San Fernando Road
Glendale, California 91201
(213) 849-3451

Officers: R. V. Weatherford, chairman of the board; Morton Denson, president; Robert Grunberg, acting chief financial officer; June E. McCabe, v.p.-administrative services & secretary; Dwight E. Moore, v.p.-Western Electronic Supply Corp.

Directors: R. V. Weatherford, C. Clifford Riggs.

Areas of Work: Engaged in the wholesale distribution of electronic components and equipment, principally semiconductors, electronic hardware, resistors, and capacitors. The Company's sales are made to original equipment manufacturers, end users, and consumers located in the western United States, principally California. Principal customers are in the defense, aerospace, computer and communications industries.

Subsidiaries:

Dow Radio, Inc.
Pasadena, California
Supplies a broad line of electronic components and equipment to professionals in health, education and governmental areas.

Western Electric Supply Corporation
Glendale, California

Beasler Educational Systems & Technology, Inc.

Transfer Agent(s):
Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WTHR (NASDAQ)

Number of Employees:

1985	150

Plant Footage:

1985	177,000 sq. ft.

Sales and Earnings

	Net Sales +	Net Income †
1985	$ 24,790,319	$ (6,539,652)
1984	50,360,132	468,053
1983	40,224,656	(32,565)
1982	42,956,387	(1,154,950)
1981	38,005,000	30,229

	No. of Com. Shares #	Earn. per Share ‡†
1985	1,824,027	$ —
1984	1,816,302	0.26
1983	1,770,572	—
1982	1,770,572	—
1981	1,770,572	0.02

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $110,900 ($0.06 per share) in 1984.
# Adjusted to reflect stock split.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ (527,948)	$ —
1984	6,000,913	3.30
1983	5,317,737	3.00
1982	5,350,302	3.02
1981	6,505,252	3.68

(Deficiency)

Income Account *

Year ended June 30	1985	1984
Net sales	$ 24,790,319	$ 50,360,132
Cost of sales	17,612,513	35,819,765
Expenses	9,950,437	12,696,666
Software develop.	22,572	213,343
Interest expense	953,164	1,112,605
Loss-dispos. of prod. line	1,610,285	—
Loss-sale of Dow Radio	1,181,000	—
Inc. (loss) bef. taxes	$ (6,539,652)	$ 517,753
Income taxes	—	160,600
Net Income (Loss)	$ (6,539,652)	$ 357,153
Extraord. gain	—	110,900
Net Income (Loss) & extraord. gain	$ (6,539,652)	$ 468,053

* Included in Costs and Expenses, Depreciation and Amortization: $588,366 in 1985 and $435,469 in 1984.

Assets

As of June 30	1985	1984
Accts. receiv., net	$ —	$ 96,825
*Inventories	7,967,797	12,065,080
Accounts receiv.	1,999,114	9,419,219
Other assets	162,266	293,394
Current Assets	$ 10,129,177	$ 21,874,518
#Fixed assets	1,080,390	1,135,895
Deferred leases	58,991	70,191
Other assets	86,396	511,213
Total Assets	$ 11,354,954	$ 23,591,817

Liabilities

Notes payable	$ 1,423,525	$ 8,138,779
Long-term debt, curr.	87,576	174,318
Accts. payable	5,776,047	7,382,012
Inc. taxes payable	48,949	49,704
Accruals	517,773	877,921
Deferred income	—	137,503
Prov. for loss on sale of Dow Radio	1,181,000	—
Curr. Liabilities	$ 9,034,870	$ 16,760,237
Long-term debt	765,032	830,667
Accts. payable	2,083,000	—
+Capital stock	1,846,070	1,838,345
Add. paid-in capital	167,566	164,500
Retained earnings (deficit)	(2,541,584)	3,998,068
Total Liabilities & Shareholders' Equity	$ 11,354,954	$ 23,591,817

* At lower of cost (weighted average) or market.
# Less accumulated depreciation and amortization.
+ No par value; $1 stated value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.03
%Net Income to Sales	—	0.71
%Net Income to Equity	—	5.95
Sales to Inventories	3.11	4.17
Debt to Equity	—	1.52
Working Capital	$1,094,307	$5,114,281
Current Ratio	1.12	1.31
Shareholders' Equity (Deficiency)	$ (527,948)	$6,000,913

WEIGH-TRONIX, Inc.

(51% owned by Staveley Inc., a subsidiary of Staveley Industries p/c)

1000 Armstrong Drive
Fairmont, Minnesota 56031
(507) 238-4461

Mailing address:
P.O. Box 928
Fairmont, Minnesota 56031

Officers: Herbert H. Davis, Jr., chairman of the board; Richard S. Bradley, president & chief executive officer; Ronald W. Sykes, sr. v.p.; Roderick D. Armitage, secretary; Gary W. Leopold, treasurer; Emery J. Lee, asst. secretary.

Directors: Richard S. Bradley, Herbert H. Davis, Jr., James L. Koley, Arthur W. Schwalm, Angelo Agliardo, Roderick D. Armitage, Richard E. Brown, John R. Hampton, Brian H. Kent, Ronald W. Sykes.

Areas of Work: Engaged in the manufacture of electronic weighing systems for farm, industry and retail sales.

Subsidiary:
W-T International, Inc. (DISC)

Acquisition:
National Controls, Inc.
Santa Rosa, California
Designs, manufactures and markets electronic weighing equipment used for material handling, industrial processes, packaging, inventory counting, manufacturing, retail sales, and mailing/shipping operations.

Transfer Agent(s):
First National Bank of Minneapolis
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WGHT (NASDAQ)

Number of Employees:

1986	779	1983	200
1985	200	1982	238
1984	222		

Plant Footage:

1986	346,400 sq. ft.	1983	141,000
1985	141,000	1982	141,000
1984	141,100		

Sales and Earnings

	Net Sales	Net Income
1986	$ 16,504,858	$ 1,409,867
1985	14,963,526	1,020,096
1984	16,332,286	1,407,787
1983	13,724,444	1,003,824
1982	13,451,061	743,986

	No. of Com. Shares	Earn. per Share
1986	2,539,058	$ 0.72
1985	1,953,279	0.52
1984	1,952,932	0.72
1983	1,952,932	0.51
1982	1,952,932	0.38

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 16,155,268	$ 6.36
1985	9,968,683	5.10
1984	9,403,033	4.81
1983	8,581,131	4.39
1982	8,163,190	4.18

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 16,504,858	$ 14,963,526
Cost of sales	9,754,791	8,976,848
Expenses	4,250,408	4,253,796
Interest income	(163,306)	(162,938)
Interest expense	138,333	140,710
Other expense (income)	(80,235)	1,820
Income before taxes	$ 2,604,867	$ 1,753,290
Income taxes	1,195,000	733,194
Net Income	$ 1,409,867	$ 1,020,096

* Included in Costs and Expenses, Depreciation and Amortization: $830,496 in 1986 and $749,557 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & cert. of deposit	$ 1,268,656	$ 1,515,445
Accts. receiv., net	7,185,349	2,371,640
Other receiv.	156,866	33,788
Refund. inc. taxes	—	435,870
*Inventories	15,618,032	3,565,969
Prepaid expenses	470,223	222,396
Def. inc. tax benefits	112,603	109,603
Current Assets	$ 24,811,729	$ 8,254,711
#Fixed assets	12,848,835	4,822,304
Royalty rights	511,141	596,193
Intangibles	2,171,671	—
Other assets	114,367	49,102
Total Assets	$ 40,457,743	$ 13,722,310

Liabilities

Notes payable	$ 4,553,904	$ —
Accts. payable	1,831,785	121,477
Long-term debt, curr.	891,981	111,562
Accrued payroll	987,434	312,095
Accrued interest	344,585	45,997
Accrued inc. taxes	82,507	165,540
Accrued costs of consol. oper.	5,095,523	—
Other accruals	1,221,222	354,303
Curr. Liabilities	$ 15,008,941	$ 1,110,974
Long-term debt	8,274,796	1,994,375
Deferred inc. taxes	891,278	648,278
Deferred income	127,460	—
+Common stock	1,286,054	987,265
Add. paid-in capital	5,934,448	566,596
Retained earnings	9,282,224	8,648,930
Treasury stock	(347,458)	(234,108)
Total Liabilities & Shareholders' Equity	$ 40,457,743	$ 13,722,310

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	15.78	11.72
%Net Income to Sales	8.54	6.82
%Net Income to Equity	8.73	10.23
Sales to Inventories	1.06	4.20
Debt to Equity	0.51	0.21
Working Capital	$ 9,802,788	$7,143,737
Current Ratio	1.65	7.43
Shareholders' Equity	$16,155,268	$9,968,683

Weldotron Corporation

1532 South Washington Avenue
Piscataway, New Jersey 08854
(201) 752-6700
(212) 227-6663

Officers: Martin Siegel, president; Seymour G. Siegel, v.p.-finance, secretary and treasurer; Frank Mummolo, v.p. & gen. mgr.-Industrial Packing Systems; Albert W. Sanders, v.p. & controller.

Directors: Martin Siegel, chairman; Seymour G. Siegel, Thomas E. Constance, Isidore Siegel, Robert P. Gibbons, Albert H. Cohen.

Areas of Work: Develops and manufactures industrial packaging systems, including a line of packaging machinery and unit load handling systems for industrial applications; food packaging systems; electronic systems using infra-red light and radio frequency sensing fields for safety of automation; controls for monitoring high-speed machinery; audio/visual, video and microcomputer equipment for schools, industry and institutions.

Divisions and Subsidiaries:

Industrial Packaging Systems
1532 S. Washington Avenue
Piscataway, New Jersey 08854

Food Packaging Systems
1532 S. Washington Avenue
Piscataway, New Jersey 08854

Communications & Controls
Piscataway, N.J.

Vision System Technologies
Valiant IMC

Omnipack Machinery Corp.

Transfer Agent(s):
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: WLD

Number of Employees:

1986	N.A.	1984	N.A.
1985	409	1983	350

Plant Footage:

1986	265,000 sq. ft.	1983	265,000
1985	265,000	1982	265,000
1984	265,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income †
1986	$ 34,091,197	$ 642,513
1985	33,571,831	1,696,400
1984	30,701,692	1,461,600
1983	26,700,710	831,000
1982	25,368,259	671,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	1,821,933	$ 0.35
1985	1,819,396	0.93
1984	1,690,404	0.86
1983	1,145,150	0.77
1982	1,044,347	0.64

† Including extraordinary gains of $142,000 ($0.08 per share) in 1986 and $37,000 ($0.02 per share) in 1985.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 17,677,000	$ 9.70
1985	16,968,000	9.33
1984	15,283,000	9.04
1983	6,772,000	5.91
1982	5,929,000	5.69

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended April 30	1986	1985
Net sales	$ 34,091,197	$ 33,571,831
Other income	430,131	363,165
Eq. in inc. of subsid.	142,000	85,000
Total Income	$ 34,663,328	$ 34,019,996
Cost of sales	23,061,445	21,553,576
Expenses	9,985,384	9,134,993
Depreciation & amortization	618,186	478,268
Interest expense	734,733	279,731
Minority interest	26,067	—
Income before taxes	$ 237,513	$ 2,573,428
Income taxes (credit)	(263,000)	914,000
Net income	$ 500,513	$ 1,659,428
Extraord. gain	142,000	37,000
Net Income & extraord. gain	$ 642,513	$ 1,696,428

Assets

As of April 30	1986	1985
Cash	$ 587,013	$ 433,217
Short-term investments	5,968	201,834
Accts. & notes receiv., net	10,476,918	9,383,247
* Inventories	13,911,026	14,470,990
Prepaid expenses	1,836,431	1,767,623
Other assets	973,374	860,276
Prepaid inc. taxes	335,615	—
Current Assets	$ 28,126,345	$ 27,117,187
Marketable securities	2,921,150	2,891,500
#Fixed assets	3,355,537	2,639,784
Invest. in subsid.	457,043	315,043
Other assets	699,453	275,744
Total Assets	$ 35,559,528	$ 33,239,258

Liabilities

Short-term borrowings	$ 2,704,491	$ —
Accts. payable	4,138,133	5,853,976
Accrued payroll	809,273	932,004
Cust. deposits	991,014	252,889
Other liabilities	745,792	692,132
Income taxes	—	531,662
Deferred inc. taxes	2,394,188	2,388,188
Long-term debt, curr.	128,004	585,247
Curr. Liabilities	$ 11,910,895	$ 11,236,098
Long-term debt	5,361,439	4,498,310
Deferred inc. taxes	347,131	450,131
Deferred compensation	139,000	35,000
Minority interest	124,224	31,474
+Common stock	93,764	93,654
Add. paid-in capital	8,686,836	8,679,246
Retained earnings	8,991,465	8,348,952
For. curr. trans. adjust.	28,131	—
Treasury stock	(123,357)	(123,957)
Loss on marketable securities	—	(29,650)
Total Liabilities & Shareholders' Equity	$ 35,559,528	$ 33,239,258

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.70	7.67
%Net Income to Sales	1.47	4.94
%Net Income to Equity	2.83	9.78
Sales to Inventories	2.45	2.32
Debt to Equity	0.46	0.30
Working Capital	$16,215,450	$15,881,089
Current Ratio	2.36	2.41
Shareholders' Equity	$17,676,839	$16,968,245

Wells-Gardner Electronics Corporation

2701 North Kildare Avenue
Chicago, Illinois 60639
(312) 252-8220

Officers: Albert S. Wells, Jr., chairman & chief executive officer; Allan Gardner, president & chief operating officer; Aroon Chaddha, v.p.-engineering; Merrill I. Nelson, v.p.-materials; Anthony I. Blase, exec. v.p., secretary & treasurer; Randall S. Wells, v.p. & gen. mgr.-production; Lawrence J. Brady, v.p. & sales mgr.

Directors: Anthony I. Blase, T.S. Corwin, Allan Gardner, Frank S. Righeimer, Jr., Albert S. Wells, Jr., James J. Roberts, Jr., William K. Moloney.

Areas of Work: Engaged in the manufacture and assembly of television receivers, video monitors, and data display monitors.

Divisions:

Data Display Division
Produces videomonitors.

Video Games Division
Supplies monochrome and color raster and vector monitors to coin-operated video game industry.

Consumer Products Division
Produces portable and console color television receivers for Teknika Electronics Corp.

Transfer Agent(s):
Harris Bank
111 West Monroe Street
Chicago, Illinois 60603

Stock Exchange(s): American

Ticker Symbol: WGA

Number of Employees:

1986	270	1983	400
1985	285	1982	440
1984	335		

Plant Footage:

1986	270,000 sq. ft.	1983	296,000
1985	270,000	1982	296,000
1984	296,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 20,219,000	$ 190,000
1985	18,504,000	342,000
1984	17,803,000	(2,156,000)
1983	28,136,000	115,000
1982	75,428,000	5,399,000

	No. of Com. Shares ‡	Earn. per Share ‡ -
1986	3,599,328	$ —
1985	3,596,809	—
1984	3,594,240	—
1983	3,586,654	0.03
1982	3,582,298	1.51

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—

1984	—	—	—
1983	0.3125	—	—
1982	0.475	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 12,373,657	$ 3.44
1985	12,564,012	3.49
1984	12,900,473	3.59
1983	15,056,798	4.20
1982	15,977,860	4.46

† Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 20,219,126	$ 18,503,794
Cost of sales	18,533,641	17,324,597
Expenses	2,491,863	2,299,884
Other income	(443,832)	(393,836)
Loss bef. taxes	$ (362,546)	$ (726,851)
Tax credit	(172,191)	(384,476)
Net Loss	$ (190,355)	$ (342,375)

* Included in Costs and Expenses, Depreciation: $339,554 in 1986 and $343,696 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 157,267	$ 150,833
Refund. inc. taxes	—	1,851,988
Accts. receiv., net	2,924,818	1,850,024
Short-term invest.	6,013,891	4,419,058
*Inventories	4,366,265	3,438,937
Prepaid expenses	358,226	1,315,162
Current Assets	$ 13,820,467	$ 13,026,002
Investments	30,180	—
#Fixed assets	1,645,942	1,909,200
Total Assets	$ 15,496,589	$ 14,935,202

Liabilities

Accts. payable	$ 1,684,306	$ 981,937
Accruals	792,357	570,793
Income taxes payable	352,032	705,995
Curr. Liabilities	$ 2,828,695	$ 2,258,725
Deferred inc. taxes	294,237	112,465
+Common stock	3,591,010	3,591,010
Retained earnings	8,782,647	8,973,002
Total Liabilities & Shareholders' Equity	$ 15,496,589	$ 14,935,202

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	4.63	5.38
Working Capital	$10,991,772	$10,767,277
Current Ratio	4.89	5.77
Shareholders' Equity	$12,373,657	$12,564,012

Western Digital Corporation

2445 McCabe Way
Irvine, California 92714
(714) 863-0102

Officers: Robert W. Johnson, chairman of the board, president & chief executive officer; Joseph Bata, vice-chairman & secretary; A.J. Moyer, v.p.-finance & chief financial officer; Edward L. Marinaro, exec. v.p.; Chester A. Brown, v.p. & gen. mgr.-Communications & Subsystems Business Unit; Robert L. Erickson, v.p.-law & administration; Dieter Marenbach, v.p.-corporate development; Alan J. Mattal, sr. v.p.; Joseph F. Pleso, v.p.-sales.

Directors: Robert W. Johnson, chairman of the board; Joseph Bata, Donn B. Tatum, William C. May, James H. Langworthy, Ryal R. Poppa, Robert C. Wilson, I.M. Booth, Andre R. Horn, Irwin Federman.

Areas of Work: Engaged in the design, development, manufacture and sale of certain types of semiconductor and board products. Utilizing silicon gate CMOS technology, develops a broad line of products and services which include over 100 semiconductor components and board level systems for use in the telecommunications, computer and industrial control markets.

Divisions:

Strategic Products Business Unit
Addresses the digital communications market with proprietary products for interface logic, protocol control, and secure communications.

Storage Products Business Unit
Manufactures file management devices for floppy, tape and hard discs.

Communications & Subsystems Business Unit
Manufactures after-market retail products.

Principal Subsidiaries:

Western Digital (Malaysia) SDN BHD
Kuala Lumpur, Malaysia
Assembles semiconductor devices.

Western Digital Ireland Ltd.
Dublin Hill, Cork, Ireland
Manufactures boards.

Western Digital Caribe, Inc.
Ponce/Mercedit, Puerto Rico
Manufactures boards.

Acquisition(s):

Adaptive Data Systems, Inc.
Manufactures a series of products in the high-performance small computer interface market.

Transfer Agent(s):

First Interstate Bank of California
707 Wilshire Boulevard
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: WDC

Number of Employees:

1986	2,468	1983	1,326
1985	2,614	1982	889
1984	2,112		

Plant Footage:

1986 . . . . . 621,000 sq. ft. 1985 554,800

Sales and Earnings

	Revenues +	Net Income †
1986	$ 279,406,000	$ 21,473,000
1985	177,268,000	(4,644,000)
1984	113,320,000	7,824,000
1983	50,195,000	1,474,000
1982	33,261,000	(7,070,000)

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	19,863,000	$ 1.08
1985	18,022,000	—
1984	16,000,000	0.49
1983	15,250,000	0.10
1982	13,920,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $912,000 ($0.04 per share) in 1986 and $1,852,000 ($0.12 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 94,164,000	$ 4.74
1985	68,979,000	3.83
1984	43,676,000	2.73
1983	27,135,000	1.78
1982	26,421,000	1.90

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 277,616,000	$ 176,495,000
Other income	1,790,000	773,000
Total revenue	$ 279,406,000	$ 177,268,000
Cost of sales	176,874,000	130,153,000
Expenses	70,128,000	45,573,000
Interest expense	4,628,000	5,686,000
Income (loss) before taxes	$ 27,776,000	$ (4,144,000)
Income taxes	7,215,000	500,000
Net Income (Loss)	$ 20,561,000	$ (4,644,000)
Extraord. gain	912,000	—
Net Income (Loss) & extraord. gain	$ 21,473,000	$ (4,644,000)

* Included in Costs and Expenses, Depreciation and Amortization: $12,910,000 in 1986 and $7,507,000 in 1985.

Assets

As of June 30	1986	1985
Cash & cash equiv.	$ 44,065,000	$ 2,399,000
Accts. rec., net	57,305,000	52,780,000
Refund inc. taxes	—	698,000
*Inventories	46,198,000	55,996,000
Prepaid expenses	2,366,000	2,131,000
Current Assets	$ 149,934,000	$ 114,004,000
#Fixed assets	50,657,000	48,298,000
Other assets	6,873,000	6,683,000
Total Assets	$ 207,464,000	$ 168,985,000

Liabilities

Short-term borrowings	$ 1,151,000	$ 40,956,000
Oblig. under cap. leases, curr.	4,719,000	4,241,000
Accounts payable	25,355,000	28,682,000
Accruals	11,401,000	5,564,000
Income taxes	2,799,000	627,000
Deferred inc. taxes	—	625,000
Current Liabilities	$ 45,425,000	$ 80,695,000
Long-term debt	52,857,000	6,133,000
Cap. lease oblig.	12,570,000	13,178,000
Deferred inc. taxes	2,448,000	—
+Common stock	1,959,000	1,908,000
Add. paid-in capital	76,077,000	73,016,000
Ret. earnings (deficit)	18,944,000	(2,529,000)
Treasury stock	(1,000)	(1,000)
Notes receiv. from stock trust	(2,815,000)	(3,415,000)
Total Liabilities & Shareholders' Equity	$ 207,464,000	$ 168,985,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.01	—
%Net Income to Sales	7.41	—
%Net Income to Equity	21.84	—
Sales to Inventories	6.01	3.17
Debt to Equity	0.76	0.94
Working Capital	$104,509,000	$33,309,000
Current Ratio	3.30	1.41
Shareholders' Equity	$ 94,164,000	$68,979,000

Western Microwave Laboratories, Inc.

1271 Reamwood Avenue
Sunnyvale, California 94089
(408) 734-1631

Officers: Ken Schoniger, chairman, president & chief executive officer; Jeffrey A. Cox, treasurer, controller & secretary; Ferenc A. Marki, v.p.-microwave signal processing division; Fred R. Oliveri, v.p.-passive microwave technology division.

Directors: Ken Schoniger, chairman; M.C. Hone, H.E. Rumsey, J.K. Leidecker, W.H. Kuntz.

Areas of Work: Develops and manufactures microwave ferrite components (isolators and circulators) and microwave integrated components (RF front end assemblies, mixers, isolator couplers and image reject mixers) for commercial and military applications.

Transfer Agent(s):
Bank of America
Corporate Agency Service Center
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WMIC (NASDAQ)

Sales and Earnings

	Net Sales #	Net Income ‡
1986	$ 14,393,057	$ 338,215
1985	13,848,864	808,138
1984	7,845,922	246,683
1983	5,377,663	232,217
1982	4,125,594	101,329

	No. of Com. Shares	Earn. per Share ‡
1986	1,526,239	$ 0.21
1985	1,477,145	0.53
1984	1,448,882	0.17
1983	1,421,532	0.20
1982	1,019,332	0.10

Of continuing operations only.
‡ Including extraordinary gains of $18,600 ($0.01 per share) in 1985, and $54,162 ($0.05 per share) in 1983.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 5,943,295	$ 3.89
1985	5,478,070	3.71
1984	4,601,672	3.18
1983	4,316,758	3.04
1982	1,402,396	1.38

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 14,393,057	$ 13,848,864
Cost of sales	10,539,726	9,367,337
Expenses	3,346,755	3,371,135
Other income	(153,752)	(134,892)
Interest expense	176,913	254,146
Income bef. taxes	$ 483,415	$ 991,138
Income taxes	145,200	201,600
Net Income	$ 338,215	$ 789,538
Extraord. gain	—	18,600
Net Income & Extraord. Gain	$ 338,215	$ 808,138

* Included in Costs and Expenses, Depreciation and Amortization: $867,047 in 1986 and $768,862 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 707,989	$ 216,306
Cert. of deposit	1,200,000	1,301,400
Accts. receiv., net	2,540,777	3,507,154
Income tax receivable	186,000	—
*Inventories	2,221,877	2,742,193
Prepaid expenses	49,701	26,966
Deferred taxes	119,500	112,100
Current Assets	$ 7,025,844	$ 7,906,119
#Fixed assets	1,742,367	1,710,527
Other assets	177,540	134,415
Total Assets	$ 8,945,751	$ 9,751,061
Liabilities		
Notes payable	$ 215,840	$ 215,840
Income taxes	—	337,763
Long-term debt, curr.	—	20,767
Accts. payable	751,352	1,222,965
Accruals	731,504	816,628
Curr. Liabilities	$ 1,698,696	$ 2,613,963
Note payable	1,303,760	1,615,640
Long-term debt	—	43,388
+Common stock	152,623	147,714
Add. paid-in capital	4,350,378	4,155,277
Ret. earnings	1,513,294	1,175,079
Receiv. from stockholders	(73,000)	—
Total Liabilities & Shareholders' Equity	$ 8,945,751	$ 9,751,061

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.36	7.16
%Net Income to Sales	2.35	5.70
%Net Income to Equity	5.69	14.41
Sales to Inventories	6.48	5.05
Debt to Equity	0.26	0.34
Working Capital	$5,327,148	$5,292,156
Current Ratio	4.14	3.02
Shareholders' Equity	$5,943,295	$5,478,070

Westinghouse Canada Inc.

(95.1% owned by Westinghouse Electric Corporation)

6th Floor, 120 King Street West
Hamilton, Ontario, Canada L8N 3K2
(416) 528-8811

Officers: Franz H. Tyaack, chairman of the board; Edward B. Priestner, president & chief executive officer; Robert H. Broad, treasurer; Laurence K. Burke, comptroller; James K. Carman, v.p.-strategic planning & corporate affairs; Iain W.M. Hendry, v.p., secretary & general counsel; Thomas H. Lawrason, asst. secretary; Gary D. Graham, asst. secretary; R. M. Daniel, v.p.-corporate resources; Jack Nairn, v.p. & gen. mgr.-Sales and Services Division; Owen C. Shewfelt, v.p.-finance; Edwin A. Taylor, v.p.-human resources; N.A. Bryson, v.p. & gen. mgr.-Transformer Nuclear Products & Motor Division; N.F. Budgen, v.p. & gen. mgr.-WESCO; I.B. Gillmore, v.p.-Manitoba-Saskatchewan District; D.G. Hysop, v.p. & gen. mgr.-Electronics, Control & Distribution Products Division; W. Kostyshyn, v.p. & gen. mgr.-Turbine & Generator Division; R.A. Plouffe, v.p.-Quebec District; F.D. Priestly, v.p.-Alberta District; J.A. Reid, v.p.-British Columbia District; G. Wilkinson, v.p.-Utility Sales; J.R. Williamson, v.p.-Atlantic Division.

Directors: E.J. Cattabiani, A.E. Downing*, L.Y. Fortier, L.W. Yochum, F.H. Tyaack*, D.D. Stark, J.A. Boyle*, L.R. Wilson, W.A. Coates*, E.B. Priestner*, P.M. Marshall.

* Member of the Executive Committee.

Areas of Work: Manufactures a wide range of electrical apparatus, electronic equipment, mechanical products, including steam and gas turbines, switchgear, industrial controls, transformers, motors, meters, instruments, relays, panelboards, switchboards, elevators, power and control centers, semiconductors, electronics products, systems and engineering consulting services for commercial and defense applications; nuclear fuels, special nuclear components, and atomic reactor components. The Company also conducts research in the field of nuclear power-generation.

Divisions:

Turbine and Generator Division
P.O. Box 510
286 Sanford Avenue North
Hamilton, Ontario L8N 3K2
(416) 528-8811

Transformer, Nuclear Products and Motor Division
P.O. Box 510
286 Sanford Avenue North
Hamilton, Ontario L8N 3K2
(416) 528-8811

Electronics, Control and Distribution Products Division
P.O. Box 510
286 Sanford Avenue North
Hamilton, Ontario L8N 3KZ

Sales and Services Division

Elevator Department
1 Westside Drive
Etobicoke M9W 1BZ Ontario
(416) 622-1020

Services Division
5230 South Service Road
Burlington, Ontario
(416) 528-8811

WESCO-Westinghouse Sales & Distribution Co.
240 Duncan Mill Road
Don Mills, Ontario M3B 1Z4
(416) 445-0550

Utility Sales Division
240 Duncan Mill Road
Don Mills, Ontario M3B 1Z4
(416) 445-0550

Transfer Agent(s):
National Trust Co.
21 King Street E.
Toronto, Ontario, Canada M5C 1B3

Stock Exchange(s): Toronto

Ticker Symbol: CWH

Number of Employees:

1985	5,758	1982	7,500
1984	5,500	1981	7,600
1983	5,200		

Plant Footage:

1985	4,187,914 sq. ft.	1983	4,097,261
1984	4,124,002	1982	4,201,188

Sales and Earnings ‡

	Net Sales	Net Income
1985	$ 714,620,000	$ 20,517,000
1984	578,155,000	16,041,000
1983	515,821,000	14,027,000
1982	706,744,000	23,916,000
1981	678,730,000	30,351,000

	No. of Com. Shares	Earn. per Share +
1985	2,683,399	$ 7.65
1984	2,683,399	5.98
1983	2,683,399	5.23
1982	2,683,397	8.91
1981	2,683,389	11.31

‡ In Canadian dollars.
+ Based on the number of shares outstanding at the end of each month.

Revenues By Line of Business
(000's)

	1985	1984
Electronics & control	$ 171,040	$ 130,065
Electrical products	294,476	236,077
Services	403,730	332,903
Other	2,616	2,711
Total	$ 871,862	$ 701,756
Elimination of intergroup sales	(157,242)	(123,601)
Total	$ 714,62	[illegible]

Westinghouse Canada Inc.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$3.00	—	—
1984	3.00	—	—
1983	3.00	—	—
1982	3.00	—	—
1981	3.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 234,172,000	$ 87.27
1984	221,705,000	82.62
1983	213,714,000	79.64
1982	207,736,000	77.42
1981	191,870,000	71.50

Income Account
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 714,620	$ 578,155
Cost of sales	666,661	544,575
Depreciation	10,030	9,515
Interest expense	7,458	1,574
Income before taxes	$ 30,471	$ 22,491
Income taxes	9,954	6,450
Net Income	$ 20,517	$ 16,041

Assets
(000's)

As of Dec. 31	1985	1984
Accts. receiv., net	$ 134,323	$ 126,699
*Inventories	183,653	166,881
Other assets	3,436	2,357
Current Assets	$ 321,412	$ 295,937
#Fixed assets	90,055	82,787
Invest. & other assets	7,321	6,695
Total Assets	$ 418,788	$ 385,419

Liabilities
(000's)

Bank indebtness	$ 63,743	$ 30,357
Long-term debt	128	261
Accts. payable & accruals	82,320	104,477
Income taxes payable	7,312	363
Curr. Liabilities	$ 153,503	$ 135,458
Long-term debt	15,284	14,617
Deferred inc. taxes	15,829	13,639
+Common stock	14,948	14,948
Retained earnings	219,224	206,757
Total Liabilities & Shareholders' Equity	$ 418,788	$ 385,419

* At lower of cost and net realizable value, less progress billings received on account.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.26	3.89
%Net Income to Sales	2.87	2.77
%Net Income to Equity	8.76	7.24
Sales to Inventories	3.89	3.46
Debt to Equity	0.34	0.20
Working Capital	$167,909,000	$159,192,000
Current Ratio	2.09	2.16
Shareholders' Equity	$234,172,000	$221,705,000

Westinghouse Electric Corporation

Westinghouse Building
Gateway Center
Pittsburgh, Pennsylvania 15222
(412) 244-2000

Officers: Douglas D. Danforth*, chairman and chief executive officer; Margaret M. Kennady, v.p. & admin. asst. to the chairman.

Energy and Advanced Technology Group:
Thomas J. Murrin*, president; Theodore Stern, exec. v.p.-energy systems; Earle W. DuBois, v.p.-special projects; James S. Moore, v.p.-power systems; Chester A. Sadlow, exec. v.p.; William M. Jacobi, v.p. & pres.-Westinghouse Hanford Co.; Richard A. Linder, v.p.-defense.

Industries & International Group.
John C. Marous, Jr.*, president; William A. Coates, exec. v.p.-international; Roy W. Gavert, Jr., exec. v.p.-marketing and services; William O. Carlsen, president-Latin America; Clovis F. Obermesser, president-Asia/Pacific; John H. Courcoulas, v.p.-Europe/Africa/Middle-East; Edward B. Priestner, president & chief exec. officer-Westinghouse Canada, Inc.; Joseph W. Baker, v.p.-distribution & control; John B. Yasinsky, v.p.-advanced industrial systems; Charles E. Bell, Jr., v.p.-utility delivery systems; Gary M. Clark, v.p.-distribution & control; William T. Taylor, president-Westinghouse Electric Supply Company; Harry Weingarten, v.p.-utility delivery systems.

Commercial Group:
Douglas D. Stark*, president; Barton S. Brodkin, president-Westinghouse Beverage; H. Joe Frazier, president-Westinghouse Communities, Inc.; David J. Bauhs, president-Westinghouse Elevator Co.; Thomas P. Costello, president-Thermo King Corporation; Edward G. Bittner, v.p.-materials.

Westinghouse Broadcasting
Daniel L. Ritchie*, chairman and president; William F. Baker, president-Group W Television; Richard H. Harris, president-Group W Radio; Buton B. Staniar, sr. exec. v.p.-Westinghouse Broadcasting.

Finance:
Leo W. Yochum*, sr. exec. v.p.-finance; John B. Ferguson, v.p. & controller; August W. Frisch, v.p. & gen. tax counsel; Donald C. Korb, v.p. & treasurer; John R. McClester, president-Westinghouse Credit Corporation; Robert V. Billings, v.p.-pension investments and investor relations; Harry F. Murray, v.p. & controller-energy & advanced technology.

Corporate Resources:
Paul E. Lego*, sr. exec. v.p.-corporate resources; Maurice C. Sardi, v.p.-corporate relations; Francis P. Cotter, v.p.-government affairs; John H. Fooks, v.p.-corporate productivity and quality; George F. Mechlin, v.p.-research and development; Donald J. Povejsil, v.p.-corporate planning; Richard L. Reinhart, v.p.-human resources; Alan J. Meilinger, v.p.-purchases, traffic & real estate; George C. Dorman, v.p.-corp. quality; A. Richard Whittemore, v.p.-western region; David L. Littea, v.p.-midwestern region; Carl R. Johnson, v.p.-southeastern region; Hercules Paxinos, v.p.-New York Metropolitan Region; Bruce W. Morrison, v.p.-Atlantic region; J. Stanley Wyble, v.p.-southwestern region.

Law:
Robert F. Pugliese, v.p., gen. counsel & secretary; David L. Trezise, v.p. & gen. labor counsel.

* Member of the Management Committee.

Directors: Donald F. Hornig, Richard R. Pivirotto, Douglas D. Danforth, David T. McLaughlin, Hays T. Watkins, Barbara H. Franklin, Robert W. Campbell, Rene C. McPherson, John B. Carter, Richard M. Morrow.

Areas of Work: The principal business activity of Westinghouse is the manufacture and sale of equipment for the generation, transmission, utilization and control of electricity. Included among the products of the Corporation are electrical and mechanical equipment required by power companies, railroads, city transit systems and industrial plants, propulsion and electrical equipment for the United States Navy and the marine industry; electrical and electronic systems, instrumentation and other equipment for the aerospace industry.

Westinghouse develops, designs and furnishes nuclear power plants, equipment and fuel for the generation of electricity.

Some Westinghouse products, such as motors and control devices, are used by other manufacturers as components for their products. The Corporation is an important manufacturer of military products for the United States Government.

Westinghouse supplies products to the construction industry and engages in conventional construction activities. It also is engaged in land development and sales.

Westinghouse Broadcasting Company owns and operates 13 radio stations, five television stations and a production company that produces syndicated television programs.

Westinghouse Learning Corporation offers various educational services and materials to schools; sells language instruction courses.

In leisure activities, Westinghouse subsidiaries bottle and distribute various soft drink brands; manufacture, assemble and sell wrist watches and other timepieces under the Longines-Wittnauer, LeCoultre and Jubilee trade names.

Westinghouse Credit Corporation engages in the extension of credit in transactions secured by real or personal property and in leasing transactions including leverage leasing.

Westinghouse is engaged in the distribution outside the United States of electrical and other products, primarily those manufactured by Westinghouse. Such distribution is accomplished through a wholly owned subsidiary and through company representatives and independent distributors. The corporation also has a number of subsidiaries outside the United States, the majority of which are engaged in the manufacture and sale of electrical generation, transmission, utilization and control equipment, and consumer products.

Electronics & Related Divisions & Subsidiaries

Advanced Reactors Division
Waltz Mill, Pennsylvania
Development of advanced designs and concepts of commercial atomic power, including breeder reactors. Comprehensive services in chemical analyses and postirradiation analyses and examination of nuclear fuel and reactor components.

Aerospace and Electronic Systems/Systems Development Divisions
Baltimore, Maryland
Producer of airborne and surface-based radars, communications, command and control, and related electronic systems. Aerospace activities include development and production of sophisticated avionics systems. These include advanced airborne ECM systems, weapon delivery systems, electro-optical systems for reconnaissance and remote sensing, and airborne surveillance radar for airborne early warning and control. Surface-based activities include tactical and shipboard radars, range instrumentation systems, strategic defense systems, and air traffic control systems. Military command and control systems, tactical and strategic communications, displays, and computer systems.

Aerospace Electrical Division
Lima, Ohio
Electric power systems, generators, motors, control apparatus, power conditioning and conversion equipment, and support equipment for military and commercial aircraft, missiles, spacecraft, undersea and ground vehicles.

Astronuclear Laboratory
Large, Pennsylvania
Nuclear, power-reactor and isotope for space, terrestrial, undersea, and other advanced applications; high temperature materials development, and testing and application, thermoelectric environmental control systems, Silicon Carbide devices, non-destructive test equipment, high temperature thermocouples.

Bryant Division
Bridgeport, Connecticut
Wiring Devices; switches, receptacles, wall plates, plugs, connectors, lampholders and starters; outdoor fixtures for reflector backed lamps and photo electric controls; circuit breakers and load centers; ground fault protectors and multimetering; electric heating; baseboard, ceiling cable, unit heaters, duct heaters, strip heaters, wall heaters.

Computer and Instrumentation and Industry Systems Divisions
Pittsburgh, Pennsylvania

Complete Digital, Analog and combined process control systems and related services for application in the following areas: Automotive; Adaptive Control; Batch Blending; By-Products; Chemical; Cement; Communication; Data Acquisition, Collection and Processing; Dispatching and Distribution; Display; Electronic Component Testing; Environmental Measurements; Fluid Flow, Pressure, Temperature and Level; Gas Distribution; Glass; Heating and Air Conditioning; Machine Tool-Direct Numerical; Marine; Metallurgical; Mining and Ore Processing; Oxygen Monitoring and Control; Petro-Chemical; pH and Conductivity; Plastics, Pollution; Power Generation, Transmission and Distribution; Process Industries; Pulp and Paper; Refineries; Rubber; Security; Scientific; Security and Environmental; Steel; Supervisory; Systems Field Engineering; Customer Training; Traffic; Warehousing and Inventory; Water and Waste Treatment.

Control Products Division
Beaver, Pennsylvania
Control for motors; starters, contactors, relays, push-buttons; safety switches and enclosed breakers. Numalogic Solid State Control.

Distribution Apparatus Division
Bloomington, Indiana
Capacitors; lightning arresters; fuse cutouts; surge protection devices; reclosers; vacuum circuit breakers; air loadbreak switches; oil switches; T-Tap switches, linetraps; potential devices.

Electric Distribution Laboratory
Coral Springs, Florida
Constant testing and evaluation conducted under actual living environmental conditions with variables introduced by the resident population, weather, etc., encompasses 70 homes and apartments in a new city subdivision permitting use of the latest technology in electric power distribution without traditional hindrance from normal constraints such as codes and legal requirements.

Electromechanical Division
Cheswick, Pennsylvania
Main coolant pumps, valves, control rod drive mechanisms, and other specialized apparatus for nuclear reactors; pumps for controlled circulation boilers.

Electronic Systems Support Division
Cockeysville, Maryland
Nuclear Instrumentation and Control Systems-military and commercial; Integrated Logistics Support Systems-technical training operations, supply support, maintenance planning, field integration and services, support equipment, technical data, facility planning; Electronic Protection Systems-for government and industry.

Westinghouse Elevator Company
Millburn, New Jersey
Manufacture, sales, service, modernization and maintenance of elevators, escalators and walkways.

General Control Division
Buffalo, New York
Motor starters and controllers; special purpose control; control components; pilot devices; transfer switches.

Chicago, Illinois
Control centers and Type W Jr. group control.

Industry Equipment Division
Sykesville, Maryland
Electric arc welders; electronic beam welders; electrodes, accessories; brazing alloys; Laser systems; power sources. Induction heating equipment, ultrasonic devices for cleaning and processing equipment.

Industrial Systems Division
Buffalo, New York
Design and project management of large electrical drive systems and products for the industrial process and manufacturing systems and all the general industries. Component groupings include adjustable speed drives, crane drives, inverters, rectifiers, programmable controllers, numerical control and automatic material handling systems.

Industry Services Division
Pittsburgh, Pennsylvania

Apparatus Service Divisions
Pittsburgh, Pennsylvania
Sixty apparatus service plants and 75 engineering services locations strategically located domestically to service all industries around the clock. Modern facilities and engineering skills are available to maintain, repair and modernize mechanical and electrical equipment regardless of original manufacture. Also manufacturing and repair and engineering services are available at various locations throughout the world.

Westinghouse Instrument Service Co.
Atlanta, Georgia
Instrumentation and control capabilities include installation, calibration, commissioning, start-up, maintenance, instrumentation repair facilities.

Westinghouse Non-Current Renewal Parts and Special Products Plant
Pittsburgh, Pennsylvania
Manufacturer of specialty products including non-current apparatus and parts. Product lines include: A.C. and D.C. motors and gearmotors, transportation motors, industrial control, pushbuttons, knife switches, circuit breakers, pantagraphs, bolt heaters and carbon brushes.

Marine Division
Sunnyvale, California
Marine propulsion steam turbines and reduction gears; ship's service turbine generator sets; Nuclear components manufacture, electrical, mechanical and shock mitigation components for missile and rocket programs, missile launching and handling equipment, sub-sea oilwell equipment.

Meter Division
Raleigh, North Carolina
Watthour, demand, recording meters, sockets and accessories. Pulse equipment for electric utility automated system analysis, planning, billing and environmental monitoring, and range timers.

Power Systems Planning
Advanced Systems Technology
Pittsburgh, Pennsylvania
Provides a large library of digital power system planning and analysis programs available through mail order consulting or via remote terminals. Operates Anacom analogue computer for transient analysis, mobile laboratories for field transient measurements, oscillography lab for field use, electromagnetic compatibility measurements. Contracts research and development services, from feasibility studies to project management and construction, for prototype systems in generation, transmission and distribution.

Relay-Instrument Division
Newark, New Jersey
Electrical measuring instruments of all types; protective relays and relaying systems; relay instrument switch-boards; control and data systems.

Research Laboratories
Pittsburgh, Pennsylvania
Basic and applied research in chemistry, physics, mathematics, energy systems, solid state sciences, solid state devices, materials, materials processing, instrumentation, systems, communication, control electronics, power electronics, oceanography, and georesearch. Work done primarily in support of Westinghouse operating divisions, but also conducts contract research for the U.S. Government.

Semiconductor Division
Youngwood, Pennsylvania
Silicon rectifier diodes, silicon controlled rectifiers, silicon power transistors, silicon rectifier and controlled rectifier assemblies.

Specialty Transformer Division
Greenville, Pennsylvania
Cores: specialty transformer, Saturable core inductor, Navy dry type transformers; constant voltage and filtering transformers; load centers 30 kva and below.

Switchgear Division
East Pittsburgh, Pennsylvania
Assembled switchgear, high voltage fuses, network protectors; generator voltage regulators and automatic synchronizers; disconnect switches, substation structures, switchgear components, medium and low voltage air circuit breakers; control switches (type W); switchgear accessories; draw-out load interrupter switchgear.

Transformer Division:

Large Power Transformer Division
Muncie, Indiana
Power transformers above 30,000 kva; liquid immersed shunt reactors above 10,000 kva, regulating and furnace transformers above 30,000 kva.

Medium Power Transformer Division
Sharon, Pennsylvania
Power transformers 10,001 to 60,000 kva; substation transformers 5,001 to 10,000 kva; grounding and rectifier transformers; dry type distribution transformers; dry type power center transformers 112-1/2 to 2500 kva; regulating and furnace transformers 30,000 kva and below; current and potential transformers; metering units.

Small Power Transformer Division
South Boston, Virginia
Liquid immersed (oil or Inerteen) auto transformers, network transformers; pad-mounted transformers; substation transformers and underground transformers 501 to 5,000 kva, and power center (secondary unit substations) 112-1/2 to 2500 kva.

Overhead Distribution Transformer Division
Athens, Georgia
Overhead liquid immersed distribution transformers.

Underground Distribution Transformer Division
Jefferson City, Missouri
Underground distribution transformers and equipment.

Oceanic Division
Annapolis, Maryland
Surveillance; sonar detection; data handling and display; instrumentation; oceanographic systems and equipment; flow meters; life support equipment; underwater systems, equipment and associated support items; torpedoes; advanced weapons; mine, weapon and CW countermeasures.

Westinghouse Tele-Computer Systems Corporation
Pittsburgh, Pennsylvania
A wide range of user-oriented problem-solving services involving both manual and computer-based information systems. Computing services, consulting services, data processing services, software services, tele-communications services; warehouse information systems.

Compagnie des Dispositifs Semiconducteurs
Westinghouse S.A.
B.P. 107
Avenue George-Durand
72 Le Mans, France
Assemblies, silicon rectifier and controlled rectifier; battery chargers; battery charging control; bridges, silicon rectifier and controlled rectifier, power supplies, and battery chargers; rectifier assemblies; rectifier diodes, silicon; semiconductors; silicon controlled rectifiers; silicon rectifiers.

Pusibles Westinghouse de Puerto Rico, Inc.
Luquillo, Puerto Rico
Power fuses.

Induseles, S.A.
Osasco, S.P., Brazil
Circuit breakers; enclosed circuit breakers; power centers; reactors; substations, CSP, transformers, distribution; transformers, power.

Marimi and Aminelli S.A.
Sao Paulo, Brazil
Disconnect switches; automated circuit breakers; push buttons; minimum oil circuit breakers; power fuses; bus duct; outdoor disconnect switches; switchboard and cubicles.

Semiconductors Westinghouse, Inc.
Gurabo, Puerto Rico
Medium and high power thyristors, rectifiers and bridge assemblies.

Servicios Industriales Westinghouse
Una Division de Venwesa
Apartado 542
Zona Industrial
Maracaibo, Venezuela
Room air conditioners; circuit breakers; control centers; group control; motor controls; power, regulating, synchronizing systems; freezers: fuses, power; motors; network protectors; network protector relays; panelboards; power centers; power centers for construction applications; refrigerators, domestic; regulators; relators, feeder voltage; repair service; static exciters; substation structures; substations; switchboards; switches; switchgear, accessories switchgear, assembled; synchronizers, generator; transformers, distribution; power transformers; turbine supervisory instrumentation.

Standard-Waygood, Ltd.
P.O. Box 13 Miowera Road
Willawood, N.S.W., 2163, Australia

Westinghouse Electric Corporation

Electrical adjustable speed drives, hi-torque assemblies, silicon rectifier and controlled rectifier, bus duct; circuit breakers; control centers; control, crane and defense; control, general mill; control, group; control, machine tool; control, materials handling; control, metal mill; control, numerical; control systems, electrical; drives, adjustable speed, electrical; induction heating equipment; installation supervision, electrical apparatus; instructional services; inverters, staticlarge dc motors; network protectors; network protector relays; numerical control; panelboards; power centers; power supplies, dc and battery chargers; reactors; rectifier assemblies; rectifier equipment, power, regulated systems; regulators, feeder voltage; service, electric (field engineering); substations, CSP; switchboards; switchgear; systems, industrial; transformers; self-contained power, unit substations.

Transformadores Westinghouse, Inc.
P.O. Box 127
Road 30, K.M.6.0.Barrio Rincon
Gurabo, Puerto Rico 00658
Transformers for general purpose applications.

Tubos Electronicos Westinghouse, Inc.
P.O. Box 127
Road 30. M.6.0. Barrio Rincon
Gurabo, Puerto Rico 00658
Electronic tubes.

Tyree Industries, Ltd.
P.O. Box 315
Liverpool, N.S.W. 2170, Australia
Capacitors; line traps, carrier; potential devicers, capacitors; reactors; power transformers; distribution transformers; instrument transformers.

Westinghouse Breakers, Inc.
Puerto Rico
Manufacture and assembly of circuit breakers.

Westinghouse Canada Limited
286 Sanford Avenue North
P.O. Box 510
Hamilton, Ontario, Canada
Adjustable speed drives-electrical; adjustable speed drives-mechanical, air cleaning units; air conditioners; central air conditioning; air handling lighting fixtures; air handling units; airport lighting regulators (solid state); lighting arresters; audio tone relaying systems; automatic dispatching control; automatic transfer switches; ballasts, lighting; bases, lightbulb and electron tube; battery charging control; blowers; bus duct; bus, high voltage; capacitors; carrier relaying systems; circuit breakers; circuit breakers, molded case, loadcenter, circuit breakers, vacuum; commercial lighting; computerized metering systems; computers, digital; conductors, copper and aluminum; contactors, ac and dc; control centers; control components; control components, ac; control components, ac and dc; control, crane and defense; control devices; control, general mill; control, group; control, machine tool; control, materials handling; control, metal mill; control numerical; control special purpose; control, standard; control systems, electrical; control systems, chemical properties; control systems, electrical; control systems, chemical properties; control systems, combustion, flow and level, pressure and differential pressure, temperature-temperature difference; controls for motors; controls, supervisory and telemetering; cores for transformers; cutouts, fuse; dehumidifiers, residential; direct current HV transmission equipment systems; dishwashers; displays, CRT alphanumeric and graphical (WAND) ® drives; drum controllers; dry cleaners, commercial dryers electric and gas; duct heaters, gas and electric; Dumet (copperclad); electric stairways; electric space heaters, baseboard heaters; electric walks; electric tubes; electrostatic air filters; Precipitron ®, elevators, electric geared and gearless, hydraulic; enclosed circuit breakers; energy storage equipment; environmental data systems; fans; filaments, tungsten, fluorescent lamps; food waste disposers; freezers, fuses and fuse links; fuses power; gas turbines, land; gear units; gearmotors; gears, railway; ground fault protectors; heaters, electric; heaters, portable; housewares, electric; blankets, bleaders, can openers, coffee makers, knives, food mixers, fry pans, hair stylers, irons, kettles, toasters, automatic; hydraulic products; industrial lighting; infra-red heaters, electric; installation supervision, electrical apparatus; instructional services; instrument auxiliary equipment; instruments, analog; integrated circuits; interlocks; inverters, static; lamps; Laundromat ® automatic washers; lead-in wires, lamp and electronic tube; lighting, outdoor fluorescent, incandescent, mercury vapor, quartz, sodium; lighting fixtures; lighting, interior lighting, specialty interior; lights, indicating control; line tracing electronic systems (Linetrol ®); line traps, carrier, liquid dielectrics, oil and Inerteen ® ; load centers, circuit breaker; mercury lighting; metals; Hi-purity single crystal; meter accessories, watthour, meters, demand; meters, mine-hoists friction treads. Westoflex®; mine-hoists (Select-A-Level®); molybdenum-wire, rod, powder; motor starters and controllers; motors, ac integral hp, thru frame 449T; multimetering; network protectors; network protector relays; numerical control; panel instruments; panelboards; phonographs; photo-electric controls; pilot devices; pilot wire relaying systems; portable instruments; potential devices, capacitor; power centers; power centers for construction applications; power supplies, dc; power supplies, dc and battery chargers; protective devices, surge; protective relays, electromechanical and solid state; protective relays, general purpose overboard control; pulse recorders; pulse totalizing equipment; pumping control, duplex, irrigation, oil well; pushbuttons; radios; ranges, electric; range timers (consumer); reactors; reactors, charging; reactors, saturable core reclosers; recording instruments; rectifier equipment, power; reflectors, outdoor lighting; refrigeration; refrigerators, domestic; regulated systems; regulators; feeder voltage; relaying systems; relay-instrument switchboards; relays; relays, protective, solid state, and electromechanical; relays, solid state; relays for roadway lighting; repair service; roadway lighting safety switches; sectionalizers, automatic line; service, electric (field engineering); sewage treatment plants, packages; sockets and mountings, meter, sonar devices; speciality lighting products; speed measuring systems; speed reducers; stabilized camera and sensor mounts with high resolution (WESSCAM ®); starters for electric motors; static exciters; steam laboratory demonstration unit; steam turbine generators, land; Sterilamp equipment; strip heaters; substation structures; substations; CSP, surge protection equipment; supervisory control and telemetering; switchboard instrument; switchboards, relay-instrument; switchboards; switches, switches for roadway lighting; switches, load pick-up; switchgear; switchgear assemblies with mini-oil circuit breakers up to 35kv; switchgear accessories; switchgear, assembled; switch houses; systems, industrial; synchronizers, generator, systems, relaying and supervisory control; tape recorders; terminal blocks; thorium; thyristor drives and power supplies (water-cooled); timers, ranger (consumer); transducers, current; transducers, instrument; transfer instrument; transfer switches, automatic transformers, dry type; transformers for roadway lighting; transformer protective devices; transformers, distribution; transformers, power, transformers, specialty; translation equipment turbine supervisory instrumentation; tubing, glass and quartz, T.V. unit heaters, electric; unit substations, self-contained; ventilating sets; water-cooled lighting fixtures; water coolers; water heaters; water tank thermostats; wire-Dumet; wire forms; wire, magnet; wiring devices.

Westinghouse de Venezuela, S.A.
Div. Pantallas de Television
Apartado 1889
Caracas, Venezuela

H. Maihak AG
West Germany

Transfer Agent(s):

Mellon Bank, N.A.
9th Floor
Stock Transfer Department
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Boston, Philadelphia, Midwest, Pacific

Ticker Symbol: WX

Number of Employees:

1986	117,267	1983	132,927
1985	124,935	1982	145,251
1984	126,849		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 10,731,000	$ 670,800
1985	10,700,200	605,300
1984	10,264,500	535,900
1983	9,532,600	449,000
1982	9,745,400	449,300

	No. of Com. Share ‡	Earn. per Share ‡
1986	152,331,187	$ 4.42
1985	172,488,375	3.52
1984	177,301,873	3.04
1983	176,881,388	2.54
1982	173,981,498	2.58

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Energy & advanced tech.	$ 4,807,700	$ 4,407,800
Industrial	3,602,400	3,732,300
Commercial	1,699,700	1,750,800
Broadcasting & cable	838,800	1,069,200
Divested units	110,700	119,900
Intersegment sales	(328,300)	(379,800)
Total	$ 10,731,000	$ 10,700,200

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$1.35	—	—
1985	1.15	—	—
1984	0.975	—	2-for-1
1983	0.90	—	—
1982	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$3,009,600,000	$ 19.76
1985	3,234,700,000	18.75
1984	3,740,800,000	21.10
1983	3,410,300,000	19.28
1982	3,175,000,000	18.25

Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 10,731,000	$ 10,700,200
Cost of sales	7,771,200	7,737,900
Expenses	1,718,000	1,771,200
Other expense	371,000	—
Provision for bus. restructuring	(651,200)	—
Depreciation	790,000	449,000
Interest expense	145,900	165,000
Eq. in inc. of fin. subsid.	(111,100)	(120,800)
Other income	(103,800)	(118,000)
Income before taxes	$ 801,000	$ 795,900
Income taxes	129,000	188,600
Minority interest	1,200	2,000
Net Income	$ 670,800	$ 605,300

Assets
(000's)

As of Dec. 31	1986	1985
Cash & marketable securities	$ 597,500	$ 702,100
Accts. receiv., net	1,905,200	2,032,300
Costs in excess of billings	229,800	152,200
*Inventories	1,161,600	1,109,500
Prepaid & other current assets	741,200	624,800
Current Assets	$ 4,635,300	$ 4,620,900
Investments	893,600	762,300
#Fixed assets	2,188,700	3,300,200
Other assets	764,200	1,027,900
Total Assets	$ 8,481,800	$ 9,711,300

Liabilities
(000's)

Long-term debt, curr. & short-term loans	$ 596,900	$ 2,039,200
Accts. payable	646,100	625,500
Billings in excess of costs	1,129,500	1,096,800
Other current liabilities	1,823,900	1,491,800
Curr. Liabilities	$ 4,196,400	$ 5,253,300
Debentures & other debts	518,200	525,300
Minority interest	23,600	33,100
Other liabilities	734,000	664,900
+Common stock	183,100	180,600
Add. paid-in capital	745,600	672,800
Retained earnings	3,937,300	3,470,700
Treasury stock	(1,801,300)	(1,023,700)
Cum. trans. adjust.	(55,100)	(65,700)
Total Liabilities & Shareholders' Equity	$ (8,481,800)	$ 9,711,300

* At LIFO or current standard costs, which approximate actual or average cost.
# Less accumulated depreciation.
+ $3.125 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.46	7.44
%Net Income to Sales	6.25	5.66
%Net Income to Equity	27.29	18.71
Sales to Inventories	9.24	9.64
Debt to Equity	0.37	0.79
Working Capital	$ 438,900,000	—
Current Ratio	1.10	—
Shareholders' Equity	$3,009,600,000	$3,234,700,000

Whirlpool Corporation

Benton Harbor, Michigan 49022
(616) 925-5000

Officers: Jack D. Sparks, president, chairman of the board & chief executive officer; George E. Wardeberg, vice chairman & chief operating officer; David R. Whitwam, vice chairman & chief marketing officer; Samuel M. Bateman, Charles D. Putnam, exec. v.p.'s; James R. Samartin, exec. v.p., treasurer & chief financial officer; Stephen E. Upton, Lloyd A. Wampach, sr. v.p.'s; William D. Marohn, Lawrence J. Kremer, H.W. Bowman, E.R. Dunn, Robert I. Frey, Glenn E. Holubar, Robert E. Bartley, Robert J. Collins-Wright, Glenn S. Olinger, Richard F. Robinson, August Brogno, v.p.'s; William E. Naylor, Robert R. Swender, asst. treasurers; James K. Doan, controller; Daniel F. Hopp, secretary; Allan D. Vingelen, asst. controller.

Directors: Victor A. Bonomo, Douglas D. Danforth, John H. Platts, John H. Gerstenmaier, Bert E. Phillips, Robert A. Burnett, Philip L. Smith, Jack D. Sparks, Jack B. St. Clair, Kenneth J. Whalen, George E. Wardeberg, David R. Whitwam.

Areas of Work: Manufactures home and commercial appliances, including microwave ovens, washers, dryers, refrigerators, ice makers, coolers, vacuum cleaners, ovens, dishwashers, dehumidifiers, freezers, air conditioners and trash compactors.

Subsidiaries:

Whirlpool Acceptance Corporation
Benton Harbor, Michigan
A wholly owned finance subsidiary.

Whirlpool Trading Company, Incorporated
Benton Harbor, Michigan

Inglis Limited (majority owned)
Toronto, Canada
Supplier of major home appliances.

Whirlpool Kitchens, Inc.
Englewood, Colorado
Manufactures kitchen cabinets.

Acquisitions:

KitchenAid, Inc.
St. Joseph, Michigan
Manufactures major and portable appliances for the high-end user.

Aspera S.r.l. (65% owned)
Torino, Italy
Manufactures compressors for refrigeration products.

Foreign Affiliates:

Brasmotor, S.A.
Sao Paulo, Brazil

Brastemp, S.A.
Sao Paulo, Brazil

Consul S.A.
Joinville, Brazil

Embraco, S.A.
Joinville, Brazil

Transfer Agent(s):

Harris Trust and Savings Bank
Stock Transfer Division
111 West Monroe Street
Chicago, Illinois 60690

Harris Trust and Savings Bank
%Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Midwes.

Ticker Symbol: WHR

Number of Employees:

1986	30,956	1983	22,627
1985	25,524	1982	18,949
1984	22,004		

Plant Footage:

1986	11,893,400 sq.ft.	1983	11,298,000
1985	N.A.	1982	11,282,000
1984	10,095,000		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income
1986	$4,008,700,000	$ 199,700,000
1985	3,474,456,000	182,319,000
1984	3,137,482,000	189,565,000
1983	2,667,682,000	167,038,000
1982	2,271,305,000	139,015,000

	No. of Com. Shares †	Earn. per Share #
1986	74,128,000	$ 2.70
1985	73,325,000	2.49
1984	73,234,000	2.59
1983	73,070,000	2.29
1982	72,860,000	1.92

+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Home laundry appliances	$1,353,100,000	$1,300,981,000
Home refrigeration & room air conditioning	1,391,300,000	1,227,909,000
Other household appliances	920,500,000	690,792,000
Other products & svcs.	343,800,000	254,774,000
Total	$4,008,700,000	$3,474,456,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$1.03	—	2-for-1
1985	1.00	—	—
1984	1.00	—	—
1983	0.93	—	—
1982	0.83	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,349,800,000	$ 18.21
1985	1,206,620,000	16.46
1984	1,096,282,000	14.97
1983	977,648,000	13.38
1982	875,074,000	12.01

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 4,008,700	$ 3,474,456
Cost of sales	3,155,500	2,748,421
Expenses	557,800	450,196
Other income	(14,500)	(32,260)
Interest expense	17,800	7,665
Bus. disposition	(12,800)	—
Income before taxes	$ 304,900	$ 300,434
Income taxes	139,200	135,500
Eq. in earn. of affil. cos.	(34,600)	(21,323)
Minority interests	600	3,938
Net Income	$ 199,700	$ 182,319

* Included in Costs and Expenses, Depreciation and Amortization: $117,800,000 in 1986 and $86,982,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	$ 227,800	$ 301,047
Receiv., net	260,100	247,480
Def. inc. taxes	2,900	—
*Inventories	541,900	386,183
Prepaid expenses	55,500	37,646
Current Assets	$ 1,088,200	$ 972,356
Investments & other assets	443,200	279,780
#Fixed assets	670,900	508,212
Total Assets	$ 2,202,300	$ 1,760,348

Liabilities
(000's) •

Notes payable	$ 21,000	$ 4,446
Accts. payable	238,500	205,862
Accruals	129,700	71,883
Accrued payroll & other compen.	115,800	91,620
Income taxes	10,800	—
Product warranty	19,200	16,624
Long-term debt, curr.	2,300	10,170
Deferred income taxes	—	20,779
Curr. Liabilities	$ 537,300	$ 421,384
Long-term debt	170,900	49,315
Product warranty	11,900	15,015
Deferred inc. taxes	60,800	42,706
Minority interest	71,600	25,308
+Common stock	74,100	36,662
Add. paid-in capital	4,700	33,887
Retained earnings	1,260,700	1,136,071
For. curr. trans. adjust.	10,300	—
Total Liabilities & Shareholders' Equity	$ 2,202,300	$ 1,760,348

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Whirlpool Corporation

Statistical Summary

%Income bef. Taxes to Sales	7.61	8.65
%Net Income to Sales	4.98	5.25
%Net Income to Equity	14.79	15.11
Sales to Inventories	7.40	9.00
Debt to Equity	0.13	0.05
Working Capital	$ 500,900,000	$ 550,972,000
Current Ratio	2.03	2.31
Shareholders' Equity	$1,349,800,000	$1,206,620,000

Whitehall Corporation

2659 Nova Drive
Dallas, Texas 75229
(214) 247-8747

Mailing address:

P.O. Box 29709
Dallas, Texas 75229

Officers: Lee D. Webster, chairman of the board and president; Carl R. Anderson, v.p. & treasurer; George M. Pavey, vice president; George Slover, Jr., secretary.

Directors: Lee D. Webster, chairman; George M. Pavey, Robert B. Gilmore, John A. Crichton, Henry I. McGee, Jr., J.L. Huffines, Jr., John H. Wilson, III.

Areas of Work: Divided into four groups: Earth Sciences, Aerospace, Defense Electronics and Electronic Components. The Earth Sciences Group manufactures and sells underwater sensing systems used for offshore geophysical surveys and naval surveillances. The Aerospace Group rebuilds and modifies military aircraft airframes and electronic systems. The Defense Electronics Group was formed to participate in the electronic warfare market. The Electronic Components Group manufactures and markets frequency controlling quartz crystals.

Divisions and Subsidiaries:

Crystek Crystals Corporation
2371 Crystal Drive
Fort Myers, Florida 33901
(813) 936-2100

Seismic Engineering Company
2659 Nova Drive
Dallas, Texas 75229
(214) 241-7581

Avionics Division
1133 Empire Central
Dallas, Texas 75247
(214) 631-3012

Rogers Explorations, Inc.
2659 Nova Drive
Dallas, Texas 75229
(214) 247-7072

Electroscience Division
1133 Empire Central
Dallas, Texas 75247
(214) 631-3373

Hydroscience, Inc.
2659 Nova Drive
Dallas, Texas 75229
(214) 247-9052

Seismic Explorations International, S.A.
2659 Nova Drive
Dallas, Texas 75229
(214) 241-7581

Whitehall Export, Inc.
P.O. Box 29709
Dallas, Texas 75229
(214) 247-8747

Aero Corporation
Lake City, Florida 32055
(904) 752-7911

Transfer Agent(s):
BancTEXAS Dallas, N.A.
Dallas, Texas

Stock Exchange(s): New York

Ticker Symbol: WHT

Number of Employees:

1986	1,001	1983	1,392
1985	1,366	1982	1,427
1984	1,498		

Plant Footage:

1986	846,000 sq. ft.	1983	846,000
1985	846,000	1982	846,000
1984	846,000		

Sales and Earnings

	Net Sales	Net Income
1986	$ 36,930,831	$ 2,197,666
1985	55,720,844	9,313,115
1984	63,277,276	9,381,403
1983	64,537,571	11,478,185
1982	63,084,491	8,826,631

	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,670,008	$ 0.60
1985	3,702,893	2.52
1984	3,719,040	2.52
1983	3,760,948	3.05
1982	3,762,756	2.35

‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Electronic components	$ 1,682,000	$ 1,808,000
Geophysical equipment & exploration service	8,791,000	16,948,000
Aircraft repair & maintenance	26,458,000	36,965,000
Total	$ 36,931,000	$ 55,721,000

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 57,342,598	$ 15.62
1985	55,557,465	15.11
1984	46,935,000	12.66
1983	38,729,000	10.32
1982	27,622,000	7.34

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 36,930,831	$ 55,720,844
Other inc.	2,293,724	1,538,505
Total income	$ 39,224,555	$ 57,259,349
Cost of sales	27,961,694	33,535,096
Expenses	8,458,258	7,038,031
Interest expense	41,937	63,107
Income before taxes	$ 2,762,666	$ 16,623,115
Income taxes	565,000	7,310,000
Net Income	$ 2,197,666	$ 9,313,115

* Included in Costs and Expenses, Depreciation and Amortization: $3,382,526 in 1986 and $3,793,667 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 23,686,415	$ 26,540,888
Accts. receiv., net	17,207,342	25,649,794
*Inventories	11,470,492	10,436,240
Prepaid expenses	2,568,487	2,238,210
Current Assets	$ 54,932,736	$ 64,865,132
#Fixed assets	30,628,687	21,885,016
Total Assets	$ 85,561,423	$ 86,750,148

Liabilities

Accts. payable & accruals	$ 5,194,154	$ 6,734,741
Income taxes	357,940	3,065,542
Curr. Liabilities	$ 5,552,094	$ 9,800,283
Deferred inc. taxes	22,666,731	21,392,400
+Common stock	377,376	377,376
Add. paid-in capital	1,053,211	1,053,211
Retained earnings	58,588,315	56,390,649
Treasury Stock	(2,676,304)	(2,263,771)
Total Liabilities & Shareholders' Equity	$ 85,561,423	$ 86,750,148

* At average cost not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.48	29.83
%Net Income to Sales	5.95	16.71
%Net Income to Equity	3.83	16.76
Sales to Inventories	3.22	5.34
Working Capital	$49,380,642	$55,064,849
Current Ratio	9.89	6.62
Shareholders' Equity	$57,342,598	$55,557,465

Whittaker Corporation

10880 Wilshire Boulevard
Los Angeles, California 90024
(213) 475-9411

Officers: Joseph F. Alibrandi, chairman & chief executive officer; Gregory T. Parkos, president & chief operating officer; Daniel Hofmann, v.p. & chief accounting officer; Alan D. Jacobson, exec. v.p.-administration, chief financial officer & treasurer; Frank C. Buhlman, John D. Freitag, Robert W. Murray, Ronald W. Johnston, Douglas W. Huemme, Gordon J. Lonttis, v.p.'s; Edward R. Muller, v.p. & secretary.

Directors: Joseph F. Alibrandi*, Sanford Kaplan*, Alan D. Jacobsen, J. Dewey Daane, Walter B. Gerken*, Robert Reznick*, Edmund F. Ackell, John C. West, Frank J. Rauscher, Jr., Gregory T. Parkos*.

* Member of the Executive Committee.

Areas of Work: Manufactures and distributes products in two principal fields: technology and chemicals. The technology segment includes the production of aircraft fluid controls, radar and digital system simulators, electronic countermeasures equipment, defense-related command, control and communications systems, military troposcatter communications equipment, high-energy-density batteries, pyrotechnics, propellants and aluminum engine parts, as well as the manufacture of biomedical products. The chemical segment involves principally the manufacture of industrial coatings, plastics, adhesives, heat-treating compounds and other specialty chemical products.

Divisions and Subsidiaries:

Whittaker M.A. Bioproducts
Building 100
Biggs Ford Road
Walkersville, Maryland 21793
(301) 898-7025
Produces materials and equipment used in the diagnosis of viral diseases, and other areas of biomedical research.

Elsin Corporation
3080 Oakmead Village Drive
Santa Clara, California 95051
(408) 748-9900

Electronic Resources Division
100 East Tujunga Avenue
Burbank, California 91502
(818) 843-5770
High temperature coaxial cables; electronic components and subsystems; mechanical and electronic counters.

Tasker Systems Division
1785 Voyager Avenue
Simi Valley, California 93063
(805) 584-8200

Air traffic control systems; antenna tracking devices; radar simulators; radar tracking devices; tactical radar jammers; electronic components and subsystems.

Yardney Battery Division
82 Mechanic Street
Pawcatuck, Connecticut 06379
(203) 599-1100

High-energy density batteries; high-intensity portable lights; battery chargers and control systems; marine emergency beacons; irrigation system filters.

Whittaker Controls, Inc.
12838 Saticoy Street
North Hollywood, California 91605
(818) 765-8160

Valves, actuators and pumps for aircraft hydraulic, pneumatic and fuel systems; electronic proximity switches.

Command, Control & Communications Corporation
23670 Hawthorne Boulevard
Torrance, California 90505
(213) 373-9651

Produces computerized electronic integrators which link together the various intelligence systems of the military to achieve overall pictures of battlezones.

Winters Industries Division
4125 Mahoning Road, N.E.
Canton, Ohio 44705
(216) 456-4321

Manufactures highly engineered automotive engine components such as "tuned port" air intake manifolds.

Holex, Inc.
2751 San Juan Road
Hollister, California 95023
(408) 637-5851

Power Sources Division
3850 Olive Street
Denver, Colorado 80207
(303) 388-4836

Water Management Products Divison
6666 Box Springs Boulevard
Riverside, California 92507
(714) 656-6716

Acquisition(s):

REL, Inc.
3800 South Congress Avenue
Boynton Beach, Florida 33435
(305) 732-0300

Manufactures radar simulators used in pilot training, and electronic devices used in military aircraft, as well as "troposcatter" radio systems, which bounce radio signals off the upper atmosphere from one ground station to another, enabling communication over distances and diffficult terrain.

Lee Telecommunications Corporation
Farmington, Arkansas 72730
(501) 846-2032

Manufacture products in the command, control, communications and intelligence area of defense electronics.

Transfer Agent(s):
Manufacturers Hanover Trust Company
Securityholder Relations
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: WKR

Number of Employees:

1986	8,600	1983	16,800
1985	8,700	1982	17,300
1984	10,800		

Plant Footage:

1986	2,855,000 sq. ft.	1983	9,000,000
1985	7,000,000	1982	9,000,000
1984	9,000,000		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 399,144,000	$ (4,946,000)
1985	308,563,000	19,867,000
1984	259,965,000	43,870,000
1983	221,651,000	37,609,000
1982	228,513,000	58,688,000

	No. of Com. Shares #	Earn. per Share #
1986	12,537,000	$ —
1985	13,780,000	1.40
1984	14,375,000	3.01
1983	14,508,000	2.55
1982	15,411,000	3.77

Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Technology	$ 246,800	$ 188,200
Chemical	152,300	120,400
Total	$ 399,100	$ 308,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.60	—	—
1985	0.60	—	—
1984	1.35	—	—
1983	1.60	—	—
1982	1.60	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 193,355,700	$ 24.79
1985	377,450,780	28.44
1984	335,601,880	24.88
1983	334,043,620	23.97
1982	322,084,605	23.28

‡ After allowing for preferred stock at redemption values.

Income Account *
(000's)

Year ended Oct. 31	1986	1985
Net sales	$ 399,144	$ 308,563
Cost of sales	288,659	222,034
Expenses	86,476	80,740
Interest expense	8,584	7,069
Other income	(4,827)	(9,454)
Other charges	12,000	4,929
Loss on invest.	—	19,473
Inc. (loss) bef. taxes	$ (8,252)	$ (16,228)
Income taxes (credit)	3,896	(3,798)
Inc.(loss) cont. oper.	$ 4,356	$ (12,430)
Inc.(loss) discont. oper.	(9,302)	32,297
Net Income (Loss)	$ (4,946)	$ 19,867

* Included in Costs and Expenses, Depreciation and Amortization: $14,061,000 in 1986 and $9,278,000 in 1985.

Assets
(000's)

As of Oct. 31	1985	1984
Cash	$ 7,988	$ 21,666
Time deposits	17,582	84,950
Receiv., net	130,606	70,001
Deferred taxes	42,735	38,095
*Inventories	60,327	54,329
Prepaid expenses	1,379	1,499
Assets of discont. oper.	84,221	122,080
Current Assets	$ 344,838	$ 392,620
#Fixed assets	103,347	84,762
Goodwill	33,648	22,424
Intangibles	27,542	11,920
Notes receiv.	19,147	20,764
Other assets	21,947	17,722
Assets of discont. oper.	58,116	50,557
Total Assets	$ 608,585	$ 600,769

Liabilities
(000's)

Notes payable	$ 25,000	$ 9
Long-term debt, curr.	151,265	5,540
Accts. payable	61,940	52,451
Accruals	44,285	40,336
Curr. Liabilities	$ 282,490	$ 98,336
Long-term debt	92,102	87,528
Def. inc. taxes	29,325	24,743
+Preferred stock:		
$1.25 cumulative convertible	—	17
$5.00 cumulative convertible	113	121
+Common stock	15,253	20,708
Add. paid-in capital	73,593	131,189
Retained earnings	107,665	235,652
Cum. trans. adjust.	8,044	2,475
Total Liabilities & Shareholders' Equity	$ 608,585	$ 600,769

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 stated value.

Statistical Summary

%Net Income to Equity	—	5.09
Sales to Inventories	6.62	5.68
Debt to Equity	1.31	0.24
Working Capital	$ 62,348,000	$294,284,000
Current Ratio	1.22	3.99
Shareholders' Equity	$204,668,000	$390,162,000

Wickes Companies, Inc.

(formed through the merger of The Wickes Corporation with Gamble-Skogmo)

3340 Ocean Park Boulevard
Santa Monica, California 90405
(213) 452-0161

Officers: Sanford C. Sigoloff, chairman of the board, president & chief exec. officer; Wilhelm A. Mallory, sr. exec. v.p. & chief financial officer; Lawrence P. Friedman, sr. v.p.-human resources; Seymour Strasberg, sr. v.p.-strategic planning; Ronald D. Strongwater, sr. v.p.-real estate; James M. Van Tatenhove, sr. v.p.-administration; James N. Castleberry, v.p.-controls evaluation and compliance; Michael S. Sitrick, sr. v.p.-communications; Michael Jamieson, v.p. & controller; Ervin J. Bolks, v.p. & treasurer; Alvin G. Segel, sr. v.p., general counsel & secretary; Raymond J. Byrne, v.p.; Robert S. Fenton, v.p.-tax; Bill J. Mann, v.p.-data services.

Directors: Sanford C. Sigoloff, chairman; Rita E. Hauser, Ellsworth L. Johnson, Preston Silbaugh, Wilhelm Mallory, Sanford Kaplan, Peter Sweet, Edmund M. Kaufman, Donald F. McCullough.

Areas of Work: The Wickes Manufacturing division produces diesel and gasoline pistons, electrical and electronic components, bumpers, aluminum castings, extrusions and tubing, stampings and wire formed assemblies for the automotive industry. It also manufactures electronic connectors, backpanels and printed circuit boards, process control systems and components, municipal traffic control systems and components for the electrical and electronic markets, and proprietary commercial refrigeration and airconditioning systems for the construction market. In addition, Wickes Manufacturing division makes safety hardware and systems for military air crewmen and thermo processes specialty metals for aircraft and missile components. The Wickes Engineering division manufactures aircraft arresting gear, prototype and production parts for aircraft jet engines and replacement turbine blades for electrical generators.

Wickes Companies, Inc.

In the retail area, the Company operates Wickes Lumber building supply and lumber stores; Builders Emporium home improvement centers; Wickes Furniture home furnishings warehouse showrooms; Leath Furniture centers; and Orchard Supply Hardware chains. Manufacturing operations other than electronic are: Collins & Aikman which manufactures upholstery, carpet, specialty textile and yarns, wallcoverings, and warp Knit Fabrics; Kayser-Roth Corporation which manufactures women's and children's apparel, and women's and men's hosiery; The Simmons Universal Corporation which produces decorative fabrics, curtains, draperies, furniture and home furnishings; Yorktowne which manufactures furniture.

Other business activities include Wickes Credit which purchases and finances accounts receivable generated by the retailing group; Western Diversified Services which offers insurance to individuals and companies, and the distribution of automotive parts through the A.P.S. division.

Electronics Divisions:

Elco
Bohn Heat Transfer
H. Koch & Sons
ADEC

Wickes Engineering
Mal Tool & Engineering
Cepco
Klock

Acquisition:

Collins & Aikman Corporation
210 Madison Avenue
New York, New York 10016
(212) 578-1200

Transfer Agent(s):

J.Henry Schroder, Bank and Trust Company of New York
One State Street
New York, NY 10015

Stock Exchange(s): New York

Ticker Symbol: WIX

Number of Employees:

1986	60,000	1985	57,350

Plant Footage:*

1986	4,000,00 sq. ft	1985	4,100,000

* Electronics manufacturing only.

Sales and Earnings

	Net Sales + (000's)	Net Income # (000's)
1987	$ 4,770,000	$ 83,750
1986	2,806,229	76,130
1985	1,647,881	296,536
1984	1,495,388	24,794
1983	1,240,435	(248,682)

	No. of Com. Shares	Earn. per Share ‡#
1987	239,050,000	$ 0.33
1986	133,854,000	0.47
1985	95,903,000	20.30
1984	14,385,000	1.72
1983	14,385,000	—

(Loss)
+ Of continuing operations only.
# Including extraordinary gains of $9,861,000 ($0.05 per share) in 1987, $35,482,000 ($0.36 per share) in 1986, $279,522,000 ($19.13 per share) in 1985 and $11,618,000 ($0.81 per share) in 1984.
‡ Based on the average number of common shares and common shares equivalents outstanding.

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	$ 1,011,022	$ 4.23
1986	516,902#	3.86
1985	340,333	3.55
1984	(207,680)	—
1983	(230,206)	—

(Deficiency)
After allowing for preferred stock at liquidation value of $40 per share.

Income Account
(000's)

Year ended	1/31/87	1/25/86
Net sales	$ 4,770,000	$ 2,806,229
Cost of sales	3,409,842	2,016,263
Expenses	1,100,258	641,931
Interest expense	195,582	102,308
Gain on sale of eq. secur.	(38,412)	(3,865)
Income before taxes	$ 102,730	$ 49,592
Income taxes	28,841	21,516
Income-cont. oper.	$ 73,889	$ 28,076
Income-discont. oper.	—	12,572
Net Income	$ 73,889	$ 40,648
Extraordinary gain	9,861	35,482
Net Income & extraordinary gain	$ 83,750	$ 76,130

*Included in Costs and Expenses, Depreciation and Amortization: $100,309,000 in 1986 and $54,667,000 in 1985.

Assets
(000's)

As of	1/31/87	1/25/86
Cash & short-term invest.	$ 158,424	$ 80,576
Receiv., net	799,473	595,217
*Inventories	1,093,584	723,292
Assets of discont. oper.	20,343	336,349
Other curr. assets	78,847	57,188
Current Assets	$ 2,150,671	$ 1,792,622
#Fixed assets	1,023,105	512,784
Other assets	149,450	84,298
Investments & other receiv.	41,197	36,334
Purch. price in exc. of assets acq.	1,052,442	222,260
Total Assets	$ 4,416,865	$ 2,648,298

Liabilities
(000's)

Notes payable	$ 25,105	$ 54,549
Long-term debt	25,470	140,902
Accts. payable	397,185	238,295
Accruals	497,485	361,044
Other liabilities	9,573	9,270
Curr. Liabilities	$ 954,918	$ 804,066
Long-term debt	2,256,353	726,925
Cap. lease oblig.	56,596	60,463
Deferred inc. taxes	92,646	79,917
+Preferred stock	181	1,840
+Common stock	23,905	13,385
Add. paid-in capital	958,699	962,851
Retained earnings	60,501	1,021
For. curr. trans. adjust.	12,986	(2,170)
Total Liabilities & Shareholders' Equity	$ 4,416,865	$ 2,648,298

* At lower of cost (FIFO, average or retail) or market, not in excess of net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.15	—
%Net Income to Sales	1.55	—
%Net Income to Equity	7.00	4.16
Sales to Inventories	4.36	3.88
Debt to Equity	2.21	0.95
Working Capital	$1,1[illegible]673,000	$988,556,000
Current Ratio	2.25	2.23
Shareholders' Equity	$1,056,272,000	$976,927,000

Wiltek, Inc.

542 Westport Avenue
Norwalk, Connecticut 06851
(203) 853-7400

Officers: Robert W. Cruickshank, chairman; Jay W. Fitzpatrick, president, chief exec. officer and treasurer; Boris Freskiel, F. Spencer Pooley, Jr., Jeffrey Stuart, v.p.'s; Alexander R. Hamilton, secretary.

Directors: Martha M. Driver, Richard T. Niner, Ellis L. Phillips, Jr., Jay W. Fitzpatrick, Robert W. Cruickshank, Robert J. Campbell.

Areas of Work: Engaged in the design, manufacture, sale and maintenance of data communication systems and services.

Subsidiaries:

Wiltek (U.K.) Ltd.
84 Upper Richmond Road
London England SW152ST

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees*:

1986	33	1983	N.A.
1985	32	1982	21
1984	26		

Plant Footage:

1986	16,000 sq. ft.	1983	15,000
1985	16,000	1982	15,000
1984	15,000		

* Full-time only.
N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income ‡
1986	$ 3,512,500	$ 170,100
1985	2,856,300	(132,400)
1984	2,299,200	(750,500)
1983	1,848,500	(393,400)
1982	2,867,300	571,700

	No. of Com. Shares	Earn. per Share ‡#
1986	4,574,219	$ 0.04
1985	4,774,219	—
1984	4,774,219	—
1983	4,774,219	—
1982	3,631,493	0.17

(Loss)
‡ Including extraordinary gains of $256,300 ($0.01 per share) in 1986, $306,200 ($0.06 per share) in 1985, $39,200 ($0.01 per share) in 1984, $157,000 ($0.04 per share) in 1983 and $321,500 ($0.09 per share) in 1982.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 2,776,900	$ 0.61
1985	2,820,800	0.59
1984	2,953,200	0.62
1983	3,703,700	0.78
1982	2,934,500	0.81

Income Account *

Year ended Oct. 31	1986	1985
Revenues	$ 3,512,500	$ 2,856,300
Cost of sales	1,649,300	1,573,300
Expenses	1,786,500	1,544,700
Interest income	(107,300)	(121,600)
Other exp. (income)	13,900	(7,700)

Income (loss) before taxes	$ 170,100	$ (132,400)
Income taxes	256,300	306,200
Net Loss	$ (86,200)	$ (438,600)
Extraord. gain	256,300	306,200
Net Income (Loss) & extraord. gain	$ 170,100	$ (132,400)

* Included in Costs and Expenses, Depreciation and Amortization: $441,000 in 1986 and $382,100 in 1985.

Assets

As of Oct. 31	1986	1985
Cash & cert. of deposit	$ 1,420,500	$ 1,503,200
Short-term investments	103,000	—
Accts. receiv., net	324,300	717,200
Other assets	63,800	40,400
Current Assets	$ 1,911,600	$ 2,260,800
‡Rental Equip.	1,221,200	1,151,500
Total Assets	$ 3,132,800	$ 3,412,300
Liabilities		
Accruals	$ 331,000	$ 526,800
Deferred revenue	24,900	64,700
Curr. Liabilities	$ 355,900	$ 591,500
+Common stock	1,593,900	1,593,900
Add. paid-in capital	5,702,100	5,702,100
Deficit	(4,287,800)	(4,457,900)
Treasury stock	(231,300)	(17,300)
Total Liabilities & Shareholders' Equity	$ 3,132,800	$ 3,412,300

‡ Less accumulated amortization.
+ No par value; $0.33⅓ stated value.

Statistical Summary

%Income bef. Taxes to Sales	4.84	—
Working Capital	$1,555,700	$1,669,300
Current Ratio	5.37	3.82
Shareholders' Equity	$2,776,900	$2,820,800

WMS Industries, Inc.

3401 North California Avenue
Chicago, Illinois 60618
(312) 267-2240

767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Officers: Louis J. Nicastro, chairman of the board, president & chief executive officer; Norman J. Menell, exec. v.p. & chief operating officer; Thomas E. Cutti, v.p.-finance, chief financial & accounting officer; Neil D. Nicastro, sr. v.p. & treasurer; Barbara M. Norman, v.p., secretary & gen. counsel; Richard J. Wilkus, v.p.

Directors: Louis J. Nicastro*, chairman; Norman J. Menell*, William C. Bartholomay, William E. McKenna, Harvey Reich, George Baker, Neil D. Nicastro.

* Member of the Executive Committee.

Areas of Work: The Company is engaged in the design, manufacture and sale of coin-operated pay telephones and amusement games. The Company's games include both pinball and video games which use electronic technology. The Company is also involved in the ownership and operation of hotels and casinos.

Subsidiaries:

Williams Telephone Co., Inc.
1910 Swanson Court
Gurnee, Illinois 60031
(312) 662-7001

Posadas de Puerto Rico Associates, Inc.
999 Ashford Avenue
San Juan, Puerto Rico 00902
(809) 721-1000

Williams Hospitality Management Corp.
999 Ashford Avenue
San Juan, Puerto Rico 00902
(809) 721-1000

Williams Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Williams Electronics Games, Inc.
3401 North California Avenue
Chicago, Illinois 60618
(312) 267-2240

Williams Innovative Technologies, Inc
3401 North California Avenue
Chicago, Illinois 60618
(312) 267-2240

ESJ Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Posadas de San Juan Associates
El San Juan Hotel & Casino
Isla Verde Road 187
Carolina, San Juan, PR 00913
(809) 791-1000

Transfer Agent(s):

J. Henry Schroder Bank & Trust Company
One State Street
New York, New York 10015

Continental Illinois National Bank and Trust Company of Chicago
30 North LaSalle Street
Chicago, Illinois 60693

Stock Exchange(s): New York

Ticker Symbol: WMS

Number of Employees:*
1986 700

Plant Footage:
1986 . . . . . 201,400 sq. ft.

* Electronics-related only.

Sales and Earnings

	Revenues	Net Income †
1986	$ 107,125,000	$ (3,401,000)
1985	64,950,000	(3,247,000)
1984	57,506,000	(14,473,000)
1983	84,514,000	9,849,000
1982	132,969,000	16,168,000

	No of Com. Shares ‡	Earn. per Share †‡
1986	7,532,307	$ —
1985	7,523,750	—
1984	7,523,750	—
1983	7,523,750	1.28
1982	7,509,625	2.02

(Loss)
† Including extraordinary gain of $275,000 ($0.03 per share) in 1982.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	0.15	—	—
1983	0.50	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 23,999,000	$ 3.19
1985	27,283,000	3.63
1984	30,530,000	4.06
1983	46,132,000	6.13
1982	39,928,000	5.32

‡ Based on the average number of shares outstanding.

Income Account * (000's)

Year ended Sept. 30	1986	1985
Net sales	$ 64,643	$ 24,636
Other income	—	9
Hotel & casino oper.	42,482	40,305
Total income	$ 107,125	$ 64,950
Cost of sales	59,969	28,823
Hotel/casino oper. exp.	27,778	26,790
Expenses	17,282	15,961
Eq. in loss (inc.) of affil.	2,174	(400)
Minority interest	523	896
Interest income	(2,500)	(2,102)
Interest expense	6,321	5,751
Loss before taxes	$ (4,422)	$ (10,769)
Tax credit	(1,769)	(8,116)
Loss - cont. oper.	$ (2,653)	$ (2,653)
Loss - discont. oper.	(748)	(594)
Net Loss	$ (3,401)	$ (3,247)

* Included in Costs and Expenses, Depreciation and Amortization: $3,341,000 in 1986 and $3,251,000 in 1985.

Assets (000's)

As of Sept. 30	1986	1985
Cash & cash equiv.	$ 11,900	$ 11,991
Receiv., net	16,080	7,885
*Inventories	12,565	9,267
Recov. inc. taxes	3,980	9,016
Deferred inc. taxes & prepaid expenses	965	2,485
Current Assets	$ 45,490	$ 40,644
Investments	3,240	1,297
Other assets	7,044	7,480
#Fixed assets	32,435	31,705
Intangibles	9,353	9,580
Total Assets	$ 97,562	$ 90,706

Liabilities (000's) *

Long-term debt, curr.	$ 741	$ 1,767
Notes payable	7,895	100
Accts. payable	7,574	4,211
Accruals	3,926	3,547
Income taxes	760	1,522
Other accruals	4,136	3,501
Cur. Liabilities	$ 25,032	$ 14,648
Long-term debt	42,369	42,216
Minority interest	6,162	6,559
+Common stock	3,769	3,762
Add. paid-in capital	543	433
Retained earnings	19,687	23,088
Total Liabilities & Shareholders' Equity	$ 97,562	$ 90,706

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

Debt to Equity	1.80	1.61
Working Capital	$20,458,000	$25,996,000
Current Ratio	1.82	2.77
Shareholders' Equity	$23,999,000	$27,283,000

The Wurlitzer Company

403 East Gurler Road
DeKalb, Illinois 60115
(815) 756-2771

Officers: A. Donald Arnem, chairman of the board; George B. Howell, president & chief executive officer; William J. Young, sr. v.p.-marketing; James M. Graham, v.p.-int'l. sales mgr., consumer products; Fred P. Younsi, v.p.-manufacturing; Wallace R. Bergeson, sr. v.p.-finance & administration; R.W. Donaldson, v.p., secretary & treasurer; Richard R. White, controller.

Directors: J.M. Hutton III, A.D. Arnem, Marjorie B. Paullin, Wallace R. Bergeson, George B. Howell, William A. Rolfing, Frank J. Merrill, Dale F. Pilz.

Areas of Work: Designs, manufactures and markets pianos and electronic keyboard musical instruments.

Divisions:

Corinth, Mississippi
Manufactures electronic organs.

Holly Springs, Mississippi
Manufactures pianos and piano keys and actions.

Foreign Subsidiaries:

Wurlitzer Limited
Knutsford, Cheshire, England

Wurlitzer Canada Limited
Toronto, Ontario, Canada

Transfer Agent(s):

The Chase Manhattan Bank
One New York Plaza, 14th floor
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: WUR

Number of Employees:

1986	1,200	1983	N.A.
1985	N.A.	1982	1,800
1984	896		

Plant Footage:

1986	448,000 sq. ft.	1983	30,000
1985	N.A.	1982	130,000
1984	N.A.		

N.A. — Not Available.

Sales and Earnings

	Net Sales +	Net Income ‡
1986	$ 40,905,000	$ (9,302,000)
1985	39,267,000	(4,887,000)
1984	52,315,000	1,034,000
1983	47,006,000	(4,296,000)
1982	60,727,000	(5,531,000)

	No. of Com. Shares	Earn. per Share ∅
1986	1,786,000	$ —
1985	1,786,000	—
1984	1,786,000	0.58
1983	1,786,000	—
1982	1,786,000	—

(Loss)
+ of continuing operations only.
∅ Based on the average number of shares outstanding.
‡ Including extraordinary credits of $209,000 ($0.12 per share) in 1984 and $196,000 ($0.11 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 5,135,000	$ 2.88
1985	13,564,000	7.59
1984	19,058,000	10.67
1983	18,319,000	10.26
1982	22,384,000	12.53

Income Account *

Year ended March 31	1986	1985
Net sales	$ 40,905,000	$ 39,267,000
Cost of sales	37,938,000	33,222,000
Expenses	8,685,000	9,562,000
Prov. for doubt. accts.	584,000	670,000
Interest expense	2,191,000	2,746,000
Interest income	(1,104,000)	(1,296,000)
Other expense	1,027,000	48,000
Loss bef. taxes	$ (8,416,000)	$ (5,685,000)
Tax credit	—	(661,000)
Loss - cont. oper.	$ (8,416,000)	$ (5,024,000)
Inc. (loss) - discont. oper.	(886,000)	137,000
Net Loss	$ (9,302,000)	$ (4,887,000)

* Included in Costs and Expenses, Depreciation and Amortization: $770,000 in 1986 and $811,000 in 1985.

Assets

As of March 31	1986	1985
Cash & short-term invest.	$ 467,000	$ 1,013,000
Income tax refunds receivable	13,342,000	14,529,000
*Inventories	12,815,000	13,804,000
Assets of discont. oper.	—	2,544,000
Current Assets	$ 26,624,000	$ 31,890,000
∅Fixed assets	3,965,000	8,584,000
Other assets & prepaid exp.	3,905,000	840,000
Assets of discont. oper.	—	688,000
Total Assets	$ 34,494,000	$ 42,002,000

Liabilities

Notes payable	$ 5,702,000	$ 4,670,000
Long-term debt, curr.	12,110,000	236,000
Accts. payable	5,674,000	4,631,000
Accruals	2,816,000	2,305,000
Curr. Liabilities	$ 26,302,000	$ 11,842,000
Long-term debt	2,905,000	16,265,000
Deferred comp.	152,000	331,000
+Common stock	1,855,000	1,855,000
Add. paid-in capital	16,073,000	16,073,000
Accumulated translation adjustment	(24,000)	(897,000)
Retained earnings (deficit)	(12,700,000)	(3,398,000)
Treasury stock	(69,000)	(69,000)
Total Liabilities & Shareholders' Equity	$ 34,494,000	$ 42,002,000

* At lower of cost (FIFO) or market.
∅ Less accumulated depreciation.
+ No par value.

Statistical Summary

Sales to Inventories	3.19	2.84
Debt to Equity	4.03	1.56
Working Capital	$ 322,000	$20,048,000
Current Ratio	1.01	2.69
Shareholders' Equity	$5,135,000	$13,564,000

Wyle Laboratories

128 Maryland Street
El Segundo, California 90245
(213) 678-4251

Officers: Stanley A. Wainer, chairman & chief executive officer; Charles M. Clough, president & chief operating officer; Theodore M. Freedman, exec. v.p.-finance, treasurer & chief financial officer; Ralph L. Ozorkiewicz, v.p. & president-Electronics Marketing Group; John R. Herring, exec. v.p. and president-Scientific Services & Systems Group; Joseph E. Sullivan, v.p., secretary, and chief accounting officer; R. Van Ness Holland, Jr., corp. controller.

Directors: Frank S. Wyle*, Lawrence E. Isull, Stanley A. Wainer*, John R. Herring*, Elvin W. Feige, Raymond J. Raff, James J. McMorrow*, Edward Sanders, F. Stephen Wyle, Theodore M. Freedman*, Charles M. Clough*.

* Member of the Executive Committee.

Areas of Work: Industrial distribution of electronic components and systems including sales, service, and finance functions; research, engineering, and testing services to the energy, aerospace/defense, acoustics, and transportation industries; manufactures electronic enclosures and electrical cables.

Divisions and Subsidiaries:

Scientific Services & Systems Group

Huntsville Facility
7800 Governors Drive, West
P.O. Box 1008
Huntsville, Alabama 35807
(205) 837-4411
Refurbishment, functional testing, and certification of safety valves, snubbers, etc., for nuclear power plants; seismic shock testing of very large nuclear power plant equipment, functional testing of radioactive components; boosting safety, simulator design; rocket and spacecraft testing.

Hampton Facility
3200 Magruder Boulevard
Hampton, Virginia 23666
(804) 838-5000
Design, assembly, programming, and operation of computer-based data systems; instrument calibration and maintenance.

Norco Facility
1841 Hillside Avenue
Norco, California 91760
(714) 737-0781
Full scale testing of large nuclear power plant safety systems, valves, flowmeters, etc.; high-force seismic testing and analysis; hazardous testing, encompassing cryogenics, fuels, solid rockets, and ordnance.

Foundation Mechanics, Inc.
128 Maryland Street
El Segundo, California 90245
(213) 678-4251
Production of equipment for highway and airfield pavement and subgrade analysis.

El Segundo Facility
128 Maryland Street
El Segundo, California 90245
(213) 678-4251
Aerospace testing, with emphasis on high flow and/or high pressure pneumatics and on shock and vibration.

Applied Research, Inc.
Houston, Texas
Los Angeles & Santa Clara, California
Colorado Springs, Colorado
Provides engineering and management services to the aerospace/defense market.

Research Staffs:
El Segundo, California
Washington, D.C.
Consulting services and contract research in the physical sciences, specializing in acoustics; aerospace and seismic studies.

Electronics Marketing Group

Headquarters:
Irvine, California

Divisions:
Dallas, Austin & Houston, Texas
Denver, Colorado
Portland, Oregon
Salt Lake City, Utah
Seattle, Washington
Phoenix, Arizona
Irvine, San Diego, Sacramento, Santa Clara, Garden Grove, Los Angeles, Huntington Beach, California

Industrial Manufacturing Group

Burton Electrical Engineering
111 Maryland Street
El Segundo, California 90245
(213) 322-0615
Design and manufacture of electrical ground support systems for aircraft, electrical cable systems for the oil well industry, and other kinds of electrical connecting systems.

Electronic Enclosures:

225 South Aviation Boulevard
El Segundo, California 90245
(213) 679-0181

6995 Airport Highway
Pennsauken, New Jersey 08109
(609) 665-6810
Supplies sophisticated TEMPEST RFI shielded cabinets which are used to secure military communications.

Wyle Distribution Group

Wyle Distribution/El Segundo
124 Maryland Street
El Segundo, California 90245
(213) 322-8100
Industrial distribution of electronic components.

Wyle Distribution/Santa Clara
3000 Bowers Avenue
Santa Clara, California 95051
(408) 727-2500
Industrial distribution of electronic components.

Wyle Distribution/Denver
Denver, Colorado
6777 East 50th Street
Commerce City, Colorado 80022
(303) 287-9611
Industrial distribution of electronic components.

Wyle Distribution/San Diego
9525 Chesapeake Drive
San Diego, California 92123
(714) 565-9171
Industrial distribution of electronic components.

Wyle Distribution/Phoenix
8155 North 24th Avenue
Phoenix, Arizona 85201
(602) 249-2232
Industrial distribution of electronic components.

Wyle Distribution/Orange County
17981 Skypark Circle
Irvine, California 92714
(714) 751-9850

Wyle Data Services, Inc.
15302 Bolsa Chica
Huntington Beach, California 92642
(213) 598-9555
Development and support of on-line computer services and software.

Transfer Agent(s):

Security Pacific National Bank
Corporate Services Division
P.O. Box 3546, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York

Ticker Symbol: WYL

Sales and Earnings

	Net Sales †	Net Income
1987	$ 307,000,000	$ 4,307,000
1986	260,816,000	(3,196,000)
1985	343,390,000	9,395,000
1984	282,375,000	7,134,000
1983	195,965,000	(3,179,000)

	No. of Com. Shares #	Earn. per Share #
1987	7,823,000	$ 0.54
1986	7,708,000	—
1985	7,594,000	1.24
1984	6,792,000	1.05
1983	5,584,000	—

(Loss)
† Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Electronics mktng.	$ 224,559	$ 195,384
Scientific serv. & syst.	82,441	65,432
Total	$ 307,000	$ 260,816

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$0.32	—	-
1986	0.32	—	—
1985	0.32	—	—
1984	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 80,612,000	$ 10.46
1986	78,373,000	10.22
1985	81,800,000	10.95
1984	73,678,000	9.96
1983	39,077,000	6.99

Income Account *

Year ended Jan. 31	1987	1986
Net sales	$ 307,000,000	$ 260,816,000
Cost of sales	236,367,000	198,801,000
Expenses	62,365,000	58,105,000
Interest expense	2,413,000	1,971,000
Loss (gain) on dispos. prop.	(856,000)	14,000
Other income	(288,000)	(313,000)
Income before taxes	$ 6,999,000	$ 2,238,0000
Income taxes	2,692,000	724,000
Inc.-cont. oper.	$ 4,307,000	$ 1,514,000
Loss discont. oper.	—	(4,710,000)
Net Income	$ 4,307,000	$ 3,196,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,997,000 in 1987 and $3,797,000 in 1986.

Assets

As of Jan. 31	1987	1986
Cash and equiv.	$ 2,140,000	$ 12,389,000
Accts. receiv., net	47,614,000	41,801,000
*Inventories	66,299,000	52,152,000
Other current assets	1,962,000	2,808,000
Current Assets	$ 118,015,000	$ 109,150,000
#Fixed assets	27,137,000	24,031,000
Other assets	3,422,000	4,659,000
Total Assets	$ 148,574,000	$ 137,840,000

Liabilities

Notes payable	$ 2,000,000	$ —
Long-term debt, curr.	1,902,000	1,820,000
Accts. payable	20,913,000	15,551,000
Accruals	11,944,000	16,347,000
Curr. Liabilities	$ 36,759,000	$ 33,718,000
Long-term debt	22,133,000	16,598,000
Convertible sub. debentures	3,749,000	4,874,000
Deferred inc. taxes	5,321,000	4,277,000
+Common stock	2,541,000	2,528,000
Add paid-in capital	44,092,000	43,705,000
Retained earnings	33,979,000	32,140,000
Total Liabilities & Shareholders' Equity	$ 148,574,000	$ 137,840,000

* At lower of cost (FIFO or average method) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.28	—
%Net Income to Sales	1.40	—
%Net Income to Equity	5.34	—
Sales to Inventories	4.63	5.00
Debt to Equity	0.32	0.30
Working Capital	$81,256,000	$156,432,000
Current Ratio	3.21	5.64
Shareholders' Equity	$80,612,000	$ 78,373,000

Xerox Corporation

P.O. Box 1600
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Officers: C. Peter McColough, chairman of the exec. committee; David T. Kearns, chairman of the board & chief exec. officer; William F. Glavin, vice chairman; Melvin Howard, vice chairman; Paul A. Allaire, president; Dwight F. Ryan, Frank J. Pipp, Robert F. Reiser, group v.p's; Robert D. Firth, Douglas M. Reid, sr. v.p.'s; Robert V. Adams, Wayland R. Hicks, exec. v.p.'s; Ronald B. Campbell, Jr., Robert J. Kammerer, Frederick B. Henderson, Elliott Horton, Norbett H. Kaupp, Ronald L. Mercer, James E. Shapiro, Renn Zaphiropoulos, Roger E. Levien, Norman E. Eckard, John C. Shoemaker, William J. Spencer, Eric L. Steenburgh, Arnold Miller, L. Lyndon Haddon, John J. McGinty, Charles E. Otto, M. Norton Rosner, Elliott D. James, Michael Smith, Joseph C. Sanchez, William T. Blair, v.p.'s; Robert S. Banks, v.p. & general counsel; Eunice M. Filter, v.p. & secretary; Stuart B. Ross, v.p. & controller; Alan Z. Senter, treasurer; Donald R. Altieri, asst. controller.

Directors: C. Peter McColough*, Kenneth R. Andrews, Paul A. Allaire*, Robert A. Beck, Joan Ganz Cooney, William F. Glavin*, Alfred Herrhausen, Melvin Howard*, Vernon E. Jordan, Jr., David T. Kearns*, William E. Simon, Robert L. Sproull, Robert S. Strauss, Thomas C. Theobald, Ernst H. van der Beugel.

* Member of the Executive Committee.

Areas of Work: The company is principally in the business equipment and financial services businesses. Within the business equipment segment, the reprographics business consists of the development, manufacture, marketing and maintenance of xerographic copiers and duplicators. It also includes the manufacture and/or marketing of related paper and other supplies. Within the business equipment segment, the information systems business consists of the development, manufacture, marketing and maintenance of electronic, impact and electrostatic printers, information processing products, personal computers, office systems products, electronic typewriters, facsimile transceivers, and the manufacture and/or marketing of related paper and supplies. The principal market for business equipment products is business and government offices. The primary method of marketing such products is through the Company's sales force. Another, smaller segment includes computer-related products and services.

Divisions and Subsidiaries:

AutEx Systems
55 Williams Street
Wellesley, Massachusetts 02135
(617) 235-1940

Cheshire, Inc.
408 Washington Blvd.
Mundelein, Illinois 60060
(312) 949-2000

Diablo Systems, Inc.
24500 Industrial Blvd.
Hayward, California 94545
(415) 786-5000

Xerox Corporation

Ginn and Company
191 Spring Street
Lexington, Massachusetts 02173
(617) 861-1670

Kurzweil Computer Products, Inc.
33 Cambridge Parkway
Cambridge, Massachusetts 02142
(617) 864-4700

Systemix
2737 Campus Drive
Irvine, California 92715
(714) 851-1010

University Microfilms International
300 N. Zeeb Road
Ann Arbor, Michigan 48106
(313) 761-4700

Versatec, Inc.
2805 Bowers Avenue
Santa Clara, California 95051
(408) 988-2800

Xerox Business Systems Group
Xerox Corporation
Xerox Square
Rochester, New York
(716) 423-9200

Xerox Canada, Inc.
703 Don Mills Road
Don Mills, Ontario M3C 1S5
Canada
(416) 429-6750

Xerox Computer Services
5310 Beethoven Street
Los Angeles, California 90066
(213) 390-3461

Xerox Special Information Systems
300 N. Halstead Street
Pasadena, California 91107
(213) 351-2351

Fuji Xerox Co., Ltd.
3-5 Akasaka 3-chome
Minato-ku, Tokyo 107
Japan

Xerox Group Affiliate Operations
3 Pickwick Plaza
Greenwich, Connecticut 06830
(213) 622-4700

Xerox Limited, Hong Kong
P.O. Box 489
12C Watson's Estate
North Point, Hong Kong
China

Xerox Learning Systems
One Pickwick Plaza
Greenwich, Connecticut 06830
(203) 622-5300

Xerox Magnetics
150 Charcot Avenue
San Jose, California 95131
(408) 262-4136

Xerox Medical Systems
125 N. Vinedo Avenue
Pasadena, California 91107
(213) 251-2351

Xerox Memory Division
3333 Bowers Avenue, Suite 250
Santa Clara, California 95051
(408) 727-7710

Xerox Information Products Division
Xerox Corporation
1341 W. Mockingbird Lane
Dallas, Texas 75247
(214) 689-6000

Xerox Printing Systems Division
Xerox Corporation
Continental Park
880 Apollo Street
El Segundo, California 90245
(213) 536-7000

Xerox Systems Group
101 Continental Ave.
El Segundo, California 90245
(213) 536-7000

Xerox Electronics Division
701 S. Aviation Blvd.
El Segundo, California 90245
(213) 536-7000

Xerox Office Systems Division
2100 Geng Road
Palo Alto, California 94303
(415) 496-6000

Xerox Information Systems Division
2100 Geng Road
Palo Alto, Calfiifornia 94303
(415) 496-6000

Xerox Reprographics Business Group
Xerox Square
100 Clinton Avenue
Rochester, New York 14644
(715) 427-5400

Xerox Diversified Business Group
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Xerox General Services Division
Xerox Square
100 Clinton Avenue
Rochester, New York 14644
(716) 427-5400

Xerox Real Estate Division
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Xerox Information Resources Group
1 Pickwick Plaza
30 Mason Street
Greenwich, Connecticut 06830
(203) 625-5600

Rank Xerox Limited
Rank Xerox House
338 Euston Road
London NW1 3BH
England

Xerox Special Businesses Division
Xerox Corporation
Xerox Square
Rochester, New York 14644

Xerox Argentina, I.C.S.A.
Xerox do Brasil, S.A.
Xerox de Chile, S.A. Reproducciones
Xerox del Ecuador, S.A.
Industrias Xerograpnicas, S.A. de C.V.
Xerox del Peru, S.A.
Xerox de Venezuela, C.A.
Xerox de Colombia, S.A.
Xerox Research (UK) Limited
Rank Xerox Holding B.V.(50% owned)
- Rank Xerox Manufacturing (Nederland) B.V.
- Societe Industrielle Rank Xerox S.A.
- Bessemer Trust Limited
- Lyell Holdings Ltd.
- Fuji Xerox Co., Ltd.
- Rank Xerox (U.K.) Limited
- Rank Xerox (Ireland) Limited
- Rank Xerox de Espana Limited
- Rank Xerox Espanola S.A.
- Rank Xerox (N.Z.) Ltd.
- Rank Xerox S.A.
- Rank Xerox Exports Ltd.
- Rank Xerox Business Equipment Inc.
- Rank Xerox Investments Ltd.

Xerox International Sales Corp.
Rank Xerox (Management) Limited (50% owned)
- N.V. Rank Xerox S.A.
- Rank Xerox (Australia) Pty. Ltd.
- Rank Xerox Austria G.m.b.H.
- Rank Xerox A/S
- Rank Xerox Oy
- Rank Xerox G.m.b.H.
- Rank Xerox Greece S.A.
- Rank Xerox S.p.A.
- Rank Xerox (Nederland) B.V.
- Rank Xerox A/S
- Rank Xerox A.B.
- Rank Xerox A.G.

Xerox Financial Services, Inc.
- Crum & Forster
  Morristown, New Jersey
- Xerox Credit Corporation
  Greenwich, Connecticut
- Van Kampen Merritt, Inc.

Transfer Agent(s):
Xerox Corporation
P.O. Box 2007
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, Boston, Cincinnati, London, Paris, Amsterdam, Dusseldorf, Frankfurt, Basel, Berne, Geneva, Lausanne, Zurich

Ticker Symbol: XRX

Number of Employees:

1986	100,367	1983	104,007
1985	102,396	1982	109,940
1984	103,457		

Sales and Earnings

	Oper. Rev. † (000's)	Net Income (000's)
1986	$ 9,355,000	$ 465,000
1985	8,676,000	475,000
1984	8,374,000	291,000
1983	7,895,000	466,000
1982	7,895,000	424,000

	No. of Com. Shares #	Earn. per Share #
1986	97,260,000	$ 4.28
1985	96,159,000	4.44
1984	95,691,000	2.53
1983	94,897,000	4.42
1982	84,697,031	5.00

† Revenues of business prods. & systems; of continuing operations only.
# Based on the average number of common shares and Class B shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$3.00	—	—
1985	3.00	—	—
1984	3.00	—	—
1983	3.00	—	—
1982	3.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 4,687,000	$ 48.04
1985	4,386,000	45.54
1984	4,101,000	42.87
1983	4,222,000	44.51
1982	3,724,000	44.12

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 4,822,000	$ 4,318,000
Rentals	2,241,000	2,595,000
Service	2,292,000	1,763,000
Eq. in inc. of unconsol. cos.	326,000	116,000
Other income	100,000	106,000
Total oper. revenues	$ 9,781,000	$ 8,898,000
Cost of sales	2,412,000	2,081,000
Cost of rentals	1,362,000	1,459,000
Cost of service	1,040,000	871,000

Expenses	4,020,000	3,608,000
Interest expense	212,000	230,000
Other charges	60,000	39,000
Income before taxes	$ 675,000	$ 610,000
Income taxes	112,000	166,000
Outside shareholders' interests	75,000	63,000
Inc. - cont. oper.	$ 488,000	$ 381,000
Inc.(loss)-discont.oper.	(65,000)	94,000
Cum. effect of change in accntng. meth.	42,000	—
Net Income	$ 465,000	$ 475,000

*Included in Costs and Expenses, Depreciation: $806,000,000 in 1986 and $849,000,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & time deposits and market. secur.	$ 402,000	$ 266,600
Accts. receiv., net	1,867,000	1,874,100
*Inventories	1,389,000	1,469,800
Prepaid expenses & other assets	315,000	290,000
Current Assets	$ 3,973,000	$ 3,900,500
Investments	3,091,000	2,599,500
Rental equip.	1,070,000	1,237,100
Trade receiv.	341,000	209,500
#Fixed assets	1,491,000	1,422,600
Defrd inc. taxes	258,000	176,400
Other assets	384,000	271,100
Total Assets	$ 10,608,000	$ 9,816,700

Liabilities
(000's)

Notes payable & long-term debt, curr	$ 306,000	$ 402,900
Accts. payable	426,000	390,300
Accrued payroll	1,013,000	911,900
Other liab.	131,000	175,300
Income taxes	89,000	129,500
Unearned income	241,000	205,400
Curr. Liabilities	$ 2,206,000	$ 2,215,300
Long-term debt	1,730,000	1,582,600
Shareholders' interests in eq. of subsid.	565,000	505,100
Deferred credits & other liab.	978,000	685,500
+Redeem. pref. stock	442,000	442,000
+ +Common stock	98,000	96,500
Add. paid-in capital	857,000	789,900
Retained earnings	4,023,000	3,897,900
Apprec. of eq. invest.	90,000	78,300
Cum. trans. adjust.	(381,000)	(476,400)
Total Liabilities & Shareholders' Equity	$ 10,608,000	$ 9,816,700

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value; $5.45 cumulative.
+ + $1 par value.

Statistical Summary

%Net Income to Equity	9.92	10.84
Debt to Equity	0.43	0.45
Working Capital	$1,767,000,000	$1,685,200,000
Current Ratio	1.80	1.76
Shareholders' Equity	$4,687,000,000	$4,386,200,000

Xexex Industries, Inc.

3 Duke Place
Norwalk, Connecticut 06854
(203) 853-8001

Mailing address:

P.O. Box 5319
Rowayton, Connecticut 06853

Officers: George Battocchio, chairman & president; Burton Marks, secretary.

Directors: George Battocchio, chairman; Ira Nevin, Robert E. Weiss, Burton Marks, Peter Aliapoulios, Charles Muscat.

Areas of Work: Engaged in the production of circuit boards.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1986	$ 3,493,414	$ 119,630
1985	3,810,397	79,999
1984	4,321,835	181,415
1983	3,556,703	37,165
1982	2,692,167	(42,968)

	No. of Com. Shares ‡	Earn.per Share ‡
1986	338,683	$ 0.35
1985	341,067	0.23
1984	345,333	0.53
1983	348,033	0.11
1982	353,033	—

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.05	—	—
1985	0.05	—	—
1984	0.13	—	—
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 1,397,956	$ 4.13
1985	1,301,063	3.81
1984	1,280,453	3.71
1983	1,098,388	3.16
1982	1,054,725	2.99

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 3,493,414	$ 3,810,397
Cost of sales	2,456,926	2,953,000
Expenses	764,284	732,960
Other charges	40,800	16,836
Income before taxes	$ 231,404	$ 107,601
Income taxes	111,774	27,602
Net Income	$ 119,630	$ 79,999

* Included in Costs and Expenses, Depreciation and Amortization: $180,729 in 1986 and $207,787 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 652,277	$ 448,110
Receiv., net	367,034	378,956
*Inventories	254,661	206,165
Prepaid expenses	10,681	20,024
Current Assets	$ 1,284,653	$ 1,053,255
#Fixed assets	925,273	1,052,951
Defer. charges & other assets	100,039	92,839
Total Assets	$ 2,309,965	$ 2,199,045

Liabilities

Notes payable	$ 114,029	$ 108,632
Accts. payable	149,424	202,203
Accruals	74,948	17,433
Income taxes	79,067	(54,561)
Other taxes	1,526	3,604
Curr. Liabilities	$ 418,994	$ 277,311
Notes payable	479,863	599,289
Deferred inc. taxes	13,152	21,382
+Common stock	4,065	4,065
Add. paid-in capital	337,098	337,098
Retained earnings	1,245,256	1,142,663
Treasury stock	(188,463)	(182,763)
Total Liabilities & Shareholders' Equity	$ 2,309,965	$ 2,199,045

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.62	2.82
%Net Income to Sales	3.42	2.10
%Net Income to Equity	8.56	6.15
Sales to Inventories	13.72	18.48
Debt to Equity	0.34	0.54
Working Capital	$ 865,659	$ 775,944
Current Ratio	3.07	3.80
Shareholders' Equity	$1,397,956	$1,301,063

Youngwood Electronic Metals, Inc.

R.D. 8 Omeid Park
Greensburg, Pennsylvania 15601
(412) 834-3700

Officers: Thomas A. Hill, president & chief exec. officer; Paul J. Koontz, controller; Richard J. Nesbit, secretary.

Directors: Thomas A. Hill, Richard J. Nesbit, Robert G. Flanagan.

Areas of Work: Engaged in the business of stamping molybdenum parts for the semiconductor industry; manufacturing various shortrun stampings used in industrial and consumer products; precision cutting intricate metal designs on computer-controlled wire cut electrical discharge machines; precious and semi-precious metals electroplating of molybdenum stampings, and the design, manufacture and marketing of air-and water-cooled heat sinks.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: YEMI (NASDAQ)

Number of Employees:

1986	105	1984	133
1985	104	1983	91

Plant Footage:

1986	63,419 sq. ft.	1984	63,419
1985	63,419	1983	45,692

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 5,487,719	$ (862,180)
1985	6,738,427	(521,148)

1984	3,751,516	(487,039)
1983	9,169,706	931,869
1982	15,036,558	(685,397)

	No. of Com. Shares	Earn. per Share #‡
1986	1,231,229	$ —
1985	1,206,229	—
1984	1,181,229	—
1983	1,161,229	0.81
1982	1,146,229	—

(Loss)
‡ Including extraordinary gain of $293,000 ($0.25 per share) in 1983.
# Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 1,190,518	$ 0.97
1985	2,038,636	1.69
1984	2,544,784	2.15
1983	3,005,572	2.59
1982	2,058,391	1.80

Income Account *

Year ended Aug. 31	1986	1985
Net sales	$ 5,487,719	$ 6,738,427
Cost of sales	5,142,722	6,032,064
Expenses	1,038,672	1,177,702
Interest expense	139,968	142,545
Eq. in loss of invest.	—	166,299
Other income	(30,437)	(196,335)
Provision for loss	58,974	250,000
Loss before taxes	$ (862,180)	$ (833,848)
Tax credit	—	(312,700)
Net Loss	$ (862,180)	$ (521,148)

* Included in Costs and Expenses, Depreciation: $286,100 in 1986 and $261,990 in 1985.

Assets

As of Aug. 31	1986	1985
Cash	$ 2,487	$ 81,740
Receiv., net	1,230,166	778,400
Notes receivable	5,079	4,464
*Inventories	960,587	846,589
Prepaid expenses	11,991	8,722
Current Assets	$ 2,210,310	$ 1,719,915
Investments & other assets	154,551	195,107
#Fixed assets	2,523,281	2,605,290
Total Assets	$ 4,888,142	$ 4,520,312

Liabilities

Long-term debt, curr.	$ 365,829	$ 426,550
Accts. payable	1,436,361	321,165
Accrued payroll & employee benefits	272,847	206,095
Note payable	394,416	90,000
Reserve for loss	308,974	250,000
Curr. Liabilities	$ 2,778,427	$ 1,293,810
Long-term debt	804,498	1,069,515
Unfunded pension liab.	114,699	118,351
+Common stock	932,187	913,437
Add. paid-in capital	961,973	966,661
Retained earnings (def.)	(691,358)	170,822
Treasury stock	(12,284)	(12,284)
Total Liabilities & Shareholders' Equity	$ 4,888,142	$ 4,520,312

* At cost (LIFO) not in excess of market.
# Less accumulated depreciation.
+ $0.75 par value.

Statistical Summary

Sales to Inventories	5.71	7.96
Debt to Equity	0.68	0.73
Working Capital	—	$ 426,105
Current Ratio	—	1.33
Shareholders' Equity	$1,190,518	$2,038,636

Zenith Electronics Corporation

1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-7000

Officers: Jerry K. Pearlman, chairman and president; Robert B. Hansen, exec. v.p. & pres.-consumer products group; Carl A. Michelotti, senior vice president-computer group; Otto M. Genutis, sr. v.p.-components group; James L. Faust, president-cable products; Howard H. Graham, v.p.-finance services; Gerald M. McCarthy, sr. v.p.-marketing & sales, consumer products & pres.-Zenith Sales Company; David W. Denton, v.p.-human resources and public affairs; Leonard Dietch, v.p.-research and development, CRT group; Melvin L. Moore, sr. v.p.-CRT group; James A. Stark, v.p.-purchasing, consumer products; William A. Krein, v.p. & controller; David S. Levin, treasurer; Dennis J. Waldeck, secretary; John Borst, Jr., v.p. & general counsel; Bruce A. Huber, exec. dir.-marketing, consumer products; Peter C. Sikerlos, v.p.-engineering, consumer products; M. Vincent Kamler, v.p.-manufacturing, consumer products; Michael S. Tamkin, gen. mgr.-video display operations; Robert P. Dilworth, president-Zenith Data Systems; John P. Frank, sr. v.p.-sales & marketing-Zenith Data Systems.

Directors: Thomas G. Ayers*, Harry G. Beckner, Sidney Davidson*, Karl H. Horn, John H. Johnson, Eugene M. Kinney, Frederick G. Jaicks*, Arthur W. Schultz*, Jerry K. Pearlman*, John W. Madigan, Robert B. Hansen, G. Ralph Gutirie, Joseph S. Wright.

* Member of the Executive Committee

Areas of Work: Zenith is engaged predominantly in the design, development, manufacture and sale of consumer electronics and related products. These products include: color and black and white television, video cassette recorders, parts and accessories, cable television products, microcomputers and related peripheral equipment and software, power supplies, display devices and subsystems and color television picture tubes. Other products include high-technology components which are sold to original equipment manufacturers. The Heath Company, a wholly-owned subsidiary, produces and markets consumer electronics products in kit and assembled form through mail order distribution and 66 retail store operations in the United States and Canada. Zenith Data Systems Corporation, a wholly-owned subsidiary, sells micro-computers, related peripheral equipment and software directly to major corporations, educational institutions and the government, as well as through retail computer stores.

Divisions and Subsidiaries:

Zenith Electronics Corporation
1900 North Austin Avenue
Chicago, Illinois 60639
(312) 745-2000

Zenith Microcircuits Corporation
1851 Arthur Street
Elk Grove, Illinois 60007
(312) 956-1550

Rauland Division
2407 W. North Ave.
Melrose Park, Illinois 60160
(312) 379-4600

Zenith Electronics Corporation
1500 No. Kostner Avenue
Chicago, Illinois 60651
(312) 745-2000

Zenith Electronics Corporation
11000 Seymour
Franklin Park, Illinois 60131
(312) 671-7550

Springfield Division
2500 E. Kearney Street
Springfield, Missouri 65801
(417) 865-8341

Zenith Electronics Corp. of Indiana
1515 No. Fulton Avenue
Evansville, Indiana 47701
(812) 423-7761

Zenith Electronics Corp. of Texas
6601 South 33rd Street
McAllen, Texas 78503
(512) 687-9161

Electro Partes de Matamoros, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Partes de Television de Reynosa S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith Taiwan Corporation
Zenith Electronics (Pacific) Ltd.
No. 16 Chih Chiang First Road
Chung Li-Industrial District
Chung-Li Shin
Tao-Yuan Hsien, Taiwan, R.O.C.

Zenith Radio Corp. of Canada, Ltd.
1020 Islington Avenue
Toronto, Ontario M8Z 5X5, Canada
(416) 231-4171

Zenith Distributing Corp. of Northern California
800 Mariposa Street
San Francisco, California 94107
(415) 621-8545

Zenith Distributing Corporation of Southern California
11945 East Pike Street
Santa Fe Springs, California 90670
(213) 699-7461

Zenith Distribution Corp. of New York
200 Meadowlands Parkway
Secaucus, New Jersey 07094
(201) 330-9000

Zenith Distributing Corp.-Midstates
12600 West 93rd Street
Lenexa, Kansas 66215
(913) 888-4800

Zenith Distributing Corp. of Illinois
505 No. Northwest Avenue
Northlake, Illinois 60164
(312) 562-7300

Zenith Data System Corporation
1000 North Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-8860

Zenith Electronics (Ireland) Ltd.
Virginia Road, Kells
County Meath, Ireland

Zenith Electronics Corp. of Arizona
217 3rd Street
Douglas, Arizona 85607

Telson De Mexico, S.A. de C.V.
217 3rd Street
Douglas, Arizona 85607

Zenith Video Tech Corporation
11000 Seymour Avenue
Franklin Park, Illinois 60131

Zenith Video Products Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025

Cableproductos De Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Productos Magneticos de Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenco de Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith/Inteq, Inc.
13860 Redskin Drive
Herndon, Virginia 22071

Veritechnology Electronics Corporation
Hilltop Road
St. Joseph, Michigan 49058

Heath Company
Hilltop Road
St. Joseph, Michigan 49058
(616) 982-3200

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Midwest, Zurich, Basel, Geneva

Ticker Symbol: ZE

Number of Employees:

1986	37,000	1983	30,000
1985	33,000	1982	24,000
1984	29,000		

Plant Footage:

1986	8,300,000 sq. ft.	1983	9,100,000
1985	10,100,000	1982	9,100,000
1984	9,500,000		

Sales and Earnings

	Net Sales + (000's)	Net Income† (000's)
1986	$ 1,892,100	$ (10,000)
1985	1,623,700	(7,700)
1984	1,716,000	63,600
1983	1,361,000	46,300
1982	1,239,200	(24,300)

	No. of Com. Shares	Earn. per Share †
1986	23,345,227	$ —
1985	23,130,291	—
1984	22,144,058	2.88
1983	21,961,067	2.26
1982	18,930,122	—

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Consumer electronics	$ 1,212,000	$ 1,142,000
Computer products	548,000	352,000
Systems & components	132,000	130,000
Total	$ 1,892,000	$ 1,624,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 431,600,000	$ 18.49
1985	437,200,000	18.90
1984	442,800,000	20.00
1983	375,200,000	17.08
1982	267,500,000	14.14

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 1,892,100	$ 1,623,700
Cost of sales	1,588,400	1,359,800
Expenses	302,400	283,400
Other income	(3,800)	(6,500)
Gain on sale of prop.	—	(5,400)
Gain on term. of pension plan	(700)	(7,300)
Interest expense	29,600	23,400
Interest income	(3,600)	(2,800)
Loss bef. taxes	$ (20,200)	$ (20,900)
Tax credit	(10,200)	(13,200)
Net Loss	$ (10,000)	$ (7,700)

* Included in Costs and Expenses, Depreciation: $40,000,000 in 1986 and $36,700,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash & mkt. secur.	$ 2,900	$ 7,100
Receiv., net	378,200	283,200
*Inventories	502,800	332,100
Prepaid expenses	82,500	64,900
Current Assets	$ 966,400	$ 687,300
#Fixed assets	256,500	238,200
Other assets	12,100	1,800
Total Assets	$ 1,235,000	$ 927,300

Liabilities
(000's)

Short-term debt	$ 95,000	$ 19,000
Long term debt, curr.	6,900	6,900
Accts. payable	199,000	84,000
Accruals	59,100	53,300
Accrued payroll	44,800	43,700
Income taxes	7,400	7,400
Prod. warranties	43,000	37,200
Co-op. adv. & merch. prog.	35,800	39,700
Curr. Liabilities	$ 491,000	$ 291,200
Long-term debt	272,400	165,100
Deferred inc. taxes	40,000	33,800
+Common stock	23,300	23,100
Add. paid-in capital	69,700	65,500
Retained earnings	338,600	348,600
Total Liabilities & Shareholders' Equity	$ 1,235,000	$ 927,300

* At lower of cost (majority at FIFO; remainder at LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.76	4.89
Debt to Equity	0.87	0.44
Working Capital	$475,400,000	$396,100,000
Current Ratio	1.97	2.36
Shareholders' Equity	$431,680,000	$437,200,000

Zentec Corporation

2400 Walsh Avenue
Santa Clara, California 95051-1374
(408) 727-7662

Officers: Richard Calfee, chairman; William D. Parker, president & chief exec. officer; G. Richard Barnes, v.p.-operations; Gary Baughn, v.p.-marketing; Jeffrey B. Cunningham, v.p.-finance, secretary & chief financial officer; Frank Martin, v.p.-engineering.

Directors: Richard Calfee, chairman; William D. Parker, Norman H. Moore, Fred Patton, Don Schmid.

Areas of Work: Designs, manufactures and markets customized intelligent terminal products which are used in a variety of information processing applications.

Subsidiary:
Zentec Ltd.
Orchard House
Connaught Road
Brookwood, Surrey
England GU240AT

Transfer Agent(s):
Bank of America
National Trust & Savings Association
Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZENT (NASDAQ)

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 27,353,000	$ 3,434,000
1985	17,390,000	(4,880,000)
1984	24,005,000	354,000
1983	20,577,000	(12,714,000)
1982	21,517,000	1,252,000

	No. of Com. Shares ‡	Earn. per Share †‡
1986	3,729,000	$ 0.92
1985	3,444,000	—
1984	3,435,000	0.10
1983	3,323,000	—
1982	3,163,000	0.40

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $1,607,000 ($0.43 per share) in 1986 and $127,000 ($0.03 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 7,685,000	$ 2.06
1985	4,222,000	1.23
1984	9,073,000	2.64
1983	8,706,000	2.62
1982	18,109,000	5.73

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 27,353	$ 17,390
Cost of sales	17,637	15,422
Expenses	4,882	5,313
Product develop.	1,428	1,531
Interest expense (income)	(88)	4
Income (loss) before taxes	$ 3,494	$ (4,880)
Income taxes	1,667	—
Net Income (Loss)	$ 1,827	$ (4,880)
Extraord. gain	1,607	—
Net Income (Loss) & extraord. gain	$ 3,434	$ (4,880)

* Included in Costs and Expenses, Depreciation and Amortization: $457,000 in 1986 and $858,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 8,655	$ 2,686
Accts. receiv., net	6,240	1,790
*Inventories	5,996	1,937
Other curr. assets	200	38
Current Assets	$ 21,091	$ 6,451

#Fixed assets	862	1,167
Other assets	84	73
Total Assets	$ 22,037	$ 7,691

Liabilities
(000's)

Long-term debt, curr.	$ —	$ 327
Accts. payable	3,329	694
Accrued compensation	650	287
Other accruals	2,234	1,952
Income taxes	84	—
Curr. Liabilities	$ 6,297	$ 3,260
Value of net assets acq. in exc. of cost	2,051	—
Deferred inc. taxes	212	209
Redeem. preferred stock	5,792	—
+Common stock	13,120	13,091
Accumulated deposit	(5,435)	(8,869)
Total Liabilities & Shareholders' Equity	$ 22,037	$ 7,691

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	12.77	—
%Net Income to Sales	6.68	—
%Net Income to Equity	23.77	—
Sales to Inventories	4.56	8.98
Debt to Equity	—	0.08
Working Capital	$14,794,000	$3,191,000
Current Ratio	3.35	1.98
Shareholders' Equity	$ 7,685,000	$4,222,000

Zero Corporation

444 South Flower Street
Suite 2100
Los Angeles, California 90071
(213) 629-7000

Officers: John B. Gilbert, chairman of the board; Howard W. Hill, vice chairman; Wilford D. Godbold, Jr., president & chief executive officer; James E. Osterman, v.p. & secretary; James F. Hermanson, Ronald L. Hess, vice presidents; George A. Daniels, v.p. & chief financial officer.

Directors: John B. Gilbert, chairman; Richard R. Gomez, Howard W. Hill, Arnold D. Larson, Roger L. Putnam, Jr., Clinton G. Gerlach, Robert C. Sherburne, Wilford D. Godbold, Jr.

Areas of Work: Engaged in the design, manufacture and sale of metal containers, cabinets, instrument cases and other packaging for the electronics and data processing industries. Also manufactures and sells proprietary plastic and metal components and assemblies used in the electronics and other industries and devices for the cooling of electronic equipment, and a line of aluminum luggage and camera cases under the Zero Halliburton® name.

Divisions and Subsidiaries:

Zero-West Division
777 Front Street
Burbank, California 91503
(818) 846-4191

Zero-East Division
238 Main Street
Monson, Massachusetts 01057
(413) 267-5561

Scanbe/Electronic Solutions
6790 Flanders Drive
San Diego, California 92121
Manufactures both standard and custom card cages, backplanes, tabletop enclosures, memory boards and accessories for the electronics marketplace.

McLean Engineering
70 Washington Road
Princeton Junction, New Jersey 08550
Manufactures blowers and fans for cooling electronic units.

McLean Midwest
4000 83rd Avenue North
Brooklyn Park, Minnesota 55443
Manufactures air conditioners and heat exchangers for electronic equipment.

Samuel Groves & Co., Ltd.
Norton Street
Hockley, Birmingham, B185RQ England
Manufactures deep drawn food service containers and accessories.

Zero-Halliburton
12224 Montague Street
Pacoima, California 91331
Manufactures luggage and camera cases

Contempo Engineering
Glendale, California
Manufactures environmental control systems for computer room installations.

Transfer Agent(s):
Security Pacific National Bank
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific

Ticker Symbol: ZRO

Sales and Earnings

	Net Sales †	Net Income
1987	$ 125,699,000	$ 11,602,000
1986	123,253,000	12,777,000
1985	117,186,000	11,812,000
1984	98,648,000	10,034,000
1983	85,178,000	8,293,000

	No. of Com. Shares +	Earn. per Share ‡
1987	12,497,314	$ 0.93
1986	12,418,116	1.03
1985	12,387,047	0.95
1984	12,368,913	0.81
1983	N.A.	0.68

N.A. - Not Available.
† Of continuing operations only.
+ Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Specialized enclosures	$ 76,866,000	$ 74,082,000
Enclosure accessories	36,117,000	36,913,000
Other	12,716,000	12,258,000
Total	$ 125,699,000	$ 123,253,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$0.306	—	—
1986	0.272	—	5-for-4
1985	0.244	—	5-for-4
1984	0.211	—	3-for-2
1983	0.195	—	5-for-4

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	$ 83,123,000	$ 6.66
1986	73,935,000	6.00
1985	63,535,000	5.18
1984	54,728,000	4.48
1983	46,774,000	3.84

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended March 31	1987	1986
Net sales	$ 125,699	$ 123,253
Eq. in earn. of OTI	—	416
Interest income	1,435	1,727
Other income	3,321	6,645
Total income	$ 130,455	$ 132,041
Cost of sales	75,055	74,292
Expenses	27,154	24,871
Depreciation & amortization	4,210	3,928
Interest expense	1,562	1,562
Income before taxes	$ 22,474	$ 27,388
Income taxes	10,381	13,778
Inc. - cont. oper.	$ 12,093	$ 13,610
Loss - discont. oper.	(491)	(833)
Net Income	$ 11,602	$ 12,777

Assets
(000's)

As of March 31	1987	1986
Cash	*$ 317	$ 1,192
Marketable securities	35,792	28,075
Receiv., net	20,646	21,431
*Inventories	18,751	17,250
Prepaid expenses	1,649	1,602
Deferred inc. taxes	1,851	2,031
Current Assets	$ 79,006	$ 71,581
#Fixed assets	22,992	23,921
Other assets	5,591	2,030
Intangibles	10,981	10,731
Total Assets	$ 118,570	$ 108,263

Liabilities
(000's)

Long-term debt, curr.	$ 1,044	$ 854
Subordinated debt, curr.	1,751	594
Accts. payable	2,375	3,735
Inc. taxes payable	1,719	179
Accrued taxes	2,123	1,815
Accrued interest	202	163
Accrued payroll	5,475	5,182
Accrued workers' comp.	1,232	1,172
Other accruals	2,339	2,662
Curr. Liabilities	$ 18,260	$ 16,356
Long-term debt	6,234	7,029
Subord. debt	—	1,688
Deferred inc. taxes	—	50
Cap. lease oblig.	488	633
Other liabilities	6,389	5,504
Minority interest	4,076	3,068
+Common stock	12,474	12,333
Add. paid-in capital	10,321	9,041
Retained earnings	60,303	52,640
For. curr. trans. adj.	25	(79)
Total Liabilities & Shareholders' Equity	$ 118,570	$ 108,263

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	13.96	17.28
Sales to Inventories	6.70	7.46
Debt to Equity	0.07	0.15
Working Capital	$60,746,000	$55,225,000
Current Ratio	4.33	4.38
Shareholders' Equity	$83,123,000	$73,935,000

Zygo Corporation

Laurel Brook Road
Middlefield, Connecticut 06455
(203) 347-8506

Officers: Paul F. Forman, chairman of the board, pres., chief exec. officer & treasurer; Carl A. Zanoni, v.p.-engineering; Sol F. Laufer, v.p.-optics group; James R. Downey, Jr., v.p.-finance & administration; Thomas O. Hagerth, v.p.-marketing; I. Frederick Shotkin, secretary; Winfield L. Guilmette, v.p.-instrument manufacturing.

Directors: Paul F. Forman, chairman; Carl A. Zanoni, Fujio Mitarai, Burton S. Sonenstein, Takashi Kojima, Robert G. McKelvey, Harold N. Cotton.

Areas of Work: The company designs, develops, manufactures and markets high-performance, laser-based, non-contact electro-optical measuring instruments and systems, and also manufactures optical components to extremely precise tolerances both for sale and for use as key elements in its own products. The company's instruments and systems are used to enhance productivity and improve product quality in a variety of industrial, scientific, and aerospace applications. The company is a worldwide producer of general purpose laser interferometers, microprocessor-based interferometer data analyzers, and related accessories which measure optical elements and systems, and precision manufactured components. The company also produces laser telemetric systems, which use scanning laser beams and microprocessor-based signal processors to make precision dimensional measurements.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZIGO (NASDAQ)

Number of Employees:

1986	355	1984	285
1985	325	1983	250

Plant Footage:

1986	100,000 sq. ft.	1984	100,000
1985	100,000	1983	100,000

Sales and Earnings

	Net Sales	Net Income
1986	$ 23,283,000	$ 256,000
1985	21,597,000	1,008,000
1984	17,512,000	1,108,000
1983	14,270,000	802,000
1982	11,148,000	104,000

	No. of Com. Shares #	Earn. per Share #
1986	2,466,000	$ 0.10
1985	2,461,000	0.41
1984	2,129,000	0.52
1983	1,735,000	0.46
1982	1,732,000	0.06

Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1986	1985
Instruments & systems	$ 86%	$ 80%
Precision optical components	14%	20%
Total	$ 100%	$ 100%

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 16,691,000	$ 6.77
1985	16,421,000	6.67
1984	15,369,000	7.22
1983	6,093,000	3.51
1982	5,287,000	3.05

‡ Based on the weighted average number of common shares outstanding.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	$ 23,283	$ 21,597
Cost of sales	14,600	13,751
Expenses	8,452	6,549
Interest income	(271)	(299)
Interest expense	265	225
Other expense (income)	149	(147)
Income bef. taxes	$ 88	$ 1,518
Income taxes (credit)	(168)	510
Net Income	$ 256	$ 1,008

* Included in Costs and Expenses, Depreciation and Amortization: $954,000 in 1986 and $788,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	$ 2,415	$ 2,857
Accts. receiv., net	7,116	6,563
*Inventories	7,839	7,618
Prepaid expenses	242	180
Current Assets	$ 17,612	$ 17,218
#Fixed assets	6,742	6,428
Other assets	413	285
Total Assets	$ 24,767	$ 23,931

Liabilities
(000's)

Long-term debt, curr.	$ 451	$ 339
Accts. payable	1,146	1,204
Cust. prog. pay.	232	22
Accrued payroll	791	937
Other accruals	729	469
Income taxes payable	14	13
Deferred inc. taxes	718	1,032
Curr. Liabilities	$ 4,144	$ 4,016
Long-term debt	2,557	2,349
Deferred income	200	200
Deferred inc. taxes	1,175	945
+Common stock	240	239
+Junior common stock	1	1
Add. paid-in capital	9,336	9,323
Retained earnings	7,114	6,858
Total Liabilities & Shareholders' Equity	$ 24,767	$ 23,931

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.38	7.03
%Net Income to Sales	1.10	4.67
%Net Income to Equity	1.53	6.56
Sales to Inventories	2.97	2.83
Debt to Equity	0.18	0.16
Working Capital	$13,468,000	$13,202,000
Current Ratio	4.25	4.29
Shareholders' Equity	$16,691,000	$16,421,000

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Electronic News Financial Fact Book & Directory 1988

27th Annual Edition

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Fairchild Publications
New York

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Editor's Note: In order to present a clearer picture of a company's involvement in the Electronics field, we have, in some cases, included only those divisions and subsidiaries related to Electronics.

Robert Benjamin
Chief Research Editor

Arlene Bienenfeld
Robert Egan
Associate Editors

Standard Book Number 07005-603-4

Printed in the United States of America

LEADERS IN THE ELECTRONICS INDUSTRY – 1988

U.S. COMPANIES	Electronic Sales (000's)	% of Electronic Sales	Gross Sales in Latest Available Four Quarters (000's)
IBM Corp.	$44,469,000	80.0	$56,086,000
General Electric Co.	13,152,000	33.0	39,855,000
Digital Equipment Corp.	11,475,000	100.0	11,475,000
General Motors	11,170,100	10.6	105,281,900
Xerox Corp.	10,700,000	69.0	10,500,000
AT&T Co.	10,660,000	31.0	34,184,000
Unisys	9,782,900	100.0	9,782,900
Hewlett-Packard Co.	9,021,000	100.0	9,021,000
Motorola Inc.	7,561,000	100.0	7,561,000
NCR Corp.	5,433,201	91.5	5,937,925
Honeywell Inc.	5,330,100	75.0	7,106,800
Texas Instruments Inc.	4,960,000	83.0	5,975,500
Raytheon Corp.	4,940,000	61.9	7,981,400
Lockheed Corp.	4,471,600	40.0	11,179,000
Apple Computer Corp.	3,945,100	100.0	3,945,100
Tandy Corp.	3,800,000	100.0	3,800,000
Westinghouse Electric Corp.	3,696,300	33.0	11,201,000
Control Data Corp.	3,606,500	100.0	3,606,500
Rockwell International Corp.	3,453,700	30.0	11,812,400
Wang Laboratories Inc.	3,068,400	100.0	3,068,400
Litton Industries Inc.	3,002,571	63.0	4,785,623
TRW Inc.	2,966,000	42.0	7,061,000
ITT Corp.	2,764,000	13.6	20,235,000
National Semiconductor Corp.	2,469,700	100.0	2,469,700
Zenith Electronics Corp.	2,440,800	100.0	2,440,800
Intel Corp.	2,436,106	100.0	2,436,106
AMP Inc.	2,102,000	82.5	2,546,665
Harris Corp.	2,099,303	100.0	2,099,303
Honeywell Bull	2,060,000	100.0	2,060,000
Schlumberger Ltd.	1,959,000	48.0	4,118,000
E.I. duPont de Nemours & Co.	1,700,000	5.3	32,017,000
GTE Corp.	1,662,000	10.0	16,000,000
Compaq	1,641,900	100.0	1,641,900
Amdahl Corp.	1,637,063	100.0	1,637,063
Avnet	1,617,900	89.0	1,817,200
Prime Computer	1,564,900	100.0	1,564,900
Teledyne Inc.	1,499,700	45.0	3,332,800
Eaton Corp.	1,437,000	43.0	3,309,000
Tektronix Corp.	1,411,864	100.0	1,411,864
Data General Corp.	1,350,000	100.0	1,350,000
Perkin-Elmer Corp.	1,316,900	75.0	1,755,900
Seagate Technology	1,265,966	100.0	1,265,966
Tandem Computers Inc.	1,212,000	100.0	1,212,000
Varian Associates Inc.	1,138,700	100.0	1,138,700
Advanced Micro Devices	1,115,733	100.0	1,115,733
E-Systems Inc.	1,086,364	88.5	1,289,400
United Telecom Corp.	1,076,000	35.0	3,074,800
Northrop Corp.	1,063,500	18.0	5,939,400
Sun Microsystems	1,055,000	100.0	1,055,000
Ford Aerospace Corp.	1,040,000	80.0	1,300,000

FOREIGN COMPANIES	Electronic Sales (000's)	% of Electronic Sales	Gross Sales in Latest Available Four Quarters (000's)
Matsushita Electric Ltd.	$35,468,000	92.0	$38,552,000
NEC Ltd.	21,893,032	100.0	21,893,032
N.V. Philips	19,436,000	75.0	25,900,000
Toshiba Ltd.	17,183,000	60.0	28,579,000
Hitachi Ltd.	17,114,000	43.0	39,801,000
Fujitsu Ltd.	16,374,000	100.0	16,374,000
CGE	14,330,000	60.0	23,880,000
Siemens	14,286,400	50.0	28,572,800
Alcatel N.V.	12,340,000	95.0	12,900,000
General Electric Co. plc	7,157,000	64.0	11,179,200
Thomson-CSF	6,300,000	100.0	6,300,000
Sharp	6,234,000	100.0	6,234,000
NTT	6,100,000	13.5	45,296,000
Olivetti	5,425,000	86.0	6,308,000
Northern Telecom Ltd.	4,703,600	92.0	5,096,600
Mitsubishi	4,567,000	27.0	16,196,000
STC plc	3,906,000	100.0	3,906,000
LM Ericsson	3,468,000	62.7	5,531,000
Bull	3,384,000	100.0	3,384,000
Nixdorf Computer AG	2,600,000	100.0	2,600,000
Plessey Co. plc	2,335,766	95.0	2,458,701
Racal Electronics plc	2,195,750	85.0	2,583,233
Memorex Telec	2,013,000	100.0	2,013,000
Oki Electric Ltd	1,695,000	49.0	3,468,000
Thorn EMI plc	1,247,400	24.7	5,050,000

(Reprinted from *Electronic News*, August 29, 1988)

LOOKING AT THE LEADERS – 1988

	STOCK PRICES 6-30-88	STOCK PRICES 6-30-87	STOCK PRICES EARNINGS PER SHARE (A) 1988	STOCK PRICES EARNINGS PER SHARE (A) 1987	P/E RATIO (B) 1988	P/E RATIO (B) 1987	EPS (C) PROJ. 1988	EPS (C) ACTUAL 1987	SALES (Millions) Last Four Quarters 1988	SALES (Millions) Year End 1987/88
Advanced Micro Devices	16½	18⅛	$ d0.28	$ d1.15	14	NA	$ 1.10	$ d0.72	$ 1,115	$ 997
Amdahl	54	36⅜	3.44	1.81	18	16	3.80	2.74	1,637	1,505
Apple Computer	51⅜	54⅜	2.73	1.90	20	26	3.00	2.31	2,547	2,317
AT&T	26¼	32	1.94	0.32	14	18	2.10	1.88	34,184	33,598
Avnet	25½	34¼	1.28	2.28	15	46	1.52	0.64	1,817	1,817
Compaq	59¼	45⅝	4.89	2.25	13	15	5.00	3.59	1,641	1,224
Control Data	26¼	29⅜	0.92	d5.78	45	59	NA	0.59	3,606	3,366
Data General	23⅜	32⅛	1.05	d3.04	16	d	1.00	d3.07	1,350	1,274
Digital Equipment	114⅞	163⅞	9.90	8.53	12	19	9.90	8.53	11,475	11,475
E.I. duPont de Nemours	92⅛	124⅞	8.81	6.50	11	18	8.75	7.37	32,017	30,468
Eaton	83⅛	98⅛	7.83	5.49	11	13	9.00	7.16	3,909	3,138
E-Systems	28¾	34⅛	2.20	1.88	15	16	NA	1.95	1,289	1,227
Subsidiary										
Ford Aerospace									1,300	1,300
General Electric	43⅞	59¼	2.97	2.62	16	21	3.75	2.33	39,855	40,515
General Motors EDS	37⅞	43¾	3.04	2.28	13	18	NA	2.65	4,632	4,435
General Motors Hughes	30¼	24⅜	1.87	1.56	16	16	NA	1.67	6,538	10,481
GTE	39⅛	41¼	3.56	3.19	12	12	3.85	3.29	16,000	15,421
Harris	29½	35⅛	2.33	1.84	13	18	2.40	2.05	2,099	2,099
Hewlett-Packard	55¼	61⅛	2.95	2.16	19	24	3.30	2.50	9,021	8,090
Honeywell	70⅛	84½	5.53	d8.03	12	16	6.30	5.75	7,106	6,679
Privately-Held										
Honeywell Bull									2,060	2,060
IBM	127⅛	161	8.67	7.29	14	17	10.00	8.72	56,086	54,217
Intel	36	47¼	1.86	d1.70	21	64	2.50	0.98	2,436	1,274
ITT	51⅛	63	7.30	4.58	17	11	NA	7.20	20,325	19,525
Litton Industries	79	101	6.00	4.90	13	18	NA	7.20	4,785	4,419
Lockheed	44¼	54¼	7.21	6.22	6	8	8.15	6.41	11,179	11,321
Motorola	54⅛	58⅜	3.14	1.79	19	27	3.75	2.39	7,561	6,707
National Semiconductor	13	13⅞	0.48	d0.42	27	d	0.48	d0.42	2,469	2,469
NCR	65⅜	79⅛	5.05	3.81	14	19	5.50	4.51	5,937	5,640
Northrop	29⅞	48	4.91	0.09	7	20	2.10	2.01	5,339	6,052
Perkin-Elmer	25¼	34¼	d0.16	0.55	14	24	1.80	d0.40	1,755	1,333
Prime	15½	26⅛	1.09	1.10	12	20	1.25	1.32	1,564	1,524
Raytheon	64⅛	70⅞	6.77	6.10	10	13	7.30	6.12	7,981	7,659
Rockwell	21⅛	26⅞	2.85	6.22	8	10	3.10	2.27	11,812	12,123
Schlumberger	33½	49½	1.79	d1.54	16	17	1.50	1.02	4,118	4,727
Seagate	18	28⅛	1.54	2.81	10	10	1.54	2.81	1,265	1,266
Sun Microsystems	37⅛	34⅛	1.44	1.11	23	31	1.60	1.11	1,055	1,055
Tandem	20¼	27⅛	0.96	1.01	16	25	1.25	1.08	1,212	1,035
Tandy	48	46⅞	3.39	2.50	14	17	3.55	2.70	3,800	3,800
Tektronix	25½	38⅛	0.55	1.33	16	29	0.55	1.33	1,411	1,411
Teledyne	340¼	336⅛	39.84	20.93	9	17	NA	32.55	3,332	3,216
Texas Instruments	48⅝	62½	3.03	1.93	17	19	3.00	2.96	5,975	5,975
TRW	49	58⅞	4.40	3.28	11	14	4.25	4.01	7,060	6,821
Unisys	35¼	43⅛	3.55	0.01	11	15	3.60	3.15	9,782	9,713
United Telecommunications	32¼	31⅛	1.25	0.84	17	d	1.80	d0.55	3,074	2,982
Varian Associates	30⅞	36¼	0.40	0.20	41	36	NA	0.98	1,138	982
Wang Laboratories	11⅛	16⅛	0.56	d0.44	17	d	0.56	d0.44	3,068	3,068
Westinghouse Electric	56¼	69¼	5.40	4.79	11	13	5.75	5.12	11,201	10,679
Xerox	55	73¾	5.62	4.49	10	13	6.05	5.35	15,500	15,130
Zenith Electronics	27⅛	31⅛	d1.29	0.20	55	32	0.50	d0.78	2,440	2,362
FOREIGN										
Hitachi	108⅞	81¾	3.50	d.44	33	35	NA	3.50	39,801	39,801
LM Ericsson	38⅛	39	3.06	2.19	12	18	NA	3.06	5,531	5,531
Matsushita	188¼	173	6.37	5.50	28	31	NA	6.73	38,552	38,552
NEC	78⅛	70¼	.37	0.54	NA	NA	NA	0.14	21,893	21,893
Northern Telecom	19	21⅞	1.33	1.33	14	16	1.50	1.39	5,096	4,900
N.V. Philips	16⅛	26¼	1.86	2.27	9	12	NA	1.86	25,900	25,300
Plessey Co.	26⅞	32	3.03	2.61	9	12	NA	3.03	2,458	2,458

NOTE: Alcatel, Bull, CGE, Fujitsu, General Electric Co. plc, Memorex Telex, Mitsubishi, Nixdorf Computer, NTT, Oki, Olivetti, Racal, Sharp, Siemens, STC, Thomson-CSF, Toshiba and Thorn EMI are either privately-held or not traded on U.S. exchanges.

A–Earnings per-share for the 12 months through June 30.
B—Price-earnings ratio for the 12 months through June 30.
C—Earnings per-share as actually reported for either fiscal 1988, or calendar 1987.
D—Deficit.
NA—Not available.

(Reprinted from *Electronic News*, August 29, 1988)

Sales to Inventories†

TRW	14.01
Teledyne	13.18
General Motors	12.82
Advanced Micro	12.17
Apple Computer	11.79
Raytheon	11.47
PRIME	11.01
Lockheed	10.59
Tektronix	9.55
Westinghouse	8.63
Rockwell	8.35
Eaton	7.71
Motorola	7.68
Texas Instruments	7.57
Hewlett-Packard	7.24
Seagate	7.05
du Pont	7.02
Data General	6.72
IBM	6.27
AMP/Pamcor	5.65
Varian	4.26
Zenith	4.05
Perkin-Elmer	3.54
Avnet	3.54

FOOTNOTES:
*Excluding companies with discontinued operations.
†Excluding companies where sales include other income.

Debt to Equity

Tandem	0.02
Litton	0.02
Schlumberger	0.04
Digital Equipment	0.06
Tektronix	0.06
Perkin-Elmer	0.06
IBM	0.10
NCR	0.10
E-Systems	0.12
AMP/Pamcor	0.14
Tandy	0.14
Harris Corp.	0.16
Varian	0.20
du Pont	0.21
Amdahl	0.21
Hewlett-Packard	0.21
Data General	0.23
Intel	0.23
Westinghouse	0.23
Texas Instruments	0.24
Advanced Micro	0.26
Raytheon	0.27
Rockwell	0.28
Teledyne	0.28
General Electric	0.34
Avnet	0.35
General Motors	0.37
ITT	0.37
Control Data	0.42
Xerox	0.42

LEADING U.S. ELECTRONICS COMPANIES BY RATIO

% Income Before Taxes to Sales*		% Net Income to Sales*		% Net Income to Equity	
Seagate	19.38	Seagate	14.59	Apple Computer	26.00
AMP/Pamcor	18.57	Intel	13.01	Raytheon	24.07
Tandem	17.86	ITT	12.69	Westinghouse	20.66
Amdahl	17.74	Teledyne	11.73	Lockheed	20.17
ITT	16.03	AMP/Pamcor	10.57	NCR	19.40
IBM	15.88	Tandem	10.20	Rockwell	19.16
Apple Computer	15.42	IBM	9.70	Teledyne	19.09
Unisys	14.86	Amdahl	9.43	Intel	18.99
NCR	13.52	Unisys	9.06	Eaton	18.70
Tandy	13.29	Apple Computer	8.17	Amdahl	18.54
du Pont	12.01	Digital Equipment	8.13	AMP/Pamcor	18.51
Hewlett-Packard	11.89	Hewlett-Packard	7.96	Tandy	17.56
GTE	11.36	NCR	7.43	TRW	17.15
Digital Equipment	11.30	GTE	7.26	Tandem	14.65
Westinghouse	10.04	Tandy	7.02	AT&T	14.14
Rockwell	9.79	Westinghouse	6.92	E-Systems	14.06
Teledyne	9.71	PRIME	6.74	ITT	13.87
AT&T	9.45	AT&T	6.08	IBM	13.74
PRIME	8.99	du Pont	5.86	Texas Instruments	13.73
Raytheon	8.95	Raytheon	5.81	GTE	13.47
Xerox	8.48	Texas Instruments	5.51	Litton	13.11
General Electric	8.16	General Electric	5.39	General Electric	12.86
E-Systems	7.84	Xerox	5.32	PRIME	12.85
Texas Instruments	7.41	Rockwell	5.24	Hewlett-Packard	12.82
Tektronix	7.38	E-Systems	4.92	Unisys	12.72
Motorola	6.20	Motorola	4.59	du Pont	12.54
Honeywell	6.17	Harris Corp.	4.06	Xerox	11.32
TRW	6.08	Honeywell	3.80	Honeywell	11.30
Harris Corp.	5.89	Tektronix	3.67	Digital Equipment	10.78
Litton	5.63	TRW	3.56	General Motors	10.69

Electronic News Financial Fact Book & Directory

1988

AAR Corp.

1111 Nicholas Boulevard
Elk Grove, Illinois 60007
(312) 439-3939

Officers: Ira A. Eichner, chairman of the board & chief executive officer; Barton J. Levin, president & chief operating officer; Sam G. Ayoub, v.p.-technical services marketing; Ben C. Brostoff, v.p. & secretary; Robert A. Cameron, v.p.-operations and finance & treasurer; John C. DeBenedictis, v.p.-marketing, aviation group; Jan van den Berg, v.p.-Europe; Joseph J. Dzuriako, v.p. & controller; A. Lee Hall, v.p.-aviation group; A.C. Richards, v.p.-industrial group.

Directors: Ira A. Eichner*, chairman; Robert C. Stuart, Ben C. Brostoff*, Robert A. Cameron, Herbert K. Cummings, Lee B. Stern, Edgar D. Jannotta, Robert D. Judson, Erwin E. Schulze*, Edward Donnell*, Jan van den Berg, Barton J. Levin*, A. Robert Abboud.

* Member of the Executive Committee

Areas of Work: Engaged in the overhaul and certification of communications and navigation equipment (avionics), engines, engine parts, and airframe parts; design, manufacture and marketing of proprietary instrumentation; associated distribution of parts and accessories for general aviation, and flight instruction; and line and shop maintenance of engines, propellers, airframes, avionics and accessories. Also, lease financing of aircraft, aircraft engines, and other aviation products.

Subsidiaries:

AAR Aircraft Turbine Center, Inc.
Elk Grove Village, Illinois
(312) 439-3939

Energy Services Division
Garden City, New York
(516) 222-6400

AAR Technical Service Center Corp.
747 Zeckendorf Boulevard
Garden City, New York 11530
(516) 222-9000

AAR Oklahoma, Inc.
Will Rogers World Airport
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Oklahoma City, Oklahoma 73159
(405) 681-3000

AAR Hardware Corp.
2100 Touhy Avenue
Elk Grove Village, Illinois
(312) 437-9300

AAR Hardware
3309 N.W. 55th Street
Fort Lauderdale, Florida 33309
(305) 486-5040

AAR Allen Aircraft Corp.
2100 Touhy Avenue
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(312) 437-9300

Allen Aircraft International, Inc.
Cardinal Point, Newall Road
Heathrow Airport
Hounslow, Middlesex, England
44-1-759-4022

AAR Allen-Airmotive, Inc.
705 Kruisweg
Hoofddorp, The Netherlands
31-2503-17341

Avia Radio A/S.
Hangar 141
Copenhagen Airport
2791 Dragoer, Denmark
45-1-530800

Mars Aircraft Service Company of New Jersey
Hangar 3
Teterboro Airport
Teterboro, New Jersey 07508
(201) 288-0222

Technisch Handelskantoor Lloyd, B.V.
Kruisweg 703
Hoofddorp, The Netherlands
31-2503-10941

AAR Western Skyways, Inc.
Portland-Troutdale Airport
Troutdale, Oregon 97060
(503) 665-1181

Allen-Airmotive International (France) S.A.R.L.
30 Avenue de l'Amiral Lemonnier
78160 Marly Le Roi, France
33-3-9161750

Abacon Industries, Inc.
200 Saw Mill River Road
Hawthorne, New York 10532
(914) 747-0500

Abacon Industries, Inc.
3160 West El Segundo Boulevard
Hawthorne, California 90250
(213) 970-0886

AAR Brooks & Perkins Corp.
Suite 750 Honeywell Center
17515 West Nine Mile Road
Southfield, Michigan 48075
(313) 559-3500

AAR Brooks & Perkins/Advanced Structures
12633 Inkster Road
Livonia, Michigan 48150
(313) 522-2000

AAR Brooks & Perkins/Handling Technologies
P.O. Box 1227
Anderson & Taylor Streets
Aberdeen, North Carolina 28315
(919) 944-2105

AAR Brooks & Perkins/Cadillac Manufacturing
201 Haynes Street
Cadillac, Michigan 49601
(616) 775-8800

AAR Brooks & Perkins/Aeronetics
2100 Touhy Avenue
Elks Grove Village, Illinois 60007
(312) 437-9300

AAR Brooks & Perkins/Skydyne
Port Jervis, New York
(914) 856-6658

AAR Defense Systems
Elk Grove Village, Illinois
(312) 437-9300

AAR Pacific Pte. Ltd.
Building 550, Great West Road
West Camp, Seletar Airport
Singapore 2879
65-4819691

AAR Circomet Coating Technology, Inc.
One West Frankfort Industrial Park Drive
Frankfort, New York
(315) 724-6113

AAR Financial Services Corp.
1111 Nicholas Boulevard
Elk Grove Village, Illinois 60007
(312) 439-3939

AAR Agio, A.G.
Baarer Strasse 6
Zug, Switzerland
41-42-221163

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois

The Chase Manhattan Bank N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AIR

Number of Employees:

1987	1,810	1984	1,391
1986	1,780	1983	1,320
1985	1,500		

Plant Footage:

1987	N.A.	1984	2,000,000
1986	2,000,000 sq. ft.	1983	1,800,000
1985	2,000,000		

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income
1987	$ 298,192,000	$ 15,361,000
1986	248,012,000	11,506,000
1985	218,946,000	9,071,000
1984	177,762,000	4,487,000
1983	155,006,000	2,795,000

	No. of Com. Shares‡	Earn. per Share‡
1987	10,218,000	$ 1.50
1986	9,075,000	1.27
1985	9,038,000	1.00
1984	6,905,000	0.65
1983	5,880,000	0.48

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Commercial & military aviation	$ 264,582,000	$ 221,684,000
Industrial products	33,610,000	26,328,000
Total	$ 298,192,000	$ 248,012,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.47	—	—
1986	0.40	—	—
1985	0.32	—	—
1984	0.29	—	—
1983	0.29	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 134,310,000	$ 13.14
1986	95,381,000	10.51
1985	87,385,000	9.67
1984	81,085,000	11.74
1983	43,225,000	7.35

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account*

Year ended	1987	1986
Net sales	$ 298,192,000	$ 248,012,000
Cost of sales	229,908,000	190,340,000
Expenses	39,513,000	34,990,000
Interest Expense	3,350,000	3,008,000
Eq. in inc. of nonconsol. subsid.	(2,140,000)	(932,000)
Income before taxes	$ 27,561,000	$ 20,606,000
Income taxes	12,200,000	9,100,000
Net Income	$ 15,361,000	$ 11,506,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,374,000 in 1987 and $4,600,000 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 2,609,000	$ 3,529,000
Marketable securities	806,000	1,099,000
Accts. receiv., net	66,509,000	47,396,000
Receiv. from unconsol. subsid.	221,000	7,949,000
*Inventories	88,920,000	74,668,000
Prepaid expenses	9,885,000	6,162,000
Current Assets	$ 168,950,000	$ 140,741,000
#Fixed assets	44,342,000	38,614,000
Other assets	21,799,000	18,932,000
Total Assets	$ 235,091,000	$ 198,287,000

Liabilities

Notes payable	$ 34,128,000	$ 30,327,000
Long-term debt, curr.	1,684,000	1,551,000
Accts. payable	26,748,000	24,451,000
Accruals	15,031,000	12,701,000
Income taxes	3,713,000	1,054,000
Curr. Liabilities	$ 81,304,000	$ 70,084,000
Long-term debt:		
Due to banks & others	12,477,000	25,022,000
Deferred income taxes	7,000,000	7,800,000
+Common stock	10,537,000	9,105,000
Add. paid-in capital	80,606,000	54,035,000
Retained earnings	43,581,000	33,014,000
Cum. trans. adj.	(412,000)	(755,000)
Treasury stock	(2,000)	(18,000)
Total Liabilities & Shareholders' Equity	$ 235,091,000	$ 198,287,000

* At lower of cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	9.24	8.31
%Net Income to Sales	5.15	4.64
%Net Income to Equity	11.44	12.06
Sales to Inventories	3.35	3.32
Debt to Equity	0.36	0.60
Working Capital	$ 87,646,000	$ 70,657,000
Current Ratio	2.08	2.01
Shareholders' Equity	$ 134,310,000	$ 95,381,000

Acme-Cleveland Corporation

30195 Chagrin Boulevard
Cleveland, Ohio 44124
(216) 292-2100

Officers: David L. Swift, president & chief executive officer; Edwin S. Braude, v.p.- operations; Francis R. Appeldorn, v.p. & controller; Donna M. Flammang, secretary; Thomas M. Skove, treasurer; Joseph C. McCarty, asst. treasurer.

Directors: B. Charles Ames, Theodore M. Alfred, W. Paul Cooper, Stephen M. DuBrul, Jr., John J. Dwyer, Karl M. Rudolph, Robert M. Taylor, Gerald C. McDonough, Donald R. Melville, David L. Swift.

Areas of Work: The Company's principal products are machine tools, cutting and threading tools, telecommunications products, electrical and electronic controls and sensors, quality-control equipment and systems, and related replacement parts and services.

Divisions and Subsidiaries:

National Acme Division
Cleveland & Fremont, Ohio
Turnings machines and systems, replacement parts, supplies and service for standard machine tools.

Namco Controls Division
Limit switches, solenoids, electronic proximity switches and sensors, flow controls, infrared sensors, and electronic programmable switches and encoders for industrial machinery and process control applications.
Mentor, Ohio
Newton, North Carolina
New Milford, Connecticut
Herzhorn, West Germany

Communications Technology Corporation
Telecommunications equipment, including electronic equipment such as test sets for testing spliced cable pairs; special services control units; voltage detection equipment and cable restoration equipment.
Los Angeles, California
Atlanta, Georgia
Rexdale (Toronto), Ontario, Canada

The Cleveland Twist Drill Company
Metal cutting, metal removing, and threading tools, such as high-speed drills, reamers, end mills, taps, and rolling heads.
Cleveland, Ohio
Asheboro, North Carolina
Cranston, Rhode Island
Cynthiana, Kentucky
Mansfield, Massachusetts

Acme Communications Technology Systems Corporation
Dallas & Denison, Texas
Computerized telephone cable plant testing products and services.

M & M Precision Systems Division
Computerized quality control and measurement systems, master gears, spline gauges and thread gauges used in the production of precision gears, rotary tables and slides for numerically controlled machines.
West Carrollton & Cincinnati, Ohio
Tamworth, England
Loffingen, West Germany

Transfer Agents(s):

AmeriTrust Company, N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: AMT

Number of Employees:

1987	2,415	1984	3,085
1986	2,426	1983	2,600
1985	3,138		

Plant Footage:

1987 ..... 2,262,900 sq. ft. 1986 2,231,500

Sales & Earnings

	Net Sales #	Net Income†
1987	$ 176,527,586	$ 11,317,293
1986	186,050,158	(12,530,392)
1985	213,608,852	(11,492,858)
1984	146,109,907	(11,395,750)
1983	130,249,913	N.A.

	No. of Com. Shares‡	Earn. per Share‡†
1987	6,278,923	$ 1.74
1986	4,378,897	—
1985	6,186,305	—
1984	5,551,820	—
1983	4,366,351	—

(Loss)
Of continuing operations only.
† Including extraordinary gain of $6,543,000 ($1.03 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
N.A. - Not Available.

Revenues By Line of Business

	1987	1986
Metalworking products	119,148,000	$ 128,345,000
Telecommunications & elec. products	57,714,000	58,126,000
Eliminations	(334,000)	(321,000)
Total	$ 176,528,000	$ 186,050,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.90	—	—

Common Stock Equity

	Total Equity†	Equity Per Share
1987	$ 96,944,417	$ 15.21
1986	85,374,166	13.69
1985	99,639,014	15.96
1984	113,257,436	18.63

† After allowing for preferred stock at redemption value.

Income Account

Year ended Sept. 30	1987	1986
Net sales	$ 176,527,586	$ 186,050,158
Pension reversion	17,466,300	—
Other income	1,211,540	3,207,196
Interest income	1,618,944	1,932,450
Total income	$ 196,824,370	$ 191,189,804
Cost of sales	122,802,204	125,779,724
Expenses	44,926,265	45,817,161
Depreciation & amortization	11,528,248	11,718,431
Interest expense	2,135,413	4,070,371
Other expenses	1,342,947	3,632,239
Income before taxes	$ 14,089,293	$ 171,878
Income taxes	9,315,000	1,997,000
Income (loss) from cont. oper.	$ 4,774,293	$ (1,825,122)
Loss from discont. oper.	—	$ (10,705,270)
Net Income (Loss)	$ 4,774,293	$ (12,530,392)
Extraordinary gain	6,543,000	—
Net Income (Loss) & extraordinary gain	$ 11,317,293	$ (12,530,392)

Assets

As of Sept. 30	1987	1986
Cash	$ 3,306,126	$ 3,733,183
Marketable securities	11,047,344	15,764,642
Accts. receiv., net	26,169,342	26,407,598
Recov. income taxes	245,890	800,215
* Inventories	35,500,641	38,772,048
Prepaid expenses	3,314,363	3,213,918
Assets of discont. oper.	5,937,914	9,243,161
Current Assets	$ 85,521,620	$ 97,934,765
# Fixed assets	55,660,579	59,664,888
Goodwill in subsid.	13,995,073	13,762,413
Assets held for sale	1,180,392	3,973,076
Invest. in affil.	4,829,050	5,717,566
Other assets	8,701,819	10,963,403
Total Assets	$ 169,488,533	$ 192,016,111

Liabilities

Notes payable	$97,324	$68,898
Payable to banks	1,424,453	8,110,017
Long-term oblig., curr.	3,172,605	3,555,516
Accts. payable	8,831,668	8,800,532
Accruals	9,183,034	8,882,521
Accrued payroll	15,054,096	11,912,563
Other accrued taxes	1,685,285	1,707,140
Income taxes	2,383,581	2,293,093
Liabilities of discont. oper.	5,746,896	12,220,296
Curr. Liabilities	$ 47,578,962	$ 57,550,576
Long-term oblig.	9,686,926	31,133,631
Deferred inc. taxes	405,515	402,250
Unfunded pension costs	12,676,989	13,359,764
+ Preferred stock	3,630,915	3,630,915
++ Common stock	6,279,767	6,278,897
Add. paid-in capital	53,553,682	53,545,312
For curr. trans adjust.	(349,588)	(1,395,338)
Retained earnings	36,025,365	27,510,104
Total Liabilities Shareholders' Equity	$ 169,488,533	$ 192,016,111

* At lower of cost (primarily LIFO) or replacement market.
# Less accumulated depreciation and amortization.
+ No par value; $1.80 cumulative convertible.
++ $1 par value.

Statistical Summary

%Income bef. taxes to Sales	7.98	—
%Net Income to Sales	2.70	—
%Net Income to Equity	4.82	—
Sales to Inventories	4.97	4.80
Debt to Equity	0.15	0.48
Working Capital	$ 37,942,658	$ 40,384,189
Current Ratio	1.80	1.70
Shareholders Equity	$ 99,140,141	$ 89,569,890

Acme Electric Corporation

Norstar Bank Building
260 N. Union Street
Olean, New York 14760
(716) 373-3050

Officers: James W. McLaughlin, chairman; G. Wayne Hawk, president & chief executive officer; Joseph Pinker, v.p. & gen. mgr.-Commercial Products Division; J. Thomas Odell, v.p.; Thomas G. Long, v.p. & gen. mgr.-Acme Transformer Division; Thomas P. Sullivan, v.p. & gen. mgr.-Power Products Group; Dale G. Guilford, group sales; R. Hartley Bond, v.p. marketing & corp. planning; Daniel K. Corwin, v.p. & controller; David G. Anderson, secretary, treasurer & general counsel; William A. Boyd, president-ACME URDC, INC.; Robert W. McGinnil, president-SAFE Power Systems, Inc..

Directors: K. E. Hampton*, R. Hartley Bond, W. Bennett Conner, G. Wayne Hawk*, J. W. McLaughlin*, Henry H. Coords, H. Craig Casey, Jr..

* Member of the Executive Committee

Areas of Work: Dry type power distribution transformers, regulated D.C. power supplies, constant voltage transformers, static power rectifiers, motor starting reactors and reactor packs, machine tool control transformers, stepdown and tapped winding transformers, voltage adjusting transformers, saturable reactors, magnetic amplifier power controls, military type power supplies, power line regulators, special purpose transformers, frequency control equipment, automotive battery chargers, communication power supplies and magnetic components power supplies for electrostatic applications, specification line transformers.

Divisions and Subsidiaries:

Commercial Products Division
Cuba, New York
Manufactures consumer battery chargers.

Power Products Group
Cuba, New York
Salt Lake City, Utah
Manufactures power conversion equipment and custom magnetics.

Acquisitions:

Utah Research and Development Company, Inc.
West Jordan, Utah
Manufactures custom and standard electronic power systems for the aerospace industry.

SAFE Power Systems, Inc.
Tempe, Arizona
Manufactures power protection systems for the computer, office and telecommunications industries.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: ACE

Sales & Earnings

	Net Sales	Net Income
1987	$ 67,471,000	$ 663,000
1986	69,578,000	1,883,000
1985	75,849,000	2,651,000
1984	67,273,000	2,260,000
1983	50,983,000	126,000

	No. of Com. Shares #	Earn. per Share #
1987	4,251,916	$ 0.16
1986	4,217,225	0.45
1985	4,182,787	0.63
1984	4,157,106	0.54
1983	4,163,305	0.03

Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.32	5%	—
1986	0.30	5%	—
1985	0.29	5%	—
1984	0.27	10%	—
1983	0.26'	5%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 22,297,000	$ 5.24
1986	22,680,000	5.38
1985	21,866,000	5.21
1984	20,095,000	4.84
1983	18,801,000	4.55

Adjusted to reflect stock dividends.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 67,471,000	$ 69,578,000
Cost of sales	48,204,000	49,953,000
Expenses:		
Res. & engr.	5,065,000	4,985,000
Sell & admin.	12,271,000	10,772,000
Interest expense	566,000	499,000
Income before taxes	$ 1,365,000	$ 3,369,000
Income taxes	702,000	1,486,000
Net Income	$ 663,000	1,883,000

* Included in Costs and Expenses, Depreciation: $1,431,000 in 1987 and $1,234,000 in 1986.

Assets

As of June	1987	1986
Cash	$ 120,000	$ 774,000
Short-term investments	780,000	404,000
Accts. receiv., net	13,053,000	10,862,000
* Inventories	13,427,000	11,469,000
Other curr. assets	753,000	441,000
Current Assets	$ 28,133,000	$ 23,950,000
Intangibles	930,000	—
# Fixed assets	12,119,000	9,712,000
Total Assets	$ 41,182,000	$ 33,662,000

Liabilities

Long-term debt, curr.	$ 737,000	$ 629,000
Accts. payable	3,482,000	2,680,000
Accrued comp. & other	1,799,000	1,426,000
Curr. Liabilities	$ 6,018,000	$ 4,735,000
Lont-term debt	11,624,000	5,208,000
Deferred inc. taxes	1,243,500	1,039,000
+ Common stock	4,254,000	4,016,000
Add. paid-in capital	14,527,000	13,092,000
Retained earnings	3,516,000	5,589,000
Treasury stock	—	(17,000)
Total Liabilities & Shareholders' Equity	$ 41,182,000	$ 33,662,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.02	4.84
%Net Income to Sales	0.98	2.71
%Net Income to Equity	2.97	8.30
Sales to Inventories	5.03	6.07
Debt to Equity	0.55	0.26
Working Capital	$ 22,115,000	$ 19,215,000
Current Ratio	4.67	5.06
Shareholders' Equity	$ 22,297,000	$ 22,680,000

ADAC Laboratories

540 Alder Drive
Milpitas, California 95035
(408) 945-2990

Officers: Michael O. Preletz, chairman of the board & chief executive officer; Robert L. Deinhammer, president & chief operating officer; Stanley D. Czerwinski, exec. v.p. & gen. mgr.-Radiology Division; I.R. Reuling, v.p., chief financial officer & secretary.

Directors: Michael O. Preletz, chairman; William R. Hambrecht, Robert L. Deinhammer, Morton A. Cohen, Edmund H. Shea, Jr..

ADAC Laboratories

Areas of Work: The Corporation designs and manufactures digital radiography image processing systems which utilize digital images as opposed to the conventional film used in radiology. The system processor is a computer controlled image-processing system with real-time image manipulation hardware, digital data storage via magnetic disc drives, an analog video disc recorder and interface electronics for connection to X-Ray fluoroscopy systems. ADAC is also involved in the design and manufacture of nuclear medicine image processing systems which accept images from the scintillation cameras used in nuclear medicine, convert them to digital form and store them for further analysis.

Other products include radiation therapy planning systems which develop precise radiation dosimetry plans for individual cancer patients using display terminals; X-Ray products, and research and development.

Divisions and Subsidiaries:

Digital Radiography Computer Systems Division
Nuclear Medicine Division
Radiation Therapy Division
Field Service Division
International Division
X-Ray Systems Division
Radiology Management Systems Division
Advanced Marketing and Technology Division

Mid-Continent Computer Services, Inc.
Manufactures radiology information systems.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
50 California Street
San Francisco, California 94111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADAC (NASDAQ)

Number of Employees:

1987	329	1984	750
1986	322	1983	1,010
1985	460		

Plant Footage:

1987	98,000 sq. ft.	1984	350,000
1986	98,000	1983	350,000
1985	175,000		

Sales & Earnings

	Net Sales	Net Income†
1987	$ 60,825,000	$ 4,309,000
1986	46,581,000	(22,036,000)
1985	56,979,000	(29,806,000)
1984	99,259,000	(33,139,000)
1983	73,109,000	4,805,000

	No. of Com. Shares #	Earn. per Share #†
1987	39,476,000	$ 0.11
1986	12,469,000	—
1985	9,550,000	—
1984	9,436,000	—
1983	9,402,000	0.51

(Loss)
† Including extraordinary gain of $1,937,000 ($0.05 per share) in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 7,694,000	$ 0.19
1986	2,696,000	0.22
1985	12,165,000	1.27
1984	21,103,000	2.24
1983	53,867,000	5.73

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Sept. 30	1987	1986
Net sales	$ 60,825	$ 46,581
Cost of sales	34,563	30,892
Expenses	20,131	20,096
Loss on write-down of assets	—	1,554
Other income	(34)	(384)
Interest expense	1,861	2,364
Interest income	(237)	(129)
Unusual items	—	14,224
Inc. (loss) bef. taxes	$ 4,541	$ (22,036)
Income taxes	2,169	—
Net Income (Loss)	$ 2,372	$ (22,036)
Extraord. gain	1,937	—
Net income (Loss) & extraord. gain	$ 4,309	$ (22,036)

* Included in Costs and Expenses, Depreciation and Amortization: $1,841,000 in 1987 and $2,832,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash	$ 4,306	$ 3,620
Accts. receiv., net	14,279	9,022
*Inventories	10,298	12,276
Prepaid expenses	606	645
Current Assets	$ 29,489	$ 25,563
#Fixed assets	5,516	7,511
Other assets	744	—
Total Assets	$ 35,749	$ 33,074

Liabilities
(000's)

Notes payable	$ 3,636	$ 4,398
Long-term debt, curr.	8,192	4,145
Accts. payable	3,752	3,062
Deferred serv. rev.	2,815	2,636
Other accrued liab.	7,370	5,421
Curr. Liabilities	$ 25,765	$ 19,662
Long-term debt	820	9,316
Deferred rents	1,470	1,400
Deferred taxes	15,477	19,896
+Common stock	61,738	56,630
Retained earn. (deficit)	(69,521)	(73,830)
Total Liabilities & Shareholders' Equity	$ 35,749	$ 33,074

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.47	—
%Net Income to Sales	3.90	—
%Net Income to equity	30.83	—
Sales to Inventories	5.91	3.79
Debt to Equity	1.64	3.46
Working Capital	$ 3,724,000	$ 5,901,000
Current Ratio	1.14	1.30
Shareholders' Equity	$ 7,694,000	$ 2,696,000

Adage, Inc.

(46.4% owned by American Research and Development Division of Textron Inc.)

165 Lexington Road
Billerica, Massachusetts 01821-3921
(617) 667-7070

Officers: James D. Norrod, *president & chief executive officer*; Dale H. Munk, *chief operating officer*; James F. Rowell, *v.p.-international*; Robert J. Peyser, *v.p.-engineering*; Andrew E. Taylor, *clerk*.

Directors: Andrew E. Fillet, Michael H. Wozny, Charles J. Coulter, James D. Norrod, Edward S. Greene.

Areas of Work: Manufactures, develops and sells interactive computer graphics systems and subsystems, primarily for use in problem solving through interaction with computer generated graphics displays.

Divisions and Subsidiaries:

Adage S.r.l.
Milan, Italy
331/4566024

Adage GmbH
Candidplatz 13
D-8000 Munich 90, West Germany

Adage Ltd.
Hook, England

Adage SARL
Paris, France

Acquisition:

CGX Corporation

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADGE (NASDAQ)

Number of Employees:

1988	320	1986	632
1987	424		

Plant Footage:

1988	N.A.	1986	276,000
1987	175,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1988	$ 30,754,000	$ (27,907,000)
1987	27,292,000	(9,853,000)
1986	24,788,000	(5,394,000)
1985	33,840,000	1,569,000
1984	42,458,000	4,334,000

	No. of Com. Shares‡	Earn. per Share #
1988	8,367,089	$ —
1987	7,456,003	—
1986	7,433,215	—
1985	4,713,814	0.33
1984	4,661,588	0.92

(Loss)
‡ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and special class common stock outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 15,438,000	$ 1.85
1987	40,906,000	5.49
1986	50,517,000	6.80
1985	43,846,000	9.30
1984	42,122,000	9.04

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	4/2/88	3/28/87
Net sales	$ 20,754	$ 27,292
Service contracts	17,334	15,235
Total operating revenues	$ 38,088	$ 42,527
Cost of sales	26,340	31,200
Inventory writedown	9,000	—
Expenses	17,995	22,392
Interest expense	705	682
Interest income	(135)	(182)
Other income	(105)	(576)
Prov. for disposal of cap. equip.	3,792	978
Prov. for consol. of oper.	8,668	—
Loss bef. taxes	$ (28,172)	$ (11,967)
Tax credit	(265)	(2,114)
Net Loss	$ (27,907)	$ (9,853)

* Included in Costs and Expenses, Depreciation and Amortization: $3,930,000 in 1988 and $4,551,000 in 1987.

Assets
(000's)

As of	4/2/88	3/28/87
Cash & term deposits	$ 3,355	$ 2,067
Accts. receiv., net	6,777	11,643
*Inventories	6,800	17,960
Prepaid expenses	1,188	4,339
Current Assets	$ 18,120	$ 36,009
#Fixed assets	5,573	11,849
Other assets	5,891	6,332
Total Assets	$ 29,584	$ 54,190

Liabilities
(000's)

Notes payable	$ 1,850	$ 2,860
Cap. lease oblig., curr.	1,129	1,097
Accts. payable	2,155	3,393
Accrued empl. compens.	1,260	1,445
Other current liabilities	4,200	2,605
Curr. Liabilities	$ 10,594	$ 11,400
5% subord. deben.	2,571	—
Cap. lease oblig.	981	1,619
Deferred inc. tax credits	—	285
+ Common stock	836	746
Add. paid-in capital	44,960	43,193
Retained earnings (def.)	(30,414)	(2,507)
Cumulative trans. adj.	108	—
Deferred compensation	(52)	(526)
Total Liabilities & Shareholders' Equity	$ 29,584	$ 54,190

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.26	0.14
Working Capital	$ 7,526,000	$ 24,609,000
Current Ratio	1.71	3.16
Shareholders' Equity	$ 15,438,000	$ 40,906,000

Adams-Russell Electronics Co., Inc.

1380 Main Street
Waltham, Massachusetts 02154
(617) 894-8540

Officers: John J. Lynch, president & chief executive officer; David J. McLachlan, v.p.-finance & secretary; Joseph S. Betal, v.p.; James Connolly, sr. v.p.; Trevor Lambert, v.p.-corporate development; Harold H. Leach, group v.p.-Aerospace Products; Donald G. Warner, controller; Lee J. Cooper, v.p.-planning & acquisitions; Louis J. Gargasz, v.p.-systems & special programs; Mark R. Rosenzweig, group v.p.-components; David W. Ryan, v.p.-corp. marketing.

Directors: George B. Foote, Jeptha H. Wade, Jr., John J. Lynch, Abraham J. Siegel, George H. Gage.

Areas of Work: Manufactures a broad range of components, subassemblies and systems primarily for five segments of the defense electronics market: electronic warfare; intelligence collection; command, control and communications; missile electronics, and radar.

Aerospace products include airborne antennas for radar, missiles, countermeasures, IFF and other special purpose applications, satellite antennas, multifunction radar and missile seeker antennas, high performance cables for electronic warfare and for test and instrumentation, avionics and submarine chassis and housings, heat exchangers and custom brazed assemblies, rotary joints, antenna feed assemblies and other wave-guide components.

Components Group products include RF and microwave components, diodes and subassemblies, and gallium arsenide monolithic microwave integrated circuit (MMIC) components and subsystems.

Surveillance products include portable receivers, UHF/VHF and microwave receivers, precision measurement and calibration equipment, signal distribution and switching equipment, signal processing computers, programmable demodulators, signals location systems, and space-borne components and subassemblies.

Video Information Systems products include automated advertising insertion equipment for the cable television industry.

Divisions and Subsidiaries:

Anzac Division
80 Cambridge Street
Burlington, Massachusetts 02154
(617) 273-3333

448 Griffin Road
Bangor, Maine 04401
(207) 942-7391

Antenna and Microwave Division
Haverhill Road
Amesbury, Massachusetts 01913
(617) 388-5210

Brasonics Division
Haverhill Road
Amesbury, Massachusetts 01913
(617) 388-2280

Micro-Tel Division
10713 Gilroy Road
Hunt Valley, Maryland 21030
(301) 667-0077

Microwave Products Division
9533 Irondale Avenue
Chatsworth, California 91311
(213) 882-3434

Communications Programs Division
1370 Main St.
Waltham, Massachusetts 02154
(617) 891-4700

RHG Electronics Laboratory, Inc.
161 East Industry Center
Deer Park, New York 11719
(516) 242-1100

Reaction Instruments, Inc.
475 Spring Park Place
Herndon, Virginia 22070
(703) 471-6060

SDI Microwave, Inc.
11 Executive Park Drive
North Billerica, Massachusetts 01862
(617) 667-7700

Adams-Russell BV
Cork, Ireland

Semiconductor Center
80 Cambridge Street
Burlington, Massachusetts

Video Information Systems Division
1370 Main Street
Waltham, Massachusetts 02154
(617) 894-8540

Hermetronics PLC
Slough, Berkshire, England

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts 02110

Stock Exchange(s): American

Ticker Symbol: AEI

Number of Employees:

1987	1,877	1984	1,439
1986	2,000	1983	1,350
1985	1,600		

Plant Footage:

1987	582,340 sq. ft.	1984	402,340
1986	505,740	1983	391,540
1985	453,340		

Sales & Earnings†

	Net Sales	Net Income
1987	$ 130,757,000	$ 1,275,000
1986	113,117,000	6,698,000
1985	89,677,000	8,220,000
1984	77,286,000	7,210,000
1983	68,542,000	6,108,000

	No. of Com. Shares‡	Earn. per Share‡
1987	6,337,000	$ 0.20
1986	6,338,000	$ 1.06

† On July 14, 1986 Adams-Russell Co., Inc. ('A-R') distributed one share of Adams-Russell Electronics Co., Inc. (the 'Company') common stock for each share of A-R common stock to its shareholders of record on June 30, 1986. As a result of the distribution, the Company became a publicly held company and ceased to be a wholly owned subsidiary of A-R.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 90,308,000	$ 14.25
1986	90,903,000	14.34

‡ Based on weighted average number of common shares and common share equivalents outstanding.

Adams-Russell Electronics Co., Inc.

Income Account *
(000's)

Year ended	9/27/87	9/28/86
Net sales	$ 130,757	113,117
Cost of sales	90,049	72,674
Expenses	37,371	27,810
Interest expense	1,506	2,179
Interest income	(142)	(568)
Income before taxes	$ 1,973	$ 11,022
Income taxes	698	4,324
Net income	$ 1,275	$ 6,698

* Included in Costs and Expenses, Depreciation and Amortization: $9,697,000 in 1987 and $5,450,000 in 1986.

Assets
(000's)

As of	9/27/87	9/28/86
Cash	$ 4,074	$ 3,764
Accts. receiv., net	27,457	22,087
Accts. receiv. not yet billed	6,701	8,911
* Inventories	32,358	26,610
Refund. inc. taxes	2,325	—
Prepaid expenses	1,138	1,690
Current Assets	$ 74,053	$ 63,062
# Fixed assets	47,762	39,922
Intangibles	14,483	9,249
Total Assets	$ 136,298	$ 112,233

Liabilities
(000's)

Notes payable	$ 751	$ 532
Accts. payable	4,458	3,186
Taxes payable	—	1,378
Accrued payroll	5,691	5,762
Other accruals	2,552	2,163
Curr. Liabilities	$ 13,452	$ 13,021
Long-term debt	28,657	5,392
Deferred income	343	363
Deferred inc. taxes	3,538	2,554
+ Common stock	64	63
Add. paid-in capital	91,201	89,613
Retained earnings	2,502	1,227
Treasury stock	(3,459)	—
Total Liabilities & Shareholders' Equity	$ 136,298	$ 112,233

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.51	9.74
%Net Income to Sales	0.98	5.92
%Net Income to Equity	1.41	7.37
Sales to Inventories	4.04	4.25
Debt to Equity	0.33	0.07
Working Capital	$ 60,601,000	$ 50,041,000
Current Ratio	5.50	4.84
Shareholders' Equity	$ 90,308,000	$ 90,903,000

ADC Telecommunications, Inc.

5501 Green Valley Drive
Bloomington, Minnesota 55437
(612) 835-6800

Officers: C. M. Denny, Jr., chairman of the board & chief exec. officer; F. R. Boswell, president & chief operating officer; R. C. Wagner, sr. v.p.-operations; C. R. Bigham, v.p.-information services; L. J. Davis, v.p.-mfg.; W. C. Hamer, v.p. & chief technical officer; D. A. Leese, v.p.-public network marketing; William J. Cadogan, v.p.-private network marketing; R. G. Martin, v.p.-quality assurance; D. H. Moersch, v.p.-human resources; LeRoy J. Morgan, v.p. & chief financial officer; Craig M. Johnson, v.p.-product management; Kathie J. Mikucki, general counsel & secretary; Aimee L. Gallogly, treasurer; Joan K. Berg, controller.

Directors: Charles M. Denny, Jr., chairman; Lennie L. Arnevik, Fredric R. Boswell, Frank A. Donaldson, Maynard B. Hasselquist, Thomas E. Holloran, Charles W. Oswald, Warde F. Wheaton.

Areas of Work: Designs, manufactures and markets, under the ADC trademark, electromechanical and electronic products for the telecommunications industry. The Company's products serve a broad range of access, termination, transmission, telephone set and data network management functions employing either analog or digital technologies.

Subsidiary:

ADC Fiber Optics Corporation
8 Walk-up Drive
Westborough, Massachusetts

Transfer Agent(s):

Mellon Securities Trust Company
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADCT (NASDAQ)

Number of Employees:

1987	1,796	1985	1,729
1986	1,729		

Plant Footage:

1987	230,000 sq. ft.	1985	161,500
1986	183,900		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 166,863,000	$ 15,263,000
1986	143,677,000	11,968,000
1985	124,883,000	7,781,000
1984	87,595,000	3,700,000
1983	76,342,000	361,000

	No. of Com. Shares‡	Earn. per Share‡
1987	12,944,000	$ 1.18
1986	12,907,000	0.93
1985	12,890,000	0.61
1984	12,897,000	0.29
1983	12,849,000	0.03

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 75,882,000	$ 5.86
1986	60,318,000	4.67
1985	48,108,000	3.73
1984	40,368,000	3.13
1983	36,509,000	2.84

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Oct. 31	1987	1986
Net sales	$ 166,863	$ 143,677
Cost of sales	87,981	73,908
Expenses	54,400	48,014
Other expense (income)	(956)	795
Income before taxes	$ 25,438	$ 20,960
Income taxes	10,175	8,992
Net Income	$ 15,263	$ 11,968

* Included in Costs and Expenses, Depreciation and Amortization: $8,173,000 in 1987 and $6,937,000 in 1986.

Assets
(000's)

As of Oct. 31	1987	1986
Cash	$ 26,184	$ 14,569
Accts. receiv., net	21,719	20,612
* Inventories	19,972	17,032
Prepaid expenses	3,811	2,725
Current Assets	$ 71,686	$ 54,938
# Fixed assets	32,311	29,072
Other assets	824	1,069
Total Assets	$ 104,821	$ 85,079

Liabilities
(000's)

Long-term debt, curr.	$ 229	$ 223
Accts. payable	5,875	5,300
Accrued payroll	11,089	9,703
Accrued inc. taxes	1,811	85
Other accruals	3,129	3,117
Curr. Liabilities	$ 22,133	$ 18,428
Long-term debt	3,161	3,390
Deferred inc. taxes	3,645	2,943
+ Common stock	2,595	1,722
Add. paid-in capital	17,828	18,400
Retained earnings	55,459	40,196
Total Liabilities & Shareholders' Equity	$ 104,821	$ 85,079

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.24	14.59
%Net Income to Sales	9.15	8.33
%Net Income to Equity	20.11	19.84
Sales to Inventories	8.35	8.44
Debt to Equity	0.04	0.06
Working Capital	$ 49,553,000	$ 36,510,000
Current Ratio	3.24	2.98
Shareholders' Equity	$ 75,882,000	$ 60,318,000

Advanced Micro Devices, Inc.

901 Thompson Place
P.O. Box 3453
Sunnyvale, California 94088-3000
(408) 732-2400

Officers: W.J. Sanders, III, chairman of the board & chief exec. officer; Anthony B. Holbrook, president & chief operating officer; Richard Previte, sr. v.p., chief financial & administrative officer, secretary & treasurer; Marvin D. Burkett, v.p. & controller; Steve Zelencik, sr. v.p. & chief marketing executive; Thomas W. Armstrong, v.p. & gen. counsel; Gene Connor, sr. v.p.-memory, manufacturing & technology; Stan Winvick, v.p.-human resources; John C. East, sr. v.p.-logic products; Michael Callahan, sr. v.p.-programmable products; Cyrus Tsui, v.p.-programmable logic division.

Directors: W.J. Sanders, III, chairman; R. Gene Brown, R. Michael Shanahan, Hermann R. Franz, Richard H. Jenrette, Irwin Federman, Anthony B. Holbrook.

Areas of Work: Designs, develops, manufactures and markets complex monolithic intergrated circuits for use by manufacturers of a broad range of electronic equipment and systems, primarily products for computation, communication and instrumentation applications. The Company also produces and sells integrated circuits to customers that manufacture and sell computer and video products for personal use.

Subsidiaries:

Advanced Micro Devices GmbH, Germany
Advanced Micro Devices Sdn. Bhd., Malaysia
Advanced Micro Devices Export Sdn. Bhd., Malaysia
Advanced Micro, Ltd., U.S.A.
Advanced Micro Devices U.K. (Limited) England
Advanced Micro Devices SA, France
Advanced Micro Devices (Philippines) Inc., Manila
AMD Properties, Inc., U.S.A.
Advanced Micro Devices Overseas Corporation, U.S.A.
Advanced Micro Devices Belgium S.A.N.V.
Advanced Micro Devices (Canada) Limited
Advanced Micro Devices Export Corporation, Inc. U.S.A.
Advanced Micro Devices, A.B., Sweden
Advanced Micro Devices (Singapore) Pte. Ltd.
AMD (International) Limited
AMD Overseas Financial Limited
AMD Atlantic Limited
AMD (Thailand) Limited
AMD Foreign Sales Corporation
AMD Japan, Ltd.

Acquisition:

Monolithic Memories, Inc.
2175 Mission College Boulevard
Santa Clara, California 95054-1592
(408) 970-9700

Designs, manufactures and markets large-scale integrated semiconductor circuits used in computers and computer peripheral equipment, military electronics, CAD/CAM systems, telecommunications and other digital equipment.

Transfer Agent(s):

Bank of America, NT & SA
P.O. Box 37002
San Francisco, California 94137

Bank of America, NT & SA
80 Broad Street
P.O. Box 1011
Bowling Green Station, New York 10004

Stock Exchange(s): New York

Ticker Symbol: AMD

Number of Employees:

1987	18,015	1984	13,067
1986	12,700	1983	10,521
1985	15,299		

Plant Footage:

1987	3,355,000 sq. ft.	1984	N.A.
1986	2,400,000	1983	1,654,000
1985	2,140,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 997,080,000	(48,068,000)
1986	828,613,000	(94,004,000)
1985	795,440,000	5,965,000
1984	1,121,848,000	168,306,000
1983	609,921,000	61,404,000

	No. of Com. Shares x	Earn. per Share x
1987	77,764,000	$ —
1986	75,679,000	—
1985	74,849,000	0.08
1984	74,717,000	2.25
1983	72,849,000	0.84

(Loss)
x Based on the weighted averaged number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 659,862,000 +	$ 8.49
1986	530,817,000	7.01
1985	574,126,000	7.67
1984	574,711,000	7.69

+ After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended	12/27/87	12/28/86
Net sales	997,080	$ 828,613
Cost of sales	562,337	497,234
Expenses	451,030	405,723
Interest exp. (income)	(11,716)	8,784
Consolidation of oper.	40,985	19,934
Loss before taxes	$ (45,556)	$ (103,062)
Income taxes (credit)	2,512	(9,058)
Net Loss	$ (48,068)	$ (94,004)

* Included in Costs and Expenses, Depreciation and Amortization: $152,708,000 in 1987 and $153,076,000 in 1986.

Assets
(000's)

As of	12/27/87	12/28/86
Cash & cert. of deposit	$ 235,155	111,226
Accts. receiv., net	176,457	138,688
* Inventories	81,915	67,405
Prepaid expenses	16,082	12,557
Deferred income taxes	56,704	54,614
Refund. inc. taxes	5,201	1,230
Current Assets	$ 571,514	$ 385,720
# Fixed assets	524,342	559,247
Other assets	17,860	12,085
Total Assets	$ 1,113,716	$ 957,052

Liabilities
(000's)

Notes payable	$ 28,172	$ 24,889
Long-term debt, curr.	6,393	7,081
Accts. payable	63,937	50,404
Accruals	83,842	64,592
Deferred income	69,837	53,765
Income taxes	2,440	—
Curr. Liabilities	$ 254,621	$ 200,731
Long-term debt	135,938	161,272
Deferred inc. taxes	63,260	64,232
+ Preferred stock	35	—
+ + Common stock	787	769
Add. paid-in capital	459,781	274,326
Retained earnings	199,294	254,693
For. curr. trans.	—	1,029
Total Liabilities & Shareholders' Equity	$ 1,113,716	$ 957,052

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $30 convertible exchangeable.
+ + $0.01 par value.

Statistical Summary

Sales to Inventories	12.17	12.29
Debt to Equity	0.26	0.36
Working Capital	$ 316,893,000	$ 184,989,000
Current Ratio	2.24	1.92
Shareholders' Equity	$ 659,897,000	$ 530,817,000

AEL Industries, Inc.

305 Richardson Road
Landsdale, Pennsylvania 19446
(215) 822-2929

Mailing Address:
P.O. Box 552
Landsdale, Pennsylvania 19446

Officers: Leon Riebman, chairman & chief executive officer; Mark H. Ronald, president & chief operating officer; George King, sr. v.p. & chief financial officer; John F. Sharkey, v.p.-planning; John R. Cox, v.p., secretary & general counsel; Jesse H. Riebman, v.p., treasurer & assistant secretary; Raymond Gutowski, v.p. & controller.

Directors: Leon Riebman, chairman; Francis J. Dunleavy, Donald H. Miller, Jr., Grinnell Morris, Lloyd W. Moffit, Conrad J. Fowler, Mark H. Ronald.

Areas of Work: Involved with electronic defense products and services, consisting primarily of the design and manufacture of electronic countermeasure systems, simulation systems, radars and receivers. The Company is also engaged in the installation and integration of avionics systems into military aircraft, and provides such products as antennas, microwave integrated circuits, and hybrid microcircuits, and such services as calibration services, product testing services and technical publication services.

AEL Industries, Inc.

Subsidiaries:

American Electronic Laboratories, Inc.
306 Richardson Road
Montgomeryville, Pennsylvania 18936

AEL Systems International Corp.
AEL Defense Corp.
Emtech Investment Co., Inc.
UltraVeu Corp.

Acquisition:

Cross Systems, Inc.
Atlanta, Georgia
Engaged in the design, development and manufacture of electronic defense systems primarily for the U.S. government and its agencies.

Transfer Agent(s):

Pittsburgh National Bank
Pittsburgh, Pennsylvania 15265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AELNA (NASDAQ)

Number of Employees:

1988	N.A.	1987	1,557

Plant Footage:

1988	500,000 sq. ft.	1987	500,000

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income‡
1988	$ 119,637,000	$ 2,126,000
1987	108,382,000	3,321,000
1986*	104,909,000	4,739,000
1985	83,779,000	43,594,000
1984	64,208,000	6,895,000

	No. of Com. Shares†	Earn. per Share #‡
1988	3,971,000	$ 0.51
1987	4,377,000	0.74
1986*	4,636,000	1.01
1985	4,608,000	9.30
1984	4,618,500	1.23

* 53 weeks.
+ Of continuing operations only.
‡ Including extraordinary gain of $2,500,000 ($0.54 per share) in 1984.
† Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividends	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	3-for-2
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 53,418,000	$ 13.45
1987	55,676,000	12.72
1986	55,501,000	11.97
1985	50,539,000	10.97
1984	8,838,000	1.91

Adjusted to reflect stock splits.

Income Account *

Year ended	2/26/88	2/27/87
Net sales	$ 119,637,000	$ 108,382,000
Cost of sales	94,253,000	82,877,000
Expenses	20,992,000	19,480,000
Other income	(449,000)	(765,000)
Interest expense	1,824,000	807,000
Interest income	(584,000)	(865,000)
Share in inc. of unconsol. subsid.	—	1,502,000
Income bef. taxes	$ 3,601,000	$ 5,346,000
Income taxes	1,475,000	2,025,000
Net Income	$ 2,126,000	$ 3,321,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,963,000 in 1987 and $3,020,000 in 1986.

Assets

As of	2/26/88	2/27/87
Cash & short-term invest.	$ 6,595,000	$ 9,365,000
Receivable, net	42,789,000	36,397,000
*Inventories	6,434,000	5,451,000
Prepaid expenses	5,128,000	867,000
Current Assets	$ 60,946,000	$ 52,080,000
Investments	10,295,000	10,295,000
#Fixed assets	30,056,000	25,359,000
Other assets	12,304,000	2,713,000
Total Assets	$ 113,601,000	$ 90,447,000

Liabilities

Short-term borrowing	$ 19,625,000	$ 8,860,000
Long-term debt, curr.	1,000,000	1,334,000
Accts. payable	3,426,000	2,911,000
Accrued payroll	4,839,000	4,821,000
Advance deposits	5,789,000	1,138,000
Other accruals	11,734,000	6,816,000
Curr. Liabilities	$ 46,413,000	$ 25,880,000
Long-term debt	12,474,000	7,970,000
Def. inc. taxes	1,296,000	921,000
+ Common stock:		
Class A	4,429,000	4,408,000
Class B	449,000	455,000
Add. paid-in capital	2,230,000	2,086,000
Retained earnings	55,027,000	52,901,000
Treasury stock	(8,717,000)	(4,174,000)
Total Liabilities & Shareholders' Equity	$ 113,601,000	$ 90,447,000

* At lower of cost (average and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.01	4.93
%Net Income to Sales	1.78	3.06
%Net Income to Equity	3.98	5.96
Sales to Inventories	18.55	19.88
Debt to Equity	0.62	0.33
Working Capital	$ 14,533,000	$ 26,200,000
Current Ratio	1.31	2.01
Shareholders' Equity	$ 53,418,000	$ 55,676,000

Aerosonic Corporation

1212 North Hercules Avenue
Clearwater, Florida 34625
(813) 461-3000

Officers: Herbert J. Frank, president; William Parker, v.p.-marketing; David S. Goldman, executive v.p. & treasurer; Miriam Frank, secretary.

Directors: Herbert J. Frank, David S. Goldman, Miriam Frank, C. Fred Burley.

Areas of Work: Engaged in the research, manufacture and overhaul of aircraft instrumentation. Sells a complete line of instrumentation, with altimeters representing a major portion of total sales.

Transfer Agent(s):

Aerosonic Corporation
Clearwater, Florida

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ASON (NASDAQ)

Number of Employees:

1988	210	1985	230
1987	213	1984	230
1986	211		

Plant Footage:

1988	75,500 sq. ft.	1986	75,500
1987	75,500		

Sales & Earnings

	Net Sales	Net Income
1988	$ 11,110,674	$ 165,953
1987	9,192,874	106,587
1986	10,100,154	14,893
1985	10,940,976	315,512
1984	7,451,365	62,661

	No. of Com. Shares‡	Earn. per Share‡
1988	3,836,211	$ 0.04
1987	3,836,211	0.03
1986	3,836,211	—
1985	3,836,211	0.08
1984	3,836,211	0.02

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share†
1988	$ 6,461,087	$ 1.68
1987	6,295,134	1.64
1986	6,188,547	1.61
1985	6,173,654	1.61
1984	5,858,142	1.53

Income Account *

Year ended Jan. 31	1988	1987
Net sales	$ 11,110,674	$ 9,192,874
Cost of sales	8,511,044	7,100,315
Expenses	2,144,335	1,867,038
Interest exp.	103,342	72,934
Income bef. taxes	$ 351,953	$ 152,587
Income taxes	186,000	46,000
Net Income	$ 165,953	$ 106,587

* Included in Costs and Expenses, Depreciation: $415,012 in 1988 and $415,212 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 90,700	$ 32,925
Accts. notes & other receiv.	1,660,273	1,678,029
Refundable income taxes	—	4,600
* Inventories	5,150,722	5,293,678
Prepaid expenses	34,141	28,770
Current Assets	$ 6,935,836	$ 7,038,002
Restricted cash	1,728,642	—
# Fixed assets	1,921,904	1,877,884
Other assets	63,230	17,842
Total Assets	$ 10,649,612	$ 8,933,728

Liabilities

Notes payable	$ 400,000	$ 600,000
Long-term debt, curr.	315,695	267,120
Accounts payable	867,988	980,714
Accrued payroll	191,065	179,511
Accruals	224,160	80,921
Curr. Liabilities	$ 1,998,908	$ 2,108,266
Long-term debt	1,939,917	316,328
Def. inc. taxes	249,700	214,000
+ Common stock	1,594,505	1,594,505
Add. paid-in capital	3,174,354	3,174,354
Retained earnings	1,764,889	1,598,936
Treasury stock	(72,661)	(72,661)
Total Liabilities & Shareholders' Equity	$ 10,649,612	$ 8,933,728

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.17	1.66
%Net Income to Sales	1.49	1.16
%Net Income to Equity	2.57	1.69
Sales to Inventories	2.16	1.74
Debt to Equity	0.41	0.19
Working Capital	$ 4,936,928	$ 4,929,736
Current Ratio	3.47	3.34
Shareholders' Equity	$ 6,461,087	$ 6,295,134

AFA Protective Systems, Inc.

155 Michael Drive
Syosset, New York 11791
(516) 496-2322

Officers: Philip Kleinman, chairman, chief executive officer & president; Robert D. Kleinman, exec. v.p., secretary & general counsel; Richard D. Kleinman, v.p. & chief operating officer; Raymond S. Greenberger, controller & assistant secretary.

Directors: Robert S. Heller, Philip Kleinman, Reginald C. Miller, Alfred G. Seddon, Harry F. Weyher, Richard D. Kleinman, Robert D. Kleinman, Leon Sicular, Asher Bernstein.

Areas of Work: Engaged in the distribution and installation of alarm devices and systems, including a time and frequency division multiplex signal transmission system. Provides central station protective services.

Subsidiary:

AFA Mass., Inc.

Transfer Agent(s):

Mellon Securities Trust Company
1 Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	256	1984	262
1986	250	1983	269
1985	246		

Sales & Earnings

	Sales & Revenues	Net Income
1987	$ 15,199,954	$ 912,973
1986	13,429,758	1,061,422
1985	14,361,177	4,925,466
1984	14,095,741	1,337,155
1983	13,125,856	1,628,887

	No. of Com. Shares	Earn. per Share #
1987	235,873	$ 3.87
1986	235,813	4.00
1985	282,239	16.99
1984	313,687	4.07
1983	340,922	4.78

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	0.94	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 6,348,769	$ 26.92
1986	5,671,609	24.05
1985	8,515,939	30.17
1984	5,016,405	15.99
1983	5,011,192	14.70

Income Account

Year ended Dec. 31	1987	1986
Service	$ 15,199,954	$ 13,429,758
Sales	3,179,877	2,406,329
Total income	$ 18,379,831	$ 15,836,087
Cost of sales	1,872,633	1,378,543
Cost of service	6,436,196	5,634,366
Expenses	5,295,083	4,645,766
Depreciation	1,912,624	1,457,739
Rental of signal lines	1,370,441	1,356,253
Interest expense	55,709	81,771
Interest income	(212,828)	(499,870)
Other income	—	(407,903)
Income before taxes	$ 1,669,973	$ 2,189,422
Income taxes	757,000	1,128,000
Net Income	$ 912,973	$ 1,061,422

Assets

As of Dec. 31	1987	1986
Cash	$ 745,876	$ 175,621
Marketable securities	1,077,735	1,286,715
Accts. & notes receiv., net	2,838,513	2,415,117
*Inventories	280,505	259,066
Prepaid expenses and other	336,634	374,469
Current Assets	$ 5,279,263	$ 4,510,988
Installment materials	820,685	823,719
#Fixed assets	11,856,563	10,983,729
Other assets	275,865	348,533
Total Assets	$ 18,232,376	$ 16,666,969

Liabilities

Accts. payable	$ 1,334,332	$ 1,253,372
Income taxes payable	83,474	—
Other accrued liab.	1,638,654	1,432,186
Billings in exc. of costs	481,184	83,593
Other curr. liab.	244,500	440,500
Curr. Liabilities	$ 3,422,144	$ 3,209,651
Deferred income	7,014,163	6,530,809
Deferred inc. taxes	1,447,300	1,254,900
+ Common stock	235,813	235,813
Add. paid-in capital	476,910	476,910
Retained earnings	5,636,046	4,958,886
Total Liabilities & Shareholders' Equity	$ 18,232,376	$ 16,666,969

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	9.09	13.83
%Net Income to Revenues	4.97	6.70
%Net Income to Equity	14.38	18.71
Working Capital	$ 1,857,119	$ 1,301,337
Current Ratio	1.54	1.41
Shareholders' Equity	$ 6,348,769	$ 5,671,609

Alden Electronics, Inc.

Washington Street
Westborough, Massachusetts 01581
(617) 366-8851

Officers: John M. Alden, chairman & chief exec. officer; Joseph H. Girouard, president; Lawrence A. Farrington, v.p.; S. Charles Sviokla, treasurer; Robert P. Tatnall, v.p.-engineering.

Directors: John M. Alden, chairman; Joseph H. Girouard, Lawrence A. Farrington, William L. Alden, S. Charles Sviokla, John W. Connolly, Edward D. Cross, Robert E. Blakelock, Howard F. Nichols.

Areas of Work: Designs, assembles, sells and leases facsimile recorders, communications equipment and weather graphics display terminals. The Company supplies this equipment to industry, military and government for the display and recording of weather maps, satellite pictures and scientific data.

Divisions and Subsidiaries:

Alden International, Inc.
Alfax Paper & Engineering Company, Inc.
both at:
Washington Street
Westborough, Massachusetts 01581

Alden Electronics Washington Lab and Service Facility
618 North Washington Street
Alexandria, Virginia 22314

Alfax Paper of United Kingdom, Ltd.
Epsom, Surrey KT17 1ER England

Alfax Paper & Engineering Company, Inc.
250 St. Urban
Granby, Quebec J2G-8M8 Canada

Zephyr Weather Information Service, Inc.
Washington Street
Westborough, Massachusetts
Distributes weather data utilizing satellite communications and downlink earth stations.

Transfer Agent(s):

State Street Bank & Trust Company
225 Franklin Street
Boston, Massachusetts 02101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ADNEA (NASDAQ)

Alden Electronics, Inc.

Sales & Earnings

	Net Sales+	Net Income
1987	$ 18,817,490	$ 850,820
1986	17,194,846	1,357,385
1985	17,910,123	1,440,964
1984	14,303,324	1,062,391
1983	13,446,928	1,012,921

	No. of Com. Shares‡	Earn. per Share‡
1987	2,146,193	$ 0.40
1986	2,135,077	0.64
1985	2,120,154	0.68
1984	2,096,846	0.51
1983	N.A.	0.49

N.A. - Not Available.
+ Includes other revenues.
‡ Based on the weighted average number of Class A common stock and common share equivalents outstanding.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.15	—	—
1986	0.25	—	—
1985	0.28	—	—
1984	0.20	—	—
1983	0.20	—	—

+ Class A and Class B Common Stock combined.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 10,599,731	$ 4.94
1986	10,011,073	5.16
1985	9,125,845	4.30

‡ Based on the weighted average number of Class A Common Stock and common share equivalents outstanding.

Income Account*

Year ended	3/28/87	3/29/86
Net sales & serv. revenues	$ 14,046,092	$ 13,391,096
Other income	4,660,906	3,528,509
Interest income	110,492	275,241
Total income	$ 18,817,490	$ 17,194,846
Cost of sales	12,850,377	10,628,114
Expenses	4,473,985	4,146,673
Interest expense	21,808	23,674
Income before taxes	$ 1,471,320	$ 2,396,385
Income taxes	620,500	1,039,000
Net Income	$ 850,820	$ 1,357,385

* Included in Costs and Expenses, Depreciation: $1,317,222 in 1987 and $635,966 in 1986.

Assets

As of	3/28/87	3/29/86
Cash	$ 419,070	$ 470,610
Marketable securities	303,101	2,386,202
Accts. receiv., net	2,728,910	2,273,353
Refundable taxes	—	26,422
*Inventories	4,469,209	3,703,308
Other curr. assets	43,414	103,483
Current Assets	$ 7,963,704	$ 8,963,378
#Fixed assets	5,653,741	3,206,922
Total assets	$ 13,617,445	$ 12,170,300

Liabilities

Long-term debt, curr.	$ 50,000	$ 50,000
Notes payable	500,000	—
Accts. payable	1,231,833	654,994
Accruals	201,699	243,665
Income taxes	231,573	217,999
Dividends payable	302,162	506,571
Other current liabilities	86,947	32,498
Curr. Liabilities	$ 2,604,214	$ 1,703,727
Long-term debt	187,500	237,500
Deferred inc. taxes	226,000	218,000
+Class A common stock	1,989,385	1,969,385
++Class B common stock	75	75
Add. paid-in capital	1,543,868	1,523,868
Retained earnings	7,066,403	6,517,745
Total Liabilities & Shareholders' Equity	$ 13,617,445	$ 12,170,300

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.47	17.90
%Net Income to Sales	6.06	10.14
%Net Income to Equity	8.03	13.56
Sales to Inventories	3.14	3.62
Debt to Equity	0.07	0.03
Working Capital	$ 5,359,490	$ 7,259,651
Current Ratio	3.06	5.26
Shareholders' Equity	$ 10,599,731	$ 10,011,073

Algorex Corporation

70 Corporate Drive
Hauppauge, New York 11788
(516) 434-9400

Officers: Sheldon O. Newman, chairman of the board; Robert M. Brill, president & chief executive officer; Merwin Kliman, exec. v.p.; Donald D. Shack, secretary; John G. Carlson, chief financial officer & treasurer.

Directors: Sheldon O. Newman, chairman; Merwin Kliman, Donald D. Shack, Robert M. Brill, Thomas F. Kearns, Jr..

Areas of Work: Using computers, the company automates the design, manufacture and testing of complex systems of all kinds for companies in the electronic industry.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Ticker Symbol: ALGO (NASDAQ)

Number of Employees:

1987	N.A.	1984	350
1986	230	1983	150
1985	N.A.		

Plant Footage:

1987	N.A.	1984	120,000
1986	150,000 sq. ft.	1983	30,000
1985	N.A.		

N.A.-Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 8,514,541	$ (6,493,881)
1986	16,452,603	(2,711,423)
1985	14,970,674	(5,855,766)
1984	15,223,475	1,619,152
1983	10,533,524	1,386,789

	No. of Com. Shares #	Earn. per Share #
1987	2,773,040	$ —
1986	2,764,981	—
1985	2,785,159	—
1984	2,815,335	0.58
1983	2,537,717	0.55

(Loss)
Based on the weighted average number of shares outstanding during each period.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 4,168,343	$ 1.50
1986	10,592,724	3.83
1985	13,290,485	4.77
1984	18,926,338	6.72
1983	15,941,625	6.28

Based on the weighted average number of shares outstanding during each period.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 8,514,541	$ 16,452,603
Cost of sales	7,687,784	14,236,566
Expenses	3,100,993	2,663,961
Int. an dividend inc.	(29,138)	(57,292)
Interest expense	375,614	445,687
Other income	(69,474)	(258,164)
Losses rel. to discont. oper.	3,900,000	2,030,000
Loss bef. taxes	$ (6,451,238)	$ (2,608,155)
Income taxes	42,643	103,268
Net Loss	$ (6,493,881)	$ (2,711,423)

* Included in Costs and Expenses, Depreciation and Amortization: $940,286 in 1987 and $1,498,641 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,195,314	$ 599,911
Acct. receiv., net	1,515,092	2,993,303
* Inventories	81,061	481,049
Other curr. assets	128,563	298,536
Current Assets	$ 2,920,010	$ 4,332,799
# Fixed assets	7,695,467	12,997,528
Construc. in progress	—	79,403
Cap. leased group	4,801	9,603
Intangibles	—	1,051,448
Other assets	463,299	518,341
Total Assets	$ 11,083,577	$ 18,989,122

Liabilities		
Revenue bonds	$ 250,000	$ 200,000
Cap. lease oblig. curr.	3,135	3,135
Accts. payable	325,008	751,427
Accruals	422,091	827,989
Income taxes pay.	15,000	67,053
Curr. Liabilities	$ 1,015,234	$ 1,849,604
Revenue bonds	5,900,000	6,150,000
Reserve for relocation	—	396,794
+ Common stock	27,855	27,657
Add. paid-in capital	15,622,600	15,553,298
Retained earnings (deficit)	(11,465,237)	(4,971,356)
Treasury stock	(16,875)	16,875
Total Liabilities & Shareholders' Equity	$ 11,083,577	$ 18,989,122

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary		
Working Capital	$ 1,904,776	$ 2,483,195
Current Ratio	2.88	2.34
Shareholders' Equity	$ 4,168,343	$ 10,592,724

Allegheny International, Inc.

(Operating under Chapter 11 of the U.S. Bankruptcy Code)

Two Oliver Plaza
P.O. Box 456
Pittsburgh, Pennsylvania 15230
(412) 562-4000

Officers: Oliver S. Travers, chairman of the board, president & chief executive officer; Thomas J. Albani, exec. v.p. & chief operating officer; Samuel H. Iapalucci, v.p. & treasurer; James T. Dougherty, v.p., general counsel & secretary; K. Wayne Long, v.p.-accounting & control; Roland H. Schriver, controller; Herbert C. Graves, v.p.-operations services.

Directors: Anthony J. A. Bryan°, Richard M. Cyert°, Spencer R. Stuart, Oliver S. Travers°, Thomas J. Albani, Anthony D. Shanagher, Joshua Angel, Donald F. Craib, Jr., Richard P. Farkas, John K. Kittredge, Thomas H. Maddux°, William J. Scharffenberger.

° Member of the Executive Committee

Areas of Work: Manufactures and markets small appliances, personal care products, electric blankets, housewares, scales, clocks, weather measuring instruments and barbecue grills.

Divisions and Subsidiaries:

Sunbeam Appliance Company
2001 South York Road
Oak Brook, Illinois 60521
(312) 654-1900
Irons, food and beverage preparation appliances, grooming and other personal care products, ovens.

Oster Division of Sunbeam Corporation
5055 North Lydell Avenue
Milwaukee, Wisconsin
(414) 332-8300
Food and beverage preparation appliances, personal care products.

Northern Electric Company
5224 North Kedzie Avenue
Chicago, Illinois 60625
(312) 267-5100
Electric blankets and heating pads; personal care products.

Hanson Scale Company
P.O. Box 38-Highway 45 North
Shubuta, Mississippi 39360
(601) 687-1531
Bathroom, kitchen and postal scales; healthcare products.

Springfield Instrument Company
260 Railroad Avenue
Hackensack, New Jersey 07602
(201) 342-2700
Clocks, timers, and weather measuring instruments.

Sunbeam Corporation (Canada) Ltd.
Toronto, Ontario, Canada
Small appliances and barbecue grills.

Sunbeam International, Ltd.
Basingstoke, England
Irons, food and beverage preparation appliances.

Northern Blankets Ltd.
Manchester, England
Electric blankets and personal care products.

Solary
Division of Sunbeam Corporation (Canada) Limited
268 Grand River Avenue
P.O. Box 673
Brantford, Ontario N3T 5P9 Canada
(519) 759-6400
Personal care products, electric blankets and heating pads.

Almet/Lawalite, Inc.
P.O. Box L
Portland, Tennessee 37148
(615) 325-9283
Casual furniture.

Sunbeam Leisure Products Company
P.O. Box 622
Neosho, Missouri 64850
(417) 451-4550
Gas and charcoal barbecue grills; insects killers.

Sunbeam Mexicana
Mexico City, Mexico
Small appliances.

Oster de Venezuela
Caracas, Venezuela
Small appliances.

Sunbeam del Peru
Lima, Peru
Small appliances.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York, London, Paris, Amsterdam

Ticker Symbol: AG

Number of Employees:

1987	12,800	1984	34,800
1986	18,000	1983	36,700
1985	30,800		

Sales & Earnings

	Net Sales +	Net Income
1987°	$ 650,800,000	$ (285,400,000)
1986	999,600,000	(164,000,000)
1985	1,035,200,000	(109,100,000)
1984	1,011,100,000	14,900,000
1983	999,600,000	28,300,000

	No. of Com. Shares	Earn. per Share‡
1987	10,858,918	$ —
1986	10,831,450	—
1985	10,758,868	—
1984	10,527,204	—
1983	11,215,812	—

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	1.40	—	—
1984	1.40	—	—
1983	1.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ (260,900,000)	$ —
1986	(23,800,000)	—
1985	85,700,000	7.97
1984	242,200,000	23.01
1983	321,700,000	28.68

(Deficiency).

Income Account
(000's)

Year ended	9/27/87	12/28/86
Net sales	$ 650,826	$ 999,629
Cost of sales	520,605	710,898
Expenses	156,730	258,159
Depreciation & amortization	17,510	25,590
Other expense	10,961	54,772
Income taxes	56,553	102,179
Loss before taxes	$ (111,533)	$ (151,969)
Income taxes (credit)	6,131	(821)
Loss - cont. oper.	$ (117,664)	$ (151,148)
Loss - discont. oper.	(167,777)	(12,852)
Net Loss	$ (285,441)	$ (164,000)

Assets
(000's)

As of	9/27/87	12/28/86
Cash	$ 22,372	$ 25,574
Short-term invest.	68,830	8,056
Notes & accts. receiv., net	212,777	213,140
°Inventories	184,463	233,834
Prepaid expenses	10,026	10,527
Net assets of discont. oper.	25,897	208,136
Current Assets	$ 524,365	$ 699,267
Long-term receiv. & other invest.	47,140	51,146
Investments & advances	3,629	9,530
#Fixed assets	104,410	128,394
Other assets	9,887	5,985
Intangibles	87,798	90,477
Assets of discont. oper.	73,259	297,821
Total Assets	$ 850,488	$ 1,282,620

Liabilities
(000's)

Short-term borrowings	$ 207,823	$ 271,981
Long-term debt, curr.	33,039	146,824
Accts.payable	61,889	90,965
Accruals	103,666	93,105
Accrued payroll	15,397	18,403
Income taxes	7,219	10,727
Curr. Liabilities	$ 429,033	$ 632,005
Long-term debt	311,718	335,368
Other liab.	131,300	106,903
Deferred inc. taxes	6,420	1,148
+Redeemable pref. stock	232,912	231,022
++Common stock	8,869	8,869
Add. paid-in capital	214,103	214,264
Retained earnings (def.)	(365,960)	(78,620)
Cum. adjust. from for. curr. trans.	(28,600)	(78,371)
Treasury stock	(89,307)	(89,968)
Total Liabilities & Shareholders' Equity	$ 850,488	$ 1,282,620

* At lower of cost (average, and FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $0.67 par value.

Statistical Summary

Sales to Inventories	3.53	4.27
Working Capital	$ 95,332,000	$ 67,262,000
Current Ratio	1.22	1.11
Shareholders' Equity (Deficiency)	$ (260,900,000)	$ (23,800,000)

The Allen Group, Inc.

534 Broad Hollow Road
Melville, New York 11747
(516) 293-5500

Officers: Philip Wm. Colburn, chief executive officer & president; J. Chisholm Lyons, vice chairman of the board; Donald B. Bendler, sr. v.p.; R. Michael Briggs, exec. v.p.-operations; Stephen E. Gilhuley, v.p., secretary & general counsel; Andris Grants, group v.p.; Sheldon Gross, v.p. & president-Allen Group Canada Limited; Richard P. Motta, v.p. & treasurer; Robert A. Yousdelman, v.p.-taxation; Stuart M. Wilens, v.p. & controller; Harry M. Cook, group v.p. & president-The Allen Group Puerto Rico Inc.; Frank J. Hyson, v.p. & president-The Crown Divisions.

Directors: Walter B. Kissinger, Wade W. Allen, George A. Chandler, Philip W. Colburn, Albert H. Gordon, Henry Kohorn, J. Chisholm Lyons, Charles W. Robinson, Felix Schnyder, Richard S. Vokey, William M. Weaver, Jr., Jill K. Conway.

Area of Work: Manufactures automotive electronic test equipment, electronic assemblies and computerized engine diagnostic equipment. Other products include auto parts, antennas and truck cabs.

Subsidiaries:

Allen Testproducts
Kalamazoo, Michigan
Mississauga, Ontario, Canada
Engine diagnostic equipment for the automotive repair market.

Mangum Manufacturing Company
Dallas, Texas
Radiators and heat exchange products.

Allen Automated Systems Company
Westland, Michigan
Computerized products test and assembly machines and systems and automated test equipment.

The Antenna Specialists Co.
Cleveland, Ohio
Cellular telephone, marine, aviation, land mobile, monitor and CB antennas.

The G&O Manufacturing Company
New Haven, Connecticut
Replacement radiator cores, radiators and heat exchange products.

The Allen Group Puerto Rico Inc.
Fajardo, PR
Electronic assemblies used in other Allen products.

Allen Group Canada Limited
Toronto, Ontario, Canada
Die-cut and molded rubber products.

The Allen Group Leasing Corp.
Livonia, Michigan
Leasing engine diagnostic equipment.

The Crown Divisions
Wooster, Orrville, Lorain, Lardstown, Ohio; Baltimore, Maryland; Sterling Heights, Michigan; Mississauga, Canada
Truck cabs, bodies, utility van interiors, farm tractor cabs and hoods.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: ALN

Number of Employees:

1987	5,200	1984	5,000
1986	5,400	1983	4,700
1985	5,300		

Sales & Earnings x

	Net Sales+	Net Income
1987	$ 348,158,000	$ (15,477,000)
1986	351,713,000	(10,274,000)
1985	352,678,000	16,138,000
1984	301,375,000	9,432,000
1983	230,672,000	6,042,000

	No. of Com. Shares +	Earn. per Share‡
1987	8,199,000	$ —
1986	8,309,000	—
1985	9,050,000	1.77
1984	8,861,000	1.04
1983	8,562,000	0.77

(Loss)
x Restated to reflect change in financing method of accounting for leases.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock split.
+ Adjusted to reflect stock dividends and stock split.

Revenues By Line of Business
(000's)

	1987	1986
Automotive test & service	$ 228,416	$ 251,093
Mobile communications	35,707	32,878
Truck prods.	84,035	67,742
Total	$ 348,158	$ 351,713

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.42	—	—
1986	0.36	—	—
1985	0.50	—	5-for-4
1984	0.40	5%	—
1983	0.31	5%	—

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity x

	Total Equity	Equity Per Share +
1987	$ 57,744,000 ‡	$ 7.04
1986	85,571,000 ‡	9.98
1985	116,054,000	12.60
1984	102,059,000	11.22
1983	94,978,000	11.02

x Restated.
+ Adjusted to reflect stock dividends and stock split.
‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 348,158	$ 351,713
Cost of sales	251,806	245,134
Expenses	104,439	94,565
Eq. in earn. of unconsol. lease fin. subsid.	(3,716)	(2,145)
Interest expense	9,000	6,791
Restructuring costs	—	6,000
Inc. (loss) bef. taxes	$ (13,371)	$ 1,368
Income taxes	4,535	3,360
Loss - cont. oper.	$ (17,906)	$ (1,992)
Inc.-(loss)-discont. oper.	2,429	(8,732)
Net Loss	$ (15,477)	$ (10,724)

* Included in Costs and Expenses, Depreciation and Amortization: $11,673,000 in 1987 and $7,881,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash & equivalents	$ 17,843	$ 19,425
Accts. receiv., net	54,729	74,689
*Inventories	96,531	107,569
Due from unconsol. lease fin. subsid.	—	3,821
Prepaid expenses	2,976	3,967
Net assets of European Oper.	41,057	—
Current Assets	$ 213,136	$ 209,471
#Fixed assets	79,844	76,003
Unexp. plant & equip. funds	1,593	4,617
Goodwill	4,707	8,234
Investments & other assets	6,647	30,988
Total Assets	$ 305,927	$ 329,313

Liabilities
(000's)

Notes payable	$ 23,349	$ 20,544
Long-term debt, curr.	12,016	3,640
Accts. payable	31,244	43,374
Accruals	31,887	37,753
Curr. Liabilities	$ 98,496	$ 105,311
Long-term debt	38,885	36,665
Indust. rev. bonds	27,339	25,104
Cap. lease oblig.	202	2,010
Deferred income	25,761	17,152
+Preferred stock	2,300	2,300
++Common stock	9,890	9,890
Add. paid-in capital	130,527	129,748
Retained earnings (deficit)	(4,097)	18,870
Translations adjustment	2,408	(225)
Treasury stock	(23,460)	(15,807)
Unearned compensation	(2,324)	(1,653)
Total Liabilities & Shareholders' Equity	$ 305,927	$ 329,313

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; $1.75 convertible exchangeable.
++ $1 par value.

Statistical Summary

Sales to Inventories	3.61	3.64
Debt to Equity	0.88	0.61
Working Capital	$ 114,640,000	$ 104,160,000
Current Ratio	2.16	1.99
Shareholders' Equity	$ 115,244,000	$ 143,071,000

Allen Organ Company

Macungie, Pennsylvania 18062
(215) 966-2200

Officers: Jerome Markowitz, president & treasurer; Robert Pearce, vice president-sales; Eugene Moroz, vice president-production & asst. secretary; Leonard W. Helfrich, secretary & asst. treasurer; Steven Markowitz, v.p.-international operations.

Directors: Jerome Markowitz, Robert Pearce, Eugene Moroz, Fred Pillsbury, Leonard W. Helfrich, Steven Markowitz.

Areas of Work: Manufactures electronic musical instruments.

Subsidiaries:

Allen Organ International, Inc. (DISC)
Macungie, Pennsylvania

Rocky Mount Instruments Inc.
Rocky Mount, North Carolina
(919) 442-8068
Manufactures various assemblies for Allen organs as well as other instruments.

Transfer Agent(s):

Pittsburgh National Bank
10th St. & Ft. Duquesne Blvd.
Pittsburgh, Pennsylvania 15265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AL 'G (NASDAQ)

Number of Employees:

1987	470	1984	500
1986	490	1983	500
1985	500		

Plant Footage:

1987	307,000 sq. ft.	1984	287,000
1986	287,000	1983	287,000
1985	287,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 24,224,474	$ 4,458,921
1986	23,108,800	3,655,892
1985	21,748,269	4,168,536
1984	21,104,549	3,555,712
1983	19,373,362	2,962,419

	No. of Com. Shares #	Earn. per Share +
1987	1,432,933	$ 3.11
1986	1,364,919	2.55
1985	1,363,980	2.91
1984	1,362,580	2.49
1983	1,239,256	2.28

Class A and Class B shares combined adjusted to reflect stock split.
+ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.32	5%	—
1986	0.30	—	—
1985	0.29	—	2-for-1
1984	0.28	10%	—
1983	0.28	3%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 36,215,627	$ 25.27
1986	32,216,430	23.60
1985	28,932,623	21.21
1984	25,124,992	18.44
1983	21,956,346	17.72

+ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 24,224,474	$ 23,108,800
Cost of sales	15,128,673	14,368,328
Expenses	2,970,186	3,118,457
Other income	(1,815,206)	(1,654,677)
Income before taxes	$ 7,940,821	$ 7,276,692
Income taxes	3,482,000	3,621,000
Net Income	$ 4,458,821	$ 3,655,692

* Included in Costs and Expenses, Depreciation: $618,694 in 1987 and $614,097 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,249,784	$ 883,797
Short-term investments	20,487,507	17,810,070
Marketable securities	155,627	100,462
Accts. & notes rec., net	3,033,030	3,240,751
* Inventories	5,518,919	5,931,161
Prepaid expenses	23,205	16,872
Deferred in. taxes	31,618	22,150
Current Assets	$ 30,499,690	$ 28,010,263
# Fixed assets	6,729,169	5,569,086
Other assets	470,153	635,236
Total Assets	$ 37,699,012	$ 34,214,585

Liabilities

Accts. payable	$ 162,698	$ 232,006
Accruals	473,957	473,494
Customers' deposits	370,137	284,449
Income taxes	75,283	646,014
Curr. Liabilities	$ 1,082,075	$ 1,635,963
Deferred compensation	401,310	362,192
+ Common stock:		
Class A	122,009	116,204
Class B	1,342,991	1,279,246
Add. paid-in capital	10,548,325	8,235,787
Retained earnings	24,318,639	22,701,241
Treasury stock	(116,337)	(116,048)
Total Liabilities & Shareholders' Equity	$ 37,699,012	$ 34,214,585

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	32.78	31.49
%Net Income to Sales	18.41	15.82
%Net Income to Equity	12.31	11.35
Sales to Inventories	4.39	3.90
Working Capital	$ 29,417,615	$ 26,374,300
Current Ratio	28.19	17.12
Shareholders' Equity	$ 36,215,627	$ 32,216,430

Allied-Signal Inc.

(formerly Allied Corporation)

Columbia Road and Park Avenue
P.O. Box 4000R
Morristown, New Jersey 07960
(201) 455-2000

Officers: Edward L. Hennessy, Jr., chairman of the board & chief exec. officer; Daniel W. Derbes, exec. v.p. & pres., Allied-Signal International Inc.; Robert L. Kirk, exec. v.p.-chairman & chief exec. officer, Aerospace Company; Alan Belzer, exec. v.p.-pres., engineered materials; Roy H. Ekrom, exec. v.p.-pres., Aerospace Company; William C. Purple, exec. v.p.-pres., Defense Systems Company; J. Mason Reynolds, exec. v.p.-pres., automotive; Donald R. Kayser, sr. v.p. & chief financial officer; L. James Colby, Jr., sr. v.p.-technology; Brian D. Forrow, sr. v.p.-secretary & gen. counsel; Edwin M. Halkyard, sr. v.p.-human resources; David G. Powell, sr. v.p.-public affairs; John W. Barter, sr. v.p.-planning, development & administration; Edward W. Callahan, v.p.-health, safety, and environmental science; William F. Loftus, v.p. & treasurer; Richard R. Alvarado, v.p.-gov't. relations; J. Thomas Zusi, v.p. & controller; G. Peter D'Aloia, v.p.-taxes.

Directors: Jewel Plummber Cobb, Edward L. Hennessy, Jr., Donald W. Davis, William R. Haselton, Robert D. Kilpatrick, Stanley P. Porter, Richard R. Shinn, Thomas P. Stafford, Edward J. Boling, Ralph P. Davidson, Richard A. Lenon, Rawleigh Warner, Jr., Delbert C. Staley, Paul X. Kelley, Russell E. Palmer, Eugene E. Covert.

Areas of Work: The Company's operations are conducted under three business segments: aerospace; automotive; and engineered materials. Aerospace products include turbofan/turboprop engines, gas turbine engines, auxiliary power units, integrated avionics systems, automatic test systems, wheels and brakes, weather radar systems, flight control actuators, fuel controls, ignition systems, pneumatic, hydraulic, electro-mechanical control systems, gyroscopic devices, secure communications devices, environmental systems, anti-submarine systems, communications systems, missile components and systems, space pointing and control systems, air data computers, data management systems, heat transfer systems, torpedo propulsion systems and electric generating systems.

Automotive products include air and hydraulic brake systems and components, friction materials, electronics, filters, spark plugs, turbocharges, and safety restraints.

Engineered materials include nylon filament and staple fibers, apparel fibers, process technologies, catalysts and sorbents, circuit board laminates, engineered plastics, fluorocarbons, high-density polyethylene, low-molecular-weight polyethylene, hydrofluoric acid, performance films, uranium hexafluroside, specialty oximes, amorphous metal alloys, sulfur hexafluroide, and tar products.

Aerospace Segment:

Allied-Signal Aerospace Company
Aircraft Systems Company
Defense Systems Company

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Toronto, Amsterdam, Paris, Basle, Geneva, Zurich, Frankfurt, London, Tokyo.

Ticker Symbol: ALD

Number of Employees:

1987	115,300	1984	103,604
1986	137,200	1983	106,840
1985	143,800		

Allied-Signal Inc.

Sales & Earnings

	Net Sales +	Net Income‡
1987	$ 11,116,000	$ 656,000
1986	9,888,000	605,000
1985	8,133,000	(279,000)
1984	8,864,000	488,000
1983	8,159,000	98,000

	No. of Com. Shares +	Earn. per Share #‡
1987	149,948,815	$ 3.90
1986	174,352,025	3.26
1985	175,194,456	—
1984	83,029,334	5.03
1983	80,188,947	0.09

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $59,000,000 ($0.35 per share) in 1987.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Automotive	$ 3,546,000	$ 2,874,000
Aerospace	4,748,000	4,484,000
Engineered Materials	2,795,000	2,497,000
Unallocated	27,000	33,000
Total	$ 11,116,000	$ 9,888,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.80	—	—
1986	1.80	—	—
1985	1.80	—	—
1984	1.75	—	3-for-2
1983	1.60	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	$ 3,129,000	$ 20.87
1986	3,670,000 ‡	21.06
1985	5,833,000 ‡	33.29
1984	2,747,000 ‡	33.09
1983	2,455,000 ‡	30.61

‡ After allowing for preferred stock series at stated value.

Income Account*
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 11,116,000	$ 9,888,000
Cost of sales	8,909,000	7,677,000
Expenses	1,457,000	1,296,000
Oper. profit	$ 750,000	$ 915,000
Other income	(170,000)	(151,000)
Gain on Union Tex. stock issue	(108,000)	—
Interest expense	264,000	257,000
Income before taxes	$ 764,000	$ 809,000
Income taxes	242,000	234,000
Eq. in loss of affil. cos.	7,000	36,000
Inc. cont. oper.	$ 515,000	$ 539,000
Inc. discont. oper.	82,000	66,000
Net Income	$ 597,000	$ 605,000
Extraord. gain	59,000	—
Net Income & extraord. gain	$ 656,000	$ 605,000

* Included in Cost and Expenses, Depreciation, Depletion and Amortization: $347,000,000 in 1987 and $292,000,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term securities	$ 349,000	$ 193,000
Accts. & notes receiv., net	1,493,000	1,501,000
* Inventories	2,060,000	2,451,000
Other curr. assets	182,000	461,000
Current Assets	$ 4,084,000	$ 4,606,000
Invest. & long-term receiv.	803,000	711,000
# Fixed assets	3,330,000	3,514,000
Intangibles	1,547,000	1,990,000
Other assets	462,000	447,000
Total Assets	$ 10,226,000	$ 11,268,000

Liabilities
(000's)

Accts. payable	$ 1,078,000	$ 1,049,000
Comm. paper	—	360,000
Short-term borrowing	239,000	358,000
Long-term debt, curr.	258,000	135,000
Accruals	1,887,000	1,753,000
Curr. Liabilities	$ 3,462,000	$ 3,655,000
Long-term debt	2,017,000	2,127,000
Deferred inc. taxes	706,000	569,000
Other liabilities	912,000	1,179,000
+ Redeem. pref. stock	—	52,000
+ Preferred stock	—	16,000
++ Common stock	179,000	179,000
Add. paid-in capital	2,568,000	2,584,000
Retained earnings	1,503,000	1,155,000
Treasury stock	(1,150,000)	(190,000)
Currency trans. adj.	29,000	(58,000)
Total Liabilities & Shareholders' Equity	$ 10,226,000	$ 11,268,000

* At lower of cost (LIFO, FIFO or average) or market.
# Less accumulated depreciation, depletion and amortization.
+ No par value.
++ $1 par value.

Statistical Summary

%Net Income to Equity	19.08	16.41
Sales to Inventories	5.40	4.03
Debt to Equity	0.80	0.71
Working Capital	$ 622,000,000	$ 951,000,000
Current Ratio	1.18	1.26
Shareholders' Equity	$ 3,129,000,000	$ 3,686,000,000

Alpha Industries, Inc.

20 Sylvan Road
Woburn, Massachusetts 01801
(617) 935-5150

Officers: George S. Kariotis, chairman & chief executive officer; Martin J. Reid, president & chief operating officer; Robert E. Goldwasser, vice president; Frank A. Lesiki, vice president; Howard J. Hall, vice president; Donald E. Paulson, secretary; Allan L. Coon, sr. v.p., treasurer & chief financial officer; Paul E. Vincent, controller; John A. Hanna, Jr., asst. treasurer.

Directors: George S. Kariotis, Zenon S. Zannetos, John M. Dempsey, Jr., Timothy X. Cronin, Alfred M. Bertocchi, Martin J. Reid, Ray Shamie, Gerald T. Cameron.

Areas of Work: Supplies microwave ferromagnetic/dielectric materials and semiconductor devices, components and subsystems which are sold to manufacturers of sophisticated electronic systems. These products generate, amplify, detect and control microwave energy. The military defense market accounts for approximately 47% of Alpha's sales. Products include military radar, ECMs (electronic countermeasures) equipment, missile guidance and communications systems.

Divisions and Subsidiaries:

C.F.P. Holding Co., Inc.
20 Sylvan Road
Woburn, Massachusetts 01801
(617) 935-5150
Real estate.

Semiconductor Division
Woburn, Massachusetts
Microwave semiconductor devices and modules.

Advanced Products Division
Methuen, Massachusetts
Microwave and millimeter wave antennas, components, and subsystems, and gallium arsenide integrated circuits.

Microwave Components Division
Lawrence, Massachusetts
Solid state control components.

Central Microwave Company
Maryland Heights, Missouri
Produces gallium arsenide millimeter and microwave signal sources.

Trans-Tech, Inc.
Adamstown, Maryland
Microwave ceramic materials.

Alpha Industries (U.S.A.), Ltd.
England

Alpha Industries GmbH
Germany

Alpha Industries FSC, Inc.
U.S. Virgin Islands

Alpha Securities Corporation
Alpha Telecommunications, Inc.
Alpha DISC, Inc.

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: AHA

Number of Employees:

1987	1,160	1985	1,500
1986	1,370	1984	1,260

Plant Footage:

1987	409,100 sq. ft.	1985	473,100
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 62,215,000	$ (3,203,000)
1987	70,083,000	(818,000)
1986	70,996,000	(876,000)
1985	69,278,000	3,689,000
1984	80,148,000	5,554,000

	No. of Com. Shares ‡	Earn. per Share ‡
1988	7,162,000	$ —
1987	7,145,000	—
1986	7,131,000	—
1985	7,078,000	0.52
1984	7,027,000	0.79

(Loss)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	—	—
1986	0.025	—	—
1985	0.05	—	—
1984	0.05	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 50,840,000	$ 7.40
1987	53,923,000	2.55
1986	54,667,000	7.67
1985	55,400,000	7.83
1984	51,430,000	7.32

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended March 31	1988	1987
Net sales	$ 62,215,000	$ 70,083,000
Cost of sales	52,361,000	53,449,000
Expenses	13,974,000	14,349,000
Interest expense	825,000	1,013,000
Interest income	(644,000)	(91,000)
Other expense	464,000	2,749,000
Loss bef. taxes	$ (4,745,000)	$ (1,386,000)
Tax credit	(1,785,000)	(568,000)
Minority interest	243,000	—
Net Loss	$ (3,203,000)	$ (818,000)

Assets

As of March 31	1988	1987
Cash & temp. invest.	$ 10,692,000	$ 9,610,000
Accts. receiv., net	11,119,000	11,223,000
Inc. tax refund	358,000	172,000
*Inventories	8,756,000	11,311,000
Prepaid expense	848,000	642,000
Current Assets	$ 31,773,000	$ 32,958,000
#Fixed assets	37,921,000	38,453,000
Investments	—	2,500,000
Other assets	1,565,000	1,337,000
Total Assets	$ 71,259,000	$ 75,248,000

Liabilities

Long-term debt, curr.	$ 306,000	$ 228,000
Accts. payable	2,385,000	3,067,000
Accruals	5,600,000	6,153,000
Curr. Liabilities	$ 8,291,000	$ 9,448,000
Long-term debt	8,229,000	7,752,000
Minority interest	1,326,000	—
Other liabilities	1,104,000	1,352,000
Deferred inc. taxes	1,469,000	2,773,000
+Common stock	1,858,000	1,858,000
Add. paid-in capital	26,387,000	26,281,000
Retained earnings	22,872,000	26,075,000
Treasury stock	(277,000)	(291,000)
Total Liabilities & Shareholders' Equity	$ 71,259,000	$ 75,248,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

Sales to Inventories	7.11	6.20
Debt to Equity	0.17	0.15
Working Capital	$ 23,482,000	$ 23,510,000
Current Ratio	3.83	3.49
Shareholders' Equity	$ 50,840,000	$ 53,923,000

Altos Computer Systems

2641 Orchard Parkway
San Jose, California 95134
(408) 946-6700

Officers: David Jackson, chairman & chief exec. officer; David Zacarias, president & chief operating officer; Kapil Nanda, sr. v.p.-product & business development; David Liggett, exec. v.p.-operations; Sandy Holt, sr. v.p.-int'l sales and marketing; Sam Spadafora, sr. v.p.-national sales and marketing; John Doerner, v.p.-finance.

Directors: David Jackson, chairman; David Zacarias, Susan Jackson, Donald E. Lundgren, Wilfred J. Corrigan.

Area of Work: Designs, manufactures and markets multi-user microcomputer systems and software for a variety of business applications.

Subsidiaries:

Altos Computer Systems International
Altos International
San Jose, California

Altos Computer Systems Limited
England

Australian Altos Systems Pty. Limited
New South Wales, Australia

Altos Computer Systems GmbH
West Germany

Altos Computer Systems, S.A.R.L.
France

Altos Computer Systems A/S
Denmark

Altos Foreign Sales Corporation
Barbados

Altos Computer Systems S.R.L.
Italy

Altos Computer Systems AB
Sweden

Acquisition:

Communications Solutions Inc.
A software development company

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALTO (NASDAQ)

Number of Employees:

1987 ..... 782 1986 718

Plant Footage:

1987 ..... 169,000 sq. ft. 1986 157,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 153,936,000	$ 9,668,000
1986	134,189,000	20,250,000
1985	124,445,000	10,398,000
1984	102,739,000	9,748,000
1983	74,587,000	7,921,000

	No. of Com. Shares‡	Earn. per Share‡
1987	13,266,000	$ 0.73
1986	14,346,000	1.41
1985	14,915,000	0.70
1984	14,954,000	0.65
1983	13,551,000	0.58

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 106,124,000	$ 8.00
1986	102,393,000	7.14
1985	100,320,000	6.73
1984	91,028,000	6.09
1983	80,376,000	5.93

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	6/27/87	6/28/86
Net sales	$ 153,936	$ 134,189
Cost of sales	90,783	80,551
Expenses	51,109	45,513
Interest income	(1,755)	(4,580)
Eq. in earn. of affil. co.	(307)	(1,847)
Gain on sale of invest.	(1,691)	(16,936)
Income before taxes	$ 15,797	$ 31,488
Income taxes	6,129	11,238
Net Income	$ 9,668	$ 20,250

* Included in Costs and Expenses, Depreciation and Amortization: $4,790,000 in 1987 and $2,893,000 in 1986.

Assets (000's)

As of	6/27/87	6/28/86
Cash & temp. cash invest.	$ 55,901	$ 67,438
Accts. receiv., net	37,692	23,160
* Inventories	20,502	22,297
Prepaid inc. taxes	—	1,142
Other curr. assets	4,369	3,280
Current Assets	$ 118,464	$ 117,317
#: Fixed assets	32,130	6,550
Invest. in affil. cos.	5,290	2,823
Deposits & other assets	4,855	1,428
Total Assets	$ 160,739	$ 128,118

Liabilities (000's)		
Long-term debt, curr.	$ 1,897	$ 1,615
Accts. payable	14,080	10,881
Accrued payroll	3,839	2,632
Other accruals	5,112	2,947
Income taxes	3,579	2,799
Deferred income taxes	1,575	—
Curr. Liabilities	$ 30,082	$ 20,874
Long-term debt	23,476	4,418
Deferred inc. taxes	640	433
Minority interest	417	—
+ Common stock	39,000	44,937
+ Junior common stock	29	29
Retained earnings	67,124	57,456
Shareholder notes receiv.	(29)	(29)
Total Liabilities & Shareholders' Equity	$ 160,739	$ 128,118

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.26	23.47
%Net Income to Sales	6.28	15.09
%Net Income to Equity	9.11	19.78
Sales to Inventories	7.51	6.02
Debt to Equity	0.24	0.06
Working Capital	$ 88,382,000	$ 96,443,000
Current Ratio	3.94	5.62
Shareholders' Equity	$ 106,124,000	$ 102,393,000

AM International

333 West Wacker Drive
Chicago, Illinois 60606
(312) 558-1966

Officers: Merle H. Banta, chairman & chief exec. officer; Jerry O. Williams, president & chief operating officer; John H. Shuey, sr. v.p.-finance & chief financial officer; John C. Ambrister, sr. v.p., secretary & gen. counsel; Donald A. Biesack, v.p.-human resources; Marion G. Durk, v.p.-corp. relations; Myron E. Frye, v.p.-corp. purchasing; R. Troy Huggins, v.p.-research & development; Gerald J. McConnell, v.p. & pres.-Multigraphics Division; Theodore Niggli, sr. v.p.-business & product development, Webb Press Group; Thomas D. Rooney, v.p. & pres.-Bruning Division; Anthony Spier, v.p. & pres.-International Division; William A. Whitescarver, v.p. & pres.-Bindery and Forms Press Division; Steven F. Kaplan, v.p. & pres.-Web Press Group; James P. Corcoran, treasurer.

Directors: Merle H. Banta, chairman; B. Charles Ames, Charles S. Arledge, Norman E. Auerbach, Stephen F. Hinchliffe, Jr., Carl Kaysen, George Kelm, Theodore Levitt, James M. Reed, Jerry O. Williams.

Areas of Work: The Company's products, supplies and service offerings are concentrated in four principal categories. Design and Display products include computer-based phototypesetting and photocomposition systems, forms composition systems, text and graphics processing systems, CAD pen plotters, and scanners; Reproduction productions include offset duplicators, web offset presses, diazo copiers, plain paper copiers, and laser printers; Finishing products include bindery equipment, folders, collators, and inserters; and Support products include engineering supplies--such as digital type, plates, ink, coated paper--and related training and technical services.

Divisions:

Bindery and Forms Press Division
4900 Webster Street
Dayton, Ohio 45414
(513) 278-2651

Bruning Division
1800 Bruning Drive West
Itasca, Illinois 60143
(312) 351-2900

International Division
Two Continental Towers
1701 Golf Road, Suite 308
Rolling Meadows, Illinois 60008
(312) 952-2190

Multigraphics Division
1800 West Central Road
Mt. Prospect, Illinois 60056
(312) 398-1900

Varityper Division
11 Mount Pleasant Avenue
East Hanover, New Jersey 07936
(201) 887-8000

Web Press, USA Division
121 Broadway Street
Dover, New Hampshire 03280
(603) 749-1922

Web Press, Europe Division
2 Avenue Ambroise Croizat
B.P. 22 60160
Montataire, France
(33) 4455 3530

Subsidiaries:

AM International, Inc. (Canada)
Canada

AM International Limited
Addressograph Multigraph Ltd.
New Zealand

AM International Pty. Ltd.
Addressograph-Multigraph Pty. Ltd.
Tetota Pty. Ltd. Australia

AM Disco, Inc.
AM Foreign Sales Corporation
AM International Export Corporation
AM Export Corporation
AM Distribution Services Corporation

AM International A.G.
Switzerland

AM International, (Pty.) Limited
South Africa

AM International, S. A. Spain
Spain

AM International (Holdings) Limited
Admel International Limited
AM Admel Limited
AM Jacquard Systems, Ltd.
AM Varityper Limited
AM International Information Systems Limited
Addressograph-Multigraph Limited
AM International Leasing Ltd.
Great Britain

AM International G.m.b.H.
AM Bruning G.m.b.H.
West Germany

AM International Corporation N.V.
Netherlands Antilles

Grafcon Corporation
Multigraphics Advertising Corporation

Addressograph-Multigraph Corporation
AM International Leasing Corporation
AM Finance Canada Ltd.
AM Puerto Rico, Inc.
AM International (Denmark) A.S.
AM International (Finland) OY
AM Japan Company, Ltd. (67%-owned)
AM International S.A. de C.V. (Mexico)
AM International B.V. (Netherlands)
AM Varityper B.V. (Netherlands)
AM International AB (Sweden)
AM International S.A. (France)
AM Varityper and Co.
AM International S.A./N.V. (Belgium)
Addressograph-Multigraph Limited (Zambia)

AM Holdings, Inc.

Harris Graphics
Designs, manufacturers and markets large offset web presses, bindery equipment and business forms presses.

Bruning Computer Graphics
Manufacturers and distributes pen plotters.

Transfer Agent(s):

Morgan Shareholder Services Trust Co.
Stock Transfer Department
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Pacific, Midwest

Ticker Symbol: AM

Number of Employees:

1987	11,968	1984	10,120
1986	12,703	1983	10,339
1985	9,492		

Plant Footage:

1987	3,942,100 sq. ft.	1986	3,858,000

Sales & Earnings

	Revenues	Net Income+
1987	$ 1,162,764,000	$ 12,472,000
1986	688,910,000	5,707,000
1985	611,700,000	25,450,000
1984	598,500,000	69,522,000
1983	558,039,000	5,127,000

	No. of Com. Shares‡	Earn. per Share+‡
1987	51,793,000	$ 0.11
1986	41,653,000	0.06
1985	40,809,000	0.62
1984	39,739,000	1.75
1983	39,739,000	0.13

(Loss)
+ Including extraordinary gains of $10,194,000 ($0.20 per share) in 1987, $3,300,000 ($0.08 per share) in 1986, $14,573,000 ($0.35 per share) in 1985, $59,125,000 ($1.49 per share) in 1984 and $3,020,000 ($0.07 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 174,624,000 ‡	$ 3.39
1986	163,420,000 ‡	3.24
1985	100,284,000	2.46
1984	1,967,000	0.05
1983	(64,058,000)	—

(Deficiency)
‡ After allowing for preferred stock at aggregate liquidation preference.

Income Account *
(000's)

Year ended July 31	1987	1986
Revenues:		
Machines & supplies	$ 917,292	$ 511,202
Service	245,469	177,708
Total revenues	$ 1,162,764	$ 688,910
Cost of sales	779,076	425,420
Expenses	324,599	234,406
Interest expense	34,504	9,955
Interest income	(2,350)	(4,460)
Other expense	8,395	16,382
Income before taxes	$ 18,540	$ 7,207
Income taxes	16,262	4,800
Net income	$ 2,278	$ 2,407
Extraord. gain	10,194	3,300
Net income & ext/ord. gain	$ 12,472	$ 5,707

* Included in Costs and Expenses, Depreciation and Amortization: $37,779,000 in 1987 and $13,090,000 in 1986.

Assets
(000's)

As of July 31	1987	1986
Cash & temp. invest.	$ 20,501	$ 94,082
Accts. receiv., net	236,890	193,770
* Inventories	210,497	239,236
Prepaid expenses	14,178	20,086
Current Assets	$ 482,066	$ 547,174
# Fixed assets	189,225	173,795
Other assets	81,494	70,878
Intangibles	321,639	222,061
Total Assets	$ 1,074,424	$ 1,013,908

Liabilities
(000's)

Short-term borrowings	$ 15,894	$ 59,764
Accts. payable	113,850	101,187
Service contract deferred inc.	57,978	52,746
Installation & warranty	45,714	38,759
Payroll expenses	70,486	80,310
Other current liabilities	86,095	98,507
Curr. Liabilities	$ 390,017	$ 431,273
Long-term debt	299,904	267,010
Other liabilities	123,629	65,955
+ Preferred stock	35	35
++ Common stock	515	505
Add. paid-in capital	337,558	334,819
Notes receiv. from officers	(2,763)	—
Retained earnings (deficit)	(67,146)	(72,718)
Cum. trans. adjust.	(7,325)	(12,971)
Total Liabilities & Shareholders' Equity	$ 1,074,424	$ 1,013,908

* At lower of cost (FIFO) or market.
\# Less accumulated depreciation and amortization.
\+ $0.01 par value; $2 convertible exchangeable.
++ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Revenues	1.59	1.05
% Net Income to Revenues	0.20	0.35
% Net Income to Equity	0.87	0.96
Debt to Equity	1.21	1.31
Working Capital	$ 92,049,000	$ 115,901,000
Current Ratio	1.24	1.27
Shareholders' Equity	$ 260,874,000	$ 249,670,000

Amdahl Corporation

(45%-owned by Fujitsu Limited)

1250 East Arques Avenue
Sunnyvale, California 94088-3470
(408) 746-6000

Officers: John C. Lewis, chairman of the board & chief executive officer; Eugene R. White, vice chairman; E. Joseph Zemke, president & chief operating officer; Edward Thompson, v.p., chief financial officer & secretary; William F. O'Connell, Jr., sr. v.p.-corporate strategy; Bruce O. Beebe, sr. v.p.-product operations; David M. Brewer, v.p.-processor products; Michael R. Clements, chief technical officer & v.p.-advanced development; Joseph J. Francesconi, sr. v.p.-customer services & communications systems; E. Ted Springstead, sr. v.p.-marketing operations; Anthony M. Pozos, sr. v.p.-industrial relations & corporate services; William Flanagan, v.p.-manufacturing; Dean Witter, III, v.p. & treasurer; Ernest B. Thompson, v.p. & controller; Tom O'Rourke, v.p. & gen. mgr.-peripheral products division; Daniel W. Tierney, v.p.-corp. operations & administration systems; Frederick M. Trapnell, Jr., v.p.-system products; David L. Beamer, v.p.-U.S. sales operations; O. J. Nutt, v.p.-corp. marketing; David L. Anderson, v.p.-processor product mgmt.; William F. Ferone, v.p.-customer services; Eric L. Miles, v.p.-systems software.

Directors: John C. Lewis, chairman; E. F. Heizer, Jr., Masaka Ogi, Burton G. Malkiel, Walter B. Reinhold, R. Stanley Laing, J. Sidney Webb, Yoshinao Hircse, George R. Packard, Kazuo Watanabe, Eugene R. Whits, E. Joseph Zemke.

Areas of Work: Develops, manufactures and markets large-scale computer systems, storage products communications systems, software, and educational services. The company also provides products and software support for its systems and is engaged in research and development programs for future products.

Divisions and Subsidiaries:

Amdahl Canada Limited
1 First Canadian Place, 5th Floor
P.O. Box 123
Toronto, Ontario M5X 1A4 Canada
(416) 862-7479

Amdahl Belgium S.A.
360 Boulevard du Souverain, Sixth Floor
1160 Brussels, Belgium

Amdahl Danmark Computer Systems A/S
Sundkrogsgade 2
DK-2100 Kodenhaven oe, Denmark

Amdahl Deutschland GmbH
Arabella Strasse 21
P.B. 810109
D-8000 Muenchen 81, West Germany

Amdahl Nederland B.V.
Havenweg 24
4130 EB Vianen
Amsterdam, The Netherlands

Amdahl France S.A.R.L.
Maillot 2000
251 Boulevard Pereire
75853 Paris, Cedex 17, France

Amdahl Italia, S.p.A.
Viale Castello
Della Magliana, 75
Rome 00148 Italy

Amdahl Norge A/S
Brynsveien 3
P.O. Box 6221
Etterstad, 0603, Oslo 6, Norway

Amdahl Svenska AB
Svardvagen 11
Box 150
S-182 12 Danderyd, Sweden

Amdahl Schweiz AG
Baumacherstrasse 46
CH-8050 Zurich, Switzerland

Amdahl Ireland, Limited
Balheary Industrial Park
Swords, County Dublin, Ireland

Amdahl Communications Systems Division
2500 Walnut Avenue
Marina del Rey, California 90291
Designs, produces, markets, installs and services equipment (excluding transmission facilities) and software that constitute digital communications networks.

Amdahl (U.K.) Limited
Viking House
29/31 Lampton Road
Hounslow, Middlesex TW3 1JD England

Tran Communications, Ltd.
1320 Shawson Drive
Mississauga, Ontario L4W 1C3 Canada
(416) 678-9504

Amdahl Australia Pty Ltd.
Number 1 Pacific Highway
North Sydney NSW 2060 Australia

Amdahl International Hong Kong
2103, Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

Amdahl International Singapore
35-03 Shell Tower
50 Raffles Place Singapore 0104

Amdahl International New Zealand
First Floor, Natwest House
132 The Terrace, P.O. Box 5004
Wellington, New Zealand

Amdahl Pacific Basin Operations, Inc.
Thailand Branch
The Ocean Insurance Building, No. 175 Soi Sukhumvit 21 (Asoke),
Sukhumvit Road, Kwaeng Klongtoey
Khet Prukanong Bangkok, Metropolis, Thailand

Transfer Agent(s):

Bank of America, NT & SA
San Francisco, CA; New York, New York

Stock Exchange(s): American, London

Ticker Symbol: AMH

Number of Employees:

1987	7,650	1984	7,000
1986	7,200	1983	6,300
1985	N.A.		

Plant Footage:

1987	1,967,551 sq. ft.	1984	1,900,000
1986	N.A.	1983	1,200,000
1985	N.A.		

N.A. - Not Available

Amdahl Corporation

Sales & Earnings

	Revenues	Net Income‡
1987	$ 1,505,160,000	$ 145,985,000
1986	966,349,000	41,829,000
1985	862,032,000	28,706,000
1984	779,413,000	36,429,000
1983	777,680,000	46,457,000

	No. of Com. Shares #	Earn. per Share #‡
1987	51,802,000	$ 2.82
1986	48,496,000	0.86
1985	47,589,000	0.60
1984	45,569,000	0.80
1983	44,114,000	1.05

‡ Including extraordinary gains of $4,000,000 ($0.08 per share) in 1987, $2,500,000 ($0.05 per share) in 1986, $4,300,000 ($0.09 per share) in 1985 and $3,200,000 ($0.07 per share) in 1983.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 765,706,000	$ 14.78
1986	500,704,000	10.32
1985	457,760,000	9.62
1984	428,300,000	9.40
1983	372,339,000	8.44

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account * (000's)

Year ended	12/25/87	12/26/86
Revenues	$ 1,505,160	$ 966,349
Cost of revenues	825,918	574,110
Expenses	427,237	314,349
Interest income	(33,128)	(18,944)
Interest expense	18,148	28,005
Income before taxes	$ 266,985	$ 68,829
Income taxes	125,000	29,500
Net Income	$ 141,985	$ 39,329
Extraordinary gain	4,000	2,500
Net Income & extraordinary gain	$ 145,985	$ 41,829

* Included in Costs and Expenses, Depreciation and Amortization: $106,383,000 in 1987 and $84,251,000 in 1986.

Assets (000's)

As of	12/25/87	12/26/86
Cash & short-term invest.	$ 538,677	$ 192,562
Receivables	416,820	300,560
*Inventories	192,012	188,121
Prepaid expenses & deposits	30,760	20,184
Current Assets	$ 1,178,269	$ 701,427
Long-term receiv.	53,321	85,648
#Fixed assets	275,948	267,226
Total Assets	$ 1,507,538	$ 1,054,101

Liabilities (000's)

Notes payable	$ 58,923	$ 51,262
Accts. payable	48,190	43,067
Accts. pay.-stockholder	111,259	71,800
Accrued liabilities	306,548	162,483
Curr. Liabilities	$ 524,920	$ 328,612
Long-term debt	99,056	133,692
Deferred inc. taxes & invest. tax credits	117,856	91,093
+ Common stock	2,618	2,413
Add. paid-in capital	414,212	285,308
Retained earnings	348,876	212,983
Total Liabilities & Shareholders' Equity	$ 1,507,538	$ 1,054,101

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ 0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	17.74	7.12
%Net Income to Revenues	9.43	4.07
%Net Income to Equity	18.54	7.85
Sales to Inventories	7.84	5.14
Debt to Equity	0.21	0.37
Working Capital	$ 653,349,000	$ 372,815,000
Current Ratio	2.24	2.13
Shareholders' Equity	$ 765,706,000	$ 500,704,000

American Precision Industries Inc.

2777 Walden Avenue
Buffalo, New York 14225
(716) 684-9700

Officers: Robert J. Fierle, chairman & president; Richard P. Becht, exec. v.p.-operations; John M. Murray, v.p.-finance & treasurer; William A. Donovan, secretary; James W. Bevevino, v.p. & president-Heat Transfer Equipment Group; Donald C. McElheny, v.p. & president-Electronic Components Group; Richard S. Warzala, v.p. & president-Motion Control Group.

Directors: Robert J. Fierle, chairman; William A. Donovan, John M. Henske, Clark Daugherty, Bernard J. Kennedy, William P. Panny, John M. Albertine.

Areas of Work: Designs and manufactures ultraprecision mechanisms for industry and government. The Industrial Process Equipment segment of the business produces heat transfer products for manufacturers of gas compressors, steam and gas turbines, diesel engines, compressed air dryers, air conditioning equipment and hydraulic systems. The Electronic Components segment manufactures and sells high reliability micro-miniature coils, capacitors, and electromagnetic clutches, brakes and step motors to the industrial, computer, telecommunications, military, aerospace and business machine markets.

Divisions:

Basco Division
2777 Walden Avenue
Buffalo, New York 14225
(716) 684-6700
Designs and manufactures standard and custom heat transfer products, such as heat exchangers and condensers for commercial and industrial use.

Delevan Division
270 Quaker Road
East Aurora, New York 14052
(716) 652-3600
Designer and manufacturer of microminiature coil and transformer products used mainly by computer manufacturers, producers of data communication systems, and as part of the electronics necessary for governmental space probes. Other products include miniature electromechanical brakes and clutches used in data processing equipment, aerospace control systems, voting machines and numerically controlled machine tools.

Deltran Division
4401 Genesee Street
Buffalo, New York 14225
(716) 631-9800
Designs and manufactures electromechanical clutches and brakes for manufacturers of business machines, computer peripherals, aircraft and medical test equipment.

Air Cooled Applications Division
465 Ohio Street
Lockport, New York 14094
(716) 433-3053

Dekap Division
274 Sandusky Road
Arcade, New York 14009
(716) 496-5755

Surface Mounted Devices Division
274 Sandusky Road
Arcade, New York 14009
(716) 496-5755

API of Florida Division
5801 Silver Springs Boulevard
Silver Springs, Florida 32688
(904) 236-1261

Rapidsyn Division
3229 Roymar Road
Oceanside, California 92054
(619) 439-7500
Designs, manufactures, and sells step motors to the machine tool, robotics, computer hardware, business machine, aircraft, aerospace and military related industries.

Subsidiaries:

American Precision Industries (U.K.) Ltd.
Aldwych House
Aldwych
London WC2B 4JP England

API Development Corporation
2777 Walden Avenue
Buffalo, New York 14225

Nitta-Apitron Co., Ltd. (50% owned)
55-1 2chome, Honmachi, Higashi-Ku
Osaka 541, Japan

API-FS Corporation
5 Norre Gade
St. Thomas, U.S. Virgin Islands

API of Canada, Inc.
698 Wilson Avenue
Kitchener, Ontario N2C 1H9 Canada

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: APR

Number of Employees:

1987	840	1985	620
1986	670		

Plant Footage:

1987 ..... 253,800 sq. ft. 1986 253,800

Sales & Earnings

	Net Sales	Net Income
1987	$ 37,609,000	$ 1,611,000
1986*	34,469,000	813,000
1985	34,542,000	1,595,000
1984	38,601,000	2,866,000
1983	28,502,000	1,549,000

	No. of Com. Shares +	Earn. per Share #
1987	4,645,000	$ 0.35
1986	4,628,000	0.18
1985	4,634,000	0.35
1984	4,611,000	0.62
1983	4,577,000	0.34

* 53 weeks.
+ Adjusted to reflect stock dividends and stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock splits.

Revenues by Line of Business

	1987	1986	1985
Indust. process equip.	38.0%	42.0%	42.5%
Electronic components	61.0	55.0	55.5
General corporate	1.0	3.0	2.0
Total	100.0%	100.0%	100.0%

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.195	—	—
1986	0.175	—	3-for-2
1985	0.156	10%	—
1984	0.126	—	3-for-2
1983	0.112	20%	—

† Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 19,519,000	$ 4.20
1986	18,719,000	4.04
1985	18,936,000	4.09
1984	17,958,000	3.89
1983	15,563,000	3.40

† Adjusted to reflect stock dividends and stock splits.

Income Account*

Year ended	1/1/88	1/2/87 (53 weeks)
Revenues	$ 37,609,000	$ 34,469,000
Cost of sales	25,407,000	22,848,000
Expenses	8,924,000	8,939,000
Other expense	447,000	1,501,000
Income before taxes	$ 2,831,000	$ 1,181,000
Income taxes	1,220,000	368,000
Net Income	$ 1,611,000	$ 813,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,066,000 in 1987 and $1,274,000 in 1986.

Assets

As of	1/1/88	1/2/87
Cash & cert. of deposit	$ 2,803,000	$ 4,299,000
Accts. & notes receiv., net	6,069,000	4,841,000
*Inventories	5,315,000	4,948,000
Deferred taxes and other	1,537,000	2,266,000
Current Assets	$ 15,724,000	$ 16,354,000
#Fixed assets	5,394,000	4,965,000
Other assets	3,709,000	2,566,000
Total Assets	$ 24,827,000	$ 23,885,000

Liabilities

Long-term debt, curr	$ 189,000	$ 189,000
Accts. payable	2,401,000	2,229,000
Accruals	232,000	439,000
Accrued payroll	493,000	531,000
Dividends payable	232,000	208,000
Income taxes	272,000	—
Curr. Liabilities	$ 3,819,000	$ 3,596,000
Long-term debt	1,489,000	1,570,000
+ Common stock	3,119,000	3,108,000
Add. paid-in capital	10,221,000	10,139,000
Retained earnings	6,547,000	5,840,000
Treasury stock	(368,000)	(368,000)
Total Liabilities & Shareholders' Equity	$ 24,827,000	$ 23,885,000

* At lower of cost (Industrial process equipment at LIFO, electronic components at FIFO) or market.
# Less accumulated depreciation.
+ $ 66 2/3 par value.

Statistical Summary

%Income before Taxes to Sales	7.53	3.43
%Net Income to Sales	4.28	2.36
%Net Income to Equity	8.25	4.34
Sales to Inventories	7.08	6.97
Debt to Equity	0.09	0.09
Working Capital	$ 11,905,000	$ 12,758,000
Current Ratio	4.12	4.55
Shareholders' Equity	$ 19,519,000	$ 18,719,000

American Science and Engineering, Inc.

Fort Washington
Cambridge, Massachusetts 02139
(617) 868-1600

Officers: Martin Annis, chairman of the board & president; Clayton R. Annis, sr. v.p. & treasurer; Carolus M. Cobb, v.p.-chief chemist; James E. Powers, sr. v.p.; Jacob Shekel, v.p.-engineering; Paul J. Bjorkholm, sr. v.p.-research; Craig D. MacKay, sr. v.p.-marketing; Timothy I. Fillion, v.p.-engineering; M. David Adler, controller; Daniel V. Bakinowski, clerk.

Directors: Martin Annis, chairman; Carolus M. Cobb, Alvin S. Hochberg, Herman Feshbach, Ismael Escobar, Clayton R. Annis, Marie T. Spaulding.

Divisions:

Instrument Systems Division
Cambridge, Massachusetts 02139
(617) 868-1600
Designs and manufactures high technology products including MICRO DOSE X-RAY Inspection Systems for the detection of contraband and X-Ray systems for medical instrumentation.

ASEP Division
Cambridge, Massachusetts 02139
(617) 868-1600
Produces load management systems under the trade name ASEP. This system is bidirectional, offers load status, automatic time-of-use metering, automatic load survey, and load control.

Space Division
Cambridge, Massachusetts
Designs and builds scientific equipment payloads for NASA, primarily in the field of X-Ray astronomy.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: ASE

Number of Employees:

1987	249	1984	250
1986	285	1983	193
1985	N.A.		

Plant Footage:

1987 ..... 121,800 sq. ft. 1986 124,000

N.A. - Not Available.

Sales & Earnings

	Total Revenues +	Net Income #
1987	$ 20,127,000	$ (383,000)
1986	23,691,000	781,000
1985	20,529,000	(1,027,000)
1984	19,127,000	(952,000)
1983	11,504,000	(3,413,000)

	No. of Com. Shares‡	Earn. per Share‡ #
1987	$ 3,694,000	$ —
1986	3,641,000	0.21
1985	3,576,000	—
1984	2,821,000	—
1983	2,806,000	—

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $363,000 ($0.10 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Energy & space systems	$ 16,960,000	$ 20,600,000
X-ray inspection & med. systems	3,123,000	3,028,000
Corporate	44,000	63,000
Total	$ 20,127,000	$ 23,691,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 10,190,000	$ 2.76
1986	10,076,000	2.78
1985	9,295,000	2.56
1984	7,787,000	2.61
1983	8,008,000	2.85

American Science and Engineering, Inc.

Income Account *

Year ended March 31	1987	1986
Total revenue	$ 20,127,000	$ 23,691,000
Cost of sales & contracts	16,532,000	19,175,000
Expenses	4,332,000	4,449,000
Other income (loss)	$ (737,000)	$ 67,000
Other income	(354,000)	(804,000)
Income (loss) bef. taxes	$ (383,000)	$ 871,000
Income taxes	—	453,000
Net Income (Loss)	$ (383,000)	$ 418,000
Extraord. gain	—	363,000
Net Income (Loss) & Extraord. gain	$ (383,000)	$ 781,000

* Included in Costs and Expenses, Depreciation and Amortization: $463,000 in 1987 and $535,000 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 278,000	$ 156,000
Short-term invest.	2,021,000	3,000,000
Accts. receiv., net	4,777,000	5,010,000
Notes receiv.	96,000	85,000
Unbilled costs & fees	508,000	1,300,000
Prepaid expenses	99,000	76,000
Inventories	2,722,000	2,388,000
Current Assets	$ 10,501,000	$ 12,015,000
Notes receivable	743,000	840,000
#Fixed assets	1,073,000	977,000
Intangibles	475,000	593,000
Unbilled costs	207,000	—
Total Assets	$ 12,999,000	$ 14,425,000

Liabilities

Long-term debt, curr.	$ 74,000	$ 89,000
Accts. payable	719,000	2,040,000
Accrued salary	646,000	649,000
Warranty reserve	82,000	114,000
Income taxes	46,000	91,000
Cust. deposits	238,000	326,000
Other accruals	190,000	187,000
Curr. Liabilities	$ 1,995,000	$ 3,496,000
Deferred rent	249,000	142,000
Long-term debt	—	74,000
Deferred gain	565,000	637,000
+Common stock	2,602,000	2,555,000
Add. paid-in capital	11,362,000	10,889,000
Deficit	(3,480,000)	(3,097,000)
Treasury stock	(294,000)	(271,000)
Total Liabilities & Shareholders' Equity	$ 12,999,000	$ 14,425,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.66 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.68
%Net Income to Sales	—	1.76
%Net Income to Equity	—	4.15
Debt to Equity	0.01	0.02
Working Capital	$ 8,506,000	$ 8,519,000
Current Ratio	5.26	3.44
Shareholders' Equity	$ 10,190,000	$ 10,076,000

American Telephone & Telegraph Company

550 Madison Avenue
New York, New York 10022
(212) 605-5500

Officers: James E. Olson, chairman of the board & chief executive officer; Robert E. Allen, president & chief operating officer; Charles Marshall, vice chairman; Morris Tanenbaum, vice chairman; Randall L. Tobias, vice chairman, & chairman & chief exec. officer-AT&T Comms. and Inform Sys.; John E. Berndt, sr. v.p.-International Services Division; W. Frank Blount, pres.-Network Operations Group; Michael A. Brunner, exec. v.p.-federal systems; Vittorio Cassoni, president-Data Systems Division; John T. O'Neill, exec. v.p.-network systems products; Alfred C. Partoll, sr. v.p.-external affairs; Victor A. Pelson, pres.-General Markets Group; Ian M. Ross, pres.-AT&T Bell Laboratories; John R. Smart, sr. v.p.-business sales; Alexander C. Stark, Jr., sr. v.p.-communications systems; Thomas R. Thomsen, pres.-AT&T Technology Systems Group; E. Wayne Weeks, Jr., pres.-AT&T Networks Systems Group; Sam R. Wilcoxon, pres.-Business Markets Group; John O. Zeglis, sr. v.p. & gen. counsel; James R. Billingsley, sr. v.p.-federal regulation; Harold W. Burlingame, sr. v.p.-human resources; Marilyn Laurie, sr. v.p.-public relations & employee information; John L. Segall, sr. v.p.-corp strategy & development; Robert M. Kavner, sr. v.p. & chief financial officer; Gerald M. Lowrie, sr. v.p.-public affairs; S. J. Buchsbaum, exec. v.p.-customer systems, AT&T Bell Laboratories; John A. Hinds, president-AT&T International; William B. Marx, Jr., exec. v.p.-network systems marketing & customer operations; J. S. Mayo, exec. v.p.-network systems, AT&T Bell Laboratories; William J. Warwick, president-AT&T Microelectronics; Robert E. Scannell, corp. v.p.-law & secretary; C. Perry Colwell, corp. v.p. & controller; S. Lawrence Prendergast, corp. v.p. & treasurer.

Directors: Philip M. Hawley, Edward G. Jefferson, Belton K. Johnson, Rawleigh Warner, Jr., James H. Evans, James E. Olson, Peter E. Haas, Juanita M. Kreps, Donald S. Perkins, Henry B. Schacht, Thomas H. Wyman, Robert Allen, Charles Marshall, Michael I. Sovern, Morris Tanenbaum, Joseph D. Williams, Donald F. McHenry, Randall L. Tobias, Walter Y. Elisha.

Areas of Work: The company has been reorganized into two sectors: AT&T Communications provides long distance services throughout the United States and to most of the rest of the world; AT&T Technologies are business groups producing network systems, components and electronic systems, computers, business information systems, consumer products for home and business and systems for the Federal government. Worldwide business interests are managed by AT&T International. Bell Laboratories, a research and development subsidiary, serves both sectors. The company also operates 900 phone centers selling telephones and related equipment.

Divisions and Subsidiaries:

AT&T Communications
Provides inter- and intrastate communication long distance services between telephone company boundaries as well as service to some 200 countries and territories around the globe.

AT&T Technologies, Inc.
Encompasses seven lines of business, including former subsidiary Western Electric. These segments are: AT&T Bell Laboratories, Network Systems, Information Systems, Consumer Products, Technology Systems, and AT&T International.

American Transtech, Inc.
Provides shareholder services.

AT&T International, Inc.

AT&T Bell Laboratories, Inc.

AT&T Information Systems

AT&T Resource Management

AT&T Credit Corporation

Actuarial Sciences Associates, Inc.
Financial consulting services.

Transfer Offices:

American Transtech
P.O. Box 45048
Jacksonville, Florida 32232-5048

Stock Exchange(s): New York, Boston, Philadelphia, Pacific, Midwest, London, Paris, Zurich, Lausanne, Geneva

Ticker Symbol: T

Number of Employees:

1987	303,000	1984	365,200
1986	316,900	1983	966,000
1985	337,600		

Note: On Jan. 1, 1984, AT&T was required by Court order to divest those parts of the Bell System operating telephone companies that provided local exchange and exchange access services and printed directory advertising. As a consequence of divestiture, current financial results are not comparable to those prior to 1984.

Sales & Earnings

	Operating Revenues (000's)	Net Income (000's)
1987	$ 33,598,000	$ 2,044,000
1986	34,087,000	139,000
1985	34,417,000	1,557,000
1984	33,187,000	1,370,000
1983 *	70,319,000	249,000

	No. of Com. Shares #	Earn. per Share #
1987	1,073,000,000	$ 1.88
1986	1,071,000,000	0.05
1985	1,057,900,000	1.37
1984	1,010,000,000	1.25
1983 *	937,000,000	0.13

* Pre-divestiture.
# Based on the average number of shares outstanding

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.20	—	—
1986	1.20	—	—
1985	1.20	—	—
1984	1.20	—	—
1983	5.85	—	—

Common Stock Equity *

	Total (000's)	Equity Per Share
12/31/87	$ 14,455,000	$ 13.47
12/31/86	13,550,000	12.64
12/31/85	14,633,300	13.68
12/31/84	13,762,900	13.26
1/1/84	12,367,400	13.20

* Post-divestiture.

Income Account (000's)

Year ended Dec. 31	1987	1986
Sales of serv.	$ 19,659,000	$ 19,108,000
Sales of prods.	10,206,000	10,178,000
Rental revenues	3,733,000	4,801,000
Total oper. revenues	$ 33,598,000	$ 34,087,000
Cost of service	8,796,000	8,954,000
Cost of prod.	6,000,000	7,196,000
Cost of rentals	1,766,000	2,099,000
Expenses	13,560,000	13,349,000
Prov. for bus. restruc.	—	2,157,000
Other income	(334,000)	(402,000)
Interest expense	634,000	613,000
Income before taxes	$ 3,176,000	$ 121,000
Income taxes (credit)	1,132,000	(193,000)
Cum. effect of change in deprec. method	—	175,000
Net Income	$ 2,044,000	$ 139,000

Assets
(000's)

As of Dec. 31	1987	1986
Cash & temp. cash invest.	$ 2,785,000	$ 7,602,000
Accts. receiv., net	7,689,000	7,820,000
* Inventories	3,157,000	3,519,000
Def. income taxes	1,175,000	1,477,000
Other curr. assets	164,000	154,000
Current Assets	$ 14,970,000	$ 15,572,000
Investments	1,063,000	995,000
# Fixed assets	20,681,000	21,078,000
Other assets	1,712,000	1,238,000
Total Assets	$ 38,426,000	$ 38,883,000

Liabilities
(000's)

Accts payable	$ 4,680,000	$ 4,625,000
Payroll rel. liab.	2,332,000	2,499,000
Long-term debt, curr.	669,000	740,000
Dividends payable	323,000	338,000
Other curr. liab.	2,571,000	3,015,000
Curr. Liabilities	$ 10,575,000	$ 11,217,000
Long-term debt	7,243,000	7,309,000
Other liabilities	1,034,000	1,144,000
Deferred inc. taxes	3,433,000	3,065,000
Unamort. invest. tax credit	1,362,000	1,423,000
Other deferred credits	262,000	263,000
Redeem. preferred stock	82,000	912,000
+ Common stock	1,074,000	1,072,000
Add. paid-in capital	8,605,000	8,544,000
Retained earnings	4,776,000	3,934,000
Total Liabilities & Shareholders' Equity	$ 38,426,000	$ 38,883,000

* At lower of cost (FIFO and average) or market.
\# Less accumulated depreciation.
\+ $1 par value

Statistical Summary

%Income bef. Taxes to Revenues	9.45	0.35
%Net Income to Revenues	6.08	0.41
%Net Income to Equity	14.14	1.03
Debt to Equity	0.50	0.59
Working Capital	$ 4,395,000,000	$ 4,355,000,000
Current Ratio	1.42	1.39
Shareholders' Equity (000's)	$ 14,455,000	$ 13,550,000

Ametek, Inc.

21st Floor
410 Park Avenue
New York, New York 10022
(212) 935-8640

Operations Headquarters:
Station Square Two
Paoli, Pennsylvania 19301
(215) 647-2121

Officers: John H. Lux, chairman of the board and chief executive officer; Robert L. Noland, president; Gerald G. Loehr, exec. v.p.-Western operations; John P. Dandalides, exec. v.p.-Eastern operations; Neal R. Stark, v.p.-compliance; Robert A. Russell, v.p.-marketing; Murray A. Luftglass, sr. v.p. corporate development; Allan Kornfeld, sr. v.p. & chief financial officer; Otto W. Richards, comptroller; Wallace E. Cowan, secretary; Robert W. Yannarell, treasurer & asst. secretary; William H. Spencer, v.p.-market development; John K. Whipple, v.p.-systems.

Directors: Hulbert S. Aldrich, Helmut N. Friedlaender, Wallace E. Cowan, Charles D. Klein, John H. Lux, Robert L. Noland, Anthony A. Sirna, III, Lewis G. Cole, Elizabeth R. Varet.

Areas of Work: A diversified manufacturer producing capital goods and components used in consumer products through its four operating groups: Electro-mechanical, Precision Instruments, Process Equipment, and Industrial Materials.

Divisions:

Electro-Mechanical Group

Lamb Electric
627 Lake Street
Kent, Ohio 44240
(216) 673-3451
Fractional horsepower electric motors and blowers for commercial and home appliances.

Eastport International
501 Prince George's Center Blvd.
Upper Marlboro, Maryland 20772
(301) 249-3300
Electro/acoustic systems, field operation and maintenance of unmanned undersea vehicles.

Ametek Offshore (Scotland) Co.
Aberdeen, Scotland
Production and maintenance of unmanned submarines.

Los Angeles Die Casting
340 Croker Street
Los Angeles, California 90013
(213) 624-2322
Custom aluminum and zinc die-casting.

Straza
790 Greenfield Drive
El Cajon, California 92022
(619) 442-3451
Aerospace components, electro-acoustic and cryogenic systems.

Houston Instrument
8500 Cameron Road
Austin, Texas 78753
(512) 835-0900
Computer graphic peripherals, including CAD and business graphics plotters, optical scanners and digitizing tablets, plus X-Y and strip-chart recorders.

Offshore Research & Engineering
41 Aero Camino
Santa Barbara, California 93160
(805) 683-2151
Off-shore systems engineering.

Elettromotori Crema S.P.A. (62%-owned)
Via de Gasperi, 18/A
1 26010 Ripalta Cremasca (CR)
(0373) 68628 r.a., Italy
Manufactures electric motors.

Precision Instruments Group

McCrometer
3255 W. Stetson Avenue
Hemet, California 92343
(714) 652-6811
Specialty flowmeters.

Controls
820 Pennsylvania Boulevard
Feasterville, Pennsylvania 19047
(215) 355-6900
Electronic-pneumatic instruments, recorders, controllers.

Mansfield & Green
8600 Somerset Drive
Largo, Florida 33543
(813) 536-7831
Pressure testing and calibration instruments.

Panalarm
7401 N. Hamlin Avenue
Skokie, Illinois 60076
(312) 675-2500
Supplier of electrical/electronic and fiber optic process monitoring instruments.

U.S. Gauge
900 Clymer Avenue
Sellersville, Pennsylvania 18960
(215) 257-6531
Pressure and temperature gauges for general industrial use, aircraft and automotive instrumentation, electronic pressure transducers, digital and liquid crystal graphic displays; Hunter Spring Neg'ator and Spir'ator constant force springs.

Rodan
2905 Blue Star Street
Anaheim, California 92806
(714) 630-0081
Thermistors, electronics.

Thermox Instruments
150 Freeport Road
Pittsburgh, Pennsylvania 15238
(412) 828-9040
Oxygen measuring instruments and combustibles analyzers.

Process Equipment Group

Heat Transfer Equipment
2300 W. Marshall Drive
Grand Prairie, Texas 75050
(214) 647-2626
Heat exchangers, refrigeration systems and package chillers.

Process Equipment
9484 Mission Park Place
Santee, California 92071
(619) 449-0205
Tolhurst centrifuges, fabrics for filtration equipment, Valley Foundry presses and associated equipment.

Schutte & Koerting
2233 State Road
Bensalem, Pennsylvania 19020
(215) 639-0900
Jet apparatus, flow measuring instruments, valves and desuperheaters.

Industrial Materials Group

Aluminum Extrusion
3042 Treadwell Street
Los Angeles, California 90065
(213) 255-1511
Extruded and custom-finished aluminum for automotive aircraft, appliance and communications industries.

Plymouth Products
502 Indiana Avenue
Sheboygan, Wisconsin 53081
(414) 457-9435
Proprietary plastic products for utility and traffic control uses; custom molding for original equipment manufacturers.

Carsonite
2900 Lockheed Way
Carson City, Nevada 89701
(702) 883-5104
Produces composite materials components for highway, utility and recreation areas.

Composite Materials
2900 Blue Star Street
Anaheim, California 92806
(714) 632-9790
Engineering guidance in the use of composite materials.

Westchester Plastics
Green Acres Industrial Park
Nesquehoning, Pennsylvania 18240
(717) 645-2191
Custom-formulated industrial plastic compounds.

Special Filaments
8335 Telegraph Road
Odenton, Maryland 21113
(301) 569-4500
Monofilaments and thermoplastic materials.

Microfoam
265 Route 202
Chadds Ford, Pennsylvania 19317
(215) 358-1180
Produces low-density polypropylene foam packaging materials.

Ametek, Inc.

Haveg
900 Greenbank Road
Wilmington, Delaware 19808
(302) 995-0400
Corrosion-resistant tanks, towers, valves and piping.

Specialty Metal Products
21 Toelles Road
Wallingford, Connecticut 06492
(203) 265-6731
High-purity metals and alloys in powdered and strip form for use in electronics and metal fabrication.

Research & Development

Microelectronics
605 S. Douglas Street
El Segundo, California 90245
(213) 640-2860
Semiconductor chip design and processing, components for solid-state instruments.

Computer Research
Monrovia, California

Electrical Systems
Kent, Ohio

Electronic Systems
Harleysville, Pennsylvania

Photovoltaic/Applied Materials
Harleysville, Pennsylvania

Superconductivity Research
Developing and testing different superconductive materials for potential commercial applications.

Subsidiaries & Affiliates:

AMETEK (Canada) Ltd.
Montreal, Quebec, Canada
Laundry equipment for commercial, hospital and hotel installations; drycleaning equipment.

AMETEK, G.m.b.H.
Wiesbaden, West Germany
Management and marketing for AMETEK's foreign operations.

Ketema, Ltd.
Hamilton, Bermuda

Metron, S.A.
Naucalpan de Juarez, Mexico
AMETEK-licensed instruments in Latin America.

Acquisition (s):

Sensor Labs, Inc.
A California-based manufacturer of solid-state thermistors which respond electronically to temperature changes.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10015

Stock Exchange(s): New York, Pacific

Ticker Symbol: AME

Number of Employees:

1987	7,000	1984	6,100
1986	6,300	1983	5,900
1985	6,600		

Plant Footage:

1987 ..... 6,488,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income #
1987	$ 620,120,948	$ 41,174,843
1986	568,492,605	36,584,031
1985	502,788,757	34,935,112
1984	503,925,648	42,696,640
1983	448,152,359	37,751,023

	No. of Com. Shares‡	Earn. per Share† #
1987	$ 43,924,000	$ 0.94
1986	43,809,000	0.83
1985	44,033,000	0.80
1984	43,750,000	0.98
1983	43,426,000	0.87

‡ Adjusted to reflect stock splits.
† Based on the average number of shares outstanding adjusted to reflect stock splits.
# Including extraordinary gain of $5,671,423 ($0.13 per share) in 1983.

Revenues by Line of Business

	1987	1986
Electro-mechanical	$ 257,120,000	232,592,000
Process equipment	47,157,000	47,568,000
Precision instruments	151,809,000	143,240,000
Industrial materials	164,035,000	145,093,000
Total	$ 620,121,000	$ 568,493,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.525	—	2-for-1
1986	0.50	—	—
1985	0.425	—	—
1984	0.40	—	—
1983	0.35	—	2-for-1

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	252,923,919	$ 5.76
1986	231,066,984	5.27
1985	219,692,852	4.99
1984	200,912,456	4.59
1983	175,683,331	4.05

‡ Adjusted to reflect stock splits.

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 620,120,948	$ 568,492,605
Cost of sales	464,534,818	436,554,100
Expenses	71,292,569	68,661,509
Depreciation	18,371,690	20,317,883
Other expense (income)	624,028	(11,504,918)
Income before taxes	$ 65,297,843	$ 54,464,031
Income taxes	24,123,000	17,880,000
Net Income	$ 41,174,843	$ 36,584,031

Assets

As of Dec. 31	1987	1986
Cash	$ 174,958,047	$ 173,533,703
Accts. & notes receiv., net	92,592,406	75,955,649
* Inventories	58,963,511	52,430,486
Prepaid expenses & deposits	11,805,574	13,564,682
Current Assets	$ 338,319,538	$ 315,484,520
# Fixed assets	136,281,279	121,622,274
Other assets	63,826,608	74,714,893
Total Assets	$ 538,427,425	$ 511,821,687

Liabilities

Long-term debt, curr.	$ 6,659,000	5,891,000
Accts. payable	35,897,955	30,867,979
Accruals	35,515,319	44,321,333
Income taxes	5,750,431	6,636,162
Curr. Liabilities	$ 83,822,705	$ 87,716,474
Long-term debt	155,532,438	152,036,229
Deferred inc. taxes	41,132,000	41,002,000
Long-term liabilities	5,016,363	—
+ Common stock	46,092,716	23,046,358
Add. paid-in capital	40,151	7,411,070
Retained earnings	221,540,044	218,597,458
Treasury stock	(17,416,400)	(17,120,190)
Loss on investment	(2,667,408)	(878,712)
Total Liabilities & Shareholders' Equity	$ 538,427,425	$ 511,821,687

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	10.53	9.58
% Net Income to Sales	6.64	6.44
% Net Income to Equity	16.28	15.83
Sales to Inventories	10.52	10.84
Debt to Equity	0.64	0.68
Working Capital	$ 254,496,833	$ 227,768,046
Current Ratio	4.04	3.60
Shareholders' Equity	$ 252,923,919	$ 231,066,984

Amoco Corporation

(formerly Standard Oil Company (Indiana))

200 East Randolph Drive
Chicago, Illinois 60601
(312) 856-6111

Officers: Richard M. Morrow, chairman of the board; H. Laurance Fuller, president; James W. Cozad, vice-chairman; Walter R. Peirson, exec. v.p.; Richard H. Leet, exec. v.p.; Rady A. Johnson, v.p.-public & government affairs; Edward A. Mason, v.p.-research; L. Bates Lea, v.p. & general counsel; Richard L. Fischer, v.p.-government affairs; Frederick S. Addy, v.p.-finance; James E. Allard, v.p. & treasurer; Ronald E. Callahan, secretary; William R. Hutchinson, v.p. & controller; R. Wayne Anderson, v.p.-human resources; John R. Lyman, v.p.-planning, economics & development; William J. Montgomery, v.p.-supply; Walter R. Quanstrom, v.p.-environmental affairs & safety; Robert D. Cadieux, pres.-Amoco Chemical Company; Patrick J. Early, pres.-Amoco Production Company; Lawrason D. Thomas, pres.-Amoco Oil Company.

Directors: Richard M. Morrow*, chairman; Arthur E. Rasmussen, Robert H. Malott, Richard D. Wood, James W. Cozad*, Walter R. Peirson*, Karl D. Bays, Richard J. Ferris, Frederick G. Jacks, H. Laurance Fuller*, John H. Bryan, Jr., Walter E. Massey, Richard H. Leet*, Ruth S. Block.

* Member of the Executive Committee

Areas of Work: Through its Amoco Technology Company subsidiary, a parent organization for five technology-based companies, the Company manufactures compact solid-state laser devices, complete excimer laser systems that produce ultraviolet light and are used primarily by semiconductor manufacturers, semicrystalline and amorphous silicon modules that produce electricity directly from sunlight; develops and markets computer software systems for the biotechnology industry, and is developing diagnostic detection systems based on nucleic acid probes.

Other major company activities include crude oil and natural gas exploration, production, purchasing, and transportation; manufacturing, transporting and marketing petroleum products, including chemicals, polymers, plastics and fertilizers; interests in minerals and real estate; the operation of two insurance companies; and the production of synthetic fabrics.

Electronics-related Subsidiaries:

Amoco Technology Company

Solarex Corporation
Rockville, Maryland
Manufactures both semicrystalline and amorphous silicon modules that produce electricity directly from sunlight.

Amoco Laser Company
Naperville, Illinois
Manufactures compact solid-state laser devices.

XMR Inc.
Santa Clara, California
Manufactures complete excimer laser systems that produce ultraviolet light and are used primarily by semiconductor manufacturers.

IntelliGenetics
Mountain View, California
Develops and markets computer software systems for the biotechnology industry.

GENE-TRAK Systems (50%-owned)
Developing diagnostic detection systems based on nucleic acid probes.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
P.O. Box 469
Washington Bridge Station
New York, New York 10033

The First National Bank of Chicago
Stock Transfer Dept., 0122
One First National Plaza
Chicago, Illinois 60670

The National Trust Company
4 King Street West
Toronto, Ontario M5H 3W7 Canada

Stock Exchange(s): New York, Midwest

Ticker Symbol: AN

Number of Employees:

1987	46,774	1984	53,581
1986	46,775	1983	56,734
1985	49,545		

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1987	$ 22,388,000	$ 1,360,000
1986	20,231,000	747,000
1985	28,873,000	1,953,000
1984	29,008,000	2,183,000
1983	29,494,000	1,868,000

	No. of Com. Shares	Earn. per Share #
1987	257,634,000	$ 5.31
1986	255,700,810	2.91
1985	258,727,701	7.42
1984	271,428,940	7.70
1983	292,206,000	6.39

Based on the average number of shares outstanding

Revenues By Line of Business
(000's)

	1987	1986
Petroleum industry:		
Explor. & prod.	$ 6,720,000	$ 6,285,000
Refining, Mktng. & trans.	16,900,000	14,771,000
Chemical industry	3,654,000	3,059,000
Other industries	147,000	140,000
Unallocated	(4,633,000)	(4,024,000)
Total	$ 22,388,000	$ 20,231,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 3.30	—	—
1986	3.30	—	—
1985	3.30	—	—
1984	3.00	—	—
1983	2.80	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	$ 12,107,000	$ 46.99
1986	11,324,000	44.29
1985	11,588,000	44.79
1984	12,524,000	46.14
1983	12,440,000	42.57

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales & other revenues	$ 20,174,000	$ 18,281,000
Consumer excise taxes	1,911,000	1,753,000
Other income	303,000	197,000
Total Income	$ 22,388,000	$ 20,231,000
Cost of sales	12,286,000	10,907,000
Expenses	2,070,000	2,282,000
Taxes	2,840,000	2,591,000
Depreciation, depletion & amortization	2,295,000	2,418,000
Interest expense	389,000	445,000
Income bef. taxes	$ 2,508,000	$ 1,588,000
Income taxes	1,148,000	841,000
Net Income	$ 1,360,000	$ 747,000

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 188,000	$ 116,000
Marketable securities	1,328,000	325,000
Accts. & notes receiv., net	2,751,000	2,554,000
*Inventories	899,000	865,000
Prepaid expenses	393,000	340,000
Current Assets	$ 5,559,000	$ 4,200,000
Investments & other assets	1,139,000	1,337,000
#Fixed assets	18,129,000	18,169,000
Total Assets	$ 24,827,000	$ 23,706,000

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 222,000	$ 236,000
Short-term borrowings	165,000	174,000
Accts. payable	2,543,000	2,289,000
Accruals	998,000	872,000
Income & other taxes	970,000	1,019,000
Curr. Liabilities	$ 4,898,000	$ 4,590,000
Long-term debt	2,773,000	2,993,000
Cap. lease oblig.	308,000	327,000
Deferred credit	4,735,000	4,466,000
Minority interest	6,000	6,000
+ Common stock	2,114,000	1,875,000
Retained earnings	10,044,000	9,610,000
For. curr. trans. adj.	(51,000)	(161,000)
Total Liabilities & Shareholders' Equity	$ 24,827,000	$ 23,706,000

* At lower of cost or market. Crude oil, petroleum prods., chemical prods., U.S. inventories of mineral ores and concentrates at LIFO. All others at FIFO or average.
# Less accumulated depreciation, depletion and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales & Revenues	12.43	8.69
%Net Income to Sales & Revenues	6.74	4.09
%Net Income to Equity	11.23	6.60
Debt to Equity	0.29	0.33
Working Capital	$ 661,000	$ —
Current Ratio	1.13	—
Shareholders' Equity (000)	$ 12,107,000	$ 11,324,000

AMP Incorporated/Pamcor, Inc.

470 Friendship Road
Harrisburg, Pennsylvania 17105
(717) 564-0100

Officers: Walter F. Raab, chairman of the board & chief executive officer; Harold A. McInnes, vice chairman; James E. Marley, president; Ted L. Dalrymple, v.p.-director of marketing; Mark L. Miller, treasurer; Benjamin Savidge, v.p. & chief financial officer; Hugo A. Walfred, secretary; Gerald F. Englehart, exec. v.p.; Joseph P. Sweeney, v.p.-technology; James T. Gavin, controller.

Directors: J. D. Brenner*, Alexander P. Hixon, R. E. Jordan, Walter F. Raab*, R. D. DeNunzio, J. J. Burdge, Harold A. McInnes*, William S. West, C. J. Fredrickzen*, W. E. C. Dearden, James E. Marley.

* Member of the Executive Committee

Areas of Work: The company produces electrical and electronic connections, switching and programming devices - including solderless terminals, splices, packaging and interconnection devices, multiple and coaxial connectors, switches and programming systems - and the application tools and machines to attach these devices to wires, cables, or circuit boards. It also produces electronic power units and other electrical/electronic components.

Subsidiaries:

AMP Products Corporation
Valley Forge, Pennsylvania

AMP Keyboard Technologies, Inc.
Milford, New Hampshire

AMP Packaging Systems, Inc.
Austin, Texas

Carroll Touch, Inc.
Austin, Texas

Mark Eyelet, Inc.
Wolcott, Connecticut

AMP of Canada, Ltd.
Toronto, Canada

AMP de France S.A.
Paris, France

AMP Holland B.V.
's-Hertogenbosch, The Netherlands

AMP of Great Britain Limited
London, England

AMP Italia S.p.A.
Turin, Italy

AMP Deutschland G.m.b.H.
Frankfurt, West Germany

AMP Espanola, S.A.
Barcelona, Spain

AMP (Japan) Ltd.
Tokyo, Japan

Australian AMP Pty Limited
Sydney, Australia

AMP de Mexico, S.A.
Mexico City D.F., Mexico

AMP S.A. Argentina
Buenos Aires, Argentina

AMP Finland Oy
Helsinki, Finland

AMP do Brasil Ltda.
Sao Paulo, Brazil

AMP (Schweiz) A. G.
Steinach, Switzerland

AMP Osterreich Handelsges. m.b.H.
Vienna, Austria

AMP Norge A/S
Oslo, Norway

AMP Svenska AB
Stockholm, Sweden

AMP Singapore Pte. Ltd.
Singapore

AMP Taiwan
Taipei, Taiwan

AMP Belgium*
Brussels, Belgium

AMP Denmark*
Viby, Denmark

AMP Products Pacific Ltd.
Hong Kong

AMP Ireland Limited
Dublin, Ireland

New Zealand AMP Ltd.
Auckland, New Zealand

AMP Korea
Seoul, South Korea

* Branch of AMP-Holland B.V.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Security-holder Relations Dept.
P.O. Box 24935
Church Street Station
New York, New York 10249

The Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: AMP

Number of Employees

1987	22,000	1984	24,500
1986	21,800	1983	21,300
1985	22,800		

Plant Footage

1987	8,900,000 sq. ft.	1984	8,700,000
1986	8,900,000	1983	7,900,000
1985	9,000,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 2,317,753,000	$ 249,671,000
1986	1,933,055,000	164,345,000
1985	1,636,112,000	108,003,000
1984	1,812,824,000	201,282,000
1983	1,515,460,000	163,100,000

	No. of Com. Shares +	Earn. per Share‡
1987	107,900,000	$ 2.31
1986	108,100,000	1.52
1985	107,900,000	1.00
1984	107,700,000	1.87
1983	107,900,000	1.52

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.85	—	—
1986	0.74	—	—
1985	0.72	—	—
1984	0.64	—	3-for-1
1983	0.533	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,348,600,000	$ 12.55
1986	1,134,900,000	10.50
1985	996,900,000	9.24
1984	923,300,000	8.57
1983	800,900,000	7.45

‡ Adjusted to reflect stock split.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 2,317,753,000	$ 1,933,055,000
Cost of sales	1,456,009,000	1,267,918,000
Expenses	425,970,000	362,432,000
Interest expense	16,248,000	16,372,000
Other income	(10,945,000)	(7,672,000)
Income before taxes	$ 430,471,000	$ 296,005,000
Income taxes	180,800,000	129,660,000
Net income	$ 249,671,000	$ 166,345,000

* Included in Costs and Expenses, Depreciation $140,596,000 in 1987 and $124,333,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & time deposits	$ 57,710,000	$ 30,793,000
Marketable securities	135,235,000	176,720,000
Receiv., net	475,638,000	354,871,000
* Inventories	410,139,000	352,164,000
Other curr. assets	64,202,000	44,853,000
Current Assets	$ 1,142,924,000	$ 959,381,000
Investments & other assets	53,686,000	33,931,000
# Fixed assets	865,448,000	793,558,000
Total Assets	$ 2,082,058,000	$ 1,786,870,000

Liabilities

Short-term debt	$ 115,765,000	$ 145,110,000
Accts. payable	181,777,000	127,536,000
Accruals	34,548,000	26,509,000
Accrued payroll	97,240,000	83,129,000
Accrued inc. taxes	108,337,000	101,634,000
Curr. Liabilities	$ 537,667,000	$ 483,918,000
Long-term debt	71,369,000	46,339,000
Invest. tax credit	13,332,000	20,021,000
Deferred income	37,390,000	24,069,000
Deferred inc. taxes	73,677,000	77,658,000
+ Common stock	12,480,000	12,480,000
++ Common stock	20,000	20,000
Add. paid-in capital	36,771,000	34,804,000
Cum. trans. adj.	108,320,000	27,100,000
Retained earnings	1,258,797,000	1,100,957,000
Treasury stock	(67,765,000)	(40,496,000)
Total Liabilities & Shareholders' Equity	$ 2,082,058,000	$ 1,786,870,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value, AMP Incorporated.
++ $1 par value, Pamcor, Inc.

Statistical Summary

%Income before Taxes to Sales	18.57	15.21
%Net Income to Sales	10.77	8.50
%Net Income to Equity	18.51	14.48
Sales to Inventories	5.65	5.49
Debt to Equity	0.14	0.17
Working Capital	$ 625,257,000	$ 475,463,000
Current Ratio	2.16	1.98
Shareholders' Equity	$ 1,348,623,000	$ 1,134,865,000

Analog Devices, Inc.

One Technology Way
P.O. Box 9106
Norwood, Massachusetts 02062-9106
(617) 329-4700

Officers: Ray Stata, chairman of the board & president; Joseph M. Hinchey, sr. v.p.-finance; Lawrence T. Sullivan, sr. v.p.-corporate development & gen. mgr.-Analog Devices Enterprises; Heinrich F. Krabbe, v.p.; Arnold Kanarick, v.p.-human resources; A. Graham Sterling, v.p.; Jerald G. Fishman, group v.p.-components; Joseph E. McDonough, treasurer; Melvin J. Sallen, group v.p.-sales & int'l operations; Paul P. Brountas, clerk.

Directors: Ray Stata, chairman; Philip L. Lowe, Joel Moses, Gordon C. McKeague, Morris Chang, John L. Doyle.

Areas of Work: Designs, manufactures and markets electronic components and subsystems used for the acquisition, conditioning, conversion, transmission and display of analog and digital data in precision measurement and control systems. Linear integrated circuits accounts for the majority of the Company's sales. These devices acquire, condition, amplify and otherwise process signals from real-world sensors while the information is in analog form, convert the information to a digital form that can be read by a microprocessor or computer and further process the signals after conversion to digital form. Sold predominantly to original equipment manufacturers (OEMs), these products are in-

corporated into instruments and systems used in a wide variety of end-use applications including laboratory automation, industrial automation, defense/avionics, telecommunications and computers and peripherals.

Divisions:

Analog Devices Semiconductor
Microelectronics Division
Computer Labs Division
Component Test Systems
Interface Products Division

Analog Devices Enterprises
Venture capital division.

Field Service Division

Digital Signal Processing - Development Labs

ADventures Limited Partnership
Small limited partnership in which ADI makes investments on behalf of another company.

Digital Signal Processing Division

Industrial Automation Division

Subsidiaries:

Analog Devices Limited
Central Avenue
East Molesey
Surrey KT8 OSN England

Analog Devices, GmbH
Edelsbergstrasse 8-10
D-8000 Munich 21, West Germany

Analog Devices, S.A.
204 SILIC
12, Rue Le Corbusier
Batiment "Iena"
94518 Rungis Cedex, France

Analog Devices K.K.
Daini Jibiki Building
7-8 Kojimachi 4-chome
Chiyoda-ku, Tokyo, Japan

Analog Devices, A/S
Huer Kaer 20
2730 Herlev, Denmark

Analog Devices Nederland, B.V.
Beneluxweg 27
4904 SJ Oosterhout, The Netherlands

Analog Devices Hdlagesmbh
Meissgasse 51
A-1238 Vienna, Austria

Analog Devices International, Inc.
Justitiestraat 18
2018 Antwerp, Belgium

Analog Devices S.A.
9 Rue de Berne
1201 Geneva, Switzerland

Analog Devices IIV
Raheen Industrial Estate
Limerick, Ireland

Analog Devices SRL
Via Medardo Rosso 18
20159 Milano, Italy

Analog Devices (Israel) Ltd.
6 Borochov Street
Raananna, Israel 43433

Analog Devices AB
Mariehallsvagen 42
Box 20093
S-16120 Bromma, Sweden

Analog Devices (Philippines), Inc.
Edison Avenue, KM-14
S. Expressway
Parangue, Metro Manila, Philippines

Analog Devices K.K. Tech Center
3210-2 Kawajiri Shiroyama-Cho
Tsukui-Gun Kanagawa, Japan

Analog Devices, B.V.
Analog Devices Holdings B.V.
Analog Devices Foreign Sales Corporation, B.V.
The Netherlands

Memory Devices, Limited
Great Britain

Analog Devices International Sales Corporation

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York

Ticker Symbol: ADI

Number of Employees:

1987	5,219	1984	4,759
1986	4,959	1983	3,661
1985	4,789		

Plant Footage:

1987	939,500 sq. ft.	1984	852,100
1986	937,500	1983	735,100
1985	906,800		

Sales & Earnings

	Net Sales	Net Income
1987	$ 370,430,000	$ 18,679,000
1986	334,437,000	23,406,000
1985	322,423,000	29,748,000
1984	313,418,000	37,362,000
1983	214,037,000	18,432,000

	No. of Com. Shares #	Earn. per Share #
1987	46,592,000	$ 0.40
1986	46,026,000	0.51
1985	45,607,000	0.65
1984	45,140,000	0.83
1983	42,183,000	0.44

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	4-for-3
1985	—	—	5-for-4
1984	—	—	4-for-3
1983	—	—	3-for-2

Common Stock Equity

	Total Equity†	Equity Per Share #
1987	$ 278,202,000	$ 6.29
1986	248,041,000	5.88
1985	209,717,000	5.23
1984	169,521,000	4.35
1983	134,693,000	3.51

† After allowing for preferred stock at liquidation value.
# Adjusted to reflect stock splits.

Income Account *

Year ended	10/31/87	11/1/86
Net sales	$ 370,430,000	$ 334,437,000
Cost of sales	$ 171,717,000	151,442,000
Expenses	164,268,000	142,630,000
Other expense	5,823,000	4,784,000
Interest expense	3,257,000	3,760,000
Currency	(222,000)	(242,000)
Income before taxes	$ 25,587,000	$ 32,063,000
Income taxes	6,908,000	8,657,000
Net Income	$ 18,679,000	$ 23,406,000

* Included in Costs and Expenses, Depreciation and Amortization: $33,718,000 in 1987 and $28,396,000 in 1986.

Assets

As of	10/31/87	11/1/86
Cash	$ 5,823,000	$ 6,310,000
Accts. receiv., net	76,302,000	65,588,000
*Inventories	83,808,000	79,052,000
Prepaid expenses	3,347,000	3,759,000
Prepaid taxes	7,200,000	7,000,000
Current Assets	$ 176,480,000	$ 161,709,000
#Fixed assets	186,178,000	173,179,000
Investments	30,162,000	29,296,000
Defer. charges & other assets	2,268,000	2,012,000
Intangibles	2,260,000	2,837,000
Total Assets	$ 397,348,000	$ 369,031,000

Liabilities

Notes payable	$ 3,721,000	$ 5,946,000
Oblig. under cap. leases	3,590,000	3,788,000
Accts. payable	25,866,000	19,071,000
Accruals	19,866,000	17,516,000
Income taxes	4,607,000	13,594,000
Curr. Liabilities	$ 57,653,000	$ 59,915,000
Long-term debt	23,727,000	20,237,000
Oblig. under cap. leases	6,347,000	8,871,000
Deferred inc. taxes	11,185,000	8,828,000
Other liabilities	915,000	830,000
+Preferred stock	19,000	22,000
++Common stock	7,560,000	7,398,000
Add. paid-in capital	125,812,000	119,128,000
Retained earnings	167,156,000	148,477,000
Foreign currency translation	3,483,000	827,000
Treasury stock	(6,509,000)	(5,492,000)
Total Liabilities & Shareholders' Equity	$ 397,348,000	$ 369,031,000

* At lower of cost or market. Primarily LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.
++ $0.16 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.91	9.59
%Net Income to Sales	5.04	7.00
%Net Income to Equity	6.28	8.66
Sales to Inventories	4.42	4.23
Debt to Equity	0.13	0.14
Working Capital	$ 118,827,000	$ 101,794,000
Current Ratio	3.06	2.70
Shareholders' Equity	$ 297,521,000	$ 270,360,000

Analogic Corporation

8 Centennial Drive
Peabody, Massachusetts 01961
(617) 246-0300

Analogic Corporation

Officers: Bernard M. Gordon, chairman of the board & president; Bernard L. Friedman, vice chairman; John A. Tarello, sr. v.p.; M. Ross Brown, v.p.; Jacob H. Lieberman, v.p.; Julian Soshnick, v.p. & general counsel; Lawrence M. Levy, clerk; Daniel Abenaim, Division & Operating vice president; Edmund F. Becker, Jr., Division & Operating vice president; Robert French, Division & Operating vice president; Kenneth G. Harpie, Division & Operating vice president; Sorin Marcovici, Division & Operating vice president; Thomas J. Dempsey, Division & Operating vice president; Leopold Neumann, Division & Operating vice president; Charles R. Brewer, Division & Operating vice president; Martin S. Gordon, president-Medical Electronics Laboratories, Inc..

Directors: Bernard M. Gordon, Bernard L. Friedman, M. Ross Brown, John A. Tarello, Jules J. Schwartz, Gerald L. Wilson, Vesparios Chigas, Julian Soshnick.

Areas of Work: Engaged in the design, manufacture, and marketing of advanced precision data conversion, and computer-based signal processing instruments and equipment, which are used to acquire, condition, translate, compute, interpret, store, transmit, or display critical data in modern industrial, scientific, medical, communications and other system applications.

Subsidiaries:

Analogic Limited
68 High Street
Weybridge KT13 8BN England

Analogic Foreign Sales Corp.
St. Thomas 00801 U.S. Virgin Islands

Analogic GmbH
Siemensstrasse 13
6200 Weisbaden
Nordenstadt, West Germany

3H Industries, Inc.
1289 Hammerwood Drive
Sunnyvale, California 94086

Computer Design & Applications, Inc. (99% owned)
411 Waverly Oaks Road
Waltham, Massachusetts 02154

Joint Venture:

Medical Electronics Laboratories, Inc.
16 Electronics Avenue
Danvers, Massachusetts 01923

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALOG (NASDAQ)

Number of Employees:

1988 ..... 910 1987 760

Plant Footage:

1988 ..... N.A. 1987 ..... 12.,000 sq. ft.

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income+
1987	$ 128,991,000	$ 14,527,916
1986	126,771,000	10,074,975
1985	128,757,000	9,939,677
1984	143,706,000	16,444,310
1983	130,287,000	14,171,893

	No. of Com. Shares +	Earn. per Share +†
1987	18,104,000	$ 0.80
1986	18,981,000	0.53
1985	18,784,000	0.53
1984	18,862,000	0.87
1983	18,179,000	0.78

+ Including extraordinary gain of $441,000 ($0.02 per share) in 1985.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 151,567,775	$ 8.37
1986	157,335,085	8.29
1985	142,185,302	7.57
1984	131,595,510	6.98
1983	115,330,025	6.34

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended July 31	1987	1986
Revenues:		
Prod. & serv.	$ 128,990,612	$ 126,770,725
Eng. & lic.	10,154,676	9,998,917
Gain on sale	12,192,366	7,315,283
Int. income	4,094,261	4,125,715
Total revenues	$ 155,431,915	$ 148,210,640
Cost of sales	89,579,556	82,566,893
Expenses	44,066,652	44,803,392
Interest expense	833,432	1,224,171
Other expense (income)	(340,641)	847,409
Income before taxes	$ 21,292,916	$ 18,768,775
Income taxes	6,765,000	8,693,800
Net Income	$ 14,527,916	$ 10,074,975

* Included in Costs and Expenses, Depreciation and Amortization: $6,719,317 in 1987 and $6,488,541 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 23,247,047	$ 23,125,318
Market. securities	44,446,620	54,435,100
Accts. receiv., net	27,981,970	33,401,187
* Inventories	39,266,305	39,726,695
Prepaid expenses	3,879,816	2,938,724
Current Assets	$ 138,821,758	$ 153,627,024
# Fixed assets	49,140,190	45,197,472
Invest. in affil. co.	2,059,647	50,000
Other assets	1,572,274	768,814
Total Assets	$ 191,593,869	$ 199,643,310

Liabilities

Note payable, bank	$ 1,926,520	$ 1,667,921
Cap. lease oblig., curr.	408,443	638,971
Accts. payable	5,846,248	7,397,804
Accruals	5,433,764	5,259,479
Cust. deposits	626,224	3,254,047
Taxes	4,501,285	4,624,708
Curr. Liabilities	$ 18,742,484	$ 23,042,930
Mortg. note pay.	6,193,461	5,833,599
Oblig. under cap. leases	5,716,399	6,332,894
Deferred inc. taxes	4,397,360	4,740,198
Minority interest	4,398,696	2,358,604
Exc. of acq. assets over cost	577,684	—
+ Common stock	1,010,083	1,007,739
Add. paid-in capital	73,309,612	74,181,401
Retained earnings	102,857,730	88,329,814
Treasury stock	(24,409,592)	(4,955,774)
Unearned compensation	(1,200,058)	(1,228,095)
Total Liabilities & Shareholders' Equity	$ 191,593,869	$ 199,643,310

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.70	12.66
%Net Income to Revenues	9.35	6.80
%Net Income to Equity	9.59	6.40
Debt to Equity	0.09	0.09
Working Capital	$ 120,079,274	$ 130,584,094
Current Ratio	7.41	6.67
Shareholders' Equity	$ 151,567,775	$ 157,335,085

Anaren Microwave, Inc.

6635 Kirkville Road
East Syracuse, New York 13057
(315) 432-8909

Officers: Hugh A. Hair, president & chief exec. officer; Carl Gerst, Jr., exec. v.p. & chief operating officer; Michael G. Rowe, treasurer & chief financial officer; Robert A. Worden, v.p.-business & resource planning; William J. Mackay, secretary.

Directors: Hugh A. Hair, Carl W. Gerst, Jr., William J. Mackay, Abraham Manber, Solomon Manber.

Areas of Work: Designs, engineers and manufacturers microwave components and completely integrated microwave assemblies used in sophisticated microwave installations. The Company's microwave componentry is utilized in navigation, fire-control radar, electronic countermeasures, electronic surveillance, telemetry, instrumentation and communications systems.

Subsidiaries:

Anaren Microwave, Ltd.
Unit 2, Blackwater Way
Aldershot Hants, GU12 4DK, England

Anaren International, Inc.
East Syracuse, New York

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANEN (NASDAQ)

Plant Footage:

1987 ..... 105,000 sq. ft. 1984 105,000
1986 ..... 105,000 1983 42,000
1985 105,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 29,039,266	$ 1,815,959
1986	32,779,053	3,233,648
1985	28,627,586	2,529,274
1984	22,737,339	1,813,224
1983	17,713,550	1,157,548

	No. of Com. Shares #	Earn per Share #
1987	4,209,308	$ 0.43
1986	4,209,115	0.77
1985	4,208,262	0.60
1984	4,013,083	0.45
1983	3,308,647	0.35

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 26,944,241	$ 6.40
1986	25,128,282	5.97
1985	21,889,121	5.20
1984	19,356,303	4.82
1983	9,532,149	2.88

Based on the weighted average number of shares outstanding.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 29,039,266	$ 32,779,053
Cost of sales	18,522,847	20,026,979
Expenses	7,031,916	7,058,487
Interest expense	355,943	584,822
Other income	(173,328)	(396,011)
Income before taxes	$ 3,301,888	$ 5,904,776
Income taxes	1,485,929	2,271,128
Net income	$ 1,815,959	$ 3,233,648

* Included in Costs and Expenses, Depreciation and Amortization: $1,707,646 in 1987 and $1,948,712 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,894,070	$ 2,654,555
Short-term invest.	630,869	1,590,947
Receiv., net	10,712,415	7,315,515
* Inventories	12,200,925	11,711,080
Prepaid expenses	99,135	56,694
Current Assets	$ 25,537,414	$ 23,328,791
# Fixed assets	8,727,162	9,871,494
Other assets	138,251	198,637
Total Assets	$ 34,402,827	$ 33,398,922

Liabilities

Long-term debt, curr.	$ 721,978	$ 960,846
Accts. payable	1,337,711	1,052,032
Accruals	1,192,663	1,313,569
Deferred inc. taxes	56,720	63,605
Curr. Liabilities	$ 3,309,072	$ 3,390,052
Deferred in. taxes	988,320	997,416
Long-term debt	3,161,194	3,883,172
+ Common stock	44,233	44,233
Add. paid-in capital	13,817,897	13,817,897
Retained earnings	13,248,574	11,432,615
Treasury stock	(166,463)	(166,463)
Total Liabilities & Shareholders' Equity	$ 34,402,827	$ 33,398,922

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.37	16.79
%Net Income to Sales	6.25	9.86
%Net Income to Equity	6.74	12.87
Sales to Inventories	2.38	2.80
Debt to Equity	0.14	0.19
Working Capital	$ 22,228,342	$ 19,938,739
Current Ratio	7.72	6.88
Shareholders' Equity	$ 26,944,241	$ 25,128,282

Andersen Group, Inc.

1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Officers: Oliver R. Grace, chairman; Francis E. Baker, president; Kenneth T. Kelley, v.p. & general counsel; Tom D. Fielding, treasurer; Elmer J. Dahl, secretary; Martin H. Anderson, asst. secretary; John J. Nicholson, controller; Franklin R. Stoner, director-personnel; Bernard F. Travers, asst. controller.

Directors: Oliver R. Grace*, chairman; Francis E. Baker*, Joseph F. Engelberger, Richard Rachala*, Ratus L. Kelly, Louis Lubrano, Oliver R. Grace, Jr..

* Member of the Executive Committee

Areas of Work: Develops, produces and markets electronic signal processing products and medical products and services.

Subsidiaries:

Andersen Laboratories, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Engaged in the design and manufacture of high-technology electronic components and equipment based on advanced acoustic technology. Products include surface acoustic wave (SAW) filters, dispersive and non-dispersive delay lines, bulk acoustic wave (BAW) delay lines, IMCON delay lines and acousto-optic cells.

Microtime, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-4242

Develops, manufactures and sells video signal processing equipment to the professional broadcasting, cable, industrial and educational markets. Products include time base correctors, synchronizers, digital video effects, and computer graphics equipment.

CDI Medical Services, Inc.
1280 Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 242-0761

Provides ambulatory monitoring services to physicians, hospital and patients for the diagnosis and management of cardiovascular disorders. Also operates magnetic resonance imaging centers.

Biosound, Inc.
8405 Castleway Court
Indianapolis, Indiana 46250
(317) 849-1793

Manufactures and sells high resolution, real-time ultrasonic imaging equipment for medical use.

Biosound Europe, N.V.
Brussels, Belgium

AGI Properties, Inc.

AGI Export, Inc.
Foreign Sales Corporation (FSC).

Transfer Agent(s):

Citytrust (common stock & debentures)
961 Main Street
Bridgeport, Connecticut 06601

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANDR (NASDAQ)

Number of Employees:

1987	539	1984	N.A.
1986	571	1983	660
1985	556		

Plant Footage:

1987	107,000 sq. ft.	1985	107,000
1986	107,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1988	$ 49,236,000	$ (8,744,182)
1987	46,022,000	52,096
1986	43,379,000	(1,224,000)
1985	48,431,000	2,210,000
1984	38,534,000	2,292,000

	No. of Com. Shares‡	Earn. per Share‡
1988	2,406,200	$ —
1987	2,406,701	0.03
1986	2,412,537	—
1985	2,411,650	1.23
1984	2,426,004	1.27

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share†
1988	$ 5,856,000	$ 2.43
1987	14,600,000	8.16
1986	14,548,000	8.13
1985	15,771,000	8.82
1984	13,403,000	7.50

† Adjusted to reflect stock split.

Income Account *

Year ended Feb. 28	1988	1987
Net sales & other income	$ 49,236,149	$ 46,022,259
Cost of sales	21,625,732	18,087,589
Expenses	29,006,659	25,842,223
Interest expense	1,458,015	1,361,861
Restructuring charge	5,900,000	—
Inc. (loss) bef. taxes	$ (8,754,257)	$ 730,586
Income taxes (credit)	850,000	241,200
Minority interest	789,594	378,790
Eq. in loss of joint venture	50,331	58,500
Net Income (Loss)	$ (8,744,182)	$ 52,096

* Included in Costs and Expenses, Depreciation and Amortization: $2,641,073 in 1988 and $2,212,388 in 1987.

Andersen Group, Inc.

Assets

As of Feb. 28	1988	1987
Cash	$ 725,379	$ 1,710,688
Accts. & notes receiv., net	12,436,441	11,599,936
Recov. inc. taxes	720,280	720,280
*Inventories	9,451,609	10,676,003
Prepaid expenses & other assets	278,261	454,798
Current Assets	$ 23,611,970	$ 25,161,705
#Fixed assets	6,948,601	9,101,301
Other assets	1,453,984	1,460,832
Defer. charges	1,470,538	1,688,304
Intangibles	175,195	204,907
Total Assets	$ 33,660,288	$ 37,617,039

Liabilities

Long-term debt, curr.	$ 196,012	$ 175,261
Other long-term debt	3,050,000	—
Accts. payable	4,246,258	2,684,172
Cust. deposits	300,271	217,199
Accruals	3,783,646	3,355,191
Income taxes	255,186	356,294
Employee compen.	1,533,494	1,159,281
Curr. Liabilities	$ 13,344,867	$ 7,947,398
Long-term debt	13,150,463	13,313,804
Deferred inc. taxes	—	912,916
Minority interest	1,308,963	842,754
+Common stock	2,088,071	2,088,071
Add. paid-in capital	426,408	426,408
Retained earnings	3,341,516	12,085,698
Total Liabilities & Shareholders' Equity	$ 33,660,288	$ 37,617,049

* At lower of cost (FIFO & average cost methods) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.59
%Net Income to Sales	—	0.11
%Net Income to Equity	—	0.36
Sales to Inventories	5.21	4.31
Debt to Equity	2.80	0.92
Working Capital	$ 22,277,483	$ 17,214,307
Current Ratio	1.77	3.17
Shareholders' Equity	$ 5,855,995	$ 14,600,177

Anderson Jacobson, Inc.

521 Charcot Avenue
San Jose, California 95131
(408) 435-8520

Officers: Raymond E. Jacobson, chairman of the board & president; Thomas B. Zmach, v.p.-marketing; Wayne C. Seppeler, v.p.-operations; Kent M. Wilkins, v.p.-finance; Jacques Mousset, v.p.-international.

Directors: Raymond E. Jacobson, chairman; M. Stuart Millar, Thomas B. Zmach, Leonard Rabinowitz, William W. Stevens.

Areas of Work: The company is a manufacturer of proprietary data communications equipment used to transmit digital data to and from computers over telephone lines. Products include modems, multiplexers, and modem diagnostic systems.

Subsidiaries:

Anderson Jacobson, SA
Paris, France

Anderson Jacobson, Canada, Ltd./Ltee.
Toronto, Ontario, Canada

Transfer Agent(s):

Crocker National Bank
Corporate Division
P.O. Box 38005
San Francisco, California 94138

Stock Exchange(s): American

Ticker Symbol: AJ

Number of Employees:

1987	155	1984	620
1986	375	1983	879
1985	464		

Plant Footage:

1987	90,000 sq. ft.	1985	90,000
1986	90,000		

Sales & Earnings

	Revenues	Net Income
1987	$ 39,008,000	$ (7,847,000)
1986	38,973,000	(3,170,000)
1985	46,628,000	(2,772,000)
1984	51,093,000	(3,214,000)
1983	54,234,000	1,900,000

	No. of Com. Shares+	Earn. per Share x
1987	2,728,208	$ —
1986	2,707,455	—
1985	2,682,411	—
1984	2,653,790	—
1983	2,548,918	0.71

(Loss)
+ Adjusted to reflect stock dividends.
x Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	3%	—
1983	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 867,000	$ 0.32
1986	8,334,000	3.08
1985	10,885,000	4.06
1984	14,027,000	5.29
1983	17,115,000	6.71

+ Adjusted to reflect stock dividends.

Income Account

Year ended March 31	1987	1986
Net sales	$ 26,453,000	$ 23,008,000
Lease & service	12,555,000	15,965,000
Revenue	$ 39,008,000	$ 38,973,000
Cost of sales revenue	10,075,000	10,150,000
Cost of sales	20,973,000	18,002,000
Expenses	11,971,000	11,999,000
Interest expense	1,582,000	1,402,000
Other expense (income)	342,000	(100,000)
Interest income	(117,000)	(107,000)
Loss before taxes	$ (5,818,000)	$ (2,373,000)
Income taxes	2,029,000	797,000
Net Loss	$ (7,847,000)	$ (3,170,000)

Assets

As of March 31	1987	1986
Cash	$ 761,000	$ 4,031,000
Accts. receiv., net	6,660,000	5,083,000
Refund. inc. taxes	531,000	—
*Inventories	5,597,000	5,713,000
Prepaid expenses	504,000	652,000
Current Assets	$ 14,013,000	$ 15,479,000
Investment	1,458,000	3,909,000
#Fixed assets	4,360,000	5,274,000
Other assets	179,000	162,000
Deferred inc. taxes	—	1,678,000
Total Assets	$ 20,010,000	$ 26,502,000

Liabilities

Long-term debt, curr.	$ 7,503,000	$ 508,000
Long-term oblig., curr.	4,157,000	1,386,000
Accts. payable	3,756,000	3,453,000
Accruals	2,181,000	1,865,000
Income taxes	88,000	—
Curr. Liabilities	$ 17,685,000	$ 7,212,000
Long-term debt	—	6,009,000
Accrued R. & D. oblig.	—	3,446,000
Deferred comp. plan	1,458,000	1,501,000
+Common stock	273,000	271,000
Add. paid-in capital	10,473,000	10,439,000
Retained earnings (deficit)	(8,359,000)	(512,000)
Cum. trans. adjust.	(1,520,000)	(1,864,000)
Total Liabilities & Shareholders' Equity	$ 20,010,000	$ 26,502,000

* At lower of standard cost (which approximates actual cost on a FIFO basis) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.76	4.03
Debt to Equity	—	0.95
Working Capital	$ —	$ 8,267,000
Current Ratio	—	2.15
Shareholders' Equity	$ 867,000	$ 8,334,000

Andrea Radio Corporation

11-40 45th Road
Long Island City, New York 11101
(718) 729-8500

Officers: Frank A. D. Andrea, Jr., chairman of the board and president; Anthony S. Abbene, executive vice president and treasurer; Camille Andrea, secretary & pres. of Andrea Sales Division; George Feinman, v.p.-engineering & production operations.

Directors: Frank A. D. Andrea, Jr., Camille Andrea, Salvatore J. Carruba.

Areas of Work: Engaged in designing, developing, and producing intercommunications and other electronic systems and equipment which are sold to the government and private companies under prime and subcontracts.

Transfer Agent(s):

The Chase Manhattan Bank N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): American

Ticker Symbol: AND

Number of Employees:

1987	96	1984	110
1986	80	1983	97
1985	94		

Plant Footage:

1987	57,266 sq. ft.	1984	57,266
1986	57,266	1983	57,266
1985	57,266		

Sales & Earnings

	Net Sales	Net Income
1987	$ 3,583,018	$ 304,781
1986	3,905,736	269,539
1985	3,247,719	187,188
1984	4,754,406	457,145
1983	4,422,114	448,209

	No. of Com. Shares	Earn. per Share #
1987	508,272	$ 0.60
1986	508,272	0.53
1985	508,272	0.37
1984	508,272	0.90
1983	508,272	0.88

Based on the average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Government	$ 1,987,839	$ 2,372,629
Industrial	1,594,892	1,532,608
Commercial	287	499
Total	$ 3,583,018	$ 3,905,736

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.72	—	—
1986	0.72	—	—
1985	0.36	—	—
1984	0.90	—	—
1983	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,429,153	$ 6.75
1986	3,490,328	6.87
1985	3,586,745	7.06
1984	3,582,535	7.05
1983	3,582,835	7.05

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 3,583,018	$ 3,905,736
Other income	274,701	125,848
Total income	$ 3,857,719	$ 4,031,584
Cost of sales	2,873,020	3,017,341
Expenses	460,966	498,400
Income before taxes	$ 523,733	$ 515,843
Income taxes	218,952	246,304
Net Income	$ 304,781	$ 269,539

* Included in Costs and Expenses, Depreciation: $45,686 in 1987 and $46,354 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 408,042	$ 133,396
Cert. of deposit	1,607,627	2,055,357
Accts. receiv., net	541,158	446,430
*Inventories	706,601	775,368
Prepaid expenses	41,809	15,708
Current Assets	$ 3,305,237	$ 3,426,259
#Fixed assets	450,975	456,500
Intangibles	1,151	951
Total Assets	$ 3,757,363	$ 3,883,710

Liabilities

Accts. payable	$ 286,843	$ 268,837
Salaries & wages	31,929	30,347
Misc. taxes	—	9,302
Inc. taxes	17	75,685
Dividends payable	9,421	9,211
Curr. Liabilities	$ 328,210	$ 393,382
+Common stock	254,136	254,136
Add. paid-in capital	59,206	59,206
Retained earnings	3,115,811	3,176,986
Total Liabilities & Shareholders' Equity	$ 3,757,363	$ 3,883,710

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.62	31.21
%Net Income to Sales	8.51	6.90
%Net Income to Equity	8.89	7.72
Sales to Inventories	5.07	5.04
Working Capital	$ 2,977,027	$ 3,032,877
Current Ratio	10.07	8.71
Shareholders' Equity	$ 3,429,153	$ 3,490,328

Andrew Corporation

10500 West 153rd Street
Orland Park, Illinois 60462
(312) 349-3300

Officers: Edward J. Andrew, chairman of the board; Floyd L. English, president & chief executive officer; George R. Forbes, sr. v.p.-corporate staff; Charles R. Nicholas, v.p.-finance & chief financial officer; Eric L. Brooker, v.p.-corporate research & development; Henry C. Johnson, v.p.-marketing, sales & corporate development; Harry D. McKee, v.p.-marketing operations; Frank M. Roddy, v.p.-Commercial Products Group; Ernest T. Weber, v.p.-Government Products Group; Richard L. Dybala, treasurer; Thomas L. Murphy, secretary; Gregory F. Maruszak, controller; Thomas E. Charlton, Commercial Products Group v.p.-ESA Systems; Thomas E. Fencken, Commercial Products Group v.p.-HELIAX Products; Anthony J. Lacopulos, Commercial Products Group v.p.-European operations; Edward C. Nield, Commercial Products Group v.p.-antenna systems; , Government Products Group vice-presidents; Christopher S. Adams, Jr., Government Products Group v.p.-business development; Joe L. Halpain, Government Products Group v.p.-Scientific Communications, Inc.; Barry J. Houlihan, Government Products Group v.p.-Australia.

Directors: Edward J. Andrew, chairman; Edith G. Andrew, Owen D. Bekkum, John G. Bollinger, George N. Butzow, C. Russell Cox, Floyd L. English.

Areas of Work: Manufactures and markets communications systems and equipment to commercial and defense markets through its three operating groups, Commercial, Government and Telephone.

The Commercial Products Group offers complete packages of transmission products and services, including terrestrial microwave, broadcast and earth station antennas and systems, coaxial cable, waveguide, towers and shelters. This group serves common carrier, private network, cellular, land mobile and broadcast customers, among others.

The Government Products Group supplies electronic radar and communication reconnaissance receiving systems, position finding systems, positioners, cable, waveguide and high frequency and other antenna systems to the U.S. armed forces and friendly foreign governments.

The Telephone Products Group provides connection devices to the data communications market for use in corporate communications market for use in corporate communications systems. Products include protocol converters and gateway devices, coaxial multiplexers and baluns.

Subsidiaries:

Andrew Antennas
Campbellfield, Australia

Adelaide, Australia

Andrew Antenas Limitada
Sorocaba, Brazil

Andrew Antenna Company Ltd.
Whitby, Canada

Ottawa, Canada

Antennes Andrew S.A.R.L.
Buc, France

Andrew Antennas
Lochgelly, Great Britain

Weybridge, Great Britain

Andrew S.R.L.
Milan, Italy

Andrew Corporation
Tokyo, Japan

Antenas de Transmision S.A. de C.V. (49% interest)
Mexico City, Mexico

Andrew AG
Bachenbulach, Switzerland

Acquisitions:

Scientific Communications, Inc.
Garland, Texas
Manufactures electronic radar and communications reconnaissance receiving equipment used in military and defense markets.

Kintec Corporation
St. Petersburg, Florida
Manufactures pedestals and electronic controls for radio frequency and optical systems in military and defense markets.

Scott Communications, Inc. (20% interest)
Simi Valley, California

Transfer Agent(s):

Harris Trust & Savings Bank
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ANDW (NASDAQ)

Number of Employees:

1987	2,297	1984	2,713
1986	2,331	1983	2,240
1985	2,355		

Sales & Earnings

	Net Sales	Net Income
1987	$ 223,185,000	$ 3,814,000
1986	197,659,000	9,518,000
1985	215,528,000	14,117,000
1984	217,672,000	20,799,000
1983	174,116,000	17,707,000

	No. of Com. Shares‡	Earn. per Share‡
1987	10,083,000	$ 0.38
1986	10,061,000	0.95
1985	10,030,000	1.41
1984	10,015,000	2.08
1983	9,998,000	1.77

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 152,013,000	$ 15.05
1986	144,049,000	14.29
1985	134,840,000	13.42
1984	120,837,000	12.06
1983	103,681,000	10.38

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net sales	$ 223,185	$ 197,659
Cost of sales	153,511	134,511
Expenses:		
Sales & adm.	39,722	34,573
Res. & develop.	10,415	13,299
Interest expense	2,453	2,450
Interest income	(1,106)	(2,594)
Other income	(782)	(963)
Prov. for restruc.	19,900	—
Gain on sale of land	(5,941)	—
Income before taxes	$ 5,013	$ 16,353
Income taxes	1,199	6,835
Net Income	$ 3,814	$ 9,518

* Included in Costs and Expenses, Depreciation: $12,759,000 in 1987 and $11,977,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash	$ 8,638	$ 2,114
Short-term invest.	10,631	23,943
Accts. receiv., net	64,741	60,813
*Inventories	47,855	57,149
Deferred tax benefits	3,246	—
Prepaid expenses	1,575	833
Current Assets	$ 136,686	$ 144,852
#Fixed assets	47,093	45,443
Other assets	7,490	2,940
Intangibles	21,674	43
Total Assets	$ 208,943	$ 193,278

Liabilities
(000's)

Long-term debt, curr.	$ 1,979	$ 1,655
Accts. payable	9,074	7,675
Accruals	10,643	9,813
Accrued restruc. exp.	4,963	—
Accrued compensation	5,891	4,293
Income taxes	1,567	3,108
Curr. Liabilities	$ 34,117	$ 26,544
Long-term debt	22,374	21,834
Deferred liab.	439	851
+Common stock	101	10,078
Add. paid-in capital	26,306	15,993
For. curr. trans. adjust.	(1,604)	(5,418)
Retained earnings	127,210	123,396
Total Liabilities & Shareholders' Equity	$ 208,943	$ 193,278

* At lower of cost (LIFO & FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value in 1987; $1 par value in 1986.

Statistical Summary

% Income bef. Taxes to Sales	2.25	8.27
% Net Income to Sales	1.71	4.82
% Net Income to Equity	2.51	6.61
Sales to Inventories	4.66	3.46
Debt to Equity	0.16	0.16
Working Capital	$ 98,569,000	$ 118,308,000
Current Ratio	3.89	5.46
Shareholders' Equity	$ 152,013,000	$ 144,049,000

Apex Electronics, Inc.

100 Eighth Street
Passaic, New Jersey 07055
(201) 773-1220

Officers: Michael Dorota, president; Hazel Orlin, asst. secretary.

Directors: Michael Dorota, Gerry Tumarkin, Ronald D. Ordway.

Areas of Work: Produces cathode ray tubes and other television parts.

Transfer Agent(s):

Midlantic National Bank/North
Paterson, New Jersey

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,284,300	$ 23,089
1986	924,473	18,321
1985	N.A.	(14,618)
1984	N.A.	4,278
1983	N.A.	7,532

	No. of Com. Shares‡	Earn. per Share‡
1987	252,350	$ 0.09
1986	252,350	0.07
1985	252,450	—
1984	252,450	—
1983	252,650	—

(Loss)
N.A. - Not Available.
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 490,291	$ 1.94
1986	467,202	1.85
1985	448,881	1.78
1984	463,599	1.84
1983	459,521	1.82

‡ Based on the average number of shares outstanding.

Income Account

Year ended Aug. 31	1987	1986
Net sales	$ 1,284,300	$ 924,473
Cost of sales	1,046,932	681,258
Expenses	176,486	183,059
Taxes & payroll	28,597	21,518
Interest income	(1,822)	(1,268)
Depreciation	15,518	21,585
Other income	(4,500)	—
Net Income	$ 23,089	$ 18,321

Assets

As of Aug. 31	1987	1986
Cash	$ 110,363	$ 63,359
Accts. & notes receiv., net	197,255	271,074
Accrued int. receiv.	7,542	6,721
*Inventories	246,286	212,286
Prepaid expenses & advances	7,503	11,622
Current Assets	$ 568,948	$ 567,062
#Fixed assets	35,022	21,659
Other assets	119,334	164,276
Total Assets	$ 723,304	$ 752,997

Liabilities

Notes payable	$ 10,000	$ 10,000
Accts. payable	161,432	164,473
Advances	436	6,712
Accrued payroll	3,555	2,360
Accrued interest	31,769	77,456
Accrued payroll taxes	2,821	1,794
Curr. Liabilities	$ 210,013	$ 262,795
Note payable	23,000	23,000
+Common stock	26,100	26,100
Common stock-Apex Elec. Int'l	2,500	2,500
Add. paid-in capital	306,503	306,503
Retained earnings	170,613	147,524
Treasury stock	(15,425)	(15,425)
Total Liabilities & Shareholders' Equity	$ 723,304	$ 752,997

* At lower of cost (FIFO) or market for raw materials; manufactured finished goods at standard costs which approximate actual costs.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Sales	1.80	1.35
%Net Income to Equity	4.71	3.92
Sales to Inventories	5.21	6.39
Debt to Equity	0.07	0.07
Working Capital	$ 358,935	$ 466,643
Current Ratio	2.71	2.78
Shareholders' Equity	$ 490,291	$ 467,202

Apollo Computer Inc.

330 Billerica Road
Chelmsford, Massachusetts 01824
(617) 256-6600

Officers: Thomas A. Vanderslice, chairman & chief exec. officer; Charles P. Spector, vice chairman; Roland D. Pampel, president & chief operating officer; Richard P. Bond, sr. v.p. & chief financial officer; Robert J. Elliott, v.p.-information systems & resources; Dorothy D. Hayes, v.p. & controller; John W. Newton, v.p. & treasurer; David L. Nelson, v.p. & chief technical officer; J. Michael Greata, v.p. & gen. mgr.-research & development; Michael S. Gutman, v.p. & gen. mgr.-research & development; Russell G. Barbour, v.p.-advanced technology; Bruce E. Parker, v.p.-international development & federal programs development; Bernard L. Stumpf, Apollo fellow; Paul J. Leach, Apollo fellow; Paul H. Levine, Apollo fellow; Alisdair C. Ferguson, managing dir.-Scotland Manufacturing; Charles A. McGurin, v.p.-manufacturing operations, New Hampshire; Frank A. Faggiano, v.p.-human resources; Harold A. Judy, v.p.-quality & program management; Angelo R. Guadagno, v.p.-North American field operations; Volker Kleinn, v.p.-international field operations; Douglas P. Langenberg, v.p.-Apollo Computer Services, Inc.; William J. Cunningham, Jr., v.p. & gen. mgr.-worldwide manufacturing; Roy J. Moffa, v.p.-new products; William M. Kelly, dir.-market segment development; Michael A. Gallup, dir.-product marketing & programs; Dominic Chan, v.p.-domain engineering.

Directors: Thomas A. Vanderslice, chairman; Charles P. Spector, Richard P. Bond, John F. Cunningham, Anne P. Jones, James P. O'Neill, Roland D. Pampel, John K. McKinley, William R. Smart.

Areas of Work: Designs, manufactures, markets and services computer systems. These systems include advanced personal workstations and sophisticated graphics systems, as well as a wide range of high-performance computer servers, server processors, and printers.

Subsidiary:

Apollo Computer, S.A.
108, Avenue Louis-Casai
P.O. Box 409
1215 Geneva, Switzerland
(41-22) 985788

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: APCI (NASDAQ)

Number of Employees:

1987	3,992	1984	3,021
1986	3,577	1983	1,197
1985	3,275		

Plant Footage:

1987 ..... 1,365,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 553,660,000	$ 21,692,000
1986	391,685,000	9,331,000
1985	295,575,000	(1,516,000)
1984	215,930,000	23,908,000
1983	80,659,000	13,127,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	36,400,000	$ 0.60
1986	35,053,000	0.27
1985	34,024,000	—
1984	31,834,000	0.75
1983	30,171,000	0.44

(Loss)
† Including extraordinary gain of $1,950,000 ($0.07 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 224,997,000	$ 6.18
1986	189,917,000	5.42
1985	173,961,000	5.11
1984	169,978,000	5.34
1983	76,900,000	2.55

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	1/2/88	1/3/87
Net sales:		
Product	$ 466,791	334,565
Service	86,869	57,120
Total income	$ 553,660	$ 391,685
Cost of sales	288,513	209,989
Expenses	223,562	160,926
Interest expense	9,599	9,051
Interest income	(2,445)	(3,571)
Income bef. taxes	$ 34,431	$ 15,290
Income taxes	12,739	5,959
Net Income	$ 21,692	$ 9,331

* Included in Costs and Expenses, Depreciation and Amortization: $42,020,000 in 1987 and $28,317,000 in 1986.

Assets
(000's)

As of	1/2/88	1/3/87
Cash	$ 10,624	$ 6,803
Investments	29,298	43,366
Accts. receiv., net	156,710	110,025
Refundable taxes	1,245	906
*Inventories	80,563	74,602
Other curr. assets	14,890	7,024
Current Assets	$ 293,330	$ 242,726
#Fixed assets	128,804	110,905
Other assets	24,835	12,934
Total Assets	$ 446,969	$ 366,565

Liabilities
(000's)

Accts. payable	$ 35,255	$ 21,765
Cap. lease oblig., curr.	621	923
Accrued inc. taxes	10,947	3,747
Accrued payroll	13,292	9,895
Deferred revenue	9,206	7,306
Accrued interest	3,996	3,699
Other accruals	20,486	7,980
Curr. Liabilities	$ 93,803	$ 55,315
7 1/4% conv. subord. deben.	115,000	115,000
Deferred inc. taxes	11,640	4,171
Cap. lease oblig.	1,529	2,162
+ Common stock	710	697
Add. paid-in capital	175,550	166,922
Retained earnings	62,780	41,088
Unearned comp.	(13,653)	(15,450)
Cum. trans. adjust.	(390)	(3,340)
Total Liabilities & Shareholders' Equity	$ 446,969	$ 366,565

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.22	4.57
%Net Income to Sales	3.92	2.79
%Net Income to Equity	9.64	4.91
Sales to Inventories	6.87	4.48
Debt to Equity	0.52	0.62
Working Capital	$ 199,527,000	$ 187,411,000
Current Ratio	3.13	4.39
Shareholders' Equity	$ 224,997,000	$ 189,917,000

Apple Computer, Inc.

20525 Mariani Avenue
Cupertino, California 95014
(408) 996-1010

Officers: John Sculley, chairman, president & chief executive officer; Delbert W. Yocam, exec. v.p. & chief operating officer; Charles M. Boesenberg, sr. v.p.-U.S. sales & marketing; David J. Barram, v.p.-corporate affairs; Deborah A. Coleman, v.p.-finance & chief financial officer; Albert A. Eisenstat, sr. v.p. & secretary; John P. Karalis, v.p., gen. counsel & asst. secretary; Jean-Louis Gassee, v.p.-research & development; Michael H. Spindler, sr. v.p.-int'l sales & marketing; Roy Weaver, Jr., v.p.-distribution; Robert W. Saltmarsh, treasurer; Lawrence G. Tesler, v.p.-advanced technology; Charles W. Berger, v.p.-market development; William B. Coldrick, v.p. & gen. mgr.-U.S. sales, Western operations; Harold D. Copperman, v.p. & gen. mgr.-U.S. sales, Eastern operations; Daniel L. Eilers, v.p.-strategic investments; Allan Z. Loren, v.p.-information systems and technology; Ralph Russo, v.p.-worldwide operations; Joseph Schoendorf, v.p.-marketing; Kevin Sullivan, v.p.-human resources.

Directors: Peter O. Crisp, A. C. Markkula, Jr., Arthur Rock, Henry E. Singleton, John Sculley, Albert A. Eisenstat.

Areas of Work: The company designs, develops, produces, markets and services microprocessor-based personal computers and related software and other peripheral products.

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AAPL (NASDAQ)

Number of Employees:

1987	7,228	1984	5,382
1986	5,600	1983	4,646
1985	4,182		

Sales & Earnings

	Net Sales	Net Income
1987	$ 2,661,068,000	$ 217,496,000
1986	1,901,898,000	153,963,000
1985	1,918,280,000	61,223,000
1984	1,515,876,000	64,055,000
1983	982,769,000	76,714,000

	No. of Com. Shares‡	Earn. per Share‡
1987	131,615,000	$ 1.65
1986	128,630,000	1.20
1985	123,790,000	0.49
1984	121,774,000	0.53
1983	119,734,000	0.64

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.12	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 836,488,000	$ 6.36
1986	694,087,000	5.40
1985	550,487,000	4.45
1984	464,565,000	3.81
1983	377,901,000	3.16

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	9/25/87	9/26/86
Net sales	$ 2,661,068	$ 1,901,898
Cost of sales	1,296,220	891,112
Research & develop.	191,554	127,758
Marketing	655,219	476,685
Gen. & adm.	146,637	132,812
Interest income	(38,930)	(36,187)
Income before taxes	$ 410,368	$ 309,718
Income taxes	192,872	155,755
Net Income	$ 217,496	$ 153,963

* Included in Costs and Expenses, Depreciation and Amortization: $70,516,000 in 1987 and $51,075,000 in 1986.

Assets
(000's)

As of	9/25/87	9/26/86
Cash & temp. cash invest.	$ 565,094	$ 576,215
Accts. receiv., net	405,637	263,126
*Inventories	225,753	108,680
Other curr. assets	110,941	92,913
Current Assets	$ 1,307,425	$ 1,040,934
#Fixed assets	130,434	107,315
Other assets	40,072	11,879
Total Assets	$ 1,477,931	$ 1,160,128

Liabilities
(000's)

Accts. payable	$ 205,929	$ 118,053
Accrued compen.	55,291	37,238
Income taxes payable	20,242	14,652
Accrued adv.	113,631	83,577
Other curr. liab.	83,585	75,015
Curr. Liabilities	$ 478,678	$ 328,535
Deferred inc. taxes	162,765	137,506
+Common stock	263,956	227,075
Retained earnings	573,141	474,287
Cum. trans. adj.	1,503	(966)
Notes receiv. from shareholders	(2,112)	(6,309)
Total Liabilities & Shareholders' Equity	$ 1,477,931	$ 1,160,128

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	15.42	16.28
%Net Income to Sales	8.17	8.10
%Net Income to Equity	26.00	22.18
Sales to Inventories	11.79	17.50
Working Capital	$ 828,747,000	$ 712,399,000
Current Ratio	2.73	3.17
Shareholders' Equity	$ 836,488,000	$ 694,087,000

Applied Magnetics Corporation

75 Robin Hill Road
Goleta, California 93117
(805) 683-5353

Officers: Harold R. Frank, chairman of the board; Ben J. Newitt, vice chairman & chief executive officer; William R. Anderson, president; Robert C. Tetherow, exec. v.p.; Thomas W. Russell, v.p.; O. M. Fundingsland, exec. v.p.-sales and marketing; Louis W. Rayer, v.p.-materials; Gordon P. Sprague, Jr., exec. v.p. & treasurer; Raymond P. LeBlanc, v.p., secretary & general counsel.

Directors: Harold R. Frank, chairman; Ben J. Newitt, James M. Cunningham, Willard G. De Groot, William E. Terry, Robert C. Tetherow, R. C. Mercure, Jr..

Areas of Work: Designs and manufactures magnetic recording heads used in tape, digit-disk, and floppy-disk drives.

Subsidiaries:

Applied Magnetics Belgium, N.V.
Industriezone
Raadsherenstraat 3
B-2300 Turnhout, Belgium

Applied Magnetics Japan, Ltd.
2-19-4 Tachibanadai Midori-Ku
Yokohama-shi, Kanagawa-ken 227, Japan

Applied Magnetics Korea, Ltd.
CPO Box 2801
Seoul, Korea

Applied Magnetics (Singapore) Pte. Ltd.
No. 8 Ang Mo Kio
Industrial Park 2 Singapore 2056

Applied Magnetics Ireland, Ltd. Inc.
Clonshaugh Industrial Estate
Coolock, Dublin 5, Ireland

Brumko Magnetics Corporation
150 Binfield Street
Elkhorn, Nebraska 69022
(402) 289-2400
Refurbishes and repairs magnetic recording disk heads for the computer industry.

Nortronics Company, Inc.
8101 10th Avenue North
Minneapolis, Minnesota 55427
(612) 545-0401
Manufactures magnetic tape heads used in computer tape drives, card and check readers, moneychangers, aircraft recorders and industrial analog audio devices.

Applied Peripherals Technology Corp.
475 Pine Avenue
Goleta, California 93117
(805) 967-7917

Applied Peripherals Technology Belgium, N.V.
Raadsherenstraat 3
B-2300 Turnhout, Belgium
(32) 14415911

Applied Peripherals Technology U.K. Ltd.
7 Glan Aber Park
Hough Green
Chester CH4 8LE United Kingdom
(44) 244672712

Applied Peripherals Technology Belgium, N.V.
European Sales Office
Manhattan Office Tower
Avenue du Boulevard 21, Box 33
B-1210 Brussels, Belgium
(32) 2219-1722

Applied Peripherals Technology (Singapore) Pte. Ltd.
No. 8 Ang Mo Kio
Industrial Park 2 Singapore 2056
481-4422

Transfer Agent(s):

First Interstate Bank of California
P.O. Box 3667, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York

Ticker Symbol: APM

Number of Employees:

1987	6,940	1984	4,500
1986	4,070	1983	3,936
1985	3,900		

Plant Footage:

1987	804,085 sq. ft.	1985	595,260
1986	599,760		

Sales & Earnings

	Net Sales +	Net Income‡
1987	$ 211,940,000	$ 15,544,000
1986	128,119,000	5,487,000
1985	120,751,000	3,087,000
1984	145,938,000	1,091,000
1983	101,590,556	6,907,132

	No. of Com. Shares†	Earn. per Share‡†
1987	14,495,134	$ 1.07
1986	13,498,110	0.41
1985	12,990,680	0.24
1984	13,371,584	0.08
1983	12,508,174	0.55

+ Of continuing operations only.
‡ Including extraordinary gains of $1,325,000 ($0.09 per share) in 1987, $1,384,000 ($0.10 per share) in 1986, $2,050,000 ($0.16 per share) in 1985 and $312,000 ($0.02 per share) in 1984.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1
1986	—	—	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 150,413,000	$ 10.31
1986	99,874,000	7.89
1985	92,714,000	7.35
1984	89,021,000	7.06
1983	91,388,030	7.36

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 211,940,000	$ 128,119,000
Cost of sales	149,401,000	92,523,000
Expenses	45,142,000	32,698,000
Interest income	(1,896,000)	(1,391,000)
Interest expense	704,000	478,000
Other expense (income)	454,000	(1,052,000)
Income before taxes	$ 18,135,000	$ 4,863,000
Income taxes	3,916,000	760,000
Net Income	$ 14,219,000	$ 4,103,000
Extraord. gain	1,325,000	1,384,000
Net Income & extraord. gain	$ 15,544,000	$ 5,487,000

* Included in Costs and Expenses, Depreciation and Amortization: $11,829,000 in 1987 and $8,723,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 32,331,000	$ 13,946,000
Accts. receiv., net	42,865,000	24,946,000
*Inventories	27,531,000	19,687,000
Prepaid expenses	5,197,000	5,846,000
Def. inc. taxes	2,319,000	2,052,000
Current Assets	$ 110,243,000	$ 66,477,000
#Fixed assets	82,162,000	57,974,000
Other assets	3,173,000	2,735,000
Total Assets	$ 195,578,000	$ 127,186,000

Liabilities

Long-term debt, curr.	$ 1,354,000	$ 775,000
Accts. payable	11,965,000	8,438,000
Accrued payroll & other liab.	8,981,000	5,497,000
Income taxes	2,812,000	3,216,000
Other liabilities	3,912,000	2,468,000
Curr. Liabilities	$ 29,024,000	$ 20,394,000
Long-term debt	3,605,000	740,000
Other liabilities	12,536,000	6,178,000
+Common stock	1,495,000	633,000
Add. paid-in capital	92,818,000	59,347,000
Retained earnings	55,117,000	39,573,000
Cum. trans. adjust.	(1,019,000)	321,000
Total Liabilities & Shareholders' Equity	$ 195,578,000	$ 127,186,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.56	3.80
%Net Income to Sales	6.71	3.20
%Net Income to Equity	9.45	4.11
Sales to Inventories	7.70	6.51
Debt to Equity	0.03	0.02
Working Capital	$ 81,219,000	$ 46,083,000
Current Ratio	3.80	3.26
Shareholders' Equity	$ 150,413,000	$ 99,874,000

Applied Materials, Inc.

3050 Bowers Avenue
Santa Clara, California 95054-3299
(408) 727-5555

Officers: James C. Morgan, president & chief exec. officer; Jammes W. Bagley, sr. v.p.; Gerald F. Taylor, v.p.-finance; Dana C. Dilmore, v.p.-corp. quality & Customer Service Division; Peter R. Hanley, v.p.-Etch Products Division; Tetsuo Iwasaki, v.p. & pres.-Applied Materials Japan; Dan Maydan, v.p.-Applied Deposition Technology Division; Howard L. Neff, v.p.-Epitaxial Products Division; John G. Stewart, v.p.-Implant Division; Glen O. Toney, v.p.-human resources; Joseph R. Bronson, controller; Nancy H. Handel, treasurer; Donald A. Slichter, secretary.

Directors: James C. Morgan, Herbert M. Dwight, Jr., George B. Farnsworth, Philip V. Gerdine, Alfred J. Stein, Hiroo Toyoda.

Areas of Work: Develops, manufactures and markets semiconductor wafer processing equipment, including chemical vapor deposition systems, epitaxial reactors, plasma etch systems, and ion implanters.

Divisions:

Etch Products Division
Applied Deposition Technology Division
Epitaxial Products Division
Customer Service Division
Implant Division

Subsidiaries:

Applied Materials Europe B.V.
Halfweg, The Netherlands

Applied Materials Limited
Bracknell, Berks, United Kingdom
Livingston, Scotland

Applied Materials S.A.R.L.
Buc, France

Applied Materials GmbH
Munich & Untergruppenbach, West Germany

Applied Materials Japan
Tokyo, Kumamoto, Narita, Niigata, Ohita, Osaka & Sendai, Japan

Applied Materials China Service Center

Beijing, People's Republic of China

Applied Materials Korea
Seoul, Korea

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AMAT (NASDAQ)

Number of Employees:

1987	1,406	1984	1,474
1986	1,415	1983	1,130
1985	1,359		

Plant Footage:

1987	633,600 sq. ft.	1985	633,600
1986	633,600		

Sales & Earnings x

	Net Sales	Net Income
1987	$ 174,444,000	$ 336,000
1986	149,261,000	1,860,000
1985	174,595,000	9,187,000
1984	168,400,000	13,728,000
1983	105,527,000	3,065,000

	No. of Com. Shares‡	Earn. per Share‡
1987	14,140,000	$ 0.02
1986	13,322,000	0.14
1985	13,160,000	0.70
1984	13,076,000	1.05
1983	12,328,000	0.25

(Loss)
x Restated to reflect change in accounting for inventories.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	$ 153,608,000	$ 9.93
1986	93,746,000	7.14
1985	86,796,000	6.70
1984	74,752,000	5.83
1983	61,782,000	4.85

x Restated.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	10/25/87	10/26/86‡
Net sales	$ 174,444	$ 149,261
Cost of sales	103,061	87,730
Expenses:		
Research & develop.	31,204	24,621
Marketing & selling	23,049	18,297
Gen. & administrative	15,047	13,514
Other expenses	1,505	1,786
Income bef. taxes ?	$ 578	$ 3,313
Income taxes	242	1,453
Net Income	$ 336	$ 1,860

* Included in Costs and Expenses, Depreciation and Amortization: $9,269,000 in 1987 and $7,763,000 in 1986.
‡ Restated.

Assets
(000's)

As of	10/25/87	10/26/86‡
Cash & cash equiv.	$ 70,722	$ 21,796
Accts. receiv., net	49,527	39,577
*Inventories	47,139	36,039
Future inc. taxes benefits	5,464	3,881
Other curr. assets	6,307	4,873
Current Assets	$ 179,159	$ 106,166
#Fixed assets	47,039	43,358
Other assets	6,428	6,614
Total Assets	$ 232,626	$ 156,138

Applied Materials, Inc.

Liabilities
(000's)

Notes payable	$ 3,283	$ 7,440
Long-term debt, curr.	1,446	1,290
Accts. payable & accruals	43,098	23,654
Est. inc. taxes	303	—
Curr. Liabilities	$ 48,130	$ 32,384
Long-term debt	21,112	19,615
Deferred inc. taxes	8,500	9,253
Other obligations	1,276	1,140
+Common stock	155	55,428
Add. paid-in capital	113,214	—
Retained earnings	34,247	33,911
Cum. trans. adjust.	5,992	4,407
Total Liabilities & Shareholders' Equity	$ 232,626	$ 156,138

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	0.33	2.22
%Net Income to Sales	0.19	1.25
%Net Income to Equity	0.22	1.98
Sales to Inventories	3.70	4.14
Debt to Equity	0.17	0.30
Working Capital	$ 131,029,000	$ 73,782,000
Current Ratio	3.72	3.28
Shareholders' Equity	$ 153,608,000	$ 93,746,000

Applied Solar Energy Corporation

(75% owned by American Cyanamid Company)

15251 E. Don Julian Road
P.O. Box 1212
City of Industry, California 91749
(818) 968-6581

Officers: William L. Berry, chairman of the board; William L. Thompson, president & chief executive officer; Ku Sun Ling, sr. v.p.; Barry W. Hall, v.p.-finance, chief financial officer & treasurer; Raymond L. Waguespack, v.p. & gen. mgr.-corp. marketing; John Tracy, v.p.-research & development; Kathleen J. Batistelli, secretary.

Directors: William L. Berry*, chairman; Jerry Grey, Eugene B. Konecci, William L. Thompson*, Frederick W. Armstrong, Albert J. Costello, Richard L. Martino.

* Member of the Executive Committee

Areas of Work: Designs, manufactures and markets photovoltaic products which convert sunlight into electrical power for use on earth and in space; and photodetectors which change light into electronic signals for optical scanners and readers in medical, data processing, telecommunications and machinery control applications.

Subsidiary:

Simulaser Corporation
Manufactures weapons simulation systems based on laser/detector technology.

Transfer Agent(s):

First Interstate Bank
San Francisco, California

Stock Exchange(s): Over-the Counter

Ticker Symbol: SOLR (NASDAQ)

Number of Employees:

1986 255

Plant Footage:

1986 ..... 89,600 sq. ft.

Sales & Earnings

	Net Sales +	Net Income #
1986	$ 17,146,000	(2,727,000)
1985	11,179,000	(3,723,000)
1984	16,981,000	2,910,000
1983	13,922,000	2,991,000
1982	9,207,000	229,000

	No. of Com. Shares‡	Earn. per Share #‡
1986	3,369,000	$ —
1985	3,362,000	—
1984	3,389,000	0.86
1983	2,896,000	1.03
1982	2,405,000	0.10

(Loss)
+ Includes other revenues.
# Including extraordinary gains of $891,000 ($0.26 per share) in 1984, $1,126,000 ($0.39 per share) in 1983 and extraordinary loss of $133,000 in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 15,761,000	$ 4.68
1985	18,476,000	5.50
1984	22,097,000	6.52
1983	18,859,000	6.51
1982	4,403,000	1.83

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1986	1985
Net sales	$ 17,146	$ 11,179
Cost of sales	14,039	10,519
Expenses:		
Res. & prod. develop.	381	491
Sell., adm. & general	5,242	4,577
Interest expense	255	4
Interest income	(44)	(567)
Loss before taxes	$ (2,727)	(3,845)
Tax credit	—	(255)
Net Loss	$ (2,727)	(3,590)
Extraord. loss	—	(133)
Net Loss & extraord. loss	$ (2,727)	(3,723)

* Included in Costs and Expenses, Depreciation and Amortization: $2,319,000 in 1986 and $1,360,000 in 1985.

Assets
(000's)

As of Oct. 31	1986	1985
Cash & temp. invest.	$ 287	—
Accts. receiv., net	1,658	2,698
Inc. tax refund receiv.	—	145
Unreimbursed expend. on contracts	895	910
*Inventories	3,683	3,160
Prepaid expenses	445	434
Current Assets	$ 6,968	$ 7,347
#Fixed assets	17,851	15,318
Other assets	741	754
Total assets	$ 25,560	$ 23,419

Liabilities
(000's)

Demand note pay.	$ 6,010	$ 900
Cap. lease oblig. curr.	180	169
Accts. payable	1,166	1,238
Accruals	1,181	1,360
Allow for losses on contracts	50	305
Curr. Liabilities	$ 8,587	$ 3,572
Long-term debt	1,141	1,181
Cap. lease oblig.	12	131
Deferred taxes	59	59
+Common stock	20,930	20,910
Retained earnings (deficit)	(5,169)	(2,442)
Total Liabilities & Shareholders' Equity	$ 25,560	$ 23,419

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	4.66	3.54
Debt to Equity	0.07	0.11
Working Capital	—	$ 3,775,000
Current Ratio	—	2.06
Shareholders' Equity	$ 15,761,000	$ 18,476,000

Armatron International, Inc.

2 Main Street
Melrose, Massachusetts 02176
(617) 321-2300

Officers: Charles J. Housman, chairman of the board, president & treasurer; Herbert E. Housman, exec. v.p.; Sal DeYoreo, v.p.; Elliot J. Englander, clerk.

Directors: Charles J. Housman, chairman; Edward L. Housman, Herbert E. Housman, Elliot J. Englander, Craig Spangenberg, William Welsh.

Areas of Work: The Company manufactures radios, which it supplies on an OEM basis to a major automobile manufacturer; electronic insect killing devices and branch and leaf chipper/shredders for consumer use.

Divisions:

Automatic Radio Division

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: ART

Number of Employees:
(yearly average)

1987 178

Plant Footage:

1987 ..... 50,000 sq. ft.

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 21,343,000	$ (871,000)
1986	23,310,000	(11,489,000)
1985	25,843,000	(7,978,000)
1984	34,840,000	2,555,000
1983	36,306,000	2,389,000

	No. of Com. Shares #	Earn. per Share #
1987	2,540,871	$ —
1986	2,543,446	—
1985	2,544,350	—
1984	2,531,851	1.01
1983	2,490,110	0.96

(Loss)
‡ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 4,191,000	$ 1.65
1986	5,051,000	1.99
1985	16,608,000	6.53
1984	24,540,000	9.66
1983	21,659,000	8.70

Based on the weighted average number of shares outstanding.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 21,343,000	$ 23,310,000
Cost of sales	18,395,000	22,706,000
Expenses	5,045,000	7,435,000
Other income	(217,000)	(65,000)
Interest expense	1,003,000	1,264,000
Gain on sale of assets	(512,000)	(5,417,000)
Gain on discont. prod. line	—	(952,000)
Loss cont. oper.	$ (2,371,000)	$ (7,661,000)
Inc. (loss) discont. oper.	1,500,000	(3,828,000)
Net Loss	$ (871,000)	$ (11,489,000)

* Included in Costs and Expenses, Depreciation and Amortization: $428,000 in 1987 and $686,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 135,000	$ 1,116,000
Accts. receiv., net	3,047,000	2,223,000
*Inventories	4,199,000	3,103,000
Prepaid expenses	476,000	896,000
Bldg. held for sale	691,000	988,000
Net assets-discont. oper.	—	20,423,000
Current Assets	$ 8,548,000	$ 28,747,000
Notes & mortg. receiv.	2,750,000	—
#Fixed assets	1,461,000	2,746,000
Other assets	5,000	65,000
Total Assets	$ 12,764,000	$ 31,558,000

Liabilities

Notes payable	$ 3,933,000	$ 10,112,000
Long-term debt, curr.	591,000	11,689,000
Notes pay. stockholders	—	500,000
Accts. payable	1,377,000	1,238,000
Warranty costs	423,000	538,000
Interest	234,000	331,000
Payroll	264,000	254,000
Other liab.	696,000	1,203,000
Curr. Liabilities	$ 7,518,000	$ 25,865,000
Long-term debt	1,055,000	642,000
+Common stock	2,606,000	2,606,000
Add. pd-in capital	6,770,000	6,770,000
Retained earnings (deficit)	(4,939,000)	(4,068,000)
Treasury stock	(246,000)	(246,000)
Deferred comp.	—	(11,000)
Total Liabilities & Shareholders' Equity	$ 12,764,000	$ 31,558,000

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Investories	5.08	7.51
Debt to Equity	1.33	4.54
Working Capital	$ 1,030,000	$ 2,882,000
Current Ratio	1.14	1.11
Shareholders' Equity	$ 4,191,000	$ 5,051,000

Arrow Electronics, Inc.

25 Hub Drive
Melville, New York 11747
(516) 391-1300

Officers: John C. Waddell, chairman of the board; Stephen P. Kaufman, president & chief exec. officer; Thomas M. Davidson, exec. v.p.; T. Wayne Anthony, v.p. & president-Schuylkill Metals Corporation, Robert E. Klatell, sr. v.p., general counsel & secretary; Dominic A. Polimeni, v.p. & chief financial officer; Thomas F. Hallam, v.p.-human resources; Wesley S. Sagawa, v.p.; William J. Smith, v.p.

Directors: John C. Waddell, chairman; Thomas M. Davidson, Stephen P. Kaufman, Lawrence R. Kemp, Wallace W. Booth, Daniel W. Duval, J. Spencer Gould.

Areas of Work: Distributors of electronic components and computer products.

Divisions and Subsidiaries:

Arrow Electronics Canada Ltd.
Distribution of electronic products in Canada.

Spoerle Electronic Handelsgesellschaft mbH & Co. (40% owned)
Electronics distributor in West Germany.

Axiom Electronics Ltd.
Distribution of electronic products in England.

Acquisition(s):

The Electronics Distribution Businesses of Ducommun Incorporated, consisting of:

Kierulff Electronics
Los Angeles, California

MTI Systems Corp.
Port Washington, New York

Ducommun Data Systems

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: ARW

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 562,399,000	$ (2,887,000)
1986	501,795,000	(31,899,000)
1985	808,280,000	(10,883,000)
1984	708,344,000	12,817,000
1983	543,565,000	5,102,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	6,700,000	$ —
1986	6,527,282	—
1985	6,422,002	—
1984	6,417,153	2.00
1983	6,007,971	0.85

(Loss)
+ Of continuing operations only.
† Including extraordinary loss of $3,632,000 in 1986.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.15	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.17	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 26,178,000 +	$ 3.91
1986	32,466,000 +	4.97
1985	69,336,000	10.80
1984	80,091,000	12.48
1983	65,567,000	10.91

+ After allowing for preferred stock at liquidation value.
# Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 562,399	$ 501,795
Cost of sales	450,596	393,905
Expenses	125,709	122,738
Interest expense	18,805	19,725
Gain on sale of prop.	(13,390)	—
Eq. in earn. of affil. co.	(3,502)	(3,047)
Loss - cont. oper.	$ (15,819)	$ (31,526)
Inc. - discont. oper.	12,932	3,259
Net Loss	$ (2,887)	$ (28,267)
Extraord. loss	—	(3,632)
Net Loss & extraord. loss	$ (2,887)	$ (31,899)

* Included in Costs and Expenses, Depreciation and Amortization: $4,027,000 in 1987 and $4,363,000 in 1986.

Arrow Electronics, Inc.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 13,409	$ 31,954
Accts. receiv., net	92,797	75,672
Income taxes	557	672
*Inventories	125,276	121,116
Prepaid expenses	8,565	8,818
Assets-discont. oper.	19,094	1,176
Current Assets	$ 259,698	$ 239,408
# Fixed assets	22,681	27,435
Other assets	9,315	6,960
Intangibles	1,962	2,006
Investments	51,935	42,238
Assets-discont. oper.	—	10,582
Total Assets	$ 345,591	$ 328,629

Liabilities
(000's)

Notes payable	$ 2,520	$ 1,790
Long-term debt, curr.	1,768	828
Accts. payable	37,102	30,782
Accruals	24,734	17,996
Accrued interest	5,819	5,600
Curr. Liabilities	$ 71,943	$ 56,996
Long-term debt	58,443	49,729
Deferred inc. taxes	5,813	5,077
Deferred credit	4,230	4,358
Subord. debns.	108,984	110,003
+ Preferred stock	280	280
++ Common stock	6,754	6,576
Add. paid-in capital	111,405	110,644
Retained earnings (deficit)	(21,239)	(12,927)
Treasury stock	(27)	(22)
Emp. stock awards	(996)	(2,085)
Total Liabilities & Shareholders' Equity	$ 345,591	$ 328,629

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value, convertible exchangeable.
++ $1 par value.

Statistical Summary

Sales to Inventories	4.49	4.14
Debt to Equity	0.65	0.51
Working Capital	$ 187,755,000	$ 182,412,000
Current Ratio	3.61	4.20
Shareholders' Equity	$ 96,178,000	$ 102,466,000

ARTRA GROUP Incorporated

500 Central Avenue
Northfield, Illinois 60093
(312) 441-6650

Officers: John J. Harvey, chairman of the board; Peter R. Harvey, president; John G. Hamm, exec. v.p.; James D. Doering, v.p., treasurer & chief financial officer; Robert S. Gruber, v.p.-corp. relations; Lawrence D. Levin, controller; Edwin G. Rymek, secretary.

Directors: John J. Harvey, chairman; Peter R. Harvey, Roland J. Joyce, Dieter E. A. Tannenberg.

Areas of Work: Through Sargent-Welch Scientific Company, a wholly owned subsidiary, the Company develops, manufactures, markets and distributes a broad, diverse line of analytical instruments, scientific apparatus, laboratory equipment, teaching systems, supplies, chemicals and furniture to industrial, educational and governmental markets. In addition, through Lori Corporation, a 70.4%-owned subsidiary, the Company designs, manufactures and distributes jewelry and accessories.

Subsidiaries:

Sargent-Welch Scientific Company
7300 North Linder Avenue
Skokie, Illinois 60077
(312) 677-0600

Products manufactured by Sargent-Welch include balances, charts, Cryo-Source cryogenic refrigerators, electric meters, fluorimeters, hot plates, laboratory clamps and supports, mechnical high vacuum pumps, refrigeration pumps and oil-less piston compressors, prepared microscope slices, Millikan apparatus, nuclear scalers, ovens, pH/ISC meters, Polarograph Voltammetric analyzers, preserved animals, potentiometric stripchart records, ripple tanks, Sargent-Slomin eletrodeposition apparatus, living and mounted specimens, stirrers, thermostatic baths and turbomolecular high vacuum pumps, related accessories and many other electroanalytical instruments, laboratory appliances and devices, hardware and demonstration apparatus items, ranging from simple to complex, used in industrial applications and for teaching anatomical, biological, chemical, mathematical and physical properties and principles. In addition to manufactured products, Sargent-Welch also serves as distributor for more than 1,000 suppliers of complementary products, including other instruments and apparatus, chemicals, laboratory glassware and furniture, plasticware, porcelainware, hardware, filter paper and computer software.

Lori Corporation (70.4%-owned)
500 Central Avenue, Box 8902
Northfield, Illinois 60093
(312) 441-7300

Designs and distributes jewelry and accessories, writing instruments and lighters.

Envirodyne Industries Inc. (26.7% interest)
142 East Ontario Street
Chicago, Illinois 60611
(312) 649-0600

Manufactures polymeric film products used to process and package meat, poultry and cheeses; plasticized polyvinyl chloride film, primarily for use in packaging food items; and disposable plastic cutlery, drinking straws, customdining kits and related items.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
231 LaSalle Street
Chicago, Illinois 60693

Stock Exchange(s): New York

Ticker Symbol: ATA

Number of Employees:
1987 ..... 3,100 1986 3,300

Plant Footage: *
1987 ..... 485,000 sq. ft.

* Electronics-related operations only.

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 204,500,000	$ (4,600,000)
1986	81,200,000	900,000
1985	56,400,000	(6,300,000)
1984	—	400,000
1983	—	(8,300,000)

	No. of Com. Shares	Earn. per Share†‡
1987	3,100,000	$ —
1986	2,900,000	0.25
1985	2,680,000	—
1984	2,200,000	0.18
1983	2,200,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $881,000 ($0.30 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Jewelry & accessories	$ 128,075,000	$ 76,228,000
Scientific products	76,431,000	4,961,000
Total	$ 204,506,000	$ 81,189,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.165	—	—
1985	0.22	—	—
1984	0.22	—	—
1983	0.22	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 19,700,000	$ 6.35
1986	23,900,000	8.22
1985	17,500,000	6.54
1984	17,700,000	8.04
1983	17,800,000	8.08

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 204,506	$ 81,189
Cost of sales	124,370	38,295
Expenses	71,503	35,153
Depreciation & amortization	4,347	1,780
Eq. in earn. of Envirodyne	(11,151)	(4,982)
Gain on sale of Envirodyne	(5,029)	(1,324)
Compen. from purch. of Envirodyne stock	—	(6,615)
Interest expense	18,669	9,200
Other income	(593)	(911)
Income before taxes	$ 2,390	$ 10,593
Income taxes	2,585	5,822
Minority interests	(1,083)	123
Income from cont. oper.	$ 888	$ 4,648
Loss from discont. oper.	(6,390)	(3,739)
Net Income (Loss)	$ (5,502)	$ 909
Extraord. gain	881	—
Net Income (Loss) & extraord. gain	$ (4,621)	$ 909

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 8,088	$ 57,047
Accts. receiv., net	44,480	34,912
*Inventories	38,565	42,669
Other curr. assets	7,343	3,005
Current Assets	$ 98,476	$ 137,633
Investments	30,627	21,473
# Fixed assets	23,169	25,669
Other assets	8,960	8,861
Intangibles	67,505	62,912
Total Assets	$ 228,737	$ 256,548

Liabilities
(000's)

Notes payable	$ 85,711	$ 139,218
Long-term debt, curr.	20,009	2,071
Other long-term debt	17,424	—
Accts. payable	16,724	16,182
Amts. due to rel. parties	2,595	2,557
Accruals	14,228	20,301
Payable for securities	767	2,996
Income taxes	1,782	1,865
Curr. Liabilities	$ 159,240	$ 185,190
Long-term debt	35,061	39,494
Minority interest	1,323	2,411
Deferred inc. taxes	4,026	1,929
Other liabilities	1,775	1,709
Redeem common stock	7,586	1,948
+Common stock	2,329	2,214
Add. paid-in capital	18,723	18,177
Retained earnings (deficit)	(1,495)	3,949
Cum. trans. adjust.	171	5
Treasury stock	(2)	(478)
Total Liabilities & Shareholders' Equity	$ 228,737	$ 23,867

° At lower of cost or market. Scientific Products at LIFO; jewelry at FIFO.
Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	—	3.81
Sales to Inventories	5.30	1.90
Debt to Equity	8.02	7.57
Shareholders' Equity	$ 19,726,000	$ 23,867,000

Arvin Industries, Inc.

1531 13th Street
Columbus, Indiana 47201
(812) 379-3000

Officers: James K. Baker, chairman & chief exec. officer; Loren K. Evans, president & chief operating officer; Haren B. Thakor, v.p.-finance; W. Frederick Meyer, v.p.-public affairs; V. William Hunt, v.p.-administration; H. Robert Leland, v.p. & president-Calspan Corporation; Francis J. Myers, v.p. & president-Arvin Electronics; James S. Smith, v.p. & president-Roll Coater, Inc.; Charles H. Watson, v.p. & president-Arvinyl; Ronald J. Rosin, v.p. & president-ArvinAir; Joe T. Atkins, v.p. & president-North American Automotive; J. Kevin Nameth, v.p. & president-Schrader Automotive Inc.; Byron O. Pond, v.p. & president-Maremont Corporation; Clyde R. Davis, v.p.-personnel services; J. William Kendall, v.p.-community relations; Stanley R. Wheeler, asst. treasurer; Page E. Gifford, asst. secretary; David M. Main, asst. secretary; Rex L. Emshwiller, asst. controller.

Directors: James K. Baker, chairman; Joseph P. Allen, Loren K. Evans, Douglas G. Fleming, Richard W. Hanselman, V. William Hunt, Don J. Kacek, Haren B. Thakor, Frederick R. Meyer, Steven C. Beering, John P. Sohn, Richard M. Ringoen, Robert E. Fowler, Jr..

Areas of Work: Operates in four business segments: Automotive--manufacture of mufflers, exhaust and tail pipes, catalytic converters, corrosion resistant coatings and other metal tubular parts, interior trim parts and exterior trim moldings, vinyl metal truck and bus parts, and restraint systems and tire testing services; Consumer--manufacture of AM/FM stereo systems and compact disc players, portable electric heaters, wind turbine home attic ventilators and various forms of painted and vinyl-laminated steel for appliance housings; Government--aerodynamic, environmental, thermal and flight research. Industrial--precoated coils of steel and aluminum for pre-engineered buildings, evaporative coolers, research and testing.

Divisions and Subsidiaries:

Calspan Corporation
Advanced Technology Center
P.O. Box 400
Buffalo, New York 14225
(716) 632-7500
Research, development and testing services, electronic products and systems.

Arvinyl Division
Columbus, Indiana; Corona, California
Supplies industries with vinyl-to-metal laminates; this prefinished product is fabricated into microwave and computer housings, humidifiers, cameras, architectural panels, display cabinets, automotive parts, portable electric heaters, housewares, electronic equipment housings. Heat-sealed padded vinyls and form-padded vinyls used in office machines, appliances and the automotive industry.

Schrader Automotive Inc.
Nashville, Tennessee
Manufactures tire valves and accessories, tire pressure gauges, pneumatic connections, dual tire visualizers, tank valves, air conditioner components, valve cores, and bicycle valves.

Maremont Corporation
Carol Stream, Illinois
Manufactures automotive shocks, struts, exhaust systems and related parts, gas springs and vacuum actuators.

North American Automotive Division
1531 13th Street
Columbus, Indiana 47201

Arvin North American Automotive
30903 Northwestern Highway
Farmington Hills, Michigan 48018

101 Center Street
Greenwood, Indiana 46142
(317) 881-2551

1001 Hurricane Avenue
Franklin, Indiana 46131
(317) 736-7111

505 Industrial Drive
North Vernon, Indiana 47265
(812) 346-5750

U.S. Highway 43 and Mill Street
Fayette, Alabama 3555
(205) 932-6735

P.O. Box 339
Dexter, Missouri 63841
(314) 624-7411

Arvin Automotive of Canada, Ltd.
(formerly General Tubes, Ltd.)
248 Bowes Road
Concord, Ontario L4K 1B4 Canada
(416) 669-1080
Manufactures specialty tubular products for automotive exhaust systems.

Roll Coater, Inc.
U.S. Route 40 East
P.O. Box 787
Greenfield, Indiana 46140
(317) 462-7761

Kingsbury Industrial Park
P.O. Box 326
Kingsbury, Indiana 46345
(219) 393-3561
Produces pre-decorated coils of aluminum and steel.

ArvinAir
500 South 15th Street
Phoenix, Arizona 85034
(602) 257-0060
Manufactures portable electric heaters, wind turbine ventilators, evaporative coolers.

Arvin Electronics
Columbus, Indiana
Manufactures compact stereos and component systems with digital compact disc players.

Acquisition:

Systems Research Laboratories, Inc.
Dayton, Ohio
Provides government and industrial customers with research and development services in the areas of aircraft systems, defense electronics and nondestructive material evaluation.

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): New York, Midwest

Ticker Symbol: ARV

Number of Employees:

1987	16,529	1984	12,700
1986	17,823	1983	10,000
1985	11,421		

Plant Footage:

1987	10,555,000 sq. ft.	1985	6,914,000
1986	10,785,000	1984	7,205,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,373,147,000	$ 47,588,000
1986	995,620,000	41,207,000
1985	820,995,000	35,872,000
1984	781,986,000	30,226,000
1983	600,605,000	18,338,000

	No. of Com. Shares +	Earn. per Share‡
1987	18,610,000	$ 2.41
1986	16,160,000	2.46
1985	16,632,000	2.21
1984	15,136,000	1.94
1983	15,124,000	1.19

+ Adjusted to reflect stock splits.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1987	1986
Automotive	$ 523,061	$ 523,936
Consumer	553,613	275,642
Government	168,673	106,662
Industrial	127,800	89,380
Total	$ 1,373,147	$ 995,620

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.68	—	—
1986	0.65	—	—
1985	0.61	—	4-for-3
1984	0.57	—	3-for-2
1983	0.56	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity +	Equity Per Share‡
1987	$ 373,507,000	$ 20.07
1986	259,185,000	16.04
1985	246,964,000	14.85
1984	202,500,000	13.38
1983	182,136,000	12.04

+ After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	1/3/88	12/28/86
Net sales	$ 1,373,147	$ 995,620
Cost of sales	1,114,371	821,493
Expenses	160,663	88,001
Interest expense	24,540	11,363
Interest income	(1,892)	(1,639)
Other expense (income)	(5,581)	325
Income before taxes	$ 81,046	$ 76,027
Income taxes	33,458	34,820
Net Income	$ 47,588	$ 41,207

* Included in Costs and Expenses, Depreciation: $42,591,000 in 1987 and $27,301,000 in 1986.

Assets
(000's)

As of	1/3/88	12/28/86
Cash and temp. investments	$ 21,917	$ 30,377
Accts. receiv., net	188,682	170,739
*Inventories	165,154	182,683
Other current assets	38,958	34,893
Current Assets	$ 414,711	$ 418,692
#Fixed assets	317,162	342,432
Other assets	76,289	42,186
Total Assets	$ 808,162	$ 803,310

Liabilities
(000's)

Notes payable and long-term debt, curr.	$ 21,102	$ 78,660
Accts. payable	58,260	60,279
Accruals	64,867	57,911
Income taxes	5,412	1,673
Curr. Liabilities	$ 149,641	$ 198,523
Long-term debt	203,455	317,432
Minority interest	2,465	2,969
Deferred inc. taxes	27,751	23,444
+ Preferred stock	49,974	1,651
++ Common stock	51,403	43,926
Add. paid-in capital	127,210	44,594
Retained earnings	234,188	202,037
Cumulative translation adjustment	3,774	(67)
Treasury stock	(41,699)	(31,199)
Total Liabilities & Shareholders' Equity	$ 808,162	$ 803,310

* At lower of cost (principally LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
++ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.90	7.64
%Net Income to Sales	3.47	4.14
%Net Income to Equity	11.20	15.79
Sales to Inventories	8.31	5.45
Debt to Equity	0.53	1.52
Working Capital	$ 265,070,000	$ 220,169,000
Current Ratio	2.77	2.11
Shareholders' Equity	$ 424,850,000	$ 260,992,000

ARX Inc.

35 South Service Road
Plainview, New York 11803
(516) 694-6700

(Formerly Aeroflex Laboratories Incorporated)

Officers: Julius D. Winer, chairman of the board & president; Harvey R. Blau, vice chairman of the board; Michael Gorin, v.p.-finance & treasurer; Richard A. Carey, secretary.

Directors: Julius D. Winer, chairman; Harvey R. Blau, Robert Bradley, Milton Brenner, Ernest E. Courchesne, Jr., Jerome Fox, Eugene Novikoff, Irving Mirman, John S. Patton, Maurice Friedman.

Areas of Work: Engaged in the design, development and production of precision stabilization and tracking devices, radio frequency filters, helical shock and vibration isolaters, advanced semi-conductor sub-assemblies, magnetic products and electro-optical scanning devices.

Subsidiaries:

Aeroflex Laboratories, Inc.
35 South Service Road
Plainview, New York 11803

Aeroflex International, Inc.
Caguas, Puerto Rico
Produces the Isolator product line.

Aeroflex Systems Corp.
700 N. Fairfax Street
Alexandria, Virginia 22314

Huxley Envelope Corp.
Brooklyn, New York
Manufactures custom-printed and standard envelopes.

Filtron Co., Inc.
Old Bethpage, New York
Designs and manufactures radio frequency filters and shielded enclosures.

Vibration Mountings & Controls, Inc.
113 Main Street
Bloomingdale, New Jersey 07403
Manufactures shock and vibration control devices.

VTX Electronics Corp. (55%-owned)
Farmingdale, New York
Designs, distributes and assembles a wide range of electronic and video cabling systems.

Acquisition:

Korfund Dynamics, Inc.
Manufactures an industrial line of spring and rubber shock mounts and acoustical dampeners and enclosures.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: ARX

Number of Employees:

1987	870	1984	573
1986	845	1983	485
1985	780		

Plant Footage:

1987	291,000 sq. ft.	1984	285,000
1986	291,000	1983	260,000
1985	287,000		

Sales & Earnings

	Revenue	Net Income
1987	$ 60,642,763	$ 6,048,767
1986	53,951,512	5,136,839
1985	47,958,948	4,768,264
1984	36,234,015	4,152,150
1983	33,801,900	3,879,769

	No. of Com. Shares†	Earn. per Share†
1987	6,062,579	$ 1.00
1986	6,083,530	0.84
1985	6,004,348	0.79
1984	6,263,626	0.66
1983	6,226,764	0.63

† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Revenues By Line of Business

	1987	1986
Elect. & magnetic prods.	$ 18,190,252	$ 15,614,223
Mechanical syst.	21,930,406	16,821,718
Envelopes	11,404,322	10,870,892
Syst. support & analysis	9,117,783	10,644,679
Total	$ 60,642,763	$ 53,951,512

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4
1986	—	10% & 5%	—
1985	—	10%	—
1984	—	—	—
1983	—	10% & 25%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 38,424,535	$ 6.42
1986	33,266,680	5.57
1985	27,730,339	4.69
1984	24,701,084	4.03
1983	20,948,649	3.41

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended June 30	1987	1986
Revenues	$ 60,642,763	$ 53,951,512
Cost of revenues	40,362,964	35,938,575
Expenses	12,647,166	11,625,500
Interest expense	2,951,115	2,788,786
Other income	(2,166,269)	(2,586,188)
Eq. in inc. of affil.	(246,980)	—
Income before taxes	$ 7,094,767	$ 6,184,839
Income taxes	1,046,000	1,048,000
Net Income	$ 6,048,767	$ 5,136,839

* Included in Costs and Expenses, Depreciation and Amortization: $3,936,985 in 1987 and $3,007,287 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,375,037	$ 7,267,275
Short-term invest.	13,175,190	11,567,976
Receiv., net	22,446,551	17,883,943
Refund inc. taxes	—	953,313
*Inventories	11,937,673	9,799,275
Prepaid expenses & other assets	1,291,937	1,080,177
Current Assets	$ 50,226,288	$ 48,551,959
Invested cash	5,910,000	4,550,000
#Fixed assets	21,445,697	17,654,496
Deben. insur. costs	1,136,200	1,220,126
Market. eq. secur.	376,029	298,131
Intangibles	1,390,328	172,027
Invest. in affil.	3,751,629	—
Other assets	621,799	555,255
Total Assets	$ 84,858,070	$ 73,001,994

Liabilities

Bank loan payable	$ 2,500,000	$ 2,000,000
Long-term debt, curr.	179,415	216,239
Accts. payable	2,030,531	1,953,506
Accruals	4,795,180	4,508,321
Inc. taxes pay.	1,831,193	1,598,901
Curr. Liabilities	$ 11,336,319	$ 10,276,565
Long-term debt	33,455,216	27,942,749
Deferred income taxes	1,642,000	1,516,000
+Common stock	632,589	504,411
Add. paid-in capital	30,553,168	31,558,951
Retained earnings	9,774,572	3,725,805
Treasury stock	(2,501,275)	(2,489,650)
Loss on investments	(34,519)	(32,937)
Total Liabilities & Shareholders' Equity	$ 84,858,070	$ 73,001,994

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	11.70	11.46
%Net Income to Revenues	9.97	9.52
%Net Income to Equity	15.74	15.44
Debt to Equity	0.94	0.91
Working Capital	$ 38,890,069	$ 38,275,394
Current Ratio	4.43	4.72
Shareholders' Equity	$ 38,424,535	$ 33,266,680

Astrex, Inc.

150 Fifth Avenue
New York, New York 10011
(212) 989-5000

Officers: Ronald S. Kass, president & chief executive officer; Frederick I. Levy, secretary.

Directors: Mark Schindler, Frederick I. Levy, Ronald S. Kass, Thomas J. Sandleitner, Harvey Martin.

Areas of Work: Distributor of electronic parts and components in the Delaware Valley, New York and New England areas.

Divisions and Subsidiaries.

Resco Electronics Division
Pennsauken, New Jersey
(609) 662-4000

Progress Electronics Co.,Inc.
Plainview, New York

Progress International Ltd.
Plainview, New York
(516) 433-1700

T.F. Cushing, Inc.
West Springfield, Massachusetts

Connector Company Division
Hamden, Connecticut
(203) 624-0127

ASI Electronics Corporation
Endwell, New York
(607) 754-3823

Transfer Agent(s):

Mellon Securities Trust Company (common stock)
New York, New York

United States Trust Company of New York
(Debentures)
New York, New York

Stock Exchange(s): American

Ticker Symbol: ASI

Number of Employees:

1987 115

Sales & Earnings

	Net Sales +	Net Income
1987	$ 21,893,418	$ (4,265,748)
1986	25,325,292	1,125,867
1985	28,284,379	1,471,964
1984	23,578,712	(1,040,844)
1983	21,358,731	933,143

	No. of Com. Shares‡	Earn per Share‡
1987	1,081,131	$ —
1986	1,213,855	0.93
1985	1,534,312	0.96
1984	1,600,014	—
1983	1,603,764	0.62

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 649,579	$ 0.60
1986	5,449,832	4.49
1985	6,959,077	4.54
1984	8,818,220	5.51
1983	9,859,064	6.15

‡ Based on the average number of shares outstanding.

Income Account*

Year ended March 31	1987	1986
Net sales	$ 21,893,418	25,325,292
Other income	605,997	1,671,581
Total revenues	$ 22,499,415	$ 26,996,873
Cost of sales	17,541,879	18,574,499
Expenses	5,579,325	4,851,951
Prov. for doubt. accts.	187,424	99,992
Interest expense	2,255,197	1,659,487
Real loss on sale of secur.	1,130,898	—
Unreal loss on secur.	849,603	—
Income (loss) before taxes	$ (5,044,911)	$ 1,810,944
Income taxes (credit)	(1,043,366)	685,077
Inc. (loss)-cont. oper.	$ (4,001,545)	$ 1,125,867
Loss-discont. oper.	(264,203)	—
Net Income (loss)	$ (4,265,748)	1,125,867

* Included in Costs and Expenses, Depreciation and Amortization: $227,448 in 1987 and $250,820 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 1,820,033	$ 1,286,798
Marketable securities	6,901,563	8,207,262
Accts & notes receiv., net	3,071,006	4,479,700
Refund inc. taxes	1,376,065	1,129,880
*Inventories	9,076,380	10,555,633
Prepaid expenses	77,197	44,918
Deferred income taxes	168,127	349,525
Deferr. issuance costs	693,380	828,650
Current Assets	$ 23,183,751	$ 26,882,366
#Fixed assets	538,424	647,478
Prop. held for resale	1,386,957	1,990,945
Other assets	257,174	361,217
Deferred income taxes	—	19,679
Intangibles	1,019,674	1,019,674
Total Assets	$ 26,385,980	$ 30,921,359

Liabilities

Notes payable	5,300,000	2,000,000
Long-term debt, curr.	261,281	393,401
Accts. payable	782,813	1,151,818
Due to brokers	3,427,538	4,171,496
Accruals	561,464	364,246
Conv. subord. deben.	13,097,000	14,653,000
Est. loss on guarantees	362,124	664,101
Curr. Liabilities	$ 23,792,220	$ 23,398,062
Est. loss on guarantees	369,503	—
Long-term debt	1,547,678	2,073,465
+Common stock	306,780	306,378
Add. paid-in capital	9,957,119	9,925,000
Retained earnings	130,609	4,396,357
Treasury stock	(9,744,929)	(9,177,927)
Total Liabilities & Shareholders' Equity	$ 26,385,980	$ 30,921,359

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.16 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.15
%Net Income to Sales	—	4.45
%Net Income to Equity	—	20.66
Sales to Inventories	2.41	2.40
Debt to Equity	10.94	0.82
Working Capital	$ 3,484,304	$ 3,484,304
Current Ratio	1.15	1.15
Shareholders' Equity	$ 649,579	$ 5,449,832

Astro-Med, Inc.

Astro-Med Industrial Park
600 East Greenwich Avenue
West Warwick, Rhode Island 02893
(401) 828-4000

Officers: Albert W. Ondis, chairman & chief executive officer; Everett V. Pizzuti, president & chief operating officer; Jacques V. Hopkins, secretary; Eugene S. Libby, v.p., treasurer & chief financial officer; David M. Gaskill, v.p.-research & development; Gordon W. Bentley, v.p.-manufacturing, Instruments; Elias G. Deeb, v.p.-media products.

Directors: Albert W. Ondis, Jacques V. Hopkins, Edward M. Watson, Everett V. Pizzuti, Allan M. Gittleman, Hermann Viets.

Areas of Work: Designs, develops, manufactures and sells a comprehensive line of high speed graphic recording and printing systems.

Subsidiaries:

Astro-Med International, Inc.
Foreign Sales Corporation (FSC).

Astro-Med, Inc.

Transfer Agent(s):

Fleet National Bank
Providence, Rhode Island

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ALOT (NASDAQ)

Number of Employees:

1987	205	1984	175
1986	185	1983	230
1985	180		

Plant Footage:

1987	67,000 sq. ft.	1984	34,000
1986	67,000	1983	34,000
1985	67,000		

Sales & Earnings

	Net Sales†	Net Income
1988	$ 10,687,000	$ 931,884
1987	12,175,000	659,640
1986	10,687,000	931,884
1985	9,905,000	1,027,243
1984	7,980,000	1,762,000

	No. of Com. Shares +	Earn. per Share #
1988	2,167,130	$ 0.43
1987	2,161,356	0.31
1986	2,138,994	0.43
1985	2,036,253	0.57
1984	1,628,028	1.01

† Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 11,403,398	$ 5.26
1987	10,115,412	4.68
1986	9,299,256	4.35
1985	8,115,995	3.99
1984	3,881,316	2.38

‡ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1988	1987
Net sales	$ 16,308,989	$ 12,174,844
Cost of sales	8,640,341	6,810,473
Expenses	5,308,726	4,402,085
Int. expense (income)	(32,631)	9,939
Other income	(78,114)	(85,293)
Inc. bef. taxes	$ 2,470,667	$ 1,037,640
Income taxes	1,030,000	378,000
Net Income	$ 1,440,667	$ 659,640

* Included in Costs and Expenses, Depreciation and Amortization: $454,200 in 1988 and $420,464 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 32,854	$ 87,816
Short-term invest.	1,909,090	2,586,162
Accts. receiv., net	3,982,937	2,797,088
*Inventories	3,191,187	2,254,354
Amts. due from officers	273,436	270,261
Prepaid expenses & other assets	154,051	406,722
Current Assets	$ 9,543,555	$ 8,402,403
#Fixed assets	6,160,162	5,557,177
Other assets	1,805,522	1,772,769
Total Assets	$ 17,509,239	$ 15,732,349

Liabilities

Long-term debt, curr.	$ 351,703	$ 404,870
Accts. payable	1,404,370	940,278
Accruals	729,467	462,761
Income taxes	467,771	468,183
Curr. Liabilities	$ 2,953,311	$ 2,276,092
Long-term debt	2,405,592	2,757,695
Deferred inc. taxes	746,538	583,150
+ Common stock	108,357	108,068
Add. paid-in capital	4,531,155	4,439,326
Retained earnings	7,256,014	5,815,347
Unreal. loss on eq. secur.	(103,995)	—
Treasury stock	(388,133)	(247,329)
Total Liabilities & Shareholders' Equity	$ 17,509,239	$ 15,732,349

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.15	8.52
%Net Income to Sales	8.83	5.42
%Net Income to Equity	12.63	6.52
Sales to Inventories	5.11	5.40
Debt to Equity	0.24	0.31
Working Capital	$ 6,590,244	$ 6,126,311
Current Ratio	3.23	3.69
Shareholders' Equity	$ 11,403,398	$ 10,115,412

Astrosystems, Inc.

6 Nevada Drive
Lake Success, New York 11042
(516) 328-1600

Officers: Seymour Barth, chairman of the board & president; Elliot J. Bergman, vice president & secretary; Gilbert H. Steinberg, vice president & treasurer.

Directors: Seymour Barth, Elliot J. Bergman, Morton L. Certilman, Gilbert H. Steinberg.

Areas of Work: Designs and manufactures proprietary electronic and electromechanical products for precision monitoring and control of industrial, military and aerospace processes, and often used in conjunction with computers, programmable controllers and microprocessors.

Divisions and Subsidiaries:

Astrosystems International, Inc.
6 Nevada Drive
Lake Success, New York 11042

AstroPower Division
30 Lovett Avenue
Newark, Delaware 19711

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ASTR (NASDAQ)

Number of Employees:

1987	N.A.	1984	130
1986	217	1983	130
1985	170		

Plant Footage:

1987	N.A.	1984	33,000
1986	64,675 sq. ft.	1983	25,000
1985	37,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 13,192,000	$ 2,384,000
1986	12,212,000	2,828,000
1985 *	7,422,000	1,853,000
1984	11,495,000	3,258,000
1983	10,371,000	3,211,000

	No. of Com. Shares	Earn. per Share‡
1987	5,868,000	$ 0.40
1986	5,861,000	0.51
1985 *	4,995,000	0.35
1984	5,976,000	0.61
1983	4,974,000	0.57

* 10 months.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 35,561,000	$ 6.06
1986	33,177,000	5.66
1985	25,668,000	5.14
1984	23,744,000	4.77
1983	20,482,000	4.12

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended	6/30/87	6/30/86
Net sales	$ 13,192,000	$ 12,212,000
Cost of sales	9,615,000	7,642,000
Expenses	2,284,000	2,368,000
Other income	(2,375,000)	(2,402,000)
Income before taxes	$ 3,668,000	$ 4,604,000
Income taxes	1,284,000	1,776,000
Net Income	$ 2,384,000	$ 2,828,000

* Included in Costs and Expenses, Depreciation and Amortization: $214,000 in 1987 and $105,000 in 1986.

Assets

	6/30/87	6/30/86
Cash	$ 1,720,000	$ 2,088,000
Marketable securities	27,943,000	26,945,000
Accts. & notes receiv.	7,305,000	7,160,000
* Inventories	7,293,000	5,682,000
Prepaid expenses & other assets	865,000	732,000
Current Assets	$ 45,126,000	$ 42,607,000
# Fixed assets	1,019,000	388,000
Total Assets	$ 46,145,000	$ 42,995,000

Liabilities

Accts. payable	$ 197,000	$ 251,000
Accruals	1,286,000	2,213,000
Accrued payroll & profit sharing	770,000	565,000
Income taxes	128,000	545,000
Curr. Li[illegible]	$ 2,381,000	$ 3,574,000
Deferred	8,203,000	6,244,000
+ Comm[illegible]	587,000	586,000
Add. paid-in capital	11,834,000	11,835,000
Retained earnings	23,140,000	20,756,000
Total Liabilities & Shareholders' Equity	$ 46,145,000	$ 42,995,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	27.80	37.70
%Net Income to Sales	18.07	23.16
%Net Income to Equity	6.70	8.52
Sales to Inventories	1.81	2.15
Working Capital	$ 42,745,000	$ 39,033,000
Current Ratio	18.95	11.92
Shareholders' Equity	$ 35,561,000	$ 33,177,000

Atari Corporation

1196 Borregas Avenue
Sunnyvale, California 94086
(408) 745-2000

Officers: Jack Tramiel, chairman of the board & chief executive officer; Sam Tramiel, president & chief operating officer; Gregory A. Pratt, v.p.-finance & chief financial officer; Shiraz Shivji, v.p.-advanced technology; Garry Tramiel, v.p.-administration & secretary; Leonard Tramiel, v.p.-software development; Elton Southard, v.p.-semiconductor operations; Samuel W.L. Chin, vice president; Taro Tokai, vice president; Steven M. Kawalick, treasurer.

Directors: Jack Tramiel, Sam Tramiel, Samuel W. L. Chin, Leonard I. Schreiber, Gregory A. Pratt, Michael Rosenberg.

Areas of Work: Manufactures personal computers and related peripherals and accessories and video game systems. Also operates 68 consumer electronics retail stores in California, Arizona, New Mexico, Texas, and Kansas.

Subsidiaries:

Atari (Benelux) B.V.
Atari (Canada) Corp.
Atari Computers Pty. Ltd.
Atari France S.A.
Atari Corp. (Deutschland) GmbH
Atari Italia S.P.A.
Atari (Japan) Corp.
Atari (Mexico) S.A. de C.V.
Atari (Mexico) Fabricante S.A. de C.V.
Atari Corp. Sverge AB-(Sweden)
Atari (Schweiz) AG
Atari Taiwan Manufacturing Corp.
Atari Corp. (U.K.) Ltd.
Atari Technology Corp.
Atari "U.S." Corp.
Atari Explorer Publications Corp.
Ordenadores Atari S.A.
Styra Semiconductor Corporation

Acquisition:

The Federated Group, Inc.
Operates 68 consumer electronics retail stores in the western U.S.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American, Midwest, Pacific, Philadelphia

Ticker Symbol: ATC

Number of Employees:
1987 4,090

Plant Footage:
1987 ..... 180,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 493,172,000	$ 57,429,000
1986	258,131,000	44,516,000
1985	141,987,000	(14,314,000)

	No. of Com. Shares	Earn. per Share†‡
1987	57,703,000	$ 0.99
1986	57,788,000	0.95
1985	32,683,000	—

(Loss)
† Including extraordinary gains of $13,277,000 ($0.23 per share) in 1987 and $19,466,000 ($0.42 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
New & redesigned prods.	$ 358,003,000	$ 215,002,000
Purchased prods.	4,605,000	43,129,000
Retail operations	130,564,000	—
Total	$ 493,172,000	$ 258,131,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 167,655,000	$ 2.91
1986	105,422,000	1.82
1986	(19,477,000)	—

(Deficiency)

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 493,172	$ 258,131
Cost of sales	304,017	149,222
Expenses:		
Res. & develop.	18,046	14,496
Mktng. & distr.	91,777	34,009
Gen. & adm.	13,703	12,189
Interest expense	5,179	8,049
Interest income	(7,121)	(1,866)
Other income	(7,262)	(5,201)
Income before taxes	$ 74,833	$ 47,233
Income taxes	30,681	22,183
Net income	$ 44,152	$ 25,050
Extraord. gain	13,277	19,466
Net income & extraord. gain	$ 47,429	$ 44,516

* Included in Costs and Expenses, Depreciation and Amortization: $4,357,000 in 1987 and $1,234,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & temp. cash invest.	$ 103,485	$ 70,779
Restricted cash	—	1,675
Accts. receiv., net	101,632	37,109
*Inventories	196,898	64,834
Prepaid expenses	3,687	841
Current Assets	$ 405,702	$ 175,238
#Fixed assets	66,522	5,839
Other assets	33,076	3,099
Intangibles	13,054	—
Total Assets	$ 518,354	$ 184,176

Liabilities
(000's)

Notes payable	$ 9,153	$ —
Long-term debt, curr.	1,510	2,033
Accts. payable	131,870	38,420
Accruals	58,279	36,099
Income taxes	16,391	2,242
Curr. Liabilities	$ 217,203	$ 78,754
Long-term debt	133,496	—
+Common stock	577	578
Add. paid-in capital	142,247	142,476
Notes receiv.-stock sale	(1,417)	(2,299)
Retained earnings (deficit)	24,873	(32,556)
Trans. adjust.	1,375	(2,777)
Total Liabilities & Shareholders' Equity	$ 518,354	$ 184,176

* At lower of cost (average or standard) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.17	18.30
%Net Income to Sales	8.95	9.70
%Net Income to Equity	26.34	23.76
Sales to Inventories	2.50	3.98
Debt to Equity	0.86	0.02
Working Capital	$ 188,499,000	$ 96,484,000
Current Ratio	1.87	2.23
Shareholders' Equity	$ 167,655,000	$ 105,422,000

Audiotronics Corporation

7428 Bellaire Avenue
North Hollywood, California 91605
(818) 765-2645

Mailing Address:
Box 3997
North Hollywood, California 91609

Officers: Don E. Warner, chairman of the board; Charles A. Musson, president & chief exec. officer; James R. Hopkins, sr. v.p.-finance & secretary; William Y. Kim, v.p., treasurer & controller.

Directors: Don E. Warner*, James R. Hopkins*, Charles A. Musson*, Walter Liberato, Robert H. Klugman.

* Member of the Executive Committee

Areas of Work: Designs, engineers and markets audiovisual products and instructional programs for education and training applications.

Acquisition:

Leda Corporation
Develops prototypes and assembles parts for various electronic industry companies.

Audiotronics Corporation

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: ADO

Number of Employees:
(at fiscal year end)

1987	34	1984	286
1986	54	1983	313
1985	219		

Plant Footage:

1987 ..... 65,000 sq. ft. 1986 65,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 5,614,000	$ (295,000)
1986	5,668,000	(1,764,000)
1985	5,881,000	(2,889,000)
1984	7,106,000	556,000
1983	7,110,000	(328,000)

	No. of Com. Shares #	Earn. per Share #
1987	1,189,161	$ —
1986	1,189,161	—
1985	1,189,161	—
1984	1,216,108	0.46
1983	1,212,492	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	0.05	—	—
1983	0.12	5%	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 1,960,000	$ 1.65
1986	2,227,000	1.87
1985	3,995,000	3.35
1984	7,347,000	6.04
1983	8,593,000	7.09

Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account*

Year ended June 30	1987	1986
Net sales	$ 5,614,048	$ 5,667,604
Cost of sales	4,394,180	4,780,506
Selling expenses	315,602	539,780
Interest expense	140,851	29,911
Gen. & adm. expense	858,642	976,203
Loss-cont. oper.	$ (295,227)	$ (658,796)
Loss-discont. oper.	—	(1,105,458)
Net Loss	$ (295,227)	$ (1,764,254)

* Included in Costs and Expenses, Depreciation: $160,400 in 1987 and $161,880 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 124,139	$ 398,123
Short-term invest.	3,549,235	—
Notes receivable	419,554	650,000
Accts. receiv., net	659,590	814,185
*Inventories	1,434,834	1,462,434
Prepaid expenses	67,363	93,798
Current Assets	$ 6,244,705	$ 3,418,540
#Fixed assets	474,583	463,237
Debenture costs	1,040,470	—
Notes receivable	—	313,290
Other assets	22,943	601,374
Total Assets	$ 7,782,701	$ 4,796,401

Liabilities

Notes payable	$ —	$ 375,000
Accts payable	268,087	346,318
Accrued payroll	80,957	153,669
Other accruals	57,539	90,305
Long-term debt, curr.	—	150,000
Curr. Liabilities	$ 406,583	$ 1,115,292
Long-term debt	—	1,454,496
Conv. subord. debentures	5,416,000	—
+Common stock	1,336,597	1,336,597
Add. paid-in capital	4,269,396	4,267,396
Retained earnings (deficit)	(620,823)	(325,596)
Treasury stock	(1,047,288)	(1,047,288)
Employee stock ownership	(1,977,764)	(2,004,496)
Total Liabilities & Shareholders' Equity	$ 7,782,791	$ 4,796,401

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.94	3.88
Debt to Equity	—	0.89
Working Capital	$ 5,838,122	$ 2,303,248
Current Ratio	15.36	3.07
Shareholders' Equity	$ 1,960,118	$ 2,226,613

Augat Inc.

89 Forbes Boulevard
P.O. Box 448
Mansfield, Massachusetts 02048
(617) 543-4300

Officers: Roger D. Wellington, chairman of the board, president & chief executive officer; Gerald F. Barrett, executive v.p., chief financial officer & clerk; Frank Angelis, exec. v.p.-manufacturing; John A. Braun, sr. v.p. & gen. mgr.-Marketing and Engineering Division; Richard Eaton, v.p.-human resources; Ronald Tarrant, group v.p.-communications; Charles Hemritzy, group v.p.-automotive; John E. Lynch, Jr., treasurer; Daniel J. Maher, Jr., corporate controller.

Directors: Robert S. Laurence, Ernest H. Augat, Samuel S. Dennis, III, James A. Harmon, Roger D. Wellington, Vernon R. Alden, Gerald F. Barrett, David V. Ragone, Richard B. Young.

Areas of Work: Designs and manufactures electromechanical components, and precision materials for the electronic industry. The Company's principal products include integrated circuit sockets and accessories, connectors, coaxial cable network and fiberoptic interconnection products, subminiature switches, high reliability packages for microcircuits, packaging panels, high density back planes, computer aided design and wiring services, interconnection test probes and systems, and custom connector assemblies for the automotive and telecommunications industry.

Divisions and Subsidiaries:

Communications Group
Horseheads & Elmira, New York
Jupiter, Florida
Seattle, Washington

Interconnection Products Group
Attleboro, Mashpee, New Bedford, North Andover, & North Attleboro, Massachusetts; Carol Stream, Illinois; Lewisville, Texas; Newbury Park & Upland, California; Saddle Brook, New Jersey; Sanford, Maine; Smithfield, Rhode Island; Bioggio, Switzerland; Gotemba, Japan; Limerick, Ireland; Singapore.

Automotive Group
Boyne City, Chesterfield, Clinton, East Jordan, Mt. Clemens, & Troy, Michigan
San Antonio, Texas

Isotronics, Inc.
New Bedford, Massachusetts

Alcoswitch
North Andover, Massachusetts

Reed Devices, Inc.
Carol Stream, Illinois

Altair International, Inc.
Telzon, Inc.
Elfab Inc.
Manufactures non-military market press-fit high density back planes and very high density connectors using both pressfit and surface mounting technology.

International Marketing

Augat Ltd.
Milton Keynes, England

Augat S.A.
Fresnes, France

Augat A.G.
Zug, Switzerland

Augat GmbH
Munich, Germany

Augat A.B.
Stockholm, Sweden

Augat Pty.
Sydney, Australia

Augat KK
Yokahoma, Japan

Augat Electronics, Inc.
Mississauga, Canada

Transfer Agent(s):

Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AUG

Number of Employees:

1987	3,800	1984	4,000
1986	3,700	1983	3,800
1985	3,800		

Plant Footage:

1987	1,619,000 sq. ft.	1984	1,311,000
1986	1,530,000	1983	1,064,000
1985	1,378,000		

Sales & Earnings

	Net Revenues	Net Income†
1987	$ 313,219,000	$ 11,529,000
1986	260,356,000	(8,726,000)
1985	255,038,000	12,064,000
1984	257,110,000	24,119,000
1983	229,732,000	22,237,000

	No. of Com. Shares #	Earn. per Share #†
1987	17,830,000	$ 0.65
1986	17,770,000	—
1985	17,717,000	0.68
1984	17,666,000	1.37
1983	17,181,000	1.29

(Loss)
† Including extraordinary loss of $3,510,000 ($0.21 per share) in 1983.
# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.38	—	—
1984	0.32	—	—
1983	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 213,670,000	$ 11.98
1986	196,938,000	11.08
1985	203,597,000	11.49
1984	190,229,000	10.77
1983	174,870,000	10.18

+ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net revenues	$ 313,219,287	$ 260,356,104
Cost of sales	230,476,409	195,937,215
Expenses	63,062,540	60,974,215
Restructuring costs	781,000	17,172,000
Interest income	(2,395,140)	(2,481,960)
Interest expense	2,908,168	1,253,461
Income (loss) bef. taxes	$ 18,386,310	$ (12,498,827)
Income taxes (credit)	6,962,000	(3,787,000)
Minority interest	(105,000)	14,000
Net Income (Loss)	$ 11,529,310	$ (8,725,827)

* Included in Costs and Expenses, Depreciation and Amortization: $17,186,008 in 1987 and $13,582,967 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & time deposits	$ 19,836,329	$ 27,963,547
Short-term investments	2,265,351	10,027,547
Accts. receiv., net	35,090,239	52,940,686
*Inventories	78,115,837	70,766,995
Prepaid expenses	1,975,831	2,223,035
Current Assets	$ 157,283,587	$ 163,921,804
#Fixed assets	132,690,002	115,997,618
Other assets	13,479,446	19,115,867
Total Assets	$ 303,453,035	$ 299,035,289

Liabilities

Notes payable	$ 6,000,000	$ 16,728,644
Long-term debt, curr.	2,179,709	1,655,164
Accts. payable	14,780,997	15,376,535
Accrued payroll and Other compensations	9,987,629	10,928,434
Taxes payable	10,567,659	5,057,339
Other accruals	6,178,166	6,981,930
Accrued restructuring costs	2,040,502	6,848,442
Curr. Liabilities	$ 51,734,662	$ 63,576,458
Long-term debt	25,500,804	29,398,000
Minority interest	1,465,783	767,048
Deferred inc. taxes	11,081,428	8,356,055
+Common stock	1,787,366	1,780,000
Add. paid-in capital	52,204,074	54,998,578
Retained earnings	138,362,090	133,964,734
Curr. trans. adj.	17,426,285	6,303,823
Treasury stock	(109,457)	(109,457)
Total Liabilities & Shareholders' Equity	$ 303,453,035	$ 299,035,289

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	5.87	—
%Net Income to Sales	3.68	—
%Net Income to Equity	5.40	—
Sales to Inventories	4.01	3.68
Debt to Equity	0.16	0.24
Working Capital	$ 105,548,925	$ 100,345,346
Current Ratio	3.04	2.58
Shareholders' Equity	$ 213,670,358	$ 196,937,728

Auric Corporation

470 Frelinghuysen Avenue
Newark, New Jersey 07114
(201) 242-4110

Officers: Maurice Bick, president; Leo Kosowsky, vice president.

Directors: Maurice Bick, Leo Kosowsky, Theodore Cohn, Theodore Doll, Jr., Irving Marcus.

Area of Work: Providing chemical products, gold processes and solutions equipment and materials, all of which are used in the electronics, aerospace, computer metal working and jewelry industries.

Division:

Fidelity Chemical Products Corporation

Transfer Agent(s):

Midlantic National Bank
Newark, New Jersey

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Net Sales +	Net Income
1987	$ 9,697,646	$ 341,376
1986	7,444,756	125,065
1985	8,902,860	255,137
1984	10,975,344	253,482
1983	8,386,893	136,675

	No. of Com. Shares	Earn. per Share‡
1987	401,500	$ 0.85
1986	401,500	0.31
1985	401,500	0.64
1984	401,700	0.63
1983	401,700	0.34

+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 2,747,857	$ 6.84
1986	2,454,330	6.11
1985	2,329,265	5.80
1984	2,074,828	5.17
1983	1,821,346	4.53

Income Account*

Year ended Sept. 30	1987	1986
Net sales	$ 9,697,646	7,444,756
Cost of sales	7,007,461	5,561,861
Expenses	2,160,955	1,770,157
Interest expense	53,071	58,287
Other income	(68,617)	(64,114)
Income before taxes	$ 544,776	$ 118,565
Income taxes (credit)	203,400	(6,500)
Net Income	$ 341,376	$ 125,065

* Included in Costs and Expenses, Depreciation and Amortization: $174,953 in 1987 and $156,503 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 1,513,036	$ 1,096,993
Accts. receiv., net	1,359,440	1,314,015
*Inventories	781,881	428,501
Tax refund receiv.	—	33,581
Prepaid exp. & other assets	231,289	191,662
Current Assets	$ 3,885,646	$ 3,064,752
#Fixed assets	1,058,076	812,631
Value of life insur.	148,123	123,546
Deferred inc. taxes	42,800	33,800
Other assets	5,785	8,410
Total Assets	$ 5,140,430	$ 4,043,139

Liabilities

Note payable	$ 307,216	$ 112,858
Long-term debt, curr.	50,000	51,507
Accts. payable	1,186,574	1,019,279
Accruals	174,784	43,589
Inc. taxes	152,000	—
Curr. Liabilities	$ 1,870,574	$ 727,233
Long-term debt	170,833	98,665
Deferred comp.	351,166	262,911
+Common stock	39,170	40,150
Add. paid-in capital	409,786	456,655
Retained earnings	2,298,901	1,957,525
Total Liabilities & Shareholders' Equity	$ 5,140,430	$ 4,043,139

* Gold at LIFO. Chemicals, solvents and supplies are valued using the FIFO method.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.62	1.59
%Net Income to Sales	3.52	1.68
%Net Income to Equity	12.42	5.10
Sales to Inventories	12.40	17.37
Debt to Equity	0.19	0.11
Working Capital	$ 2,015,072	$ 1,837,519
Current Ratio	2.08	2.50
Shareholders' Equity	$ 2,747,857	$ 2,454,330

Austron, Inc.

P.O. Box 14766
North Interstate 35, Exit 248
Austin, Texas 78761
(512) 251-2341

(On April 25, 1988, Austron, Inc. and Datum Inc. announced that they had entered into a definitive agreement whereby Austron would be acquired by Datum, subject to shareholder approval.)

Officers: James D. Echols, chairman & president; Robert F. Ellis, sr. v.p.-marketing; Lora J. Neans, v.p.-corp. administration & secretary; Edward J. Corbett, v.p.-operations; Linda Hackleman, treasurer.

Directors: James D. Echols, chairman of the board; Robert F. Ellis, Donald L. Bradford, Benton E. Ryon, James W. Kenney, Garry A. Weber, George R. Schrader.

Areas of Work: Manufactures precise time and frequency instruments required by industrial, scientific and military customers for use in communications, space and missile tracking navigation and metrology applications. Also manufactures coding instruments and systems, crystal oscillators, computer channel adapter interface equipment, and other electronic devices.

Subsidiaries:

Austron, Ltd.
Warwickshire, England
Sales, service and technical support center for sales efforts in Europe and the Eastern hemisphere.

Austron International, Inc.
Domestic International Sales Corporation.

Transfer Agent(s):

MBank of Dallas
P.O. Box 655415
Dallas, Texas 75265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATRN (NASDAQ)

Number of Employees:

1987	110	1986	138

Plant Footage:

1987	50,000 sq. ft.	1985	50,000
1986	50,000	1984	42,000

Sales & Earnings

	Net Sales+	Net income+
1987	$ 8,054,000	$ 356,000
1986	7,937,000	(228,000)
1985	7,846,000	489,000
1984	7,466,000	679,000
1983	5,098,000	330,000

	No. of Com. Shares‡	Earn. per Share+‡
1987	3,600,000	$ 0.10
1986	3,600,000	—
1985	3,600,000	0.14
1984	3,394,000	0.19
1983	3,589,000	0.09

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 6,543,433	$ 1.82
1986	6,187,241	1.72
1985	6,415,089	1.78
1984	5,925,678	1.65
1983	5,238,778	1.46

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*

Year ended June 30	1987	1986
Net sales	$ 8,053,523	$ 7,934,566
Cost of sales	4,521,198	4,958,533
Expenses	2,821,594	3,328,925
Interest income	(100,075)	(128,034)
Interest expense	113,213	184,433
Other expense	61,401	34,547
Income (loss) before taxes	$ 636,192	$ (443,848)
Income taxes (credit)	280,000	(216,000)
Net Income (Loss)	$ 356,192	$ (227,848)

* Included in Costs and Expenses, Depreciation and Amortization: $422,227 in 1987 and $424,150 in 1986.

Assets

As of June 30	1987	1986
Cash & int. bearing deposits	$ 1,807,641	$ 1,533,358
Investments	1,015,000	—
Accts. receiv., net	1,511,550	966,928
Refundable taxes	—	320,968
*Inventories	2,085,336	2,926,027
Prepaid expenses	26,942	19,190
Current Assets	$ 6,446,469	$ 5,766,471
#Fixed assets	2,404,387	2,699,770
Other assets	373,896	379,108
Total Assets	$ 9,224,752	$ 8,845,349

Liabilities

Long-term debt, curr.	$ 330,888	$ 120,989
Accts. payable	179,253	95,705
Accrued payroll	331,797	344,331
Other accruals	170,332	175,925
Income taxes	158,000	—
Curr. Liabilities	$ 1,170,270	$ 936,950
Long-term debt	1,096,049	1,414,158
Deferred inc. taxes	415,000	307,000
+Common stock	44,999	44,999
Add. paid-in capital	3,410,756	3,410,756
Retained earnings	3,087,678	2,731,486
Total Liabilities & Shareholders' Equity	$ 9,224,752	$ 8,845,349

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.0125 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.90	—
%Net Income to Sales	4.42	—
%Net Income to equity	5.44	—
Sales to Inventories	3.86	2.71
Debt to Equity	0.22	0.28
Working Capital	$ 5,276,199	$ 4,829,521
Current Ratio	5.51	6.15
Shareholders' Equity	$ 6,543,433	$ 6,187,241

Automatix Incorporated

1000 Tech Park Drive
Billerica, Massachusetts 01821
(617) 667-7900

Officers: Michael J. Cronin, president & chief exec. officer; John J. Diss, v.p.-finance & treasurer; Donald L. Pieper, v.p.-research & development; Victor Scheinman, v.p.-advanced systems; David L. Engel, secretary.

Directors: Michael J. Cronin, Jerome B. Wiesner, R. Schorr Berman, Theodore H. Elliott, Jr., Arthur H. Reidel, Fontaine K. Richardson.

Areas of Work: The Company has two divisions operating within the field of factory automation. The Adaptive Automation Division develops, manufactures, markets and services adaptive automation systems that integrate robotics, machine control software, artificial vision and other sensors, all based on the Company's computer hardware and software technology. The CAD/CAM Division develops, market and services a family of full function, 3-D design and 2-D drafting software used to provide total drafting control.

Divisions:

Adaptive Automation Division
CAD/CAM Division

Acquisition:

SuperCads, Inc.
Santa Clara, California
Developed a platform independent full functionality three-dimensional CAD software package for mechanical design and drafting.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AITX (NASDAQ)

Number of Employees:

1987	129	1984	368
1986	168	1983	268
1985	291		

Plant Footage:

1987 ..... 70,000 sq. ft.

Sales & Earnings

	Revenues	Net Income
1987	$ 11,794,000	$ (4,542,000)
1986	17,545,000	(7,851,000)
1985	27,571,000	(5,594,000)
1984	20,058,000	(14,193,000)
1983	13,011,000	(2,056,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	11,558,000	$ —
1986	10,999,000	—
1985	10,930,000	—
1984	10,858,000	—
1983	10,457,000	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 5,819,000	$ 0.50
1986	5,867,000	0.53
1985	13,223,000	1.21
1984	18,130,000	1.67
1983	31,979,000	3.06

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 11,794	$ 17,545
Cost of sales	7,517	11,613
Expenses:		
Research & develop.	4,519	8,469
Marketing	2,430	3,841
Gen. & administrative	1,336	1,563
Other	358	—
Interest expense (income)	176	(90)
Net Loss	$ (4,542)	$ (7,851)

* Included in Costs and Expenses, Depreciation and Amortization: $249,000 in 1987 and $388,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 4,608	$ 3,309
Accts. receiv., net	2,876	3,863
Unbilled contracts	206	—
*Inventories	2,570	4,152
Prepaid rent	886	—
Other curr. assets	133	165
Current Assets	$ 11,279	$ 11,489
#Fixed assets	416	412
Acquired technology	46	107
Deposits & other assets	—	851
Total Assets	$ 11,741	$ 12,859

Liabilities
(000's)

Accounts payable	$ 1,395	$ 1,350
Adv. from customers	294	152
Accruals	1,233	2,490
Curr. Liabilities	$ 2,922	$ 3,992
Subord. conv. notes	3,000	3,000
+Common stock	769	552
Add. paid-in capital	43,342	39,307
Accum. deficit	(38,700)	(34,158)
Eq. adjust from for. curr. trans.	408	166
Total Liabilities & Shareholders' Equity	$ 11,741	$ 12,859

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 per value.

Statistical Summary

Sales to Inventories	4.59	4.23
Working Capital	$ 8,357,000	$ 7,497,000
Current Ratio	3.86	2.88
Shareholders' Equity	$ 5,819,000	$ 5,867,000

Auto-trol Technology Corporation

12500 North Washington Street
P.O. Box 33815
Denver, Colorado 80233
(303) 452-4919

Officers: Howard B. Hillman, chairman of the board & president; Jerry T. Sisson, v.p.-field operations; Richard M. Burkley, v.p.-research & development; David P. Hanna, v.p.-sales; Andrea L. Stanwick, treasurer & corporate controller; Gail E. D. Heinzman, secretary; Allyson J. Sauer, asst. secretary.

Directors: Howard B. Hillman, chairman; James B. Farinholt, Jr., William R. Hambrecht, J. Roderick Heller, III.

Areas of Work: Develops, markets and supports distributed graphics solutions for computer-aided engineering, manufacturing, technical publishing and telecommunications.

Subsidiaries:

Auto-trol International Corporation
Auto-trol Technology Europe, Ltd.
Auto-trol Acquisition, Inc.
Auto-Technology (Canada) Ltd.
Spats & Associates, Inc.
ATTC International Sales Corporation
Old TRICAD, Inc.

Autotrol Technology S.A.
31, Rue Delizy
Pantin 93500 France

Autotrol Technology GmbH
Wanheimerstr. 39
Duesseldorf 30 4000 West Germany

Auto-trol Technology Australia
Suite 1603, Northpoint
100 Miller Street
North Sydney NSW 2060 Australia

Autotrol Technology Ltd.
Neville House
42/46 Hagley Road, Edgbaston
Birmingham B16 8FZ England

Auto-trol Scandinavia AB
All Favagen 1-3
S-191 47 Sollentuna Sweden

Autotrol Technology GmbH
Paul-Gerhardt-Allee 50
8000 Munich 60 West Germany

Transfer Agent(s):

The First National Bank of Boston
60 Morrissey Road
Boston, Massachusetts 02125

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATTC (NASDAQ)

Number of Employees:

1986	700	1984	666
1986	N.A.	1983	579
1985	672		

Plant Footage:

1987	125,000 sq. ft.	1984	139,000
1986	125,000	1983	125,000
1985	125,000		

N.A. - Not Available

Sales & Earnings

	Revenues	Net Income†
1987*	$ 53,764,000	$ 1,162,000
1986	62,358,000	(7,038,000)
1985	65,360,000	(11,679,000)
1984	68,927,000	2,752,000
1983	54,129,000	(3,276,000)

	No. of Com. Shares #	Earn. per Share #†
1987*	6,771,000	$ 0.17
1986	6,510,000	—
1985	4,809,000	—
1984	4,731,000	0.58
1983	3,910,000	—

(Loss)
* 9 months.
† Including extraordinary gains of $547,000 ($0.08 per share) in 1987 and $1,300,000 ($0.27 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 25,599,000	$ 3.78
1986	24,348,000	3.74
1985	30,220,000	6.28
1984	34,602,000	7.31
1983	30,127,000	7.71

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Revenues	$ 53,764,000	$ 62,358,000
Cost of sales & services	26,290,000	34,797,000
Expenses	25,856,000	29,949,000
Inland writedown	56,000	3,947,000
Interest expense	970,000	1,363,000
Interest income	(570,000)	(660,000)
Inc. (loss) bef. taxes	$ 1,162,000	$ (7,038,000)
Income taxes	547,000	—
Net Income (Loss)	$ 615,000	$ (7,038,000)
Extraord. gain	547,000	—
Net Income (Loss) & extraord. gain	$ 1,162,000	$ (7,038,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,591,000 in 1987 and $ 4,329,000 in 1986.

Auto-trol Technology Corporation

Assets

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 10,117,000	$ 6,314,000
Receiv., net	13,124,000	10,030,000
*Inventories	2,708,000	3,109,000
Prepaid expenses & serv. parts	1,564,000	1,355,000
Current Assets	$ 27,513,000	$ 20,808,000
#Fixed assets	14,793,000	15,281,000
Investment	—	677,000
Service parts	3,292,000	4,803,000
Purch. software	2,606,000	3,125,000
Other assets	376,000	468,000
Total Assets	$ 48,580,000	$ 45,162,000

Liabilities

Long-term debt, curr.	$ 903,000	$ 1,098,000
Accts. payable	4,331,000	3,435,000
Accrued compen. & rel. taxes	601,000	329,000
Interest payable	2,283,000	1,832,000
Guarantee of joint venture	—	1,414,000
Other liab.	5,607,000	3,676,000
Income taxes	1,400,000	1,400,000
Curr Liabilities	$ 15,125,000	$ 13,184,000
Long-term liabilities	7,856,000	7,630,000
+Common stock	45,407,000	43,164,000
Add. paid-in capital	719,000	719,000
Cum. curr. trans. adjust.	(376,000)	(222,000)
Retained earnings (deficit)	(20,151,000)	(21,313,000)
Total Liabilities & Shareholders' Equity	$ 48,580,000	$ 45,162,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.16	—
%Net Income to Sales	1.14	—
%Net Income to Equity	2.40	—
Sales to Inventories	19.85	20.06
Debt to Equity	0.34	0.36
Working Capital	$ 12,388,000	$ 7,624,000
Current Ratio	1.82	1.58
Shareholders' Equity	$ 25,599,000	$ 24,348,000

Avantek, Inc.

4401 Great America Parkway
Santa Clara, California 95054
(408) 727-0700

Officers: E. Oran Brigham, chairman, chief exec. officer & president; Gary G. Harmon, sr. v.p., chief financial officer & secretary; Robert E. Goff, sr. v.p. & group exec.-Microwave Products Group; Lionel A. Kirton, sr. v.p. & group exec.-Microwave Semiconductor Group; Robert W. Busch, sr. v.p.-administration & services; Steven J. Allen, v.p. & controller; Richard J. Clark, v.p.-Telecommunications Division; Forrest F. Fulton, Jr., v.p. & gen. mgr.-Transmission systems; Robert M. Malbon, v.p.-gallium arsenide technology development; Peter L. Manno, v.p.-microwave product sales; David A. Norbury, v.p.-Subassemblies Division; James E. Sterrett, v.p. & fellow; Michael E. Hart, treasurer.

Directors: E. Oran Brigham, chairman; Roy A. Anderson, William C. Edwards, James F. Gibbons, Gary G. Harmon, William J. Perry, James E. Sterrett.

Areas of Work: Engaged in the design, development, manufacture and marketing of a line of vertically integrated microwave and telecommunications products.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 1665
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: AVAK (NASDAQ)

Number of Employees:

1987	3,041	1984	2,762
1986	3,107	1983	2,230
1985	3,246		

Plant Footage:

1987 ..... 776,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 213,671,000	$ 11,901,000
1986*	208,184,000	9,965,000
1985	168,277,000	17,690,000
1984	131,721,000	17,372,000
1983	91,283,000	11,938,000

	No. of Com. Shares‡	Earn. per Share‡
1987	18,625,000	$ 0.62
1986*	19,311,000	0.52
1985	19,208,000	0.92
1984	19,046,000	0.90
1983	18,758,000	0.63

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 154,063,000	$ 8.27
1986	147,560,000	7.64
1985	135,962,000	7.08
1984	115,614,000	6.07
1983	94,615,000	5.04

Income Account* (000's)

Year ended	1/2/88	1/3/87 (53 weeks)
Net sales	$ 213,671	$ 208,184
Cost of sales	132,859	117,008
Expenses	62,145	62,289
Interest expense	158	237
Interest income	(1,130)	(780)
Income before taxes	$ 19,939	$ 29,410
Income taxes	8,331	13,294
Income from cont. oper.	$ 11,608	$ 16,116
Income (loss) from discont. oper.	293	(6,151)
Net Income	$ 11,901	$ 9,965

* Included in Costs and Expenses, Depreciation and Amortization: $13,408,000 in 1987 and $11,938,000 in 1986.

Assets (000's)

As of	1/2/88	1/3/87
Cash	$ 16,120	$ 15,854
Accts. receiv., net	46,405	47,669
*Inventories	46,997	47,703
Prepaid expenses	2,542	4,939
Prepaid income taxes	5,826	—
Current Assets	$ 117,890	$ 116,165
#Fixed assets	78,271	68,055
Net prop. of discont. oper.	—	220
Total Assets	$ 196,161	$ 184,440

Liabilities -(000's)

Long-term debt, curr.	$ 43	$ 89
Accts. payable	7,248	6,099
Accrued payroll	11,230	10,297
Other accruals	3,000	2,584
Deferred income taxes	—	438
Net liab. of discont. oper.	229	1,846
Income taxes	2,953	—
Current Liabilities	$ 24,703	$ 22,153
Long-term debt	—	55
Deferred income	4,125	4,757
Deferred inc. taxes	13,253	9,915
+Common stock	50,633	51,517
+Junior common stock	309	288
Retained earnings	103,138	95,755
Total Liabilities & Shareholders' Equity	$ 196,161	$ 184,440

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	7.72	6.75
Sales to Inventories	4.55	4.36
Working Capital	$ 93,187,000	$ 94,012,000
Current Ratio	4.77	5.24
Shareholders' Equity	$ 154,080,000	$ 147,560,000

Avnet, Inc.

767 Fifth Avenue
New York, New York 10153
(212) 644-1050

Officers: Anthony R. Hamilton, chairman of the board & chief executive officer; Leon Machiz, vice chairman, president & chief operating officer; Albert Snider, exec. v.p.-operations; Stanley Benorofe, sr. v.p.; Edward Kanaga, sr. v.p.; Jordan Berman, sr. v.p.; John Lane, sr. v.p.; Irwin Lubalin, sr. v.p.; David Shaw, sr. v.p.; Sylvester Horthy, sr. v.p. & secretary; Alvin A. Odintz, v.p.; Richard Deutsch, v.p.; Sam Farby, v.p.; Daniel M. Robbin, v.p.; Donald Sweet, v.p.; George Kokkinakis, v.p.; Morton Vogel, v.p.; Anthony DeLuca, v.p.; Milton Graham, v.p.; Burton Katz, v.p.; Walter Hyjek, v.p.; Steven W. Manello, v.p.; William Rose, v.p. & general counsel; John H. Ragazzi, Sr., v.p., treasurer & chief financial officer; Raymond Sadowski, v.p. & controller; Louis Berger, asst. secretary; Kathleen Flandreau, asst. secretary; Jane Wolf, asst. secretary.

Directors: Anthony R. Hamilton*, chairman of the board; Harris E. Fischer, Albert A. List*, Louis Berger*, Sylvester D. Horthy, George Weissman*, Alvin E. Friedman*, Jordan S. Berman, John W. Kenney, J. Sidney Webb*, Salvatore J. Nuzzo*, Leon Machiz*.

* Member of the Executive Committee

Operating Groups:

Electronic Marketing Group
Culver City, California
Hauppauge, New York

Electronic Marketing Group
Minneapolis, Minnesota
Peabody, Massachusetts
Industrial distributor and assembler of components for the electronic industry and communications, automotive, military and research and development markets. Products lines include semiconductors, transistors, diodes, integrated and hybrid circuits, microprocessors, PROM's, capacitors, resistors, relays, digital displays, potentiometers and other devices. Also custom processing and testing of semiconductor chips, manufacturing of hybrid microelectronic circuits and thin film resistor networks, as well as distributing, servicing and leasing computer terminals to end users.
Hamilton/Avnet Electronics
Time Electronics/Electro Air
Avnet Computer Technologies, Inc.
Avnet Microtechnologies, Inc.
Harper S.I.D.

Electrical and Engineering Group

Brownell Electro/Ward
New York, New York
Denver, Colorado
Electric motors and replacement parts.

Freeman Products, Inc.
Trophy parts.

Lincoln Controls
Hydraulic and pneumatic controls.

Automotive Group

Mechanics Choice
Philadelphia, Pennsylvania
Distributor of electro-automotive parts and shop supplies to car dealers, service stations and industrial accounts, and fleet owners.

Video Communications Group

Channel Master
Smithfield, North Carolina
TV antenna manufacturer, supplier of replacement color television tubes and antennas.

Irving W. Rice & Co., Inc.
New York, New York
Markets a line of imported toiletry containers, night lights and illuminated mirrors.

Avnet International (Taiwan) Ltd.
Kaihsiung, Taiwan
Stereo music and TV centers, cassette decks, turntables, and compact disc players.

Channel Master Satellite Systems, Inc.
Smithfield, North Carolina
Microwave components for CATV, MATV and satellite television.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: AVT

Number of Employees:

1987 9,500

Plant Footage:

1987 ..... 4,125,000 sq. ft.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1987	$ 1,539,300	$ 22,794
1986	1,415,600	23,857
1985	1,534,200	49,384
1984	1,635,900	86,808
1983	1,164,700	50,364

	No. of Com. Shares‡‡	Earn. per Share‡‡
1987	35,748,000	$ 0.64
1986	35,719,000	0.67
1985	35,584,000	1.39
1984	36,810,000	2.44
1983	35,204,000	1.43

+ Of continuing operations only.
‡ ‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenue by Lines of Business
(000's)

	1987	1986
Electronic marketing group	$ 1,183,700	$ 1,098,200
Electrical & engineering	154,900	155,000
Automotive group	53,600	54,700
Video communications	147,100	107,700
Total	$ 1,539,300	$ 1,415,600

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.50	—	—
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.50	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity‡	Equity Per Share #
1987	$ 657,851,000	$ 18.42
1986	646,921,000	18.18
1985	638,691,000	17.97
1984	603,396,000	17.13
1983	529,085,000	15.08

‡ After allowing for preferred stock at stated value.
# Adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 1,539,286,000	$ 1,415,612,000
Other income	7,773,000	11,156,000
Total income	$ 1,547,059,000	$ 1,426,768,000
Cost of sales	1,164,163,000	1,064,384,000
Expenses	325,042,000	309,901,000
Interest expense	11,242,000	10,204,000
Income before taxes	$ 46,612,000	$ 42,279,000
Income taxes	23,818,000	18,422,000
Net income	$ 22,794,000	$ 23,857,000

* Included in Costs and Expenses, Depreciation and Amortization: $27,328,000 in 1987 and $23,838,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 8,728,000	$ 8,799,000
Market. securities	204,605,000	101,820,000
Receiv., net	244,646,000	232,415,000
*Inventories	435,425,000	413,962,000
Other curr. assets	12,373,000	15,264,000
Current Assets	$ 905,777,000	$ 772,260,000
#Fixed assets	121,512,000	98,941,000
Intangibles & other assets	35,069,000	36,850,000
Total Assets	$ 1,062,358,000	$ 908,051,000

Liabilities

Long-term debt, curr.	$ 4,010,000	$ 3,409,000
Accts. payable	115,364,000	85,793,000
Accruals	47,258,000	47,369,000
Income taxes	9,420,000	8,241,000
Dividend payable	4,459,000	4,443,000
Curr. Liabilities	$ 180,511,000	$ 149,255,000
Long-term debt	223,991,000	111,869,000
Preferred stock	5,000	6,000
+Common stock	35,757,000	35,595,000
Add. paid-in capital	127,896,000	124,366,000
Retained earnings	496,605,000	491,632,000
Treasury stock	(3,107,000)	(1,901,000)
Cum. trans. adjust.	700,000	(2,771,000)
Total Liabilities & Shareholders' Equity	$ 1,062,358,000	$ 908,051,000

* At cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.03	2.99
%Net Income to Sales	1.48	1.69
%Net Income to Equity	3.46	3.69
Sales to Inventories	3.54	3.42
Debt to Equity	0.35	0.18
Working Capital	$ 725,266,000	$ 623,005,000
Current Ratio	5.02	5.17
Shareholders' Equity	$ 657,856,000	$ 646,927,000

AVX Corporation

60 Cutter Mill Road
Great Neck, New York 11021
(516) 829-8500

Officers: Marshall D. Butler, chairman of the board & chief exec. officer; Charles A. Dill, president & chief operating officer; Benedict P. Rosen, exec. v.p.; John Gilbertson, vice president; Allan H. Cole, vice president; Brian Morris, vice president; Kim Ritchie, vice president; John Mann, vice president; John S. Johnson, controller; Joan Prager, secretary; Joseph R. Sicree, treasurer.

Directors: Marshall D. Butler, chairman; Herbert E. Grier, D. K. Patton, Clare Rawson, A. Robert Towbin, Seymour Leslie, Donald K. Thostenson, Charles A. Dill, Martin Payson.

Areas of Work: Manufactures multilayer ceramic capacitors (MLCs)--electronic components used extensively in conjunction with integrated circuits in a wide variety of applications.

Divisions and Subsidiaries:

Radial Products Division
Myrtle Beach, South Carolina

Axial & Special Products Division
Conway, SC; Olean, New York

Integrated Capacitor Division
Colorado Springs, Colorado

Monolithic Components Corp.

AVX Corporation

AVX Limited
Aldershot, England; Coleraine, Northern Ireland

AVX S.A.
Roven, France

AVX Israel
Jerusalem

Transfer Agent(s):

American Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AVX

Number of Employees:

1987	N.A.	1984	5,785
1986	N.A.	1983	5,900
1985	5,100		

Plant Footage:

1987	N.A.	1984	779,000
1986	N.A.	1983	750,000
1985	1,053,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 271,888,000	$ 15,811,000
1986	195,359,000	(3,098,000)
1985	178,684,000	(12,273,000)
1984	230,907,000	15,528,000
1983	160,854,000	8,670,000

	No. of Com. Shares x	Earn. per Share x
1987	13,196,234	$ 1.20
1986	12,273,984	—
1985	10,226,296	—
1984	9,395,190	1.65
1983	8,847,897	0.98

(Loss)
+ Of continuing operations only.
x Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 1.20	—	—
1986	—	—	—
1985	0.24	—	—
1984	0.32	—	—
1983	0.27	—	3-for-2

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 186,312,000	$ 14.12
1986	153,565,000	11.81
1985	128,313,000	11.72
1984	115,207,000	12.24
1983	98,184,000	11.05

† Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 271,888,000	$ 195,359,000
Cost of sales	198,386,000	157,650,000
Expenses	40,848,000	30,992,000
Gain on sale of subsid.	—	(1,957,000)
Prov. for dispos. of prod. line	—	4,500,000
Interest income	(3,861,000)	(3,389,000)
Interest expense	9,980,000	9,248,000
Other expense	218,000	2,592,000
Income (loss) bef. taxes	$ 26,317,000	$ (4,377,000)
Income taxes (credit)	10,506,000	(1,279,000)
Net Income (Loss)	$ 15,811,000	$ (3,098,000)

Assets

As of Dec. 31	1987	1986
Cash	$ 16,305,000	$ 33,082,000
Marketable securities	1,509,000	2,138,000
Accts. & notes receiv., net	60,943,000	32,474,000
*Inventories	77,577,000	44,741,000
Prepaid inc. taxes	10,311,000	8,459,000
Other assets	4,392,000	7,782,000
Current Assets	$ 171,237,000	$ 128,676,000
#Fixed assets	195,958,000	109,168,000
Assets of discont. oper.	30,292,000	4,160,000
Assets held for disposal	—	4,108,000
Other assets	22,599,000	5,381,000
Total Assets	$ 420,046,000	$ 251,433,000

Liabilities

Long-term debt, curr.	$ 5,455,000	$ 6,560,000
Accts. payable	16,763,000	6,921,000
Accruals	40,107,000	18,708,000
Income taxes payable	2,817,000	300,000
Curr. Liabilities	$ 65,142,000	$ 32,489,000
Long-term debt	140,175,000	50,881,000
Deferred inc. taxes	23,730,000	14,309,000
Other liabilities	4,687,000	199,000
+Common stock	13,066,000	13,000,000
Add. paid-in capital	117,276,000	116,548,000
Retained earnings	39,920,000	24,109,000
Cum. curr. adjust.	16,044,000	(92,000)
Total Liabilities & Shareholders' Equity	$ 420,046,000	$ 251,433,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.68	—
%Net Income to Sales	5.82	—
Sales to Inventories	3.50	4.37
Debt to Equity	0.75	0.33
Working Capital	$ 106,095,000	$ 96,187,000
Current Ratio	2.63	3.96
Shareholders' Equity	$ 186,312,000	$ 153,565,000

Aydin Corporation

700 Dresher Road
P.O. Box 349
Horsham, Pennsylvania 19044
(215) 657-7510

Officers: Ayhan Hakimoglu, chairman & president; Palle Christensen, exec. v.p. & president-Aydin West Coast; Louis Goetz, sr. v.p. & president-Aydin Controls; Gerald S. Mersten, v.p. & president-Aydin Computer Systems; B. Jack Miller, v.p.-corp. marketing; John Vandersilice, sr. v.p. & president-Aydin Vector; John I. Clements, gen. mgr.-Aydin Systems; Gary T. Boswell, v.p. & president-Aydin Monitor Systems; Donald O. Wennerstrom, gen. mgr.-Aydin Radar & EW; James Whiteside, asst. v.p. & dir.-product assurance & support; Jay L. Landis, treasurer; Herbert Welber, controller & asst. treasurer; Robert A. Clancy, secretary; Colin J. R. Pallemaerts, gen. mgr.-Aydin Microwave; Zeynep B. Hakimoglu, asst. secretary; Geraldine A. Hakimoglu, asst. secretary & director-investor relations.

Directors: Ayhan Hakimoglu, chairman; Frederick G. Allen, Nev A. Goksen, Wilbur L. W. Creech, Harry D. Train, II.

Areas of Work: Designs, manufactures and sells sophisticated microwave and data communications products. Products include microwave line-of-sight radios, tropo-scatter communication terminals, satellite earth station equipment, digital color and graphic display terminals, ground-based and vehicle-mounted data communication equipment, modems and multiplexers, communications systems and fusion electronics.

Divisions and Subsidiaries:

AYDIN Microwave Division
30/32 Great Oaks Boulevard
San Jose, California 95119
(408) 629-0100
(408) 629-1100
Microwave radios and digital telecom equipment.

AYDIN Controls (U.K.) Ltd.
64 Wilbury Way
Hitchin, Hertfordshire SG4 0TP England
Display terminals, workstations, color monitors and computer systems.

AYDIN Monitor Systems Division
700 Dresher Road
Horsham, Pennsylvania 19044
(215) 657-7450
T-1 & PCM multiplexers, transcoders, and special telecom systems.

AYDIN Monitor Systems Division
502 Office Center Drive
Fort Washington, Pennsylvania 19034
(215) 646-8100
Ground telemetry and data links, military electronics and packet switching.

AYDIN Systems Division
30/32 Great Oaks Boulevard
San Jose, California 95119
(408) 629-0100
(408) 629-1100
Telecommunications and air defense systems.

AYDIN Radar & EW Division
32 Great Oaks Boulevard
San Jose, California 95119
(408) 629-0100
(408) 629-1100
Radars and electronic warfare.

AYDIN Vector Division
P.O. Box 328
47 Friends Lane
Newtown, Pennsylvania 18940
(215) 968-4271
Military avionics and airborne data acquisition.

AYDIN Raytor Division
Commerce Drive
Montgomeryville Industrial Center
Montgomeryville, Pennsylvania 18936
(215) 855-1121
Electronics cabinets and sheet metal.

AYDIN Molded Devices Division
2170 Colorado Avenue
P.O. Box 4001
Santa Monica, California 90404
(213) 829-5327
Vinyl components.

AYDIN Electro Fab Division
960 River Road
Croydon, Pennsylvania 19020
(215) 788-0401
Printed circuit boards.

AYDIN International U.K.
64 Wilbury Way
Hitchin, Hertfordshire SG4 0TP, England
Data acquisition, transmission and receive.

AYDIN Computer Systems Division
700 Dresher Road
Horsham, Pennsylvania 19044
(215) 657-8600
Ground and airborne computer systems.

AYDIN Controls Division
414 Commerce Drive
Fort Washington, Pennsylvania 19034
(215) 542-7800
Color display terminals, workstations and color monitors.

AYDIN Corporation
Corporate Marketing Office
4660 Kenmore Avenue
Suite 1018
Alexandria, Virginia 22304
(703) 823-9735
Corporate marketing office.

Transfer Agent(s):

Mellon Bank (East) N.A.
One Mellon Plaza
Philadelphia, Pennsylvania 19101

Stock Exchange(s): New York

Ticker Symbol: AYD

Number of Employees:

1987	2,000	1984	2,000
1986	2,000	1983	2,000
1985	2,000		

Plant Footage:

1987	650,000 sq. ft.	1984	650,000
1986	650,000	1983	650,000
1985	650,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 149,240,000	$ 14,806,000
1986	136,791,000	6,952,000
1985	133,019,000	3,799,000
1984	137,500,000	8,965,000
1983	152,911,000	15,778,000

	No. of Com. Shares	Earn. per Share +
1987	3,446,062	$ 3.93
1986	3,723,021	1.81
1985	4,119,481	0.86
1984	4,477,583	1.95
1983	4,693,525	3.31

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987 (000's)	%	1986 (000's)	%
Telecommunications	$ 89,600	60	$ 78,400	57
Computer equip.	43,000	29	47,800	35
Radars	16,600	11	10,600	8
Total	$ 149,200	100 %	$ 136,800	100 %

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 69,657,000	$ 20.21
1986	60,065,000	16.13
1985	61,348,000	14.89
1984	65,011,000	14.52
1983	62,224,000	13.26

Income Account *

Year Ended Dec. 31	1987	1986
Net sales	$ 149,240,000	$ 136,791,000
Cost of sales	101,634,000	90,539,000
Expenses	35,159,000	33,963,000
Interest expense (income)	(125,000)	125,000
Income before taxes	$ 12,572,000	$ 12,164,000
Income taxes	3,769,000	5,212,000
Cum. effect of change in accng. meth.	(6,003,000)	—
Net Income	$ 14,806,000	$ 6,952,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,456,000 in 1987 and $4,588,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 2,968,000	$ 10,352,000
Receiv., net	36,445,000	26,105,000
Unbilled rev.	33,762,000	31,732,000
*Inventories	24,859,000	23,004,000
Prepaid expenses	604,000	484,000
Current Assets	$ 98,638,000	$ 91,677,000
#Fixed assets	30,775,000	31,053,000
Other assets	648,000	2,309,000
Total Assets	$ 130,061,000	$ 125,039,000

Liabilities

Long-term debt, curr.	$ 691,000	$ 376,000
Accts. payable	11,177,000	6,640,000
Accruals	5,322,000	7,160,000
Contract billings in recog. rev.	1,862,000	5,228,000
Income taxes	18,689,000	23,637,000
Curr. Liabilities	$ 37,741,000	$ 43,041,000
Long-term debt	9,308,000	4,612,000
Deferred credits	13,355,000	17,321,000
+Common stock	3,446,000	3,723,000
Retained earnings	66,211,000	56,342,000
Total Liabilities & Shareholders' Equity	$ 130,061,000	$ 125,039,000

* At lower of cost (FIFO, average or specific job cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.42	8.89
%Net Income to Sales	9.92	5.08
%Net Income to Equity	21.26	11.57
Sales to Inventories	6.00	5.95
Debt to Equity	0.14	0.08
Working Capital	$ 60,897,000	$ 48,636,000
Current Ratio	2.61	2.13
Shareholders' Equity	$ 69,657,000	$ 60,065,000

Badger Meter, Inc.

4545 W. Brown Deer Road
P.O. Box 23099
Milwaukee, Wisconsin 53223
(414) 355-0400

Officers: James O. Wright, chairman of the board; James L. Forbes, president & chief exec. officer; R. Robert Howard, v.p.-finance & treasurer; John J. Janik, v.p.-manufacturing, Utility Division; William C. Howland, v.p.-sales, Industrial Division; William J. Shinners, controller; W. H. Vander Heyden, exec. v.p.-Industrial Divisions & chief technical officer; Rebecca L. Rush, secretary; Ronald H. Dix, v.p.-administration & human resources; Lynne R. Rippey, asst. secretary; Christopher N. Wright, asst. secretary; Rod G. Cumber, asst. secretary.

Directors: James O. Wright, chairman; Robert M. Hoffer, James L. Forbes, Edwin P. Wiley, Donald J. Schuenke, James O. Wright, Jr., Charles F. James, Jr., Warren R. Stumpe, William H. Vander Heyden.

Areas of Work: Engaged in the marketing and production of water meters and automatic meter reading systems for utility markets; ultrasonic flow meters used in wastewater disposal systems, irrigation projects and water purification plants; and precision control valves, concrete batch controllers, and natural gas instrumentation for industrial markets.

Divisions and Subsidiaries:

Utility Division
Milwaukee, Wisconsin

Industrial Division
Tulsa, Oklahoma

Precision Measurement Incorporated (80% owned)
Duncanville, Texas
Develops and manufactures natural gas instrumentation.

Badger Meter de Mexico, S.A. de C.V.
Nogales, Sonora, Mexico

Badger Meter Europe, GmbH
Stuttgart, Germany

Medidores Azteca, S.A.
Mexico City, Mexico

Transfer Agent(s):

First Wisconsin Trust Company
Milwaukee, Wisconsin

Stock Exchange(s): American

Ticker Symbol: BMI

Number of Employees:

1987	1,027	1984	1,091
1986	994	1983	—
1985	919		

Plant Footage:

1987	438,500 sq. ft.	1986	418,500

Sales & Earnings

	Net Sales +	Net Income
1987	$ 66,737,000	$ 1,799,000
1986	60,947,000	1,172,000
1985	55,886,000	1,339,000
1984	57,613,000	1,534,000
1983	47,647,000	(1,047,000)

	No. of Com. Shares	Earn. per Share‡
1987	868,085	$ 1.21
1986	848,559	0.80
1985	1,460,444	0.92
1984	1,855,444	1.06
1983	1,423,444	—

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.105	—	—
1986	0.475	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.30	—	—

Badger Meter, Inc.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 22,117,523	$ 25.48
1986	20,687,660	24.38
1985	20,054,330	13.73
1984	19,163,678	13.17
1983	18,682,180	13.12

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 66,736,967	$ 60,647,275
Cost of sales	41,645,477	37,925,537
Expenses	20,987,333	20,470,197
Interest expense	1,063,724	998,434
Foreign currency	161,956	79,572
Gain on pension settlement	(427,282)	—
Other charges	234,179	184,959
Inc. bef. taxes	$ 3,071,580	$ 1,288,576
Income taxes	1,273,000	117,000
Net Income	$ 1,798,580	$ 1,171,576

* Included in Costs and Expenses, Depreciation: $3,005,570 in 1987 and $2,776,916 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,156,204	$ 696,922
Receiv., net	8,570,003	7,664,338
*Inventories	13,413,161	13,464,488
Prepaid expenses	817,984	717,977
Current Assets	$ 23,957,352	$ 22,543,725
#Fixed assets	13,210,496	14,502,953
Defer. charges & other assets	2,725,020	1,519,741
Intangibles	1,561,120	1,542,314
Total Assets	$ 41,453,988	$ 40,108,733

Liabilities

Notes payable	$ 3,458,395	$ 3,849,734
Long-term debt, curr.	341,000	425,000
Accts. payable	2,761,288	2,569,747
Accrued pension	387,390	476,762
Accrued payroll	2,300,524	2,341,456
Income taxes	205,891	138,121
Other taxes	316,969	301,699
Curr. Liabilities	$ 9,771,757	$ 10,102,519
Long-term debt	7,050,259	7,455,141
Deferred inc. taxes	2,155,000	1,413,000
Accrued pension	359,449	450,413
+ Common stock	1,475,070	1,471,444
++ Class B Common stock	61,738	62,738
Add. paid-in capital	2,936,000	2,650,000
Retained earnings	19,106,614	18,094,91[illegible]
Employee benefit stock	(601,300)	(714,546)
Foreign currency translation adjust.	(253,614)	(253,614)
Treasury stock	(606,985)	(622,885)
Total Liabilities & Shareholders' Equity	$ 41,453,988	$ 40,108,733

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
++ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.60	2.11
%Net Income to Sales	2.70	1.92
%Net Income to Equity	8.13	5.66
Sales to Inventories	4.98	4.53
Debt to Equity	0.49	0.57
Working Capital	$ 14,185,595	$ 12,441,206
Current Ratio	2.45	2.23
Shareholders' Equity	$ 22,117,523	$ 20,687,660

Bairnco Corporation

200 Park Avenue
New York, New York 10166
(212) 490-8722

Officers: Glenn W. Bailey, chairman & president; David C. Bevan, Jr., sr. v.p.-finance, treasurer & secretary; Frank Metzger, sr. v.p.-administration; J. Robert Wilkinson, v.p. & controller; David W. Swindells, v.p.-industrial relations.

Directors: Glenn W. Bailey, chairman; Russell Banks, Lake E. Fichthorn, III, William L. Read.

Areas of Work: The Company conducts its operations through four subsidiaries. The Genlyte Group, Inc. designs and manufactures lighting fixtures and electronic lighting controls for commercial, industrial, institutional and residential lighting application; Keene Corporation manufactures electronic products, composite materials and advanced composites for aerospace, defense, communications, commercial and medical applications; Shielding Systems Corporation designs, manufactures and installs anechoic chambers for government and industry, and radio frequency and microwave shielding systems for security, defense and health care markets; Kasco Corpration provides cutting products, services and related supplied to supermarkets, retail butchers, meat packers and food processors.

Subsidiaries:

The Genlyte Group, Inc.
Keene Corporation
Kasco Corporation
Shielding Systems Corporation

Transfer Agent(s):

Harris Trust Company of New York
110 William Street - 9th floor
New York, New York 10038

Stock Exchange(s): New York

Ticker Symbol: BZ

Number of Employees:

1987	5,341	1984	5,067
1986	5,342	1983	3,907
1985	5,398		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 630,228,000	$ 28,249,000
1986	585,055,000	22,530,000
1985	537,241,000	21,899,000
1984	498,087,000	26,139,000

	No. of Com. Shares‡	Earn. per Share‡
1987	10,522,000	$ 2.68
1986	10,219,000	2.20
1985	10,187,000	2.15
1984	9,970,000	2.62

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Lighting products	$ 442,712,000	$ 415,844,000
Electronic prod. & Composites	110,999,000	99,749,000
Shielding prods. & serv.	40,253,000	44,079,000
Cutting products	36,364,000	25,383,000
Total	$ 630,228,000	$ 585,055,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.75	—	—
1986	0.65	—	—
1985	0.55	—	—
1984	0.475	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 213,126,000	$ 20.44
1986	185,656,000	18.25
1985	167,528,000	16.70
1984	150,722,000	15.13

Income Account* (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 630,228	$ [illegible]
Cost of sales	408,822	380,787
Selling & adm. expenses	160,568	151,819
Corp., gen. & other expenses	4,242	3,405
Interest expense	7,[illegible]	8,417
Income before taxes	$ 49,554	$ 40,627
Income taxes	21,305	18,097
Net Income	$ 28,249	$ 22,530

* Included in Costs and Expenses, Depreciation and Amortization: $26,478,000 in 1987 and $24,483,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 4,612	$ 7,028
Accts. receiv., net	92,417	76,068
*Inventories	124,640	115,369
Deferred inc. taxes	5,742	3,572
Other curr. taxes	4,673	6,883
Current Assets	$ 232,084	$ 208,920
#Fixed assets	155,660	152,495
Other assets	16,018	18,467
Intangibles	38,040	37,088
Total Assets	$ 441,802	$ 416,970

Liabilities (000's)

Short-term debt	$ 11,621	$ 4,017
Long-term debt, curr.	1,372	2,194
Accts. payable	52,246	38,713
Accrued payroll	12,909	14,466
Accrued inc. taxes	7,171	13,369
Accrued emp. benefits	5,521	6,943
Other accruals	32,288	27,568
Curr. Liabilities	$ 123,128	$ 107,240
Long-term debt	66,257	88,058
Deferred inc. taxes	21,536	17,233
Other liabilities	17,755	18,783
+Common stock	521	509
Add. paid-in capital	36,890	29,910
Retained earnings	175,715	135,237
Total Liabilities & Shareholders' Equity	$ 441,802	$ 416,970

* At cost (FIFO and LIFO), which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.86	6.94
%Net Income to Sales	4.48	3.85
%Net Income to Equity	13.25	12.14
Sales to Inventories	5.06	5.07
Debt to Equity	0.37	0.51
Working Capital	$ 108,956,000	$ 101,680,000
Current Ratio	1.88	1.95
Shareholders' Equity	$ 213,126,000	$ 185,656,000

Ball Corporation

345 South High Street
P.O. Box 2407
Muncie, Idaho 47307-0407
(317) 747-6100

Officers: Richard M. Ringoen, chairman, president & chief executive officer; William L. Peterson, exec. v.p. & chief financial officer; Delmont A. Davis, exec. v.p.-packaging products; Thomas D. Bell, Jr., exec. v.p.; Duane E. Emerson, sr. v.p.-administration; Donovan B. Hicks, group v.p.-aerospace systems; John H. Snyder, group v.p.-diversified products; Frank A. Bracken, group v.p.-glass containers; Albert R. Schlesinger, v.p. & controller; John J. Pruis, v.p.-corp. relations; Leon M. Grandcolas, v.p. & treasurer; George A. Sissel, sr. v.p., corp. secretary & general counsel; Charles E. Wild, v.p.-human resources; Thomas B. Clark, v.p.-planning & development; Richard E. Durbin, v.p.-information services; Roland P. Campbell, asst. secretary; Elizabeth A. Overmyer, asst. secretary; R. David Hoover, asst. treasurer.

Directors: Robert H. Mohlman*, Alvin M. Owsley, Jr., Richard M. Ringoen*, Delbert C. Staley, Richard M. Gillett*, Henry C. Goodrich*, A. Malcolm McVie, William L. Peterson*, William P. Stiritz, Howard M. Dean, Thomas D. Bell, Jr., John F. Lehman, Jr..

* Member of the Executive Committee

Areas of Work: Manufactures packaging, technical and industrial products and provides professional services to the federal sector. The Company produces metal beverage containers and ends for brewers and soft drink fillers, and high-barrier plastic sheet and containers for foods and juices. Home food preservation products are sold in the retail marketplace. In the technology area, the Company designs and produces space, defense and communications systems, services the electo-optical, electro-mechanical, cryogenic and time/frequency standards markets, and provides support services to the federal government and defense contractors. Diversified products and services include fabricated zinc, injection molded and thermoformed plastics, industrial systems for automated and machine vision inspection systems, plus slitting, cutting, coating and lithographing of light-gauge steel.

Divisions and Subsidiaries:

Aerospace Systems

Space Systems Division
Boulder, Colorado
Designs and builds spacecraft and complete space and ground systems and sub-systems.

Communication Systems Division
Boulder, Colorado
Manufactures space and tactical antennas, as well as complete communicatiovs systems.

Communication Systems Division
Broomfield, Colorado
Manufactures space and tactical antennas, as well as complete communications systems.

Efratom Division
Irvine, California
Designs and manufactures time/frequency standards for the aviation and commercial communications systems markets.

Efratom Division
Munich, West Germany
Designs and manufactures time/frequency standards for the aviation and commercial communications systems markets.

Systems Engineering Division
Edwards Air Force Base
Pasadena, California
Provides support services to the federal government and defense contractors.

Systems Engineering Division
Edwards Air Force Base
San Diego, California
Provides support services to the federal government and defense contractors.

Systems Engineering Division
Washington, Washington D.C.
Provides support services to the federal government and defense contractors.

Systems Engineering Division
Albuquerque, New Mexico
Provides support services to the federal government and defense contractors.

Systems Engineering Division
Dayton, Ohio
Provides support services to the federal government and defense contractors.

Verac, Inc.
San Diego, California
Defense systems and software development company.

Diversified Products

Zinc Products Division
Greenville, Tennessee
Makes rolled zinc products, including battery cans, and copper-plated zinc coin blanks.

Metal Decoration & Service Division
Chicago, Illinois
Provides metal lithography, metal coatings and specialized light-gauge metal servicing and warehousing functions, including sheeting, slitting and blanking.

Unimark Plastics Division
Greenville, South Carolina
Precision injection molding products for the medical and electronics industries.

Industrial Systems Division
Westminster, Colorado
Manufactures industrial instruments for automated and machine vision inspection systems.

Industrial Systems Division
Akron, Ohio
Manufactures industrial instruments for automated and machine vision inspection systems.

Penn Video, Inc.

Consumer Products Division
Muncie, Idaho
Markets Ball home canning jars.

Packaging Products
Manufactures metal containers for beer and soft drinks; high barrier plastic sheet and containers for food and juices; thermoformed plastic refrigerator and freezer door liners; and decorated injection molded plastic products.

Joint Ventures:

Ball-InCon Glass Packaging Corp.
Muncie, Idaho
Produces glass containers focusing primarily on the food and beverage industries.

Transfer Agent(s):

The First National Bank of Chicago
Trust Department
Suite 0123
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: BLL

Number of Employees:

1987 *	6,900	1984	9,100
1986	9,000	1983	9,000
1985	9,000		

* Excludes Ball-InCon Glass Packaging Corp. joint venture.

Sales & Earnings x

	Net Sales ($000's)	Net Income ($000's)
1987	$ 1,054,100	$ 66,300
1986	1,093,400	59,400
1985	1,124,700	51,900
1984	1,064,200	46,700
1983	916,500	39,300

	No. of Com. Shares #	Earn. per Share #
1987	23,633,000	$ 2.80
1986	23,613,000	2.52
1985	23,640,000	2.21
1984	23,162,000	2.02
1983	22,924,000	1.71

x Restated to include operations of Verac, Inc., acquired on a pooling of interests basis.
Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987 ($000's)	%	1986 ($000's)	%
Packaging prods.	$ 704,300	67 %	$ 790,100	72 %
Industrial prods.	107,600	10	92,700	9
Technical prods.	242,200	23	210,600	19
Total	$1,054,100	100 %	$1,093,400	100 %

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.89	—	—
1986	0.77	—	—
1985	0.68	—	2-for-1
1984	0.61	—	—
1983	0.55	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	397,400	$ 17.04
1986	368,400	15.58
1985	333,200	14.12
1984	125,600	12.70
1983	262,100	11.60

x Restated.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account * ($000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 1,054,100	$ 1,093,400
Cost of sales	858,700	892,100
Expenses	76,500	83,600
Interest expense	5,400	6,300
Income before taxes	$ 113,500	$ 111,400
Income taxes	47,200	52,000
Net Income	$ 66,300	$ 59,400

* Included in Costs and Expenses, Depreciation: $41,300,000 in 1987 and $ 44,700,000 in 1986.

Ball Corporation

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash	$ 16,600	$ 11,000
Accts. receiv., net	114,600	114,000
° Inventories	163,000	185,500
Prepaid expenses	21,500	26,700
Current Assets	$ 315,700	$ 337,200
# Fixed assets	401,900	367,200
Other assets	77,300	35,700
Total Assets	$ 794,900	$ 740,100

Liabilities
(000's)

Short-term borrowings & long-term debt, curr.	$ 46,900	$ 22,400
Accts. payable	94,800	78,300
Accrued payroll	31,200	38,000
Income taxes	9,300	9,800
Other liabilities	21,200	19,800
Curr. Liabilities	$ 203,400	$ 168,300
Long-term debt & lease obligations	100,700	101,600
Deferred comp.	17,000	15,300
Deferred inc. taxes	76,400	86,500
+ Common stock	32,200	38,000
Retained earnings	380,900	334,600
Treasury stock	(15,700)	(4,200)
Total Liabilities & Shareholders' Equity	$ 794,900	$ 740,100

‡ Restated.
° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.77	10.19
%Net Income to Sales	6.29	5.43
%Net Income to Equity	16.68	16.12
Sales to Inventories	6.47	5.89
Debt to Equity	0.37	0.34
Working Capital	$ 112,300,000	$ 168,900,000
Current Ratio	1.55	2.00
Shareholders' Equity	$ 397,400,000	$ 368,400,000

Bally Manufacturing Corporation

8700 West Bryn Mawr Avenue
Chicago, Illinois 60631
(312) 399-1300

Officers: Robert E. Mullane, chairman of the board, president & chief exec. officer; Roger N. Kessee, exec. v.p. & chief operating officer; James M. Rochford, v.p.-corporate affairs & governmental relations; Paul J. Johnson, v.p., treasurer & chief financial officer; Neil F. Jenkins, corporate secretary & general counsel; William H. Peltier, v.p.-corp. communications; Charles T. Powell, v.p.-corp. adm.; Bruce A. Struckman, v.p. & corp. controller.

Directors: Robert E. Mullane, chairman; James M. Rochford, George N. Aronoff, James R. Cowan, Patrick L. O'Malley, Walter Wechsler, Kenneth C. Nichols, Sigmund A. Rogich, James A. Lovell, Pierre A. Rinfret.

Areas of Work: Designs, manufactures, distributes and sells amusement games and leisure equipment including video games & pinball games, instant lottery games and coin-operated gaming equipment. Manufactures and distributes fitness equipment. The company also operates hotels and casinos in Atlantic City, New Jersey, and in Las Vegas and Reno, Nevada. Also owns and operates 304 family amusement centers and over 250 health and fitness centers.

Divisions and Subsidiaries:

Bally Aladdin's Castle, Inc.
Franklin Park, Illinois
Owns and operates 304 family amusement centers.

Bally Distributing of Nevada, Inc.
Las Vegas, Nevada

Bally Distributing of Nevada, Inc.
Reno, Nevada

Life Fitness, Inc.
Irvine, California
Manufactures and distributes fitness equipment.

Bally's Park Place, Inc.
Atlantic City, New Jersey

Bally's Las Vegas
Las Vegas, Nevada

Bally's Reno
Reno, Nevada

Bally's Grand, Inc.
Atlantic City, New Jersey

Bally Midway Sente
Franklin Park, Illinois

Scientific Games, Inc.
Norcross, Georgia
Designs, produces and supplies instant ticket lottery games and on-line lottery systems.

Bally Wulff-Automaten GmbH
Berlin, Germany

Bally Wulff-Vertriebs GmbH
Hannover, West Germany

Bally's Health and Tennis Corporation
Los Angeles, California
Operates over 250 health and fitness centers.

Acquisition:

U.S. Health, Inc. (68%-owned)
Operates 34 fitness clubs in the eastern U.S.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BLY

Number of Employees: °

1987	21,330	1984	16,700
1986	21,345	1983	19,000
1985	15,170		

° Full-time only.

Sales & Earnings

	Revenues +	Net Income
1987	$ 1,730,128,000	$ 57,138,000
1986	1,247,544,000	23,701,000
1985	960,780,000	25,637,000
1984	993,909,000	(100,411,000)
1983	851,458,000	5,158,000

	No. of Com. Shares†	Earn. per Share†
1987	28,622,011	‡ 1.62
1986	29,179,928	0.81
1985	26,935,595	0.95
1984	26,015,300	—
1983	26,381,530	0.20

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Sales	$ 239,659	$ 221,654
Services	1,436,601	987,119
Other	53,868	38,771
Total	$ 1,730,128	$ 1,247,544

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 368,274,000 ‡	$ 19.85
1986	492,943,000 ‡	16.89
1985	407,646,000 ‡	15.13
1984	368,721,000	14.17
1983	490,595,000	18.60

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account °
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 239,659	$ 221,654
Services	1,436,601	987,119
Other income	53,868	38,771
Total income	$ 1,730,128	$ 1,247,544
Cost of sales	195,337	175,615
Cost of services	1,001,373	696,387
Expenses	267,305	180,931
Prov. for doubt. accts.	69,754	49,002
Stock purch. exp.	24,275	—
Income expense	165,660	105,878
Inc. before taxes	$ 6,424	$ 40,931
Income taxes	12,295	21,793
Minority interest	488	1,759
Inc.(loss)-cont. oper.	$ (6,359)	$ 17,379
Inc.-cont. oper.	63,497	6,322
Net Income	$ 57,138	$ 23,701

° Included in Costs and Expenses, Depreciation and Amortization: $131,234,000 in 1987 and $101,214,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cert. of deposit	$ 76,306	$ 50,353
Receiv., net	356,140	270,973
° Inventories	38,934	26,551
Other curr. assets	44,340	37,318
Current Assets	$ 515,620	$ 385,195
# Fixed assets	1,804,609	1,189,056
Net assets-discont. oper.	890	184,056
Other assets	97,035	87,828
Intangibles	306,979	201,583
Total Assets	$ 2,525,133	$ 2,047,718

Liabilities (000's)		
Long-term debt, curr.	$ 24,149	$ 6,159
Accts. payable	66,310	75,013
Accruals	222,834	179,460
Income taxes	101,927	48,652
Deferred revenues	65,199	56,587
Curr. Liabilities	$ 480,419	$ 363,871
Long-term debt	1,387,471	1,096,174
Long-term liabilities	12,884	21,573
Deferred income taxes	74,072	73,144
+ Preferred stock-Series A	13	13
++ Preferred stock-Series D	2,000	—
+++ Common stock	21,206	21,006
Add. paid-in capital	288,900	185,477
Retained earnings	334,142	294,131
Currency trans. adj.	11,472	4,933
Treasury stock	(87,446)	(12,806)
Total Liabilities & Shareholders' Equity	$ 2,525,133	$ 2,047,718

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; 9% mkt. value, cumulative, convertible.
++ $1 par value; 8% convertible, exchangeable.
+++ $0.66 2/3 par value.

Statistical Summary		
%Net Income to Equity	10.02	4.81
Debt Income to Equity	2.48	2.24
Working Capital	$ 35,201,000	$ 21,324,000
Current Ratio	1.07	1.06
Shareholders' Equity	$ 570,287,000	$ 492,956,000

Banner Industries, Inc.

Executive offices:

110 East 59th Street
New York, New York 10022
(212) 308-4966

Corporate and operating offices:
25700 Science Park Drive
Cleveland, Ohio 44122
(216) 464-3650

Officers: Jeffrey J. Steiner, chairman & chief exec. officer; Samuel J. Krasney, vice chairman & chief operating officer; Rene Charvillat, president; William C. Hunt, sr. v.p.; Sam Spector, v.p.; Michael T. Alcox, v.p.-finance; Warren Pervovich, treasurer & asst. secretary; George N. Aronoff, secretary; Mark W. Wester, controller.

Directors: Jeffrey J. Steiner, chairman; Rene Charvillat, Phillip David, Milton H. Dresner, Thomas R. Green, Harold J. Harris, William C. Hunt, Samuel J. Krasney, Frederick W. McCarthy, Nathan Meyrhas, Herbert S. Richey, Donald Taylor, Milton A. Wolf.

Areas of Work. The Company's operations are currently being conducted in four business segments. The Mechanical Components operations include diversified manufacturing of industrial mechanical components and systems. Aerospace operations includes the distribution of aircraft hardware replacement parts and tires, and the manufacturing of high performance specialty fasteners. The Engineered Materials operations consist of the manufacture of custom designed, injection-molded plastic parts and specialty chemicals, sealants and adhesives. The Water Treatment and Pumps operations manufacture a broad line of water and wastewater treatment equipment as well as diversified industrial pumps.

Subsidiaries:

Adams Industries, Inc.
Suffield, Connecticut
(203) 668-1201
Distributes and supplies aircraft fasteners, fittings and electrical and hydraulic systems components.

Banner Aircraft International, Inc.
South San Francisco, California
(415) 872-1700
Distributes and supplies aircraft parts including air frame and structural components and engine parts.

Burbank Aircraft Supply, Inc.
Sun Valley, California
(818) 767-8560
Distributes and supplies aircraft hardware, fasteners, electrical and related items.

NASAM Incorporated
South San Francisco, California
(415) 872-1155
Distributes and supplies private aircraft and aircraft parts, hi-tech aerospace, electrical and industrial components.

Solair, Inc.
Ft Lauderdale, Florida
(305) 523-9999
Sale of instruments and airframe components.

Thompson Aircraft Tire Corporation
Miami, Florida
(305) 592-3530
Provides retreaded and new aircraft tires and aircraft wheel overhaul services.

Patterson Pump Company
Toccoa, Georgia
(404) 886-2101
Produces water and sewage pumps, metal fabrication, chemical processing equipment and valves.

Pompes Duplechin, S.A.
Tournai, Belgium
Manufactures chemical, water and sewage and other process pumps.

Rexnord Inc.
350 North Sunny Slope
Brookfield, Wisconsin 53005
(414) 797-6900
Manufactures highly engineered specialty fasteners, seals and bearings for aviation and aerospace applications, and water and wastewater treatment equipment.

Transfer Agent(s):

Huntington National Bank
Cleveland, Ohio

Stock Exchange(s): New York, Pacific

Ticker Symbol: BNR

Plant Footage:

1987 ..... 1,741,000 sq. ft. 1986 711,000

Sales & Earnings

	Net Sales +	Net Income #
1987	$ 361,772,000	$ 10,201,000
1986	136,666,000	6,540,033
1985	114,790,000	4,038,927
1984	102,572,000	1,833,643
1983	133,225,000	(2,491,926)

	No. of Com. Shares	Earn. per Share‡ #
1987	4,531,000	$ 2.02
1986	4,669,657	1.55
1985	4,022,508	1.00
1984	4,022,508	0.46
1983	4,022,508	—

(Loss)
+ Includes revenues; of continuing operations only.
# Including extraordinary gain of $1,510,000 ($0.33 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.12	—	—
1986	0.03	—	—
1985	0.03	—	—
1984	0.03	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 101,608,000	$ 22.43
1986	57,911,742	12.40
1985	40,025,878	9.95
1984	36,255,078	9.01
1983	34,827,102	8.66

‡ After allowing for preferred stock at par value.

Income Account * (000's)

Year ended June 30	1987	1986
Net sales	$ 361,772	$ 136,666
Cost of sales	236,610	91,411
Expenses	84,991	28,141
Interest expense	53,751	7,642
Interest income	(34,084)	(3,195)
Income before taxes	$ 20,504	$ 12,667
Income taxes	10,075	5,790
Income-cont. oper.	$ 10,429	$ 6,877
Loss - discont. oper.	(1,738)	(337)
Net income	$ 8,691	$ 6,540
Extraord. gain	1,510	—
Net income & extraord. gain	$ 10,201	$ 6,540

* Included in Costs and Expenses, Depreciation and Amortization: $11,869,000 in 1987 and $1,779,000 in 1986.

Assets (000's)

As of June 30	1987	1986
Cash	$ 16,718	$ 3,784
Investments	107,069	115,574
Accts. receiv., net	127,171	21,308
* Inventories	178,462	52,233
Net assets held for sale	114,568	11,092
Prepaid expenses	32,657	1,142
Current Assets	$ 576,645	$ 205,133
# Fixed assets	207,118	10,956
Other assets	36,774	2,250
Defer. charges	41,415	6,807
Prepaid pension costs	47,305	—
Long-term invest.	31,100	—
Intangibles	278,634	2,372
Total Assets	$ 1,218,991	$ 227,518

Liabilities
(000's)

Notes payable	$ 6,183	$ 2,325
Long-term debt	122,461	484
Accts. payable	60,150	15,484
Accrued payroll	12,755	2,450
Accrued interest	20,206	5,155
Other accruals	57,540	6,407
Curr. Liabilities	$ 279,295	$ 32,305
Long-term debt	766,586	131,405
Deferred inc. taxes	8,757	3,381
Other deferred credits	62,605	2,515
+ Preferred stock	140	—
++ Common stock	469	469
Add. paid-in capital	48,837	14,645
Retained earnings	51,826	42,974
Cum. trans. adjust.	3,781	207
Treasury stock	(3,305)	(383)
Total Liabilities & Shareholders' Equity	$ 1,218,991	$ 227,518

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value: 8% cumulative convertible.
++ $0.10 par value.

Statistical Summary

% Net Income to Equity	8.54	11.29
Debt to Equity	1.80	2.32
Working Capital	$ 297,350,000	$ 172,828,000
Current Ratio	2.06	6.35
Shareholders' Equity	$ 101,748,000	$ 57,912,000

Barry Wright Corporation

One Newton Executive Park
Newton Lower Falls, Massachusetts 02162
(617) 965-5800

Officers: Ralph Z. Sorenson, chairman of the board, president & chief executive officer; P. Norman Roy, exec. v.p.; John F. Quinn, v.p. & president-Industrial and Aero Products Group; Milton E. Gilbert, v.p., general counsel & secretary; Jack L. Manes, Jr., v.p.-human resources; Charles H. Sellman, v.p., controller & treasurer; Philip M. Croel, v.p. & president-Wright Line, Inc.; Eustis Walcott, Jr., v.p.-corp. relations; William H. Gorham, clerk; Patricia A. Irwin, asst. treasurer & asst. secretary.

Directors: Ralph Z. Sorenson*, chairman; George P. Gardner, Jr., G. Richard Westin, W. Paul Tippett, P. Norman Roy*, Robert P. Henderson*, Roger D. Wellington, J. Atwood Ives, Craig A. Nalen.

* Member of the Executive Committee

Divisions and Subsidiaries:

Industrial & Aero Products Group

Barry Controls Division
Watertown & Brighton, Massachusetts; Burbank, California
Design, manufacture and marketing of engineered products to control the effects of dynamic forces and motions, including vibration, impact shock and noise.

Barry Controls Ltd.
United Kingdom
Manufactures shock and vibration controls.

Barry Controls GmbH (49% owned)
Raunheim, Germany
Sales and marketing distribution in Western Europe.

Gamma S.A.
France
French licensee.

Vlier Engineering Division
Burbank, California; Brighton, Massachusetts
Design, manufacture and marketing of products for holding, positioning and locating parts during manufacture and for reducing 'in plant' noise and vibration.

Zero-Max Division
Minneapolis, Minnesota
Sales and marketing distribution in Japan.

Miki Zero-Max Ltd.
Kawasaki-City, Japan
Sales and marketing distribution of Japan.

Dolan-Jenner
Woburn, Massachusetts
Manufactures fiber optics products, controls, and other devices for use in robotics, factory automation, and flexible manufacturing systems.

Products for Automation
Produces attachments to robots' wrists to enable them to perform useful tasks.

Wright Line Inc.
Wright Line Division
Worcester, Massachusetts; High Point, North Carolina
Manufacturer and marketer of integrated filing systems, associated products and office filing expertise enabling customers to organize, protect and control all types of records, documents and data.

Wright Line of Canada Ltd.
Toronto, Canada

Wright Line GmbH
Frankfurt, Germany

VisuFlex Corporation
Manufactures microfilm and microfiche filing products.

Schmidt Couplings, Inc.
Manufactures power transmission couplings.

DataFile Limited
Canada
Manufacture and marketing of color-coded filing systems.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York

Ticker Symbol: BAR

Number of Employees:

1987	2,278	1984	2,387
1986	2,220	1983	1,895
1985	2,351		

Plant Footage:

1987 ..... 1,275,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 205,694,000	$ 8,362,000
1986	195,142,000	7,036,000
1985	196,872,000	10,519,000
1984	180,716,000	15,026,000
1983	145,033,000	13,658,000

	No. of Com. Shares #	Earn. per Share #
1987	8,214,000	$ 1.02
1986	8,649,000	0.81
1985	9,089,000	1.16
1984	8,964,000	1.68
1983	8,713,000	1.57

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.60	—	—
1986	0.60	—	—
1985	0.60	—	—
1984	0.57	—	—
1983	0.46	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 97,023,000	$ 11.76
1986	90,238,000	11.06
1985	107,907,000	11.80
1984	100,019,000	11.08
1983	89,093,000	9.97

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 205,694,000	$ 195,142,000
Other income	5,045,000	3,157,000
Total income	$ 210,739,000	$ 198,299,000
Cost of sales	125,171,000	112,461,000
Expenses	69,538,000	70,924,000
Interest expense	538,000	1,083,000
Income before taxes	$ 15,492,000	$ 13,831,000
Income taxes	7,130,000	6,795,000
Net Income	$ 8,362,000	$ 7,036,000

* Included in Costs and Expenses: Depreciation and Amortization: $7,094,000 in 1987 and $6,840,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 12,961,000	$ 15,222,000
Accts. receiv., net	37,246,000	28,729,000
*Inventories	23,487,000	25,485,000
Other curr. assets	5,439,000	4,781,000
Current Assets	$ 79,133,000	$ 74,217,000
#Fixed assets	43,955,000	45,411,000
Other assets	14,808,000	13,487,000
Total Assets	$ 137,896,000	$ 133,115,000

Liabilities

Notes payable	$ 397,000	$ 4,215,000
Long-term debt, curr.	235,000	235,000
Accts. payable	10,628,000	8,383,000
Accruals	15,079,000	16,831,000
Income taxes	513,000	1,089,000
Curr. Liabilities	$ 26,852,000	$ 30,753,000
Long-term debt	4,528,000	1,391,000
Deferred compensation	980,000	564,000
Deferred inc. taxes	8,513,000	7,839,000
Minority interest	—	2,330,000
+ Common stock	9,188,000	9,188,000
Add. paid-in capital	20,961,000	21,223,000
Retained earnings	82,649,000	79,227,000
For. curr. trans. adjust.	3,259,000	1,377,000
Treasury stock	(19,034,000)	(20,777,000)
Total Liabilities & Shareholders' Equity	$ 137,896,000	$ 133,115,000

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO or average. Certain inventories of the Industrial and Aero Prods. Group stated at FIFO or average.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.53	7.09
%Net Income to Sales	4.07	3.61
%Net Income to Equity	8.62	7.80
Sales to Inventories	8.76	7.66
Debt to Equity	0.05	0.02
Working Capital	$ 52,281,000	$ 43,464,000
Current Ratio	2.95	2.41
Shareholders' Equity	$ 97,023,000	$ 90,238,000

Base Ten Systems, Inc.

One Electronics Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Officers: Myles M. Kranzler, chairman of the board & president; William M. Errickson, sr. v.p. & secretary; James A. Eby, sr. v.p.-engineering; Edward J. Klinsport, group v.p.; Richard G. Kandrac, v.p.-operations; Andrew S. MacAninch, v.p.; Alan J. Eisenberg, v.p.; Elio Ravera, v.p.; John F. Pohlke, v.p.; Ferdinand Brunno, treasurer.

Directors: Myles M. Kranzler, chairman; William M. Errickson, James A. Eby, Robert G. Kalea, Jr., Edward J. Klinsport.

Areas of Work: Designs and manufactures electronic data systems used in the testing, research and development of new aircraft, missiles and satellites. Other applications include avionic controls and microprocessor systems, and alarm reporting systems.

Divisions:

REM Machine Division
One Electronic Drive
P.O. Box 3151
Trenton, New Jersey 08619
(609) 586-7010

Subsidiaries:

Base Ten GmbH
Erfurter Strasse 29
8057 Eching, Federal Republic of Germany
01149893190020

Base Ten Systems, Ltd
12 Eelmoor Road
Farnborough
Hampshire GU14 7QN, United Kingdom
01144252517665

Base Ten Systems, Inc.
Defense Products Marketing West
1580 Claremont Boulevard - Suite 201
Claremont, California 91711
(714) 624-5066

Base Ten of Canada, Ltd.
301 Weston Street
Winnipeg, Manitoba R3E 3H4 Canada

Base Ten International Sales, Ltd.
58 Duke Street
Kingston, Jamaica

Base Ten Defense, Inc.

Base Ten Telecom, Inc.

Base Ten Software, Inc.

All at:
One Electronics Drive
P.O. Box 3151
Trenton, New Jersey 08619

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BASEA and BASEB (NASDAQ)

Number of Employees:

1987	562	1985	553
1986	591	1984	540

Plant Footage:

1987	118,000 sq. ft.	1985	100,000
1986	118,000	1984	100,000

Sales & Earnings

	Revenues	Net Income
1987	$ 37,972,000	$ (1,818,000)
1986	37,724,000	799,000
1985	32,033,000	1,307,000
1984	23,701,000	(457,000)
1983	17,860,000	1,142,000

	No. of Com. Shares #	Earn. per Share #
1987	3,527,448	$ —
1986	3,516,642	0.23
1985	3,490,727	0.37
1984	3,502,070	—
1983	3,603,590	0.32

(Loss)
Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	10%	—
1983	0.15	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 12,554,000	$ 3.56
1986	13,641,000	3.88
1985	12,784,000	3.66
1984	10,684,000	3.05
1983	11,227,000	3.12

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Income Account*

Year ended Oct. 31	1987	1986
Sales	$ 37,216,000	37,255,000
Interest income	756,000	469,000
Revenues	$ 37,972,000	37,724,000
Cost of sales	25,838,000	23,591,000
Expenses	14,524,000	12,397,000
Interest	841,000	802,000
For. curr. trans. adj.	(91,000)	(311,000)
Inc. (loss) before taxes	$ (3,140,000)	$ 1,445,000
Income taxes (credit)	(1,322,000)	646,000
Net Income (Loss)	$ (1,818,000)	$ 799,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,820,000 in 1987 and $1,341,000 in 1986.

Assets

As of Oct. 31	1987	1986
Cash & cash equiv.	$ 8,937,000	3,645,000
Accts. receiv., net	12,151,000	10,546,000
*Inventories	8,550,000	6,861,000
Other curr. assets	538,000	295,000
Current Assets	$ 30,176,000	$ 21,347,000
#Fixed assets	9,248,000	7,838,000
Restricted cash	1,556,000	3,100,000
Other assets	701,000	260,000
Total Assets	$ 41,861,000	$ 32,545,000

Liabilities

Long-term debt, curr.	$ 8,000	1,159,000
Accts. payable & accruals	5,433,000	4,848,000
Cust. advances	12,270,000	590,000
Income taxes	787,000	2,482,000
Curr. Liabilities	$ 18,498,000	$ 9,079,000
Deferred inc. taxes	208,000	645,000
Deferred comp.	477,000	465,000
Long-term debt	10,124,000	8,715,000
+ Common stock	3,528,000	3,526,000
Add. paid-in capital	9,701,000	9,692,000
Retained earnings (deficit)	(486,000)	1,332,000
Restr. stock award comp.	(58,000)	(209,000)
For. curr. trans. adjust.	(131,000)	(700,000)
Total Liabilities & Shareholders' Equity	$ 41,861,000	$ 32,545,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amoritization.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sale	—	3.88
% Net Income to Sales	—	2.14
% Net Income to Equity	—	5.86
Sales Income to Equity	4.35	5.43
Debt to Equity	0.81	0.72
Working Capital	$ 11,678,000	$ 12,268,000
Current Ratio	1.63	2.35
Shareholders' Equity	$ 12,554,000	$ 13,641,000

Becton, Dickinson and Company

One Becton Drive
Franklin Lakes, New Jersey 07417-1880
(201) 848-6800

Officers: Wesley J. Howe, chairman of the board & chief exec. officer; Raymond V. Gilmartin, president; Robert C. Butler, secretary; Robert P. Denise, v.p. & treasurer; John W. Galiardo, v.p. & general counsel; Donald S. Hetzel, v.p.-research & development; Mark H. Borofsky, v.p.-taxes; Edward D. Lundy, v.p.-organization planning & development; Edward R. Duffie, Jr., v.p.-medical affairs; E. Ralph Biggadike, group president; Wilson Nolen, v.p.; Nagesh S. Mhatre, v.p.; Robert A. Reynolds, v.p. & controller; James W. Hulse, v.p.-quality and regulatory affairs; C. Edward Snyder, v.p.-human resources; Paul Cresger, group president; Claudio Castellini, sector president; Herbert B. Morote, sector president; Walter M. Miller, sector president.

Directors: Wesley J. Howe*, chairman; Henry P. Becton*, Harry N. Beaty, Raymond V. Gilmartin*, Robert W. Haack, Richard W. Hanselman*, William B. Macomber, Frank A. Olsen, Gerald M. Edelman*, Raymond S. Troubh*, Thomas A. Holmes, Gloria M. Shatto.

* Member of the Executive Committee

Areas of Work: The Company manufactures a broad range of medical, diagnostic and industrial safety products for use by the medical profession, industry and the general public.

Becton, Dickinson and Company

Divisions and Subsidiaries:

BBL Microbiology Systems
250 Schilling Circle
Cockeysville, Maryland 21030
Develops tests for infectious diseases.

Bard-Parker
2 Bridgewater Lane
Lincoln Park, New Jersey 07035

Becton Dickinson FACS
490 B Lakeside Drive
Sunnyvale, California 94086
(408) 738-8558
Manufactures fluorescence-activated cell sorter systems which include an analysis console with microprocessor and keyboard.

Becton Dickinson Immunodiagnostics
Mountain View Avenue
Orangeburg, New York 10962
(914) 359-2700
Manufactures automated radioimmunoassay equipment which is used to detect the presence of extremely small quantities of minute substances.

Becton-Dickinson
One Becton Drive
Franklin Lakes, New Jersey 07417

Becton-Dickinson Consumer Products
365 West Passaic Street
Rochelle Park, New Jersey 07662

Becton-Dickinson Laboratory Systems
333 Littleton Road, Suite 101
Parsippany, New Jersey 07054

Becton-Dickinson Labware
1950 Williams Drive
Oxnard, California 93030

Becton-Dickinson Monoclonal Center, Inc.
2375 Garcia Avenue
Mountain View, California 94043

Becton-Dickinson Pharmaceutical Systems
One Becton Drive
Franklin Lakes, New Jersey 07417

Digitran
3100 New York Drive
Pasadena, California 91107
Produces digital switches used in instrument panels.

Becton-Dickinson Research Center
Davis Drive
Research Triangle Park, North Carolina 27709

Becton-Dickinson VACUTAINER Systems
Mahoney Troast Building
Route 17 North
Rutherford, New Jersey 07070

Becton-Dickinson International Sales
One Becton Drive
Franklin Lakes, New Jersey 07417

Clay Adams Laboratory Systems
299 Webro Road
Parsippany, New Jersey 07054
Develops equipment for hematology analysis.

Edmont
1300 Walnut Street
Coshocton, Ohio 43812
Produces personal safety wearing apparel primarily for automobile and construction industries.

Ivers-Lee
147 Clinton Road
West Caldwell, New Jersey 07006
Provides packaging services to pharmaceutical, cosmetics and toiletry companies.

Deseret Medical
Manufactures and markets intravenous and operating room products and cardiovascular devices.

Becton-Dickinson Overseas, Inc.
Shimato Building
5-34, Akaska 8-Chome
Minato-Ku, Tokyo 107 Japan

Becton-Dickinson Asia Pacific
Shimato Building
5-34, Akaska 8-Chome
Minato-Ku, Tokyo 107 Japan

Becton-Dickinson Europe
Pre Pichat
5, Chemin des Sources
38240 Meylan, France

Becton-Dickinson VACUTAINER Systems-Europe
Becton-Dickinson Laboratory Products-Europe
Becton-Dickinson Medical Products-Europe
All at:

Pre Pichat
5, Chemin des Sources
38240 Meylan, France

Becton-Dickinson Latin America
One Becton Drive
Franklin Lakes, New Jersey 07417

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: BDX

Number of Employees:

1987	19,900	1984	17,700
1986	19,300	1983	19,100
1985	16,900		

Plant Footage:

1987	N.A.	1985	8,055,000
1986	8,717,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales ($000's)	Net Income† ($000's)
1987	$ 1,581,957	$ 148,164
1986	1,311,569	121,930
1985	1,143,789	88,002
1984	1,126,845	63,403
1983	1,119,520	35,930

	No. of Com. Shares‡	Earn. per Share†‡
1987	41,568,000	$ 3.57
1986	42,903,000	2.85
1985	42,338,000	2.10
1984	42,454,000	1.52
1983	43,146,000	0.86

† Including extraordinary gains of $6,345,000 ($0.15 per share) in 1987 and $10,017,000 ($0.23 per share) in 1986.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
($000's)

	1987	1986
Medical	$ 920,958	$ 708,587
Diagnostic	541,924	454,846
Other	119,075	148,136
Total	$ 1,581,957	$ 1,311,569

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.74	—	—
1986	0.66	—	2-for-1
1985	0.60	—	—
1984	0.58	—	—
1983	0.58	—	—

Common Stock Equity

	Total Equity ($000's)	Equity Per Share +
1987	$ 861,284	$ 21.62
1986	803,925	19.62
1985	681,052	16.82
1984	606,775	15.03
1983	597,710	14.40

+ Adjusted to reflect stock split.

Income Account *
($000's)

Year ended Sept. 30	1987	1986
Net sales	$ 1,581,957	$ 1,311,569
Cost of sales	855,457	715,484
Expenses	500,155	417,833
Restruc. costs	7,000	10,608
Interest expense	70,872	33,353
Interest income	(16,606)	(17,988)
Other income	(43,693)	(20,482)
Income before taxes	$ 208,852	$ 172,761
Income taxes	67,033	60,848
Net income	$ 141,819	$ 111,913
Extraord. gain	6,345	10,017
Net income & extraord. gain	$ 148,164	$ 121,930

* Included in Costs and Expenses, Depreciation and Amortization: $92,727,000 in 1987 and $72,128,000 in 1986.

Assets
($000's)

As of Sept. 30	1987	1986
Cash & short-term invest.	$ 189,033	$ 172,840
Receivables, net	295,835	252,199
*Inventories	305,065	268,330
Other curr. assets	52,371	89,426
Current Assets	$ 842,304	$ 782,795
Investments	41,327	41,344
#Fixed assets	754,872	631,306
Intangibles & other assets	252,975	235,471
Total Assets	$ 1,891,478	$ 1,690,916

Liabilities
($000's)

Long-term debt, curr.	$ 182,585	$ 154,674
Accts. payable & other liabilities	310,431	290,745
Curr. Liabilities	$ 493,016	$ 445,419
Long-term debt	479,559	391,664
Deferred inc. taxes	57,619	49,908
+Common stock	42,674	42,392
Add. paid-in capital	141,655	127,220
Foreign curr. trans. adj.	(16,094)	(29,462)
Retained earnings	823,276	704,815
Treasury stock	(130,227)	(41,040)
Total Liabilities & Shareholders' Equity	$ 1,891,478	$ 1,690,916

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.20	13.17
%Net Income to Sales	8.96	9.30
%Net Income to Equity	16.47	13.92
Sales to Inventories	5.19	4.89
Debt to Equity	0.77	0.68
Working Capital	$ 349,288,000	$ 337,376,000
Current Ratio	1.71	1.76
Shareholders' Equity	$ 861,284,000	$ 803,925,000

Beehive International

4910 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 355-6000

Mailing Address
P.O. Box 30668
Salt Lake City, Utah 84130

Officers: Thomas A. Howard, chairman of the board; Joseph F. Carbone, Jr., president; C. Bruce Collet, v.p., chief financial officer & treasurer; Richard K. Hodge, exec. v.p.-sales & marketing; Timothy W. May, v.p.-sales; Robert E. Sherlin, v.p.-manufacturing; Randall L. Romrell, v.p.-administration, secretary & general counsel.

Directors: Thomas A. Howard, chairman; Joseph F. Carbone, Richard K. Hodge, Herbert T. Henzley, John H. Clark.

Area of Work: Assembly and sale of high performance display terminals in the telecommunications and system integration marketplace.

Transfer Agent(s):

Manufacturers Hanover Trust of California
San Francisco, California 94144

Stock Exchange(s): Over-the-Counter.

Number of Employees:

1986 187

Plant Footage:

1986 ..... 105,000 sq. ft.

Sales & Earnings

	Net Revenues +	Net Income
1986	$ 12,120,000	$ (3,948,000)
1985	9,040,000	(8,051,000)
1984	24,827,000	(14,406,000)
1983	22,951,000	(1,626,000)
1982	26,808,000	1,006,000

	No. of Com. Shares #	Earn. per Share #
1986	32,459,000	$ —
1985	6,779,204	—
1984	3,116,231	—
1983	3,070,950	—
1982	3,036,853	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share†
1986	$ (8,307,000)	$ —
1985	(4,464,000)	—
1984	3,565,002	1.14
1983	17,945,000	5.84
1982	19,259,000	6.34

(Deficiency)
† Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 11,811	$ 9,132
Other income (expense)	309	(92)
Total income	$ 12,120	$ 9,040
Cost of sales	9,149	9,055
Expenses	7,554	9,533
Interest expense	1,169	433
Loss-cont. oper.	$ (5,732)	$ (9,981)
Inc.-discont. oper.	1,784	1,930
Net Loss	$ (3,948)	$ (8,051)

* Included in Costs and Expenses, Depreciation and Amortization: $815,000 in 1986 and $2,017,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 166	$ 270
Accts. receiv., net	2,084	2,816
*Inventories	2,478	3,130
Prepaid expenses	198	337
Income tax receivable	—	144
Receiv. from Beehive, Ltd.	—	299
Receiv. result from sale of discont. oper.	712	—
Current Assets	$ 5,638	$ 6,996
#Fixed assets	3,111	3,857
Assets of discont. oper.	—	1,450
Other assets	34	38
Total Assets	$ 8,783	$ 12,374

Liabilities
(000's)

Long-term debt, curr.	$ 6,878	$ [illegible]
Accts. payable	1,231	[illegible]
Accruals	984	[illegible]
Curr. Liabilities	$ 9,093	$ 4,099
Long-term debt	1,838	6,547
+Redeem. pref. stock	6,159	6,159
++Common stock	41	31
Add. paid-in capital	11,411	11,282
Retained earnings (deficit)	(19,725)	(15,777)
Treasury stock	(1)	—
Deferred comp.	(33)	—
Total Liabilities & Shareholders' Equity	$ 8,783	$ 12,374

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ $10 par value.
++ No par value.

Statistical Summary

Sales to Inventories	4.77	2.92
Working Capital	—	$ 2,897,000
Current Ratio	—	1.71
Shareholders' Equity (Deficiency)	$ (8,307,000)	$ (4,464,000)

Bel Fuse, Inc.

198 Van Vorst Street
Jersey City, New Jersey 07302
(201) 432-0463

Officers: Elliot Bernstein, president & chief exec. officer; Daniel Bernstein, vice president & treasurer; Peter Christoffer, v.p.-engineering; Don Morehouse, v.p.-production; Arnold Sutta, v.p.-marketing; Robert Simandl, secretary.

Directors: Elliot Bernstein, Howard Bernstein, Robert Simandl, Peter Loh, Joel Wiener, Daniel Bernstein, Lloyd E. Dustmann, Peter Gilbert, David P. Olsan.

Area of Work: Manufactures electronic components for the home entertainment and data processing equipment markets. Products include miniature and micro fuses, delay lines, and thick film hybrid circuits.

Subsidiaries:

Bel Fuse Ltd.
Star House
3 Salisbury Road
Kowloon, Hong Kong

Acessorios Electronicos (Bel Fuse Macau) Limited
Fabrica G-1, Do Andar
Do Predio Comes...
Nos. 169-169A
Av. Almirante Lacerda, Macau

Bel Components Ltd.
Star House
3 Salisbury Road
Kowloon, Hong Kong

CAC Microcircuits, Inc.
2 Southgate Drive
Mount Carmel, Illinois 62863
(618) 263-4343
Manufactures custom thick film hybrid circuits.

Acquisition:

Central Coil Company, Inc.
1940 Landerdale Road
Camby, Indiana 46113
(317) 831-6226
Manufactures military coils.

Transfer Agent(s):

First Jersey National Bank
Jersey City, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BELF (NASDAQ)

Number of Employees:

1987	1,408	1985	957
1986	1,203	1984	1,362

Plant Footage:

1987	157,000 sq. ft.	1985	129,000
1986	141,100	1984	129,000

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 33,716,525	$ 4,124,833
1986	23,320,546	2,633,085
1985	17,873,076	1,343,493
1984	26,274,592	4,785,009
1983	18,437,377	3,436,149

	No. of Com. Shares #	Earn. per Share #‡
1987	4,723,849	$ 0.87
1986	4,790,364	0.55
1985	4,760,600	0.28
1984	4,729,811	1.01
1983	3,982,306	0.86

‡ Including extraordinary gain of $18,000 in 1983.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Bel Fuse, Inc.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	5-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 26,492,067	$ 5.61
1986	20,933,450	4.37
1985	18,226,677	3.83
1984	16,842,934	3.56
1983	12,027,831	3.02

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 33,716,525	$ 23,320,546
Cost of sales	20,960,768	14,665,853
Expenses	7,331,511	5,885,611
Other income	(339,129)	(467,728)
Interest expense	41,147	66,133
Eq. in loss (earn.) of assoc. co.	9,395	(39,428)
Income before taxes	$ 5,712,833	$ 3,210,085
Income taxes	1,588,000	577,000
Net Income	$ 4,124,833	$ 2,633,085

* Included in Costs and Expenses, Depreciation and Amortization: $1,434,931 in 1987 and $1,070,147 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 8,904,777	$ 7,759,125
Accts. receiv., net	3,753,254	3,302,123
*Inventories	4,270,160	3,153,970
Prepaid expenses	160,843	210,202
Deferred income taxes	25,600	13,000
Current Assets	$ 17,114,634	$ 14,438,420
#Fixed assets	11,852,789	8,823,983
Other assets	355,599	324,300
Exc. of cost over value of assets acq.	1,697,327	609,552
Invest. in assoc. co.	158,147	193,431
Total Assets	$ 31,178,496	$ 24,389,686

Liabilities

Long-term debt. curr.	$ 12,059	$ 199,673
Accts. payable	982,350	988,158
Accruals	1,612,867	1,129,493
Due to officer	206,000	142,000
Income taxes	1,036,481	318,098
Curr. Liabilities	$ 3,849,757	$ 2,777,422
Long-term debt	171,672	412,814
Deferred inc. taxes	665,000	266,000
+ Common stock	448,845	486,335
Add. paid-in capital	6,049,685	4,466,812
Retained earnings	20,113,788	15,958,955
Treasury stock	(160,291)	(8,652)
Total Liabilities & Shareholder's Equity	$ 31,178,496	$ 24,389,686

* At lower of cost (weighted average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.94	13.77
%Net Income to Sales	12.23	11.29
%Net Income to Equity	15.57	12.58
Sales to Inventories	7.90	7.39
Debt to Equity	0.01	0.03
Working Capital	$ 13,264,877	$ 11,660,998
Current Ratio	4.45	5.20
Shareholders' Equity	$ 26,492,067	$ 20,933,450

Bell & Howell Company

(The Company went private via a leveraged buyout in May 1988.)

5215 Old Orchard Road
Skokie, Illinois 60077-1076
(312) 470-7100

Officers: Donald N. Frey, chairman of the board & chief executive officer; Gerald E. Schultz, president & chief operating officer; Gary D. Eisenberger, vice president; W. James Donaldson, vice president; William C. Jackson, Jr., vice president; Gary W. Ampulski, vice president; John B. Kambanis, vice president; Eugene F. Sikorovsky, v.p., gen. counsel & secretary; Jerome B. Herb, v.p.-finance; Joseph S. Secker, controller; Philip P. Haag, asst. controller; Nils A. Johansson, treasurer; Patrick J. Graver, asst. treasurer; Lynn E. Straley, asst. secretary; Richard O. Becker, asst. secretary.

Directors: Donald N. Frey, chairman; James J. O'Connor, Joseph B. Platt, Peter G. Scotese, Henry G. Van der Eb, John F. Mitchell, Gerald E. Schultz, James J. Gavin, Jr., Robin B. Smith, Duane L. Burnham, Edwin A. Gee.

Areas of Work: Operating divisions are grouped in two lines of business: Specialized Business Equipment, and Learning Systems & Materials. Specialized Business Equipment, the largest division, includes microfilm products and services, and microfiche, computer output microfilm (COM), mail handling systems, remittance processing, professional film printers and duplicators. Learning Systems offers teaching material, text books, eight institutes of technology, video-cassettes and projectors.

Divisions and Subsidiaries:

MICROIMAGERY GROUP

Administrative Offices
6800 McCormick Road
Chicago, Illinois 60645-2797
(312) 675-7600

COM Products Division
16691 Hale Avenue
Irvine, California 92714-5047
(714) 660-1050
COM equipment, processors, duplicators and consumable supplies.

Micro Design Division
857 West State Street
Hartford, Wisconsin 53027-1063
(414) 673-3920
Micrographic readers and reader/printers; also distributes related supplies and accessories.

Microfilm Products Division
6800 McCormick Road
Chicago, Illinois 60645-2797
(312) 675-7600
Instant imaging microfilm systems, microfilm recorders with microprocessor logic, Microx systems, data search microfilm and retrieval systems, jacket filling systems, micromanagement, microfilm and microfiche readers and reader/printers, microfilm cameras, customer service.

Publication Systems Division
Old Mansfield Road
Wooster, Ohio 44691-9050
(216) 264-6666
Microfilm and microfiche systems for industry and education. Micro publisher of information products including newspapers, periodicals, indexes, directories, career guidance. Production facilities also in New Jersey and Puerto Rico.

Enbec Transparent Specialty Co.
31-35 31st Street
Astoria, New York 11106
(212) 672-9000
Photo album inserts.

NB Jackets de Puerto Rico
Road #1 K.M. 33.5
P.O. Box 1151
Caguas 00625 Puerto Rico
(809) 744-9397
Microfilm jackets.

BUSINESS EQUIPMENT GROUP

Administrative Offices
6800 McCormick Road
Chicago, Illinois 60645-2797
(312) 675-7600

Business Data Products Division
Administrative & Sales Office
2720 Des Plaines Ave., Suite 106
Des Plaines, Illinois 60018-4135
(312) 297-1225

Operations & Service
5000 Rivergrade Road
P.O. Box 9100
Baldwin Park, California 91706-0991
(818) 814-2355
Remittance processing systems.

DocuMail Systems Division
Administration & Operations
6800 McCormick Road
Chicago, Illinois 60645-2793
(312) 339-7300

U.S.P.S. Engineering & Service
9801 Industrial Blvd.
Lenexa, Kansas 66215-1293
(913) 888-8775
Sorters for the U.S. Postal Service; sorters & letter openers (commericial).

Phillipsburg Division
Administration, Sales & Service
2300 Brummel Place
Evanston, Illinois 60202-3612
(312) 475-6180

Operations:

P.O. Box 7950
795 Roble Road
Lehigh Valley, Pennsylvania 18001-7958

2300 Brummel Place
Evanston, Illinois 60202-3612
(312) 475-6100

Mailmobile Sales & Service
411 E. Roosevelt Street
Zeeland, Michigan 49464-9719
(616) 772-1000
Mail addressing, inserting, labeling, weighing equipment; sorters & letter openers (commerical) and Mailmobile unmanned delivery vehicles.

VISUAL COMMUNICATIONS GROUP

Administration & Operations
6800 McCormick Road
Chicago, Illinois 60645-2793
(312) 673-3300
Audiovisual Products--audio tape recorders, RingMaster slide/sound projectors, overhead projectors. Language Master systems and software, 16mm projectors. MicroVisual Products--microcomputer systems and software for computer-aided instruction, training and education.

MERRILL PUBLISHING DIVISION

Administrative Offices & Publishing Center
936 Eastwind Drive
Westerville, Ohio 43081-3329
(614) 890-1111

Fulfillment Center
1300 Alum Creek Drive
Columbus, Ohio 43216-0508
(614) 258-8441

West Coast Fulfillment Office
833 N. Market Boulevard
Sacramento, California 95834-1205
(916) 924-3227
(916) 924-3228
Publisher of elementary, high school and college textbooks and educational test materials.

DeVRY INC. (85% owned)

Administrative Offices
2201 W. Howard Street
Evanston, Illinois 60202-3698
(312) 328-8100
Resident training in electronics engineering technology and computer science for business.

BELL & HOWELL/COLUMBIA PARAMOUNT PICTURES

Administrative Offices
625 Landwehr Road
Northbrook, Illinois 60062-2373
(312) 480-6900

Editel
301 E. Erie St.
Chicago, Illinois 60611
(312) 440-2360

222 E. 44th Street
New York, New York 10017
(212) 867-4600

729 N. Highland Ave.
Hollywood, California 90038
(213) 931-1821
Video post production.

Tandy/Bell & Howell Home Video (T/B&H)
3055 MacArthur Boulevard
Northbrook, Illinois 60062-2373
(312) 272-3944
Video cassettes.

Video Systems Division
720 Landwehr Road
Northbrook, Illinois 60062-2373
(312) 291-1150
Video duplication.

Video Systems Division
West Duplicating
354 Coral Circle
El Segundo, California 90245-4678
(213) 640-3430
Video duplication.

EUROPEAN REGION

Bell & Howell Ltd.
European Region Headquarters
AV/Video Division Administration
Alperton House, Bridgewater Road
Wembley, Middlesex, (London) HAO 1EG England
902-8812
AV/Video.

Bell & Howell Ltd.
Business Equipment Division
33-35 Woodthorpe Road
Ashford, Middlesex TW15 2RJ England
(Ashford)51234
Microimagery and business equipment (BED).

Bell & Howell AB
Grensvejen 73
Oslo 6, Stockholm, Norway
98 1250
AV/Video.

Bell & Howell AB
Vintergatan 1
Sundyberg, Stockholm S-17230 Sweden
98 1250
AV/Video.

Bell & Howell Benelux S.A.
321 Leuvensesteenweg
B-1940 St. Stevens
Woluwe/Zaventem, Brussels, Belgium
720 92 75
720 92 78
(BED, AV/Video) and (NB Jackets)

Bell & Howell France, SA
32-34 Rue Fernand-Pelloutier
Clichy Cedex, Paris 92112 France
(Paris)2709480
AV/Video, BED.

Bell & Howell GmbH
Gruener Weg 8
D-6360 Friedberg/Hessen, West Germany
496-031-871
Phillipsburg systems and electronic devices.

Bell & Howell Italia SpA
Via Barnaba Oriani, 22/4
20156, Milan, Italy
011-3923010141
2-30-6-841
AV/Video.

Bell & Howell Ltd. England, Dansk, Filial
Oliefabriksvej 29.43
DK-2770 Kastrup, Copenhagen, Denmark
523355
AV/Video.

Bell & Howell Mfg. S.A.
Clonshaugh
Dublin 17, Eire, Ireland
472-675
Microfilm readers, overhead projectors.

Bell & Howell Micromedia Division
Telford Road, Laston Industrial Estate
Bicester, Oxon OX6 OUP England
45711
Micropublishing products.

Inter Electronics BV
Nijverheidstraat 22
6987 ZG GIESBEEK, Holland
0113183361841
AV/Video.

Pretec Precisie Techniek BV
Kuyperlaan 28
Postbus 53
1160 AB Zwanenburg, Netherlands
3652
Mail handling products, microimagery.

Video Zoom Italia SpA
Via Columella 22
20128 Milan, Italy
257 9419
Video tape duplication, post production.

WESTERN INTERNATIONAL GROUP

Administrative Offices
6800 McCormick Road
Chicago, Illinois 60645-2793
(312) 673-3300

AUSTRALIA

Bell & Howell Australia, Pty., Ltd.
9 Short Street
Chatswood, NSW 2067 Australia
011-6126605366
Audiovisual (AV), Business Equipment (BEQ), and Microimagery (MIG).

CANADA

Bell & Howell Ltd.
230 Barmac Drive
Weston, Ontario M9L 2X5 Canada
(416) 746-2200
AV, Merrill Publishing, MIG, BEG.

LATIN AMERICA AND ASIA PACIFIC

Administration
6800 McCormick Road
Chicago, Illinois 60645-2973
AV, MIG, BEG.

Bell & Howell Company - Japan
11-28 Akasaka
8F Andoh Fukuyoshi Bldg., 1-Chome, Minato-ku
Tokyo 107, Japan
011-8135824691
AV, MIG, BEG.

Bell & Howell Systems, Ltda.
Rua Augusta 1141 Centro
Sao Paulo, S.P., Brazil
0115511231020O
MIG.

University Microfilms International
Ann Arbor, Michigan
Engaged in the republishing of reading materials in microfilm, xerographic and on-line formats.

Bibliss Records Management Companies
Los Angeles, California
Engaged in the off-site storage, retrieval and management of documents for professional, corporate, financial, and health care organizations.

Image Processing Systems Division of S.T.C. Canada, Inc.
Electronic imaging software and systems.

Number of Employees

1986	11,717	1983	9,508
1985	11,000	1984	11,235
1984	10,349		

Sales & Earnings

	Net Sales +	Net Income†
1986*	$ 853,409,000	$ 32,895,000
1985	799,832,000	32,186,000
1984	713,568,000	33,047,000
1983	679,248,000	41,191,000
1982	611,805,000	(2,930,000)

	No. of Com. Shares‡	Earn. per Share‡†
1986*	10,602,000	$ 3.10
1985	10,520,000	3.06
1984	10,871,000	3.04
1983	11,455,000	3.59
1982	11,296,000	—

(Loss)
* 53 Weeks
+ Of continuing operations only.
† Including extraordinary gain of $7,215,000 ($0.63 per share) in 1983.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1986	1985
Career education	$ 143,600	$ 135,900
Publishing	177,000	118,000
Visual comm. systems	90,500	108,300
Information storage retrieval	263,200	236,800
Document/mail processing	179,100	161,200
Total	$ 853,400	$ 759,800

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ 0.62	—	—
1985	0.575	—	—
1984	0.515	—	—
1983	0.49	—	2-for-1
1982	0.48	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1986	$ 248,441,000 #	$ 25.08
1985	207,461,000 #	22.69
1984	163,113,000 #	19.81
1983	135,055,575 #	18.55
1982	171,739,000 ‡	15.22

After allowing for preferred stock at redemption value of $15 per share.
‡ After allowing for preferred stock at liquidation value of $60 per share.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	$ 853,409	$ 759,832
Other income	31,390	48,261
Total income	$ 884,799	$ 808,093
Cost of sales	536,581	490,092
Expenses	264,162	231,981
Interest expense	23,898	14,567
Restruc. expense	9,323	23,642
Income before taxes	$ 50,835	$ 47,811
Income taxes	16,576	14,194
Minority interest	1,364	1,431
Net Income	$ 32,895	$ 32,186

* Included in Costs and Expenses, Depreciation: $28,836,000 in 1986 and $16,839,000 in 1985.

Assets
(000's)

As of	1/3/87	12/28/85
Cash	$ 50,404	$ 77,567
Accts. receiv., net	168,410	120,945
*Inventories	137,061	138,540
Prepaid expenses	8,065	5,609
Prepaid taxes	23,452	27,690
Current Assets	$ 387,472	$ 370,351
#Fixed assets	212,547	184,185
Investments & other assets	166,632	114,396
Total Assets	$ 766,651	$ 668,932

Liabilities
(000's)

Notes payable	$ 24,428	$ 14,676
Long-term debt, curr.	3,345	1,199
Accts. payable	52,593	50,532
Accruals	95,378	94,878
Deferred income	83,574	76,109
Income taxes	9,297	11,634
Curr. Liabilities	$ 268,615	$ 249,018
Long-term debt	171,531	145,873
Deferred compensn.	19,871	13,542
Deferred inc. taxes	21,890	13,326
Minority interests	11,795	10,252
+Preferred stock	1,565	1,881
++Common stock	53,511	50,218
Add. paid-in capital	16,992	16,965
Retained earnings	244,071	217,912
Cum. trans. adjust.	(9,344)	(16,813)
Treasury stock	(33,844)	(33,242)
Total Liabilities & Shareholders' Equity	$ 766,651	$ 668,932

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.60 cumulative convertible.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.95	6.29
%Net Income to Sales	3.85	4.24
%Net Income to Equity	12.05	13.59
Sales to Inventories	6.23	5.48
Debt to Equity	0.73	0.68
Working Capital	$ 118,857,000	$ 121,333,000
Current Ratio	1.44	1.49
Shareholders' Equity	$ 272,951,000	$ 236,921,000

Bell Industries, inc.

11812 San Vicente Boulevard, Suite 300
Los Angeles, California 90049-5069
(213) 826-6778

Officers: Theodore Williams, chairman of the board & president; Howard B. Franklin, sr. v.p.; Samuel Essick, sr. v.p.; Nathan Landgarten, sr. v.p. & treasurer; Bruce M. Jaffe, sr. v.p.-finance; Vernon D. Severy, v.p.; Paul F. Douette, v.p.; D. J. Hough, v.p.; Gordon Graham, v.p.; Dennis J. Hoerti, v.p.; Marcus S. Labe, v.p.; Dennis M. Benson, controller & asst. treasurer.

Directors: T. E. Williams *, chairman; Howard B. Franklin *, Bruce M. Jaffe *, Nathan Landgarten *, John J. Cost, Ellis Ring, Milton Rosenberg.

* Member of the Executive Committee

Areas of Work: Company activities may be classified into the following groups: The Electronics Group is a major distributor of electronic components representing 50 leading electronics manufacturers. The Electronics Group also manufactures computer memory discs and other high precision, close tolerance products for the computer and aerospace industries including basic illumination for aircraft instrumentation, aircraft hydraulic valve sub-assemblies, multi-layered printed circuitry used in space flight and avionic guidance systems, computer hardware components, and electronic components used in communications and other computer applications. The other three operating groups include: The Building Products Group, which is engaged in the distribution of heating, ventilating, air conditioning, and plumbing products through 12 California facilities; The Motor Vehicle Parts & Accessories Group which stocks spare parts and accessories for motorcycles, recreational vehicles, and mobile homes; and The Graphic Arts Group which distributes film, chemicals and printing equipment in California.

Divisions:

Electronic Distribution Group
1161 N. Fairoaks
Sunnyvale, California 94089
(408) 734-8570

Electronic Distributor Divisions
515 Busse Road
Unit D-1
Elk Grove Village, Illinois 60007
(312) 640-1910

1900 132nd N.E.
Bellevue, Washington 98005
(206) 747-1515

1705 West 4th Street
Tempe, Arkansas 85281
(602) 966-7800

8155 West 48th Avenue
Wheatridge, Colorado 80033
(303) 424-1985

3639 West 2150 South
Salt Lake City, Utah 84120
(801) 972-6969

306 East Alondra Boulevard
Gardena, California 90247
(213) 515-1800

11728 Linn N.E.
Albuquerque, New Mexico 87123
(505) 292-2700

12322 Monarch Street
Garden Grove, California 92641
(714) 895-7801

500 Giuseppe Court #7
Roseville, California 95678
(916) 969-3100

1829A De Havilland Drive
Thousand Oaks, California 91320
(805) 499-6821

2599 Garcia Avenue
Mountain View, California 94043
(415) 960-1440

W. 227 N. 913 West Mound Drive
Waukesha, Wisconsin 53186
(414) 547-8879

6024 Southwest Jean Road
Lake Oswego, Oregon 97034
(503) 241-4115

118 Westpark Road
Dayton, Ohio 45459
(513) 434-8231

444 Windsor Park Drive
Dayton, Ohio 45459
(513) 435-8660

133 South Pennsylvania Avenue
Indianapolis, Indiana 46204
(317) 634-8202

3433 East Washington Avenue
Fort Wayne, Indiana 46801
(219) 423-3422

Just-in-Time Division

Electronic Manufacturing Group

Illuminated Displays Division
18225 N.E. 76th Avenue
Redmond, Washington 98052
(206) 885-4353

Technical Products Division
3590 W. Third Avenue
Eugene, Oregon 97402
(503) 683-2355

Computer Memory Division
2360 Zanker Road
San Jose, California 95131
(408) 262-5747

Precision Components Division
12605 South Van Ness Avenue
Hawthorne, California 90250
(213) 757-8381

Precision Metalcrafts Division
2637 Marine Way
Mountain View, California 94040
(415) 961-5532

J.W. Miller Company
Compton, California

Electronics Systems Division
1831 South Ritchy Street
Santa Ana, California 92705

Grahphic Arts Group

Graphic Arts Supply Divisinon
4425 Sheila Street
Commerce, California 90023
(213) 268-9300

Graphic Arts Supply Division
615 Dado Street
San Jose, California 95131
(408) 946-1500

RV/MH Group

RV/MH Supplies Division
500 Hardman Ave.
South St. Paul, Minnesota 55075
(612) 450-9020

RV/MH Supplies Division
12775 W. Silver Spring Road
Butler, Wisconsin 53007
(414) 781-1860

Building Products Group

Plumbing Supply Division
7 College Avenue
Santa Rosa, California 95401
(707) 545-7101

HVAC Supply Division
Anaheim, California

Acquisitions:

Fab Steel Supply, Inc.
A southern California-based building products distributor.

Comp-Fast, Inc.
Distributes electronic components in the Northeast.

Transfer Agent(s):

Union Bank
Corporate Trust Department, 11th floor
3810 Wilshire Boulevard
Los Angeles, California 90010

Union Bank
140 Cedar Street
New York, New York 10006

Stock Exchange(s): New York, Pacific

Ticker Symbol: BI

Number of Employees:

1987	2,300	1984	2,300
1986	1,900	1983	2,000
1985	1,800		

Plant Footage:

1987	1,306,000 sq. ft.	1985	N.A.
1986	N.A.	1984	1,174,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 357,133,000	$ 3,326,000
1986	300,176,000	3,031,000
1985	304,134,000	6,747,000
1984	312,036,000	11,250,000
1983	224,134,000	6,810,000

	No. of Com. Shares #	Earn. per Share #
1987	6,559,000	$ 0.51
1986	6,534,000	0.46
1985	6,437,000	1.05
1984	6,119,000	1.84
1983	5,458,000	1.25

Based on the average number of shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business
(000's)

	1987	1986
Electronics	$ 220,442	180,878
Transportation products	20,761	20,291
Residential products	73,563	59,533
Graphic arts	42,367	39,474
Total	$ 357,133	$ 300,176

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.267	20%	—
1986	0.267	—	—
1985	0.267	—	—
1984	0.267	—	—
1983	0.20	—	—

† Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 107,611,000	$ 16.58
1986	104,967,000	16.31
1985	102,599,000	16.08
1984	96,939,000	15.28
1983	83,515,000	11.78

† Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended June 30	1987	1986
Net sales	357,133	300,176
Cost of sales	273,746	228,128
Expenses	74,235	65,542
Interest expense	2,301	1,334
Income before taxes	$ 6,851	$ 5,172
Income taxes	3,525	2,141
Net Income	$ 3,326	$ 3,031

* Included in Costs and Expenses, Depreciation and Amortization: $5,960,000 in 1987 and $4,834,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash	$ 2,402	3,371
Accts. receiv., net	52,466	39,761
* Inventories	82,627	72,270
Prepaid expenses	1,392	1,089
Current Assets	$ 138,887	$ 116,491
# Fixed assets	27,612	26,389
Other assets	13,089	8,294
Total Assets	$ 180,388	$ 151,174

Liabilities
(000's)

Accts. payable	$ 24,498	19,635
Accruals	9,458	7,512
Dividends payable	433	429
Long-term liab., curr.	2,601	1,218
Income taxes	145	—
Curr. Liabilities	$ 37,135	$ 28,814
Notes, mortg., deben.	29,571	12,757
Deferred comp.	4,771	3,957
Deferred inc. taxes	1,300	679
+ Common stock	1,622	1,341
Add. paid-in capital	51,789	30,497
Retained earnings	54,200	73,129
Total Liabilities & Shareholders' Equity	$ 180,388	$ 151,174

* At lower of cost (FIFO) or market (net realizable value).
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.92	1.72
%Net Income to Sales	0.93	1.01
%Net Income to Equity	3.09	2.89
Sales to Inventory	4.32	4.15
Working Capital	$ 101,752,000	$ 87,677,000
Current Ratio	3.74	4.04
Shareholders' Equity	$ 107,611,000	$ 104,967,000

Bio-Rad Laboratories, Inc.

1000 Alfred Nobel Drive
Hercules, California 94547
(415) 234-4130

Officers: David Schwartz, president; James Bennett, v.p.-Diagnostics Group; Burton A. Zabin, v.p.-Research Products Group; Peter V. Leigh, controller; Gregory K. Hinckley, v.p.-finance; Warren R. Howell, v.p.-Analytical Instruments Group; Guy Gerard, v.p.-European Operations; Norman Schwartz, treasurer.

Directors: James J. Bennett, Albert J. Hillman, Philip L. Padou, Alice N. Schwartz, David Schwartz, Burton A. Zabin.

Areas of Work: Engaged in the development, manufacture and marketing of products used for the analysis of complex chemical mixtures into their individual components and to provide qualitative and quantitative information on each component. Products include specialty chemical and biological materials, separation and purification systems and accessories, diagnostic test kits, reagents and instruments, Fourier Transform Infra-Red Spectrometers, semiconductor measurement instruments, and confocal laser-scanning microscopes, and are used in a broad range of applications including research, manufacturing process and quality control and in the clinical and medical diagnosis of organic and metabolic disturbances in humans. The company also publishes spectral reference data used in research and industry.

Divisions and Subsidiaries:

Research Products Division
Richmond, California

Clinical Division
Hercules, California

Digilab Division
Cambridge, Massachusetts

Environmental Chemical Specialties Division
Anaheim, California

Sadtler Research Laboratories Division
Philadelphia, Pennsylvania

Ophthalmic Division
Cambridge, Massachusetts

Microscience Division
Watford, England

Bio-Rad Laboratories, Ges.m.b.H.
Vienna, Austria

Bio-Rad Laboratories S.A.-N.V.
Brussels, Belgium

Bio-Rad Laboratories (Canada) Ltd.
Mississauga, Canada

Bio-Rad Laboratories Ltd.
Watford, England

Bio-Rad Laboratories B.V.
Utrecht, The Netherlands

Bio-Rad Laboratories S.R.L.
Milan, Italy

Bio-Rad Laboratories AG
Zurich, Switzerland

Bio-Rad Laboratories GmbH
Munich, West Germany

Bio-Rad Laboratories, Inc.

Bio-Rad Laboratories Pty., Limited
Sydney, Australia

Elfiplast S.R.L.
Milan, Italy

Nippon Bio-Rad Laboratories (Japan) K.K.
Tokyo, Japan

Bio-Rad Pacific
Hong Kong

Bio-Rad S.A.
Paris, France

Eacagen Corporation (40% interest)
Genetic engineering.

Transfer Agent(s):

Bankers Trust Company of California, NA
Corporate Trust & Agency Group
4 Albany Street
New York, New York 10015
Mailing address:
P.O. Box 318
Church Street Station
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: Class A common stock: BIO.A; Class B common stock: BIO.B

Number of Employees:

1987 ..... 1,400 1986 1,300

Plant Footage:

1987 ..... 675,000 sq. ft. 1986 576,000

Sales & Earnings

	Net Sales ($000's)	Net Income + ($000's)
1987	$ 159,479	$ 7,713
1986 x	126,579	5,462
1985 x	102,329	3,612
1984	84,638	1,800
1983	65,869	58

	No. of Com. Shares‡	Earn. per Share +‡
1987	7,552,000	$ 1.02
1986 x	7,262,000	0.75
1985 x	6,514,000	0.55
1984	6,433,000	0.28
1983	6,399,000	0.01

x Restated to reflect change in accounting for income taxes.
+ Including extraordinary loss of $322,000 ($0.04 per share) in 1986.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1987	1986
Research products	$ 64,267,000	$ 52,295,000
Diagnostic products	52,891,000	39,766,000
Analytical instrumentation	42,321,000	34,518,000
Total	$ 159,479,000	$ 126,579,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	50%	—
1985	—	50%	—
1984	—	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 50,138,000	$ 6.64
1986 x	42,353,000	5.83
1985 x	29,216,000	4.49
1984	18,922,000	2.94
1983	17,068,000	2.67

x Restated.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1987	1986‡
Net sales	$ 159,479,000	$ 126,579,000
Cost of sales	68,628,000	56,030,000
Expenses	74,529,000	58,714,000
Interest expense	3,871,000	2,081,000
Invest. inc.	(419,000)	(487,000)
Reserve for invest.	120,000	351,000
Other expense	69,000	365,000
Income before taxes	$ 12,681,000	$ 9,525,000
Income taxes	4,968,000	3,741,000
Net income	$ 7,713,000	$ 5,784,000
Extraord. loss	—	(322,000)
Net income & extraord. loss	$ 7,713,000	$ 5,462,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,108,000 in 1987 and $3,340,000 in 1986.
‡ Restated.

Assets

As of Dec. 31	1987	1986‡
Cash	$ 1,929,000	$ 2,075,000
Accts. receiv., net	39,648,000	28,592,000
*Inventories	37,400,000	25,976,000
Other assets	6,579,000	4,464,000
Current Assets	$ 85,356,000	$ 61,107,000
#Fixed assets	40,398,000	33,904,000
Market securities	3,718,000	2,702,000
Other assets	2,515,000	1,833,000
Total Assets	$ 131,987,000	$ 99,546,000

Liabilities

Notes payable & long-term debt curr.	$ 18,710,000	$ 10,563,000
Accts. payable	5,642,000	8,739,000
Accrued inc. taxes	1,326,00	959,000
Other liabilities	15,767,000	12,582,000
Curr. Liabilities	$ 45,445,000	$ 32,843,000
Long-term debt	32,142,000	21,145,000
Deferred inc. taxes	4,262,000	3,205,000
+ Common stock	7,570,000	7,540,000
Add. paid-in capital	13,519,000	13,322,000
Retained earnings	28,534,000	20,821,000
For. curr. trans.	1,811,000	670,000
Net unreal. loss on market. secur.	(1,296,000)	—
Total Liabilities & Shareholders' Equity	$ 131,987,000	$ 99,546,000

‡ Restated.
* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.95	7.52
%Net Income to Sales	4.84	4.57
%Net Income to Equity	15.38	13.66
Sales to Inventories	4.26	4.87
Debt to Equity	1.01	0.75
Working Capital	$ 39,911,000	$ 28,264,000
Current Ratio	1.88	1.86
Shareholders' Equity	$ 50,138,000	$ 42,353,000

The Birtcher Corporation

4501 North Arden Drive
El Monte, California 91731
(818) 575-8144

Officers: Ronald E. McAdams, chairman of the board, principal executive & financial officer; William E. Maya, president & principal operating officer; John W. Landrum, controller.

Directors: Ronald E. McAdams, chairman; William E. Maya, Ernest V. Jarvis, David B. Jones, James R. Weersing.

Areas of Work: Develops and manufactures medical electronic instrument and electronic hardware.

Transfer Agent(s):

Bank of America
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BIRT (NASDAQ)

Number of Employees:

1987 ..... 55 1985 133
1986 ..... N.A. 1984 157

Plant Footage:

1987 ..... 51,000 sq. ft. 1985 63,000
1986 56,500

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income‡
1987	$ 5,902,000	$ (1,938,987)
1986	7,464,000	(72,283)
1985*	3,493,000	(3,718,941)
1984	7,137,000	3,413,980
1983	5,906,000	(761,523)

	No. of Com. Shares	Earn. per Share‡ #
1987	2,073,014	$ —
1986	2,073,014	—
1985*	2,019,514	—
1984	2,049,853	1.65
1983	2,049,253	—

(Loss)
* 6 months.
+ Of continuing operations only.
‡ Including extraordinary gains of $370,000 in 1986 and $380,000 ($0.19 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 694,281	‡ $ 0.33
1986	2,772,193	1.34
1985	2,745,076	1.36
1984	6,590,539	3.22
1983	3,173,747	1.55

‡ After allowing for preferred stock at liquidation value.

Income Account *

Year ended Dec. 31	1987	1986
Revenues	$ 5,901,671	$ 7,463,549
Cost of sales	4,101,824	4,473,064
Expenses	3,264,364	3,480,014
Interest expense	74,470	332,754
Loss on discont. prod. line	400,000	—
Loss before taxes	$ (1,938,987)	$ (822,283)
Tax credit	—	(380,000)
Net Loss	$ (1,938,987)	$ (442,283)
Extraord. gain	—	370,000
Net Loss & extraord. gain	$ (1,938,987)	$ (72,283)

* Included in Costs and Expenses, Depreciation and Amortization: $236,157 in 1987 and $104,746 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 395,803	$ 219,125
Marketable securities	3,175,303	2,768,386
Accts. receiv., net	736,601	1,259,096
Other receivables	269,319	324,380
*Inventories	1,058,282	2,278,815
Prepaid expenses	34,903	83,432
Current Assets	$ 5,670,211	$ 6,933,234
# Fixed assets	209,459	279,118
Other assets	9,765	166,166
Total Assets	$ 5,889,435	$ 7,378,518

Liabilities

Notes payable	$ —	$ 2,838,000
Long-term debt, curr.	18,212	18,212
Accts. payable	830,578	1,076,977
Accrued payroll	20,774	424,652
Other liabilities	524,796	164,066
Curr. Liabilities	$ 1,582,360	$ 4,521,907
Long-term debt	65,294	84,418
+Preferred stock	3,547,900	—
++Capital stock	2,073,014	2,073,014
Add. paid-in capital	1,361,058	1,499,983
Retained earnings (deficit)	(2,739,791)	(800,804)
Total Liabilities & Shareholders' Equity	$ 5,889,435	$ 7,378,518

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; 6% cumulative convertible.
+ $1 par value.

Statistical Summary

Debt to Equity	0.02	1.06
Working Capital	$ 4,087,851	$ 2,411,327
Current Ratio	3.58	1.53
Shareholders' Equity	$ 4,241,781	$ 2,772,193

Bishop Graphics, Inc.

5388 Sterling Center Drive
P.O. Box 5007
Westlake Village, California 91359
(818) 991-2600

Officers: Richard M. Drysdale, chairman of the board, president & chief exec. officer; Gordon L. Almquist, v.p.-finance, treasurer & secretary.

Directors: Richard M. Drysdale, chairman; Morton Kay, David J. Cohen, Ridge L. Harlan, Aaron L. Kotler.

Areas of Work: Manufactures and markets pressure-sensitive electronic component drafting aids and other precision-printed and/or specially-processed products and allied services for the various engineering and graphics disciplines. In addition, the Company markets and distributes computer-aided design (CAD) software for printed circuit board design as well as application specific CAD workstations and systems for electronic and mechanical design.

Divisions and Subsidiaries:

Commercial Products Division

Accupress
San Fernando, California
(213) 873-2655

Bishop DISC, Inc.
Westlake Village, California

BGI Leasing Company
Westlake Village, California
(818) 707-2502

Printed Circuit Design Products Division
Westlake Village, California
(818) 991-2600

Bishop Graphics CAD Systems Corp.
Westlake Village, California
(818) 991-2600

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BGPH (NASDAQ)

Number of Employees:

1987	120	1984	170
1986	150	1983	175
1985	145		

Plant Footage:

1987	95,600 sq. ft.	1984	96,700
1986	105,200	1983	96,700
1985	111,200		

Sales & Earnings

	Net Sales†	Net Income
1987	$ 9,788,000	$ (538,000)
1986	11,776,000	(538,000)
1985	13,400,000	492,000
1984	14,668,000	1,072,000
1983	12,273,000	914,000

	No. of Com. Shares +	Earn. per Share +
1987	2,365,000	$ —
1986	2,339,000	—
1985	2,312,000	0.21
1984	2,314,000	0.46
1983	2,224,000	0.41

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash	Stock	Stock
1987	—	—	—
1986	—	—	—
1985	—	10%	—
1984	—	—	—
1983	—	10%	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 5,350,000	$ 2.26
1986	5,433,000	2.49
1985	6,255,000	2.71
1984	5,575,000	2.41
1983	4,119,000	1.85

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 9,788,000	$ 11,776,000
Lease financing	(183,000)	(92,000)
Cost of sales	5,685,000	6,263,000
Expenses	5,263,000	6,653,000
Interest expense	17,000	2,000
Loss before taxes	$ (994,000)	$ (1,050,000)
Tax credit	(456,000)	(512,000)
Net Loss	$ (538,000)	$ (538,000)

* Included in Costs and Expenses, Depreciation and Amortization: $340,000 in 1987 and $442,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 706,000	$ 893,000
Acct. receiv., net	1,366,000	1,336,000
Lease receiv., curr.	505,000	192,000
* Inventories	1,651,000	2,518,000
Prepaid inc. taxes	421,000	328,000
Prepaid expenses	257,000	152,000
Current Assets	$ 4,906,000	$ 5,419,000
# Fixed assets	1,042,000	2,062,000
Other assets	650,000	471,000
Total Assets	$ 6,600,000	$ 7,952,000

Liabilities

Long-term debt, curr.	$ —	$ 557,000
Accts. payable	541,000	373,000
Accruals	265,000	776,000
Emp. benefit plan	45,000	45,000
Def. inc. taxes	115,000	159,000
Non-competition agree.	104,000	46,000
Compensation agree.	—	159,000
Other accrued expenses	126,000	96,000
Curr. Liabilities	$ 1,196,000	$ 1,711,000
Non-competition agree.	—	41,000
Compensation agree.	—	352,000
Deferred inc. taxes	—	5,000
Security deposits	54,000	10,000
+ Common stock	16,000	16,000
Add. paid-in capital	4,156,000	4,111,000
Retained earnings	1,192,000	1,730,000
Notes receiv. from stock sale	(14,000)	(24,000)
Total Liabilities & Shareholders' Equity	$ 6,600,000	$ 7,952,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $.00666 par value.

Statistical Summary

Sales to Inventories	5.93	4.68
Debt to Equity	—	0.10
Working Capital	$ 3,712,000	$ 3,674,000
Current Ratio	4.10	3.11
Shareholders' Equity	$ 5,350,000	$ 5,833,000

BMC Industries, Inc.

(formerly Buckbee-Mears Company)

Two Appletree Square
Minneapolis, Minnesota 55425
(612) 851-6000

Officers: Robert J. Carlson, chairman, president & chief exec. officer; Carl A. Bergmann, v.p. & president-Optical Products; Gerald M. Bestler, v.p. & president-Precision Etched Products; Merle D. Kerr, v.p.-finance, treasurer & chief financial officer; Kenneth W. Lewis, v.p.-human resources & administration; Michael P. Hawks, controller; Paul B. Burke, v.p. secretary & gen. counsel.

Directors: Robert J. Carlson, chairman; Carl B. Drake, Jr., Robert W. Fischer, Lyle D. Altman, Joe E. Davis, Donald J. Doughman, H.D. Elverum, Norman C. Mears, Burton N. Noah, S. Walter Richey, Charles S. Strauch, Richard A. Swalin.

Areas of Work: Manufactures and markets precision etched metal components, specialty circuits, electroformed parts, etched and filled glass products, and aperture masks--etched fine screen grids that are a component part of every color cathode ray tube; also manufactures and markets optical lenses.

Divisions and Subsidiaries:

PRECISION ETCHED PRODUCTS

Buckbee-Mears St. Paul
245 East Sixth Street
St. Paul, Minnesota 55101
(612) 228-6400

Buckbee-Mears Cortland
P.O. Box 189
Kellogg Road
Cortland, New York 13045
(607) 753-9615

Buckbee-Mears Europe GmbH
7840 Muellheim-Baden
Postfach 1162 Renkenrunnstrasse, West Germany

OPTICAL PRODUCTS

Buckbee-Mears Europe Optics
7840 Muellheim Baden
Postfach 1162, Renkenrunnstrasse, West Germany

Vision-Ease Lens
3301 Southwest Ninth Avenue
Fort Lauderdale, Florida 33315
(305) 525-1351

Vision-Ease Lens
700 North 54th Avenue
St. Cloud, Minnesota 56301
(612) 251-8782

Transfer Agent(s):

First Trust Company of St. Paul
First National Bank Building
St. Paul, Minnesota 55501

Bradford Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BMC

Number of Employees:

1987	1,976	1984	4,789
1986	2,061	1983	3,158
1985	N.A.		

Plant Footage:

1987	498,000 sq. ft.	1984	1,184,000
1986	498,000	1983	1,192,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings x

	Revenues +	Net Income+
1987	$ 146,853,000	$ 4,509,000
1986	123,391,000	(5,204,000)
1985	98,781,000	(69,393,000)
1984	87,726,000	601,000
1983	80,344,000	2,322,000

	No. of Com. Shares‡	Earn. per Share‡+
1987	5,302,000	$ 0.85
1986	5,206,000	—
1985	5,179,000	—
1984	5,171,000	0.11
1983	4,697,000	0.49

(Loss)
x Restated to reflect change in accounting for income taxes.
+ Including extraordinary gain of $2,620,000 ($0.51 per share) in 1985.
‡ Based on the average number of shares outstanding.
+ Of continuing operations only.

Revenues by Line of Business
(000's)

	1987	1986
Precision etched prods.	$ 77,611	$ 61,290
Optical prods.	69,242	62,101
Total	$ 146,853	$ 123,391

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.12	—	—
1984	0.46	—	—
1983	0.40	—	—

Common Stock Equity x

	Total Equity	Equity Per Share
1987	$ 8,998,000	$ 1.71
1986	675,000	0.13
1985	3,241,000	0.62
1984	72,038,000	13.92
1983	74,188,000	14.42

x Restated.

Income Account *

Year ended Dec. 31	1987	1986‡
Net sales	$ 146,853	$ 123,391
Cost of sales	117,109	97,411
Expenses	13,437	12,742
Interest expense	7,808	11,118
Other income	(60)	(522)
Income before taxes	$ 8,559	$ 2,642
Income taxes	4,050	7,846
Inc. (loss) - cont. oper.	$ 4,509	$ (204)
Loss-discont. oper.	—	(5,000)
Net Income (Loss)	$ 4,509	$ (5,204)

* Included in Costs and Expenses, Depreciation: $4,131,000 in 1987 and $4,308,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash & cash equiv.	$ 14,425	$ 37,299
Accts. receiv., net	19,465	15,360
*Inventories	28,694	25,056
Notes receiv. & other curr. assets	6,462	4,044
Assets of discont. oper.	16	11,926
Current Assets	$ 69,062	$ 93,685
#Fixed assets	26,964	24,968
Other assets	9,274	5,417
Assets of discont. oper.	—	6,000
Total Assets	$ 105,300	$ 130,070

Liabilities
(000's)

As of Dec. 31	1987	1986
Short-term borr.	$ 4,086	$ 353
Long-term debt, curr.	604	100,512
Accts. payable	6,586	6,661
Accrued payroll	2,465	1,727
Accrued pension	1,675	1,397
Accrued interest	1,697	4,142
Income taxes pay.	1,284	1,798
Other accruals	4,257	4,800
Curr. Liabilities	$ 22,654	$ 121,390
Long-term debt	67,142	3,275
Other liabilities	5,672	4,730
Deferred inc. taxes	834	—
+Common stock	40,764	38,962
Retained earnings (deficit)	(35,623)	(40,132)
Translation adjust.	3,857	1,845
Total Liabilities & Shareholders' Equity	$ 105,300	$ 130,070

‡ Restated.
* At lower of average cost or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.83	—
%Net Income to Sales	3.07	—
%Net Income to Equity	50.11	—
Sales to Inventories	5.12	4.92
Debt to Equity	7.98	—
Working Capital	$ 46,408,000	—
Current Ratio	3.05	—
Shareholders' Equity	$ 8,998,000	$ 675,000

The Boeing Company

P.O. Box 3707
7755 East Marginal Way South
Seattle, Washington 98108
(206) 655-2121

Officers: Frank Shrontz, chairman of the board, president & chief executive officer; M. T. Stamper, vice chairman; H. W. Haynes, exec. v.p. & chief financial officer; D. P. Beighle, sr. v.p. & secretary; D. D. Thornton, sr. v.p. & president-Boeing Commercial Airplane Company; L. D. Alford, sr. v.p.; R. E. Bateman, v.p.-governmental & international affairs; R. B. Brown, v.p.-product evaluation; T. J. Collins, v.p. & general counsel; D. J. Crispin, v.p.-employee benefits, insurance & taxes; D. D. Cruse, v.p.-operations; B. E. Givan, v.p.-financial operations; H. K. Hebeler, v.p.-corp. planning; J. B. L. Pierce, vice president; B. D. Pinick, vice president; O. M. Rostman, vice president; A. H. Lowell, v.p. & controller; H. C. Munson, v.p.-strategic planning; A. D. Welliver, v.p.-engineering & technology; J. M. Swihart, v.p.-international affairs; W. H. Albrecht, staff v.p.-government contracts; G. B. Bland, staff v.p.-trust investments & investor relations; H. E. Carr, staff v.p.-public relations & advertising; F. G. Coffey, staff v.p.-governmental affairs; D.

A. Hanger, staff v.p. & treasurer; John G. Long, staff v.p.-technical computing systems; J. F. Peritore, staff v.p.-human resources; M. K. Miller, president-Boeing Aerospace Company; D. R. Chestnut, president-Boeing Helicopter Company; R. L. Dryden, president-Boeing Military Airplane Company; M. R. Hallman, president-Boeing Computer Services Company; A. E. Hittman, president-Boeing Electronics Company; A. M. S. Goo, president-Boeing Advanced Systems Company; Bill B. May, corp. v.p. & chairman & chief exec. officer-ARGOSystems Inc.; Kenneth P. Miles, president-ARGOSystems Inc.; R. B. Woodard, president-de Havilland Canada; R. R. Albrecht, exec. v.p.-Boeing Commercial Airplane Company; P. M. Condit, exec. v.p.-Boeing Commercial Airplane Company; C. F. Tiffany, exec. v.p.-Boeing Military Airplane Company; C. G. King, exec. v.p.-Boeing Advanced Systems Company.

Directors: Frank Shrontz, chairman; Robert E. Beck, Harold J. Haynes, Harold W. Haynes, Stanley Hiller, Jr., George M. Keller, Lee L. Morgan, Charles M. Pigott, Irving S. Shapiro, D. E. Skinner, M. T. Stamper, George H. Weyerhaeuser, T. A. Wilson.

Areas of Work: The Company is involved in missile and space-oriented activities as well as the manufacture of military and commercial helicopters and aircraft, and computer products and services, and associated products.

Divisions and Subsidiaries:

Boeing Aerospace Company
Kent, Washington

Boeing Commercial Airplane Company
Renton, Washington

Boeing Advanced Systems Company
Seattle, Washington

Boeing Military Airplane Company
Wichita, Kansas; Seattle, Washington

Boeing Computer Services Company
Bellevue, Washington

Boeing Electronics Company
Seattle, Washington

de Havilland Aircraft of Canada, Ltd.
Toronto, Ontario, Canada
Manufactures commuter aircraft.

Acquisition:

ARGOSystems, Inc.
310 North Mary Avenue
Sunnyvale, California 94086
(408) 737-2000
Designs advanced electronic systems that listen to and make sense of hostile radar and radio signals for the defense and intelligence forces of the U.S. and its allies.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, London, Switzerland, Amsterdam, Boston, Cincinnati, Midwest, Pacific, Philadelphia, Brussels. *Listed and/or traded.

Ticker Symbol: BA

Number of Employees:

1987	143,700	1984	86,600
1986	115,000	1983	84,600
1985	98,700		

Plant Footage:*

1987	56.9	1984	44.3
1986	51.7	1983	44.9
1985	47.2		

* Leased and govt. owned floor area; in million square feet.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 15,355,000	$ 480,000
1986	16,341,000	665,000
1985	13,636,000	566,000
1984	10,356,000	787,000
1983	11,129,000	355,000

	No. of Com. Shares‡	Earn. per Share‡
1987	$ 152,273,000	$ 3.10
1986	155,095,000	4.28
1985	155,189,000	3.75
1984	145,837,000	5.39
1983	145,442,000	2.44

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Transportation equipment & related services	$ 13,856,000	$ 14,702,000
Missiles/space & miscellaneous	1,063,000	1,126,000
Other industries	636,000	616,000
Corp. income	258,000	304,000
Total	$ 15,813,000	$ 16,748,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 1.40	—	—
1986	1.20	—	—
1985	1.04	—	3-for-2
1984	0.93	—	—
1983	0.93	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share†
1987	$ 4,987,000	$ 32.75
1986	4,826,000	31.12
1985	4,364,000	28.12
1984	3,695,000	25.37
1983	3,038,000	20.92

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 15,355,000	$ 16,341,000
Cost of sales & exp.	15,146,000	15,711,000
Other income	(458,000)	(407,000)
Interest & debt exp.	9,000	9,000
Income before taxes	$ 658,000	$ 1,028,000
Income taxes	178,000	363,000
Net Income	$ 480,000	$ 665,000

* Included in Costs and Expenses, Depreciation: $504,000,000 in 1987 and $463,000,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cert. of deposit	$ 2,197,000	$ 2,825,000
Short-term investments	1,238,000	1,347,000
Accts. receiv., net	1,546,000	1,114,000
Long-term customer financing, curr.	823,000	87,000
Inventories	3,509,000	2,947,000
Current Assets	$ 9,313,000	$ 8,320,000
Long-term customer financing	392,000	195,000
#Fixed assets	2,554,000	2,281,000
Investments & other assets	307,000	114,000
Total Assets	$ 12,566,000	$ 10,910,000

Liabilities
(000's)

Long-term debt, curr.	$ 14,000	$ 14,000
Accts. payable & accruals	4,434,000	3,478,000
Advs. & prog. billings in exc. of costs	846,000	446,000
Income taxes	1,770,000	1,563,000
Curr. Liabilities	$ 7,064,000	$ 5,501,000
Long-term debt.	256,000	263,000
Deferred invest. credit	67,000	101,000
Deferred inc. taxes	192,000	219,000
+ Common stock	1,335,000	1,338,000
Retained earnings	3,760,000	3,497,000
Treasury stock	(108,000)	(9,000)
Total Liabilities & Shareholders' Equity	$ 12,566,000	$ 10,910,000

Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.29	6.29
%Net Income to Sales	3.13	4.07
%Net Income to Equity	9.63	13.78
Sales to Inventories	4.38	5.54
Debt to Equity	0.05	0.06
Working Capital	$ 2,249,000,000	$ 2,819,000,000
Current Ratio	1.32	1.51
Shareholders' Equity	$ 4,987,000,000	$ 4,826,000,000

Bolt Beranek and Newman Inc.

10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 873-2000

Officers: Stephen R. Levy, chairman & chief executive officer; Michael P. LaVigna, president & chief operating officer; Michael Nacey, v.p.-administration; Bruce D. Glabe, v.p. & chief financial officer; Ralph Goldwasser, v.p. & controller; W. B. Barker, sr. v.p.; John Montjoy, v.p. & general counsel; Daniel Sullivan, v.p.; Daniel M. Clarke, v.p.

Directors: Samuel Labate, Stephen R. Levy, Roger D. Wellington, Andrew L. Nichols, Michael P. LaVigna, Howard Swearer, John M. Albertine.

Areas of Work: Hardware, software, and consulting services for wide area data communications networks; research, development, and consulting in computer and physical sciences; packaged software for laboratory research and quality control.

Subsidiaries:

BBN Laboratories, Inc.
10 Moulton Street
Cambridge, Massachusetts 02238
(617) 873-3000

Bolt Beranek and Newman Inc.

BBN Communications Corporation
150 Cambridge Park Drive
Cambridge, Massachusetts 02140
(617) 873-4000

BBN Software Products Corporation
10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 873-5000

BBN Advanced Computers Inc.
10 Fawcett Street
Cambridge, Massachusetts 02238
(617) 873-6000

BBN Manufacturing Corporation
1100 Technology Park Drive
Billerica, Massachusetts 01821
(617) 671-1000

Acquisition(s):

Delta Graphics, Inc.
14100 Southeast 36th Street
Bellevue, Washington 98006
(206) 746-6800
Develops, manufactures and maintains low cost, high performance computer image generation systems for simulation, mission management, and animation.

Network Switching Systems, Inc.
Develops high-speed switching products.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: BBN

Number of Employees:

1987	2,641	1984	1,530
1986	2,113	1983	1,322
1985	1,796		

Sales & Earnings

	Net Sales	Net Income
1987	$ 233,841,000	$ (8,029,000)
1986	178,049,000	11,332,000
1985	138,220,000	8,451,000
1984	106,390,000	5,929,000
1983	85,424,000	3,292,000

	No. of Com. Shares +	Earn. per Share +
1987	17,438,436	$ —
1986	17,392,244	0.65
1985	16,671,428	0.51
1984	15,535,576	0.38
1983	13,986,812	0.24

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Research, develop. & consulting	$ 82,651,000	$ 69,081,000
Computer & communications prods.	151,190,000	108,968,000
Total	$ 233,841,000	$ 178,049,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.055	—	2-for-1
1986	0.050	—	—
1985	0.050	—	—
1984	0.050	—	2-for-1
1983	0.049	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 85,581,000	$ 4.91
1986	78,849,000	4.53
1985	62,446,000	3.75
1984	50,971,000	3.28
1983	26,701,000	1.91

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 233,841,000	$ 178,049,000
Operating costs & expenses	230,043,000	157,468,000
Interest expense	1,880,000	856,000
Interest income	(2,260,000)	(1,706,000)
Other expense (income)	265,000	(71,000)
Income before taxes	$ 3,913,000	$ 21,502,000
Income taxes	11,942,000	10,170,000
Net Income (Loss)	$ (8,029,000)	$ 11,332,000

* Included in Costs and Expenses, Depreciation: $12,272,000 in 1987 and $9,114,000 in 1986.

Assets

As of June 30	1987	1986
Cash & temp. invest.	$ 72,300,000	$ 34,196,000
Refund. inc. taxes	73,504,000	—
Accts. receiv., net	6,599,000	36,421,000
Other curr. assets	4,980,000	2,775,000
*Inventories	10,645,000	9,166,000
Current Assets	$ 168,028,000	$ 82,558,000
#Fixed assets	47,921,000	38,155,000
Purch. software tech.	9,733,000	—
Cap. software develop. costs	2,567,000	298,000
Other assets	2,335,000	51,000
Total Assets	$ 230,584,000	$ 121,062,000

Liabilities

Accts. payable	$ 9,182,000	$ 4,063,000
Oblig. under cap. leases	1,834,000	1,415,000
Inc. taxes payable	—	1,986,000
Accrued salaries	4,719,000	4,288,000
Other accruals	8,916,000	6,596,000
Deferred revenues	6,062,000	3,182,000
Deferred taxes	20,532,000	12,767,000
Curr. Liabilities	$ 51,245,000	$ 34,297,000
Convert. subord. deben.	84,700,000	—
Long-term debt	5,137,000	4,606,000
Deferred inc. taxes	3,921,000	3,310,000
+Common stock	18,429,000	8,352,000
Add. paid-in capital	32,706,000	27,409,000
Retained earnings	34,446,000	43,088,000
Total Liabilities & Shareholders' Equity	$ 230,584,000	$ 121,062,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.67	12.08
%Net Income to Sales	—	6.36
%Net Income to Equity	—	14.37
Sales to Inventories	21.97	19.42
Debt to Equity	0.08	0.08
Working Capital	$ 116,783,000	$ 48,261,000
Current Ratio	3.28	2.41
Shareholders' Equity	$ 85,581,000	$ 78,849,000

Boonton Electronics Corporation

791 Route 10
Randolph, New Jersey 07869
(201) 584-1077

Officers: Joseph G. Gillespie, president; G. Raymond Polen, v.p.-engineering; John E. Titterton, secretary, treasurer & v.p.-finance.

Directors: Jack Frucht, Ronald DeBlis, Joseph G. Gillespie, John M. Young, Otto H. York.

Areas of Work: Designs and manufactures electronic measuring instruments for use in the laboratory and on production lines of manufacturers of electronic components and equipment. These instruments include RF voltmeters, microwave power meters, signal generators, modulation meters, admittance bridges, and capacitance and inductance meters and bridges.

Subsidiary:

Boonton Domestic International Sales Corporation (DISC)
Randolph, New Jersey

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOON (NASDAQ)

Number of Employees:

1987	N.A.	1984	164
1986	139	1983	161
1985	148		

Plant Footage:

1987	N.A.	1984	44,400
1986	44,400 sq. ft.	1983	44,400
1985	44,400		

N.A. - Not Available.

Sales & Earnings

	Net Sales‡	Net Income #
1987	$ 12,609,802	$ 618,893
1986	9,910,254	281,750
1985	10,182,620	296,740
1984	10,766,634	707,757
1983	11,300,933	962,588

	No. of Com. Shares +	Earn. per Share # +
1987	1,480,297	$ 0.42
1986	1,479,485	0.19
1985	1,388,831	0.21
1984	1,261,420	0.51
1983	1,224,214	0.69

‡ Includes other income.
# Including extraordinary gain of $85,236 ($0.06 per share) in 1985.
+ Based on the average number of shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	10%	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 7,912,752	$ 5.35
1986	7,279,509	4.92
1985	6,997,759	5.04
1984	6,691,452	5.30
1983	5,970,679	4.88

Based on the average number of shares outstanding adjusted to reflect stock dividend and stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 12,609,802	$ 9,910,254
Cost of sales	6,747,099	4,651,233
Expenses	4,667,857	4,778,100
Oper. profit	$ 1,194,846	$ 480,921
Other expense	193,023	126,314
Income before taxes	$ 1,001,823	$ 354,607
Income taxes	382,930	72,857
Net Income	$ 618,893	$ 281,750

* Included in Costs and Expenses, Depreciation: $399,514 in 1987 and $392,918 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 15,187	$ 107,172
Short-term invest.	—	409,874
Accts. receiv., net	2,949,009	1,554,486
* Inventories	4,621,485	3,866,593
Prepaid expenses	119,456	218,346
Current Assets	$ 7,705,137	$ 6,156,469
# Fixed assets	3,197,277	3,323,227
Other assets	218,883	213,505
Total Assets	$ 11,121,297	$ 9,693,201

Liabilities

Bank loans	$ 25,000	—
Notes payable	200,000	200,000
Accts. payable	953,026	311,420
Accruals	721,933	457,637
Curr. Liabilities	$ 1,899,959	$ 969,057
Long-term debt	1,103,315	1,272,831
Deferred taxes	205,271	171,804
+ Common stock	148,293	147,948
Add. paid-in capital	4,322,059	4,308,054
Retained earnings	3,442,400	2,823,507
Total Liabilities & Shareholders' Equity	$ 11,121,297	$ 9,693,201

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	7.94	3.58
%Net Income to Sales	4.91	2.84
%Net Income to Equity	7.82	3.87
Sales to Inventories	2.73	2.56
Debt to Equity	0.17	0.20
Working Capital	$ 5,805,178	$ 5,187,412
Current Ratio	4.06	6.35
Shareholders' Equity	$ 7,912,752	$ 7,279,509

Boston Digital Corporation

Granite Park
Milford, Massachusetts 01757
(617) 473-4561

Officers: Thomas D. Linn, president; Ara Aytanian, executive v.p. & treasurer; William D. Brennen, v.p. research & development; Simon Queen, clerk; Stanley Leven, asst. clerk; Benjamin M. Thomas, v.p., marketing; Robert M. Engler, v.p. - manufacturing; Ernest H. Johnson, v.p. - engineering; William F. Staples, asst. treasurer & controller.

Directors: Ara Aytanian, H. Joseph Gerber, Thomas D. Linn, Stanley Leven, David J. Logan, Simon Queen.

Areas of Work: Develops, manufacturers and markets computer numerically controlled precision machining systems and software.

Subsidiaries:

BostoMatic International Corporation (DISC)
Hopkinton, Massachusetts

BostoMatic U.K., Ltd.
England

BostoMatic Foreign Sales Corporation (FSC)
U.S. Virgin Islands

Boston Digital Investment Corporation Securities investment

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOST (NASDAQ)

Number of Employees:

1987 ..... 152 1986 136

Plant Footage:

1987 ..... 80,000 sq. ft. 1985 80,000
1986 ..... 80,000 1984 80,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 12,481,657	$ (483,000)
1986	13,557,746	(614,400)
1985	15,772,783	343,000
1984	18,289,000	1,111,000
1983	15,703,000	711,000

	No. of Com. Shares #	Earn per Share #
1987	2,631,270	$ —
1986	2,686,571	—
1985	2,736,937	0.13
1984	2,752,350	0.40
1983	2,733,657	0.26

(Loss)
Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 12,385,000	$ 4.71
1986	12,868,000	4.79
1985	13,482,475	4.93
1984	13,139,075	4.77
1983	12,017,797	4.40

Based on the weighted average number of shares outstanding.

Income Account *

Year ended April 30	1987	1986
Net sales	$ 12,481,657	$ 13,557,746
Cost of sales	9,672,304	11,166,596
Expenses	3,597,340	3,585,398
Oper. loss	$ (787,887)	$ (1,194,248)
Interest expense	334,207	352,019
Interest income	(140,051)	(352,870)
Loss bef. taxes	$ (982,043)	$ (1,193,397)
Tax credit	(499,000)	(579,000)
Net Loss	$ (483,043)	$ (614,397)

* Included in Costs and Expenses, Depreciation and Amortization: $470,144 in 1987 and $512,466 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 95,209	$ 183,130
Short-term invest.	3,976,758	4,985,970
Income taxes refundable	520,036	578,000
Accts. receiv., net	3,660,473	2,198,365
*Inventories	4,994,970	5,433,352
Prepaid expenses	87,197	118,690
Deferred inc. taxes	271,900	236,900
Current Assets	$ 13,606,543	$ 13,734,407
#Fixed assets	3,661,508	3,850,375
Other assets	310,058	158,663
Total Assets	$ 17,598,109	$ 17,743,445

Liabilities

Accts. payable	$ 982,124	$ 603,487
Accrued payroll	222,671	213,977
Long-term debt, curr.	142,500	132,500
Accruals	222,379	299,503
Cust. deposits	240,000	160,000
Curr. Liabilities	$ 1,809,674	$ 1,409,467
Oblig. under cap. leases	2,972,500	3,115,000
Deferred inc. taxes	430,900	350,900
+Common stock	263,127	263,127
Add. paid-in capital	4,368,079	4,368,079
Retained earnings	7,753,829	8,236,872
Total Liabilities & Shareholders' Equity	$ 17,598,109	$ 17,743,445

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.50	2.50
Debt to Equity	0.25	0.25
Working Capital	$ 11,796,869	$ 12,324,940
Current Ratio	7.52	9.74
Shareholders' Equity	$ 12,385,035	$ 12,868,078

Bowmar Instrument Corporation

3050 North 40th Street
Suite 200
Phoenix, Arizona 85018
(602) 957-0271

Officers: Edward A. White, chairman, president & chief exec. officer; Charles S. Krakauer, vice chairman & pres.-Bowmar/ALI, Inc.; Thomas K. Lanin, chief financial officer, v.p.-finance, secretary & treasurer; Thomas W. Ekby, chairman-White Technology, Inc.; Bill E. Goble, pres.-Harowe Servo Controls, Inc.; Peter Hunter, managing dir.-Bowmar Instrument Limited; Wesley M. Mader, pres.-Bowmar Aerospace Division; Hans M. Rolz, pres.-Bowmar Data Entry Division; Robert B. Davidson, Jr., v.p. & gen. mgr.-Commercial Products Division, Bowmar/ALI, Inc..

Directors: Edward A. White*, chairman; James C. Marlas*, Harry Rex Land, Jr., Fred N. Gerard*, Dan L. McGurk, Charles S. Krakauer, Gardiner S. Dutton, James W. Myers.

* Member of the Executive Committee

Areas of Work: Manufactures data communications products, including multifunction generators and data acquisition equipment. Also manufactures electronic communications test equipment; electromechanical digital displays, keyboards and thermal printers for use in industrial instrumentation applications, and electromechanical components and packages, including rotating devices (gearheads, motors and motor generators), synchros, mechanical counters, resolvers, dial drives, mechanical packages, ordnance devices and built-to-print military subcontracts.

Divisions:

Bowmar Aerospace Division

Bowmar Data Entry Division
4640 126th Avenue, North
Clearwater, Florida 34622
(813) 576-2525

Subsidiaries:

Bowmar/ALI, Inc.
531 Main Street
Acton, Massachusetts 01720
(617) 263-8365

Harowe Servo Controls, Inc.
Westtown Road at West Chester Pike
West Chester, Pennsylvania 19380
(215) 692-2700

Bowmar Instrument Limited
43/45 High Street
Weybridge, Surrey KT 138 BB England
(932) 51541

St. Kitts Enterprises Co. Ltd.
P.O. Box 392
Sandy Point, St. Kitts, West Indies
(809) 465-6227

White Technology, Inc.
4246 East Wood Street
Phoenix, Arizona 85040
(602) 437-1520
Manufactures custom and proprietary hybrid-integrated circuits.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: BOM

Number of Employees:

1987	624	1984	926
1986	1,170	1983	908
1985	888		

Plant Footage:

1987	219,000 sq. ft.	1984	220,000
1986	279,000	1983	228,000
1985	220,000		

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 39,461,000	$ (2,817,000)
1986	41,516,000	982,000
1985	41,887,000	2,153,000
1984	31,177,000	795,000
1983	30,770,000	(2,003,000)

	No. of Com. Shares #	Earn. per Share #†
1987	6,045,763	$ —
1986	6,052,339	0.16
1985	6,049,793	0.36
1984	5,997,650	0.15
1983	5,958,665	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $37,000 ($0.01 per share) in 1985 and $86,000 ($0.02 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987 (000's)	%	1986 (000's)	%
Electronics	$ 22,776	58 %	$ 24,125	58 %
Electromechanical	16,685	42	17,391	42
Total	$ 39,461	100 %	$ 41,516	100 %

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 5,783,000	$ 0.96
1986	10,130,000	1.67
1985	8,470,000	1.40
1984	5,065,000	0.84
1983	3,718,000	0.64

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended Sept. 30	1987	1986
Net sales	$ 39,461	$ 41,516
Cost of sales	31,744	29,753
Expenses	7,255	8,136
Prod. develop.	612	710
Interest expense	1,546	1,506
Other expense (income)	338	(400)
Income (loss) before taxes	$ (2,034)	$ 1,811
Income taxes (credit)	(846)	804
Inc. (loss) - cont. oper.	$ (1,188)	$ 1,007
Loss-discont. oper.	(1,629)	(25)
Net Income (Loss)	$ (2,817)	$ 982

* Included in Costs and Expenses, Depreciation and Amortization: $1,360,000 in 1987 and $1,028,000 in 1986.

Assets (000's)

As of Sept. 30	1987	1986
Cash	$ 1,777	$ 1,594
Receiv., net	5,509	7,306
*Inventories	9,485	8,566
Prepaid expenses	115	267
Land held for sale	199	—
Current Assets	$ 17,085	$ 17,733
#Fixed assets	6,093	5,940
Other assets	1,038	488
Net assets-discont. oper.	5,823	6,437
Total Assets	$ 29,999	$ 30,598

Liabilities (000's)

Notes payable	$ 7,151	$ 2,800
Long-term debt, curr.	1,051	1,180
Accts. payable	3,361	2,414
Accruals	2,352	2,773
Curr. Liabilities	$ 13,895	$ 9,167
Long-term debt	10,321	11,301
+Common stock	604	599
Add. paid-in capital	2,729	4,326
Retained earnings	2,462	5,279
Foreign currency adjustments	(12)	(74)
Total Liabilities & Shareholders' Equity	$ 29,999	$ 30,598

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 stated value.

Statistical Summary

%Net Income to Equity	—	9.69
Sales to Inventories	4.16	4.85
Debt to Equity	3.20	1.51
Working Capital	$ 3,190,000	$ 8,566,000
Current Ratio	1.23	1.93
Shareholders' Equity	$ 5,783,000	$ 10,130,000

BRIntec Corporation

1600 West Main Street
Willimantic, Connecticut 06226-1128
(203) 456-8000

Officers: Peter Petruchik, president & chief exec. officer; R. Guy Boyle, exec. v.p. & chief financial officer; Leslie K. Breiland, v.p. & treasurer; L. Richard Krewson, v.p., controller & secretary; Reginald W. Barrett, v.p.-BRIntec Systems Corp. & pres.-Connector Products Group; John J. Finnerty, v.p.-BRIntec Systems Corp. & pres.-General Cir-

cuits Division; Bruce W. Gardner, v.p.-BRIntec Systems Corp. & pres.-Brand-Rex Telecommunications Systems Div; George C. Graeber, v.p.-BRIntec Systems Corp. & pres.-Brand-Rex Cable Systems Division; Philip R. Nack, v.p.-BRIntec Systems Corp. & pres.-Abbott Division.

Directors: Peter Petruchik, R. Guy Boyle, Karl E. Lutz, Donald M. Roberts, David F. Thomas, Thomas J. Troup, Walter B. Wriston.

Areas of Work: Designs and manufactures electronic and electrical interconnection components, devices and systems, including standard and specialty cabling systems, electrical connectors used in hostile environments, multilayer and two-sided circuit boards and flexible circuits.

Divisions and Subsidiaries:

Cabling Products Group

Abbott
1611 Cascade Drive
Marion, Ohio 43302
(614) 382-8212
Electric cable assemblies, cord sets, power cords, molded plugs and inserts.

Brand-Rex Cable Systems
1600 West Main Street
Willimantic, Connecticut 06226
(203) 456-8000

90 Progress Drive
Manchester, Connecticut 06040
(203) 643-2435
Standard and specialty flat, signal transmission, coaxial fiberoptic and power wire, cable and cable assemblies for electrical and electronic applications, extruded insulation materials.

Brand-Rex Ltd.
Viewfield Industrial Estate
Glenrothes, Fife KY6 2RS Scotland
Standard and specialty flat, signal transmission, coaxial fiberoptic and power wire, cable and cable assemblies for electrical and electronic applications.

Brand-Rex Telecommunications Systems
1600 West Main Street
Willimantic, Connecticut 06226-1128
(203) 456-1706

P.O. Box 160
Siloam Springs, Arkansas 72761
(501) 524-6161

100 South Clay Street
Marion, North Carolina 28752
(704) 652-5800

Brand-Rex Fiberoptic Equipment & Services
910 Boston Turnpike Road
Shrewsbury, Massachusetts 01545
(617) 842-7300
Inside and outside plant telephone wire and cable products; adapters, plugs and accessories; undercarpet telephone and data cable; fiberoptic cable, equipment and services; interconnection cable assemblies.

Teltronics
5105 New Tampa Highway
Lakeland, Florida 33801
(813) 688-6831
Specialized electronic subsystems and equipment for telephony; customer premise and central office equipment and call accounting systems.

Connector Products Group

Pyle-National
1334 North Kostner Avenue
Chicago, Illinois 60651
(312) 342-6300

Pyle-National of Canada, Ltd.
2560 South Sheridan Way
Mississauga, Ontario L5J 2M9 Canada
(416) 822-3710

Pyle-National Ltd.
Sherbrook Road
Daybrook, Nottingham NG5 6AT England

Compagnie Pyle-National
18 Avenue de la Jonchere, Elysee 2
La Celle St. Cloud 78170 France

General Connector
45 Fourth Avenue
Waltham, Massachusetts 02154
(617) 890-0098
Military and industrial power, control, communications and electronic connectors; interconnect systems for hostile environments; miniature and subminiature, hermetically sealed, heavy-duty connectors; high density circular and modular linear connectors.

Garry Screw Machine
1010 Jersey Avenue
New Brunswick, New Jersey 08902
(201) 545-2424

Electronics S.A. Isorabios
1914 Isorabios Switzerland

Decolletage S.A. Saint-Maurice
1890 Saint-Maurice Switzerland
Precision Swiss screw-machine contacts and parts; electronic packaging assemblies.

Garry Electronics
9 Queen Anne Court
Langhorne, Pennsylvania 19047
(215) 949-2300
Precision contacts; electronic packaging systems; molded circuits; sockets; headers, adpaters; pluggable boards; computer-aided design; vertical integration packaging; backplane wiring services.

General Circuits
95 Mt. Read Boulevard
Rochester, New York 14611
(716) 235-2880
High-density multi-layer, flexible, double-sided and metal core printed circuit boards; electronic packaging systems.

BRIntec Systems GmbH

Karl Lotter Praznionstetie GmbH
Sesselbahnstrasse 7
8959 Halblech 1/Orsteil Buching, West Germany

Micro-parts Electronic GmbH
Sesselbahnstrasse 7
8959 Halblech 1/Orsteil Buching, West Germany
Precision contacts, sockets and I.C. plug-in connection devices; tooling and automated assembly equipment.

BRIntec Systems Corporation

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Stock Transfer Department
One Constitution Plaza
Hartford, Connecticut 06115-1600

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BRIX (NASDAQ)

Number of Employees:

1987 ..... 4,000 1986 4,400

Plant Footage:

1987 ..... 1,658,900 sq. ft. 1986 1,750,200

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 293,659,000	$ (1,135,000)
1986	283,512,000	12,710,000
1985	265,459,000	11,772,000
1984	241,875,000	8,050,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	12,000,000	$ —
1986	12,000,000	1.05
1985	10,384,000	1.10
1984	10,000,000	0.76

+ Of continuing operations only.
† Including extraordinary gain of $955,000 ($0.08 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Cabling products	$ 207,500,000	$ 196,600,000
Connector products	86,200,000	86,900,000
Total	$ 293,700,000	$ 283,500,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 58,918,000	$ 4.91
1986	54,674,000	4.56
1985	40,651,000	3.91
1984	4,973,000	0.50

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 293,659	$ 283,512
Cost of sales	230,311	212,314
Expenses	41,192	39,991
Depreciation	6,502	5,517
Restruc. costs	4,000	—
Interest expense	5,386	5,625
Gain from litigation settle.	(1,800)	—
Other expense (income)	(258)	416
Income before taxes	$ 8,426	$ 19,649
Income taxes	2,514	7,533
Inc. - cont. oper.	$ 5,912	$ 12,116
Loss - discont. oper.	(7,047)	(361)
Net Income (Loss)	$ (1,135)	$ 11,755
Extraord. gain	—	955
Net Income (Loss) & extraord. gain	$ (1,135)	$ 12,710

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 15,267	$ 12,969
Accts. receiv., net	39,949	40,777
*Inventories	78,508	73,580
Prepaid expenses	1,611	1,759
Net assets held for dispos.	9,293	—
Current Assets	$ 144,628	$ 129,085
#Fixed assets	50,443	55,512
Other assets	5,094	5,633
Total Assets	$ 200,165	$ 190,230

Liabilities
(000's)

Long-term debt, curr.	$ 9	$ 10
Accts. payable	11,524	14,355
Accruals	22,802	19,811
Income taxes	5,255	4,330
Curr. Liabilities	$ 39,590	$ 38,506
Long-term debt	89,430	81,370
Deferred inc. taxes	12,110	15,295
Redeem. preferred stock	117	385
+ Common stock	130	130
Add: paid-in capital	22,997	22,997
Per. curr. trans. adjust.	8,192	2,791
Retained earnings	27,609	28,766
Total Liabilities & Shareholders' Equity	$ 200,165	$ 190,230

° At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	21.50
Sales to Inventories	3.74	3.85
Debt to Equity	1.52	1.69
Working Capital	$ 105,038,000	$ 90,579,000
Current Ratio	3.65	3.35
Shareholders' Equity	$ 58,918,000	$ 54,674,000

Brunswick Corporation

One Brunswick Plaza
Skokie, Illinois 60077
(312) 470-4700

Officers: Jack F. Reichert, chairman, president & chief exec. officer; Richard J. Jordan, exec. v.p.; John M. Cherven, vice president; Herbert E. Ennis, vice president; Jack S. Singleton, vice president; Vinton H. Sommerville, vice president; Frederick J. Florjancic, Jr., v.p.-finance & treasurer; Henry H. Marvin, v.p.-technology; William R. McManaman, controller; Robert T. McNeney, general counsel; Dianne M. Yacometti, corp. secretary; Richard S. O'Brien, asst. treasurer; Michael D. Schmitz, asst. secretary; Edgar Vanneman, Jr., asst. secretary; Judith P. Zelikson, asst. v.p.; Roy T. Montgomery, asst. general counsel.

Directors: Jack F. Reichert, chairman; K. Brooks Abernethy, Sidney Davidson, Leo Herzel, Richard J. Jordan, George D. Kennedy, Jay W. Lorsch, Charles P. Neidig, Robert N. Rasmus, J. Donald Rauth, Pierre A. Rinfret, Eugene F. Tighe, Jr..

Areas of Work: The Company's operations involved five industry segments: Marine products, Recreation products, Leisure services, Defense products, and industrial products.

Divisions:

Defense/Aerospace and Industrial Products

Defense Division
Skokie, Illinois

Products and services include radomes, motor cases and pressure vessels, portable shelter systems, camouflage, fire detection systems, chemical warfare agent detectors/alarms, honeycomb metal bonded structures, launch and weapon systems, tactical aircraft decoy systems, protective gloves, composite components for helicopters and fixed-wing aircraft.

Technetics Division
Deland, Florida

Products and services include industrial, high purification membrane and precision filters and filter systems, consumer filters, jet engine seals and other high technology metal fiber products, metal injection molding systems, specialty materials and parts manufacture, shutoff, gate, check and relief valves, gold club shafts, and other tubular products.

Industrial Products Division
Houston, Texas

Door-opening systems, fare collection devices, climate control systems, air conditioning and heating systems, electromechanical relays, electronic speed indicating control and recording systems, steam generators, electric boilers, ball, gate, globe, plug, check, safety and relief valves, chemical injector pumps, liquid inventory management systems, process control products, tank gauging and fittings, and linear and rotary actuators.

Recreation and Leisure

Mercury Marine Division
Fond du Lac, Wisconsin

Mercury and Mariner outboard motors and MerCruiser stern drives and inboard engines for pleasure boating and commercial applications; Quicksilver marine parts and accessories.

Bayliner-U.S. Marine Division
Arlington, Washington

Bayliner fiberglass pleasure boats from 15 to 45 feet in length. Blue Fin aluminum boats from 13 to 19 feet; Maxum upscale luxury fiberglass boats from 17 to 20 feet; U.S. Marine Power's gas and diesel inboard motors and Force outboard motors; and Escort boat trailers.

Sea Ray Division
Knoxville, Tennessee

Sea Ray stern drive and diesel inboard powered fiberglass pleasure boats from 16 to 46 feet in length.

Zebco Division
Tulsa, Oklahoma

Fishing reels, rods, reel-rod combinations, electric trolling motors and sportfishing accessories.

Brunswick Division
Muskegon, Michigan

Bowling lanes, automatic pinsetters, computerized scoring equipment and business systems, ball returns, seating and locker units, bowling pins, balls, bags and shoes, billiard tables.

Brunswick Recreation Centers Division
Skokie, Illinois

Operates company-owned bowling centers and provides management services for independent bowling center proprietors.

Transfer Agent(s):

Brunswick Corporation
Skokie, Illinois

The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): New York, Midwest, Pacific, London and Tokyo

Ticker Symbol: BC

Number of Employees:

1987	28,400	1985	18,700
1986	26,800		

Sales & Earnings

	Net Sales	Net Income
1987	$ 3,086,400,000	$ 168,800,000
1986	1,717,400,000	110,300,000
1985	1,338,500,000	100,300,000
1984	1,468,100,000	94,200,000
1983	1,216,200,000	66,100,000

	No. of Com. Shares†	Earn. per Share‡
1987	89,200,000	$ 1.90
1986	88,500,000	1.32
1985	86,000,000	1.17
1984	85,800,000	1.11
1983	84,500,000	0.73

† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1987	1986
Marine	$ 2,227,300	$ 948,700
Recreation prods.	232,300	186,600
Leisure services	119,400	114,600
Defense	255,200	251,000
Industrial prods.	252,200	216,500
Total	$ 3,086,400	$ 1,717,400

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.315	—	2-for-1
1986	0.285	—	—
1985	0.2575	—	2-for-1
1984	0.20	—	—
1983	0.1375	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 848,900,000	$ 8.64
1986	690,800,000	7.81
1985	523,300,000	6.23
1984	460,800,000	5.37
1983	376,400,000	4.45

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,086,400	$ 1,717,361
Cost of sales	2,210,100	1,238,101
Expenses	536,600	291,670
Interest expense	37,100	2,174
Income before taxes	$ 302,600	$ 185,416
Income taxes	133,800	75,100
Net Income	$ 168,800	$ 110,316

° Included in Costs and Expenses, Depreciation and Amortization: $141,400,000 in 1987 and $61,900,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 3,100	$ 12,222
Accts. receiv., net	206,500	186,777
°Inventories	383,800	374,762
Prepaid inc. taxes	48,700	30,400
Prepaid expenses	23,200	34,568
Current Assets	$ 665,300	$ 638,729
#Fixed assets	531,900	463,129
Other assets	699,100	778,054
Total Assets	$ 1,896,300	$ 1,879,912

Liabilities (000's)		
Short-term debt	$ 2,400	$ 5,726
Accts. payable	201,400	159,403
Accruals	283,100	219,553
Income taxes	18,600	39,193
Curr. Liabilities	$ 505,500	$ 423,875
Long-term debt	395,400	659,637
Deferred pensions	17,800	17,860
Deferred income	25,700	20,661
Deferred inc. taxes	103,000	67,100
+Common stock	70,600	70,640
Add. paid-in capital	132,200	116,753
Unearned portion of restricted stock	(8,200)	(5,396)
Retained earnings —	709,400	568,604
Cum. trans. adjust.	6,900	3,548
Treasury stock	(62,000)	(63,370)
Total Liabilities & Shareholders' Equity	$ 1,896,300	$ 1,879,912

° At lower of cost (LIFO & FIFO) or market.
Less accumulated depreciation.
+ $0.75 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.80	10.80
%Net Income to Sales	5.47	6.42
%Net Income to Equity	19.88	15.97
Sales to Inventories	8.04	4.58
Debt to Equity	0.47	0.96
Working Capital	$ 159,800,000	$ 214,854,000
Current Ratio	1.32	1.51
Shareholders' Equity	$ 848,900,000	$ 690,779,000

Buck Engineering Co., Inc.

P.O. Box 686
Farmingdale, New Jersey 07727
(201) 938-2000

Officers: Peter M. Schluter, president & chief executive officer; Charles H. Bond, v.p., secretary & treasurer; Shirley L. Barrett, asst. secretary.

Directors: Raymond A. Bowers, David T. Buck, Garrett B. Hunter, E. A. Savinelli, Charles H. Bond, Kenneth D. Roberts, James R. Greene.

Areas of Work: Primarily manufactures and markets educational equipment and knowledge transfer systems used in teaching industrial training facilities and vocational, technical and multi-level schools and colleges. Also designs, manufactures and markets engine analysis equipment for the transportation and related energy industries.

Divisions and Subsidiaries:

Lab-Volt Systems
P.O. Box 686
Farmingdale, New Jersey 07727
(201) 938-2000

Lab-Volt Limited
5368 Thirteenth Avenue
P.O. Box 279-Rosemont Station
Montreal, Quebec H1X 2XB Canada
(514) 725-9552

Lab-Volt (Quebec) Limited
2120 Lavoisier Street
Ste. Foy, Quebec G1N 4B1 Canada
(418) 681-6346

Graymark International, Inc.
Santa Ana, California

Electronics Institute
5605 Troost Avenue
Kansas City, Missouri 64110
(816) 361-5656

Technical Systems, Inc.
Minneapolis, Minnesota

Quintech Division
Belleville, Ontario, Canada

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BUCK (NASDAQ)

Number of Employees:

1987	336	1984	340
1986	334	1983	326
1985	378		

Sales & Earnings

	Net Sales	Net Income
1987	$ 23,909,000	$ 24,744
1986	24,829,000	232,066
1985	24,499,000	883,636
1984	20,047,000	844,425
1983	19,205,000	748,256

	No. of Com. Shares #	Earn. per Share #
1987	488,664,000	$ 0.05
1986	499,151	0.46
1985	496,023	1.78
1984	519,411	1.63
1983	593,590	1.26

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 6,805,932	$ 13.45
1986	6,531,574	13.09
1985	6,275,855	12.65
1984	5,485,798	10.56
1983	5,725,332	9.65

‡ Based on the weighted average number of shares outstanding.

Income Account°

Year ended Dec. 31	1987	1986
Net sales	$ 23,909,409	$ 24,828,745
Cost of sales	14,278,158	14,653,164
Expenses	9,088,643	9,213,106
Interest expense	408,027	437,392
Amortization of costs in exc. of assets of acq. cos.	11,883	88,965
For. curr. trans.	103,010	68,839
Interest income	(24,235)	(23,749)
Other income	(1,821)	(16,363)
Income before taxes	$ 45,744	$ 407,393
Income taxes	21,000	140,000
Inc.-cont. oper.	$ 24,744	$ 267,393
Loss-discont. oper.	—	(35,327)
Net Income	$ 24,744	$ 232,066

° Included in Costs and Expenses, Depreciation and Amortization: $274,172 in 1987 and $302,683 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & invest.	$ 299,719	$ 172,620
Accts. receiv., net	7,435,160	7,435,780
°Inventories	6,735,986	6,054,901
Prepaid expenses	90,278	214,609
Current Assets	$ 14,561,143	$ 13,877,910
#Fixed assets	1,916,992	1,895,807
Other assets	1,068,974	1,083,345
Total Assets	$ 17,547,109	$ 16,856,962

Liabilities

Short-term borrowing	$ 3,300,000	$ 1,450,000
Long-term debt, curr.	160,166	260,166
Accts. payable & accruals	4,592,438	5,487,572
Accrued inc. taxes	208,596	448,442
Curr. Liabilities	$ 8,261,200	$ 7,646,180
Long-term debt	2,220,464	2,375,558
Deferred inc. taxes	259,513	303,650
+Common stock	606,040	584,040
Add. paid-in capital	555,055	450,555
Retained earnings	6,733,451	6,708,707
Foreign curr. trans.	(107,556)	(230,670)
Treasury stock	(981,058)	(981,058)
Total Liabilities & Shareholders' Equity	$ 17,547,109	$ 16,856,962

° At lower of cost (principally LIFO) or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.19	—
%Net Income to Sales	0.10	—
%Net Income to Equity	0.36	3.55
Sales to Inventories	3.55	4.10
Debt to Equity	0.83	0.40
Working Capital	$ 6,299,943	$ 6,231,730
Current Ratio	1.76	1.82
Shareholders' Equity	$ 6,805,932	$ 6,531,574

Bulova Watch Company, Inc.

(95% owned by Loews Corporation)

26-15 Brooklyn Queens Expressway
Woodside, New York 11377
(718) 204-3300

Officers: Harry B. Henshel, chairman of the board; Andrew H. Tisch, president; Herbert C. Hofman, chief operating officer; Lawrence F. Codraro, v.p., secretary & general counsel; James S. Waterwash, v.p. & pres.-Bulova Systems and Instruments Corporation; Paul S. Sayegh, executive v.p.; Thomas P. Hickerson, v.p. & controller.

Directors: Harry B. Henshel, chairman; Herbert C. Hofmann, Andrew H. Tisch, Laurence A. Tisch, Preston R. Tisch.

Areas of Work: Manufactures and sells, throughout the world, watches and clocks for consumer use, and sells power cells and watch parts to the trade. Also sells nonconsumer products for defense and industrial use, including timing and similar devices.

Divisions:

Consumer Products-Domestic
Technical Sales & Services
Consumer Products-International

Industrial/Defense Divisions:
Systems and Instruments
Providence Division

Bulova Watch Company, Inc.

Subsidiaries:

Bulova Watch Company Limited
Bulova Systems & Instruments Corporation

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987 ..... 1,450 1985 1,650
1986 ..... N.A.

N.A. - Not Available.

Plant Footage:

1987 ..... 382,800 sq. ft.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 155,356,000	$ 8,557,000
1986	173,914,000	15,572,000
1985	147,819,000	16,649,000
1984	147,870,000	7,238,000
1983	151,786,000	(13,345,000)

	No. of Com. Shares‡	Earn. per Share‡†
1987	4,599,000	$ 1.86
1986	4,599,000	3.39
1985	4,599,000	4.27
1984	4,599,000	1.57
1983	4,586,000	—

(Loss)
‡ Based on the weighted average number of shares outstanding.
† Including extraordinary gains of $491,000 ($0.11 per share) in 1987, $4,017,000 ($0.88 per share) in 1986, $1,756,000 ($0.38 per share) in 1985 and $3,095,000 ($0.67 per share) in 1984.

Revenues by Line of Business

	1987	1986
Consumer	$ 91,246,000	$ 111,912,000
Industrial & defense	60,889,000	60,981,000
Corporate	3,221,000	1,021,000
Total	$ 155,356,000	$ 173,914,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 79,410,000	$ 17.27
1986	70,293,000	15.28
1985	52,550,000	11.43
1984	33,133,000	7.20
1983	26,692,000	5.82

‡ Based on the weighted average number of shares outstanding.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 155,356	$ 173,914
Cost of sales	107,071	106,893
Expenses	39,305	36,992
Interest expense	1,606	1,811
Interest to affiliates	99	180
Loss (gain) from asset dispositics	(3,163)	709
Inc. bef. taxes	$ 10,438	$ 27,329
Income taxes	2,372	13,774
Net Income	$ 8,066	$ 11,555
Extraord. gain	491	4,017
Net income & extraord. gain	$ 8,557	$ 15,572

* Included in Costs and Expenses, Depreciation: $1,296,000 in 1987 and $913,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 5,082	$ 21,028
Receivables, net	57,509	49,285
*Inventories	39,351	34,161
Prepaid expenses	3,893	1,077
Current Assets	$ 105,835	$ 105,551
#Fixed assets	21,428	15,867
Other assets	4,769	4,989
Total Assets	$ 132,032	$ 126,407

Liabilities (000's)

Notes payable	$ 2,477	$ 3,414
Long-term debt, curr.	2,641	3,230
Accts. payable	5,349	6,343
Accruals	5,161	6,555
Accrued payroll	3,217	2,956
Accrued pension	1,592	2,100
Income taxes	2,535	5,219
Curr. Liabilities	$ 22,972	$ 29,817
Long-term debt:		
9 1/4% Serial notes	—	4,740
6% Conv. subord. deb.	4,377	6,364
Oblig. under cap. lease	3,000	3,400
Other liabilities	12,273	11,793
Debt to affiliate	10,000	—
+ Common stock	22,998	22,998
Add. paid-in capital	23,046	23,046
Retained earnings	33,241	24,684
Cum. trans. adjust.	130	(430)
Treasury stock	(5)	(5)
Total Liabilities & Shareholders' Equity	$ 132,032	$ 126,407

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxs to Sales	6.72	15.71
%Net Income to Sales	5.19	6.64
%Net Income to Equity	10.16	16.44
Sales to Inventories	3.95	5.09
Debt to Equity	0.16	0.30
Working Capital	$ 82,863,000	$ 75,734,000
Current Ratio	4.61	3.54
Shareholders' Equity	$ 79,410,000	$ 70,293,000

Bunting, Inc.

46 Beatrice Street
P.O. Box 4114
Bridgeport, Connecticut 06607
(203) 384-0081

Officers: Lee Bunting, chairman of the board & chief exec. officer; James T. Ragan, president; Richard E. Bunting, v.p. & gen. mgr.; John D. Larounis, v.p.-marketing & sales; F. J. Angelone, chief financial officer & treasurer; Robert Larkin, v.p.-manufacturing; Reid Larson, pres.-Midwest; Gladys Brownrigg, asst. treasurer; Dorothy DeFerrari, secretary.

Directors: Lee Bunting, chairman; Richard E. Bunting, Brose Bunting, James T. Ragan, Joseph V. Quarles.

Areas of Work: Engaged in the assembling and marketing, through distributors and direct sales personnel, of various audio, visual and electronic communications systems and television viewing systems for use in hospitals, hotels and motels. A subsidiary, Midwest International, Inc., assembles and places coin-operated television chairs in mass transportation terminals.

Subsidiary:

Midwest International, Inc.
650 Wilmington Avenue
Salt Lake City, Utah 84106

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987 ..... 115 1985 131
1986 145

Sales & Earnings

	Net Sales	Net Income
1987	$ 5,989,000	$ (930,000)
1986	6,917,000	(958,156)
1985	8,794,197	432,010
1984	7,541,642	420,265
1983	6,799,877	277,196

	No. of Com. Shares†	Earn. per Share†
1987	2,154,427	$ —
1986	2,137,178	—
1985	2,133,651	0.20
1984	2,187,261	0.19
1983	2,282,451	0.12

(Loss)
† Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	10%	3-for-2
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 2,543,000	$ 1.18
1986	3,455,166	1.62
1985	4,411,321	2.07
1984	3,970,646	1.82
1983	3,724,558	1.63

† Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 5,989,000	$ 6,917,921
Other income	1,853,000	2,166,013
Total Income	$ 7,842,000	$ 9,083,934
Cost of sales	5,950,000	7,190,898
Expenses	2,912,000	3,338,662
Prov. for doubtful accts	(68,000)	196,001
Interest expense	81,000	25,626
Loss bef. taxes	$ (1,033,000)	$ (1,667,253)
Tax credit	(103,000)	(709,097)
Net Loss	$ (930,000)	$ (958,156)

* Included in Cost and Expenses, Depreciation and Amortization: $305,000 in 1987 and $368,277 in 1986.

Assets

As of Dec. 31		
Cash & invest.	$ 333,000	$ 250,500
Accts. receiv., net	1,681,000	1,258,559
*Inventories	2,648,000	2,506,718
Prepaid expenses	140,000	126,884
Deferred inc. taxes	—	155,000
Current Assets	$ 4,764,000	$ 4,298,101
Installment accts. receiv.	108,000	183,214
#Fixed assets	578,000	696,384
Other assets	25,000	18,532
Equip. leased to others	172,000	242,401
Total Assets	$ 5,647,000	$ 5,438,532

Liabilities

Note payable	$ 1,637,000	$ 350,000
Long-term debt, curr.	15,000	11,691
Accts. payable	975,000	405,470
Accrued commissions	433,000	262,908
Cust. adv. pay.	—	502,385
Income taxes	20,000	73,154
Billings in excess of costs	—	104,749
Curr. Liabilities	$ 3,080,000	$ 1,710,357
Long-term debt	24,000	24,387
Deferred inc. taxes	—	248,622
+Common stock	23,000	22,909
Add. paid-in capital	2,361,000	2,361,491
Retained earnings	323,000	1,252,577
Treasury stock	(164,000)	(181,891)
Total Liabilities & Shareholders' Equity	$ 5,647,000	$ 5,438,532

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.66	0.11
Working Capital	$ 1,684,000	$ 2,587,644
Current Ratio	1.55	2.51
Shareholders' Equity	$ 2,543,000	$ 3,455,166

Burndy Corporation

P.O. Box 5200
Richards Avenue
Norwalk, Connecticut 06856
(203) 838-4444

Officers: David Dibner, chairman of the board; Theodore York, president; Stanley J. Aris, v.p. & chief financial officer; Ernest Fanwick, v.p., secretary & general counsel; Donald F. Keating, v.p.-human resources; Ramon V. Nicholl, v.p.-management systems and services; Alan H. Peltz, treasurer; Thomas H. Pfaff, group v.p.; William M. Nuckols, group v.p.; Robert J. Verhoeven, group v.p.; John R. Raiser, controller.

Directors: David Dibner, chairman; George M. Szabad, Carlyle F. Barnes, John P. Horgan, Paul Kolton, J. E. Goldman, Richard C. Farley, Billy C. Christensen, Theodore C. York, Gordon F. McClure, William F. Andrews.

Areas of Work: The Company designs, manufactures and sells electrical and electronic connectors and related products. Products range from microminiature components for use in sophisticated electronic equipment to very large electrical connectors used by utilities in the generation, transmission and distribution of electric power. Most sales are made to original equipment manufacturers.

Subsidiaries:

Burndy Electra N.V.
Antvon Spinoystraat, 8
Mechelen, Belgium

Burndy Services Limited
St. Albans, England

Burndy do Brasil Conetores Ltda.
Estrada do Gurrapirange, 2,400
Caixa Postal 30806
Sao Paulo 1, Brazil

Burndy Mexico, S.A. de C.V.
Calle del Rio No. 12
Naucalpan de Juarez, Estado de Mexico

Burndy-Japan Ltd. (affiliate)
9th Floor, T.O.C. Bldg.
22-17, 7-chome Nishigotanda
Sinagawa-Ku, Tokyo-141, Japan

Burndy Electra SpA
Strada del Francese 137
C.P. 130 Ferrovia
10100, Torino, Italy

Burndy Espanola, S.A.
Calle Vilamari 81
Barcelona 15, Spain

Burndy S.A.
39-41 rue Amilcar Cipriani
93-St. Ouen, France

Burndy Scandinavia A.B.
Stockholm, Sweden

Burndy Nederland B.V.
Delftsevaart 26
Rotterdam, Netherlands

Burndy Inc.
Canada

Burndy (FSC) Inc.
U.S. Virgin Islands

Burndy International Inc.
Burndy Export Sales Corp.

Husky Products, Inc.
Kentucky

Caribbean Electronics Limited
Bermuda

Transfer Agent(s):

Manufacturers Hanover Trust Co.
Shareholder Services Dept.
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York

Ticker Symbol: BDC

Number of Employees:

1987	4,063	1984	4,350
1986	3,834	1983	4,000
1985	3,828		

Sales & Earnings

	Net Sales	Net Income
1987	$ 283,949,000	$ 11,608,000
1986	241,038,000	9,490,000
1985	217,780,000	(9,061,000)
1984	232,380,000	12,763,000
1983	211,509,000	12,040,000

	No. of Com. Shares +	Earn. per Share +
1987	12,165,000	$ 0.95
1986	12,026,000	0.79
1985	12,001,000	—
1984	11,978,000	1.07
1983	11,967,000	1.01

(Loss)
+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.64	—	—
1984	0.84	—	—
1983	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 162,120,000	$ 13.33
1986	136,757,000	11.37
1985	119,408,000	9.95
1984	131,354,000	10.97
1983	131,554,000	10.99

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 283,949,000	$ 241,038,000
Cost of sales	185,732,000	160,545,000
Expenses	73,169,000	60,030,000
Interest expense	9,319,000	6,840,000
Other income	(2,079,000)	(5,364,000)
Income bef. taxes	$ 17,808,000	$ 18,987,000
Income taxes	6,200,000	9,497,000
Net Income	$ 11,608,000	$ 9,490,000

* Included in Costs and Expenses, Depreciation and Amortization: $13,784,000 in 1987 and $14,249,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 21,030,000	$ 17,077,000
Accts. receiv., net	68,253,000	57,706,000
*Inventories	76,948,000	69,619,000
Prepaid expenses	10,201,000	10,470,000
Current Assets	$ 176,432,000	$ 154,872,000
Investments	13,930,000	10,277,000
#Fixed assets	72,882,000	67,941,000
Other assets	8,496,000	5,726,000
Intangibles	453,000	964,000
Total Assets	$ 272,193,000	$ 239,780,000

Burndy Corporation

Liabilities

Notes payable	$ 21,181,000	$ 32,348,000
Long-term debt, curr.	1,079,000	1,575,000
Accts. payable & accruals	33,006,000	25,674,000
Accrued payroll	8,187,000	8,542,000
Income taxes	2,547,000	453,000
Curr. Liabilities	$ 66,000,000	$ 58,492,000
Long-term debt	33,050,000	34,210,000
Deferred inc. taxes	9,186,000	9,447,000
Deferred retirement	1,837,000	854,000
+Common stock	13,136,000	13,136,000
Add. paid-in capital	6,974,000	6,451,000
Retained earnings	146,772,000	135,164,000
Cumulative translation adjustments	11,325,000	(639,000)
Treasury stock	(16,087,000)	(17,355,000)
Total Liabilities & Shareholders' Equity	$ 272,193,000	$ 239,780,000

* At lower of cost (LIFO) or market; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.27	7.84
%Net Income to Sales	4.09	3.92
%Net Income to Equity	7.16	6.94
Sales to Inventories	3.69	3.48
Debt to Equity	0.34	0.25
Working Capital	$ 110,432,000	$ 98,790,000
Current Ratio	2.67	2.69
Shareholders' Equity	$ 162,120,000	$ 136,757,000

Butler National Corporation

8246 Nieman Road
Lenexa, Kansas 66214
(913) 888-8585

Officers: Gerald R. Smith, chairman & chief executive and financial officer; John R. Dixon, president & chief operating officer; R.J. Fitzgerald, general counsel & secretary; Jack Graham, v.p.-aircraft modifications; Rodney Houck, v.p. & dir.-marketing & sales.

Directors: Gerald R. Smith, chairman; John R. Dixon, Carl H. Almond, Albert Sidus, Richard J. Fitzgerald, David B. Linn, Randall W. Wagoner.

Areas of Work: Manufactures and markets airborne switching units. Also modifies aircraft and services and monitors water treatment facilities.

Subsidiaries:

Avcon Industries, Inc.
P.O. Box 748, Building "J"
City County Airport
Newton, Kansas 67114

Butler National Services Company
(formerly Lauderdale Services, Inc.)
2221 N.W. 19th Street
Pompano Beach, Florida 33060-1393
(305) 975-7511

Butler National Consulting Engineers
(formerly HSD, Inc.)
1001 East 101st Terrace, Suite 395
Kansas City, Michigan 64131

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
7th & Marquette
Minneapolis, Minnesota 55401

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BUTL (NASDAQ)

Number of Employees:

1987	97	1984	99
1986	84	1983	64
1985	95		

Floor Footage:

1987	23,935 sq. ft.	1984	23,935
1986	23,935	1983	23,935
1985	23,935		

Sales & Earnings

	Net Sales+	Net Income +
1987	$ 4,109,000	$ (881,440)
1986	3,316,000	(293,590)
1985	2,254,000	164,312
1984	4,021,000	401,041
1983	3,535,000	456,170

	No. of Com. Shares #	Earn. Per Share # +
1987	3,172,216	$ —
1986	3,033,404	—
1985	3,019,111	0.05
1984	2,904,134	0.14
1983	2,737,476	0.17

(Loss)
+ Of continuing operations only.
+ Including extraordinary credits of $143,000 ($0.05 per share) in 1984 and $228,500 ($0.08 per share) in 1983.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Avionics	$ 1,505,372	$ 1,454,587
Monitoring services	1,079,595	—
Aircraft modification	1,523,677	1,861,547
Total	$ 4,108,644	$ 3,316,134

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 1,280,848	$ 0.40
1986	2,135,323	0.70
1985	2,407,994	0.80
1984	2,234,019	0.77
1983	1,373,624	0.50

Based on the weighted average number of shares outstanding.

Income Account *

Year ended April 30	1987	1986
Net sales	$ 4,108,644	$ 3,316,134
Cost of sales	2,488,740	1,802,397
Expenses	1,164,947	761,398
Interest expense	115,682	100,535
Interest income	(45,221)	(24,842)
Income before taxes	$ 424,496	$ 676,646
Income taxes	188,273	299,430
Inc.-cont. oper.	$ 236,223	$ 377,216
Loss-discont. oper.	(1,117,663)	(670,806)
Net Loss	$ (881,440)	$ (293,590)

* Included in Costs and Expenses, Depreciation: $75,265 in 1987 and $23,777 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 30,045	$ 16,476
Accts. receiv., net	1,286,006	1,013,650
Inc. taxes receiv.	—	86,378
Contract receivable	60,328	95,574
* Inventories	2,272,066	2,470,585
Prepaid expenses	34,368	34,971
Current Assets	$ 3,672,813	$ 3,717,634
Note receivable	210,472	293,908
Receiv. from officer	68,802	77,602
Inventories	—	206,000
# Fixed assets	1,169,682	804,643
Other assets	39,497	65,551
Total Assets	$ 5,161,266	$ 5,165,338

Liabilities

Long-term debt, curr.	$ 95,179	$ 14,660
Accts. payable	625,872	629,931
Accruals	695,741	294,877
Curr. Liabilities	$ 1,416,792	$ 739,468
Long-term debt	2,306,000	2,240,000
Equip. notes	107,862	2,451
Deferred comp.	49,764	48,096
+ Common stock	316,916	304,439
Add. paid-in capital	9,515,875	9,501,387
Deficit	(8,551,943)	(7,670,503)
Total Liabilities & Shareholders' Equity	$ 5,161,266	$ 5,165,338

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	1.81	1.34
Debt to Equity	1.97	1.06
Working Capital	$ 2,256,021	$ 2,978,166
Current Ratio	2.59	5.03
Shareholders' Equity	$ 1,280,848	$ 2,135,323

CAE Industries Ltd.

Suite 3060, P.O. Box 30
Royal Bank Plaza
Toronto, Ontario M5J 2J1 Canada
(416) 865-0700

Officers: R. Fraser Elliott, chairman of the board; C. Douglas Reekie, vice chairman; David H. Race, president & chief executive officer; John E. Caldwell, v.p.-finance and secretary; John G. Mackay, v.p.-operations; Frederick C. Fraser, v.p.-corp. relations; Donald M. Derouin, comptroller & asst. secretary.

Directors: R. Fraser Elliott, chairman; C. Douglas Reekie, P.L.P. Macdonnell, G. Drummond Birks, Pierre Cote, Ward C. Pitfield, E. Jacques Courtois, J.D. Creighton, J.W. McCutcheon, Michael M. Koerner, D.H. Race, F.C. Williamson.

Areas of Work: CAE Industries Ltd. is a Canadian-owned holding and management company with operating divisions across Canada. These divisions are engaged in electronics, aviation, and industrial products manufacturing and service for a wide variety of industries, and in the distribution of machine tools, industrial equipment and supplies from coast to coast. The company also has an electronic division in West Germany. Approximately 60% of the company's manufactured products sales are to export markets. CAE divisions specialize in high technology products and services.

Subsidiaries:

CAE Machinery Ltd.
3550 East Broadway
Vancouver, B.C., Canada
(604) 299-3431
Engineered products, including headmills, log carriages, edger optimizers, chippers, chip screens, disc waferizers and resin blending equipment, pulp and paper equipment refurbishing, ferrous metal casting.

USP Industries Inc.
72 Queen Street
Lennoxville, Quebec, Canada
(814) 562-4754
Perforated, drilled and slotted stainless steel screen plates and baskets, chrome and nickel plating.

Northwest Industries Limited
Industrial Airport
P.O. Box 517
Edmonton, Alberta, Canada
(403) 455-3161
Aircraft inspection, maintenance, overhaul, modification, repair and technical support; technical publications.

Canadian Bronze Company Limited
15 Bury Street
Winnipeg, Manitoba, Canada
(204) 786-6821
Journal and diesel locomotive suspension bearings, diesel cylinder liner replating, axle plating and machining, wheel set maintenance and reconditioning, aluminium and bronze castings.

CAE Electronics Ltd.
8585 Cote de Liesse Road
St. Laurent 377
Montreal, Quebec, Canada
(514) 341-6780
Commercial and military aircraft and helicopter flight simulators, energy management systems, nuclear power plant control systems and simulators, shipboard propulsion machinery control systems, airborne magnetic anomaly detection systems, air defense training systems, air traffic control systems, telerobotic systems, systems engineering and weapons systems software support for tactical aircraft.

CAE Fiberglass Ltd.
219 Jamieson Bowe Road
Belleville, Ontario, Canada
Filament wound fiberglass underground fuel storage tanks.

CAE Electronics GmbH
Steinfurt II
Stolberg, Aachen, West Germany
Maintenance, upgrading and support of military flight, tactics and radar simulators; production of training aids, electronic warfare flight simulator sub-systems, air crew selection systems and commercial telecommunications and data handling systems.

CAE Metal Abrasive Division
650 Rushmore Road
Welland, Ontario L3B 5R4 Canada
(416) 735-4691
Steel shot and grit.

Transfer Agent(s):

Montreal Trust Company
Montreal, Quebec, Canada
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: CAE

Number of Employees:

1987	4,200	1984	4,065
1986	5,125	1983	3,558
1985	4,892		

Sales & Earnings

	Revenue +	Net Income #
1988	$ 341,829,000	$ 31,089,000
1987	361,627,000	33,409,000
1986	207,026,000	24,370,000
1985	223,312,000	30,410,000
1984	196,027,000	22,743,000

	No. of Com. Shares x	Earn. per Share‡ #
1988	77,209,617	$ 0.40
1987	76,685,556	0.44
1986	76,105,262	0.34
1985	71,725,700	0.43
1984	71,175,146	0.32

+ Of continuing operations only.
# Including extraordinary gains of $2,217,000 ($0.03 per share) in 1988, $795,000 ($0.01 per share) in 1987, $1,313,000 ($0.02 per share) in 1986 and extraordinary loss of $412,000 ($0.01 per share) in 1985.
x Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.16	—	—
1987	0.16	—	2-for-1
1986	0.14	—	—
1985	0.10	—	2-for-1
1984	0.05	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	194,900,000	$ 2.52
1987	173,698,000	2.28
1986	150,129,000	1.97
1985	97,613,000	1.36
1984	73,326,000	1.03

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended March 31	1988	1987
Revenue	$ 341,829	$ 361,627
Cost of sales & expenses	291,885	306,498
Depreciation & amortization	8,700	6,667
Interest expense	208	641
Interest income	(10,989)	(7,093)
Income before taxes	$ 52,025	$ 54,914
Income taxes	20,393	23,278
Inc.-cont. oper.	$ 31,632	$ 31,636
Inc. (loss)-discont. oper.	(2,760)	978
Net Income	$ 28,872	$ 32,614
Extraord. gain	2,217	795
Net Income & extraord. gain	$ 31,089	$ 33,409

Assets
(000's)

As of March 31	1987	1986
Cash	$ 132,413	$ 90,252
Accts. receiv., net	76,656	66,495
*Inventories	167,646	162,249
Prepaid expenses	1,823	1,542
Net assets-discont. oper.	—	50,440
Current Assets	$ 378,538	$ 370,978
#Fixed assets	59,054	55,008
Other assets	3,570	2,232
Total Assets	$ 441,162	$ 428,218

Liabilities
(000's)

Bank indebtedness	$ 1,803	$ 1,868
Long-term debt, curr.	297	300
Accts. payable & accruals	59,968	59,978
Gov't of Canada loan	3,900	3,900
Income & other taxes	2,211	2,161
Deposits on contracts	170,954	181,033
Curr. Liabilities	$ 239,133	$ 248,240
Long-term debt	3,796	2,878
Deferred income taxes	1,973	2,251
Minority interest	1,360	1,151
+Capital stock	52,100	49,651
Retained earnings	142,800	124,047
Total Liabilities & Shareholders' Equity	$ 441,162	$ 428,218

* At lower of average cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	14.81	18.78
Debt to Equity	0.03	0.03
Working Capital	$ 139,405,000	$ 122,738,000
Current Ratio	1.58	1.49
Shareholders' Equity	$ 194,900,000	$ 173,698,000

California Microwave, Inc.

990 Almanor Avenue
Sunnyvale, California 94086
(408) 732-4000

Officers: David B. Leeson, chief executive officer; Gilbert F. Johnson, president & chief operating officer; David E. Hershberg, v.p. & pres.-Satellite Transmission Sys., Inc. & Govt. Comm. Sys. Div.; George L. Spillane, v.p.-finance, chief financial officer & secretary; Joseph Russell, v.p. & president-Government Electronics Division; E. Russell Hardy, v.p. & president-Defense Products Division.

Directors: David B. Leeson, chairman; Robert A. Helliwell, David E. Hershberg, Gilbert F. Johnson, Oswald G. Villard, Jr., Thomas D. Sege, Daniel J. McGanney, Jr..

Areas of Work: Active in four related product areas--satellite communications systems, airborne intelligence systems, defense satellite and radar equipment, and telephone transmission test systems.

Divisions and Subsidiaries:

California Microwave Foreign Sales Corp.
Sunnyvale, California
(408) 732-4000

Government Communications Systems Division
Columbia, Maryland

Microwave Data Systems (80% owned)
Rochester, New York
Data radio equipment.

California Microwave, Inc.

Satellite Transmission Systems, Inc.
80 Oser Avenue
Melbourne, Florida
Hauppauge, New York 11787
(516) 231-1919

Government Electronics Division
Woodland Hills & Mojave, California
Electronic intelligence systems.

Advent Communications Technology, Inc. (82% owned)
San Jose, California
Manufactures telecommunications test equipment.

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CMIC (NASDAQ)

Number of Employees:

1987	780	1984	1,241
1986	946	1983	1,193
1985	1,016		

Plant Footage:

1987	N.A.	1984	365,000
1986	N.A.	1983	365,000
1985	338,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 97,657,000	$ (7,193,000)
1986	104,421,000	4,418,000
1985	105,359,000	4,607,000
1984	112,493,000	5,866,000
1983	101,309,000	5,375,000

	No. of Com. Shares #	Earn. per Share #
1987	7,910,000	$ —
1986	8,086,000	0.55
1985	8,433,000	0.55
1984	8,409,000	0.70
1983	8,318,000	0.65

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 40,137,000	$ 5.00
1986	46,438,000	5.85
1985	46,087,000	5.53
1984	41,856,000	5.01
1983	34,954,000	4.31

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 97,657,000	$ 104,421,000
Cost of sales	82,836,000	75,734,000
Expenses	27,269,000	21,577,000
Interest expense (income)	22,000	(771,000)
Income (loss) bef. taxes	$ (12,520,000)	$ 7,881,000
Income taxes (credit)	(5,327,000)	3,463,000
Net Income (Loss)	$ (7,193,000)	$ 4,418,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,649,000 in 1987 and $3,339,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,701,000	$ 1,396,000
Short-term investments	781,000	2,546,000
Accts. receiv., net	15,519,000	21,701,000
Refund. inc. taxes	3,647,000	—
*Inventories	18,455,000	20,688,000
Prepaid expenses	231,000	538,000
Current Assets	$ 40,333,000	$ 46,869,000
#Fixed assets	11,626,000	12,761,000
Other assets	5,147,000	7,508,000
Total Assets	$ 57,106,000	$ 67,138,000

Liabilities

Notes payable & long-term debt. curr.	$ 3,930,000	$ 870,000
Accts. payable	6,613,000	8,069,000
Accruals	6,305,000	5,825,000
Income taxes	121,000	3,706,000
Curr Liabilities	$ 16,969,000	$ 18,470,000
Long-term debt	—	2,230,000
+Common stock	1,983,000	1,962,000
+Jr. Common stock	23,000	23,000
Add. paid-in capital	16,395,000	15,684,000
Retained earnings	22,421,000	29,614,000
Unamortized stock plan	(445,000)	(605,000)
Notes receivable	(240,000)	(240,000)
Total Liabilities & Shareholders' Equity	$ 57,106,000	$ 67,138,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.55
%Net Income to Sales	—	4.23
%Net Income to Equity	—	9.51
Sales to Inventories	5.29	5.05
Debt to Equity	0.10	0.07
Working Capital	$ 23,364,000	$ 28,399,000
Current Ratio	2.38	2.54
Shareholders' Equity	$ 40,137,000	$ 46,438,000

Canadian Marconi Company

(51.6% owned by The General Electric Co., p.l.c. of England)

2442 Trenton Avenue
Montreal, Quebec H3P 1Y9 Canada
(514) 341-7630

Officers: James F. Grandy, chairman; P. E. Wheatley, president; J. G. McInnes, comptroller; J. Simons, exec. v.p.-electronic group; John R. Killick, sr. v.p.; A. H. Grant, v.p.-Special Services Div.; C. Filiatrault, v.p., secretary & general counsel; C. St. Arnaud, sr. v.p.-international marketing; G. Stuurop, treasurer; Andre Massicotte, v.p.-human resources/administration; J. J. Kelly, v.p.-finance; L. Noel, v.p.-Defence Communications Division; D. Rosenthal, v.p.-Components Division; J. Bedford, v.p.-Data Communications Products Division.

Directors: I. D. Sinclair, T. S. Dobson, R. O. Beauchemin, J. F. Grandy, P. E. Wheatley, P. P. Ralph, W. I. M. Turner, Jr., R. J. Williams, W. H. Alexander, D. Powell.

Areas of Work: Engaged in the manufacture of highly engineered electronic products for defense and civil use.

Divisions and Subsidiaries:

Avionics Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9 Canada
(514) 341-7630
Engineering, manufacturing, marketing and servicing of Airborne Doppler Navigation systems, automatic Omega receivers, Area Navigation systems, Satellite position location equipment, aircraft instrumentation displays. Manufacturing and marketing printed wiring boards.

DataComm Products Division
415 Legget Drive
Kanata, Ontario K2K 2B2 Canada
(613) 592-6500
Multiprocessor-based telex switching systems, time division multiplexers, loop adaptors, voice frequency telegraph products.

Special Services Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9 Canada
(514) 341-7630
Installs radar, communications and air navigation equipment and systems, and operates defense communications and detection systems. Operates repair and overhaul shops for radar, sonar, communications equipment and diesel electric generators, and an approved test equipment repair and calibration laboratory.

Defence Communications Division
2442 Trenton Avenue
Montreal, Quebec H3P 1Y9 Canada
(514) 341-7630
Engineering, manufacturing and marketing for commercial and military land-based microwave communications equipment, ancillaries, and associated supporting test equipment.

Components Division
2442 Trenton Avenue
Montral, Quebec H3P 1Y9 Canada
(514) 341-7630
Designs, manufactures and markets electronic components including multi-layer printed circuit boards, thin film, thick film and hybrid microcircuits, magnetic devices, illuminated panels, alpha-numeric displays and power supplies.

Radar Division
415 Legget Drive
Kanata, Ontario K2K 2B2 Canada
(613) 592-6500
Develops, manufactures and markets surveillance radar transmitter/receivers, antennas, signal processing equipment and systems for commercial and military use on land and sea.

CMC Electronics, Inc.
20 Meridian Road
Eatontown, New Jersey 07724
(201) 389-2522
Design, development, and manufacture of communications products. Expertise in RF design work. Repair and overhaul of company's avionics and communications equipment.

Transfer Agent(s):

Montreal Trust Company
1 Place Ville Marie
777 Dorchester Boulevard West
Montreal H3B 4A5 Canada

Stock Exchange(s): American, Montreal, Toronto

Ticker Symbol: CMW

Number of Employees

1988	2,957	1985	2,791
1987	2,729	1984	2,731
1986	2,668		

Plant Footage

1988 ..... 723,000 sq. ft. 1987 650,000

Sales & Earnings‡

	Revenues	Net Income†
1987	$ 227,722,000	$ 26,836,000
1986	226,634,000	25,841,000
1985	313,925,000	52,088,000
1984	256,131,000	37,568,000
1983	198,627,000	18,790,000

	No. of Com. Shares +	Earn. per Share†
1987	23,772,768	$ 1.13
1986	23,772,768	1.09
1985	23,772,768	2.19
1984	23,772,768	1.58
1983	23,772,768	0.79

‡ In Canadian dollars.
+ Adjusted to reflect stock split.
† Including extraordinary loss of $789,000 ($0.03 per share) in 1986.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.28	—	—
1986	0.29	—	—
1985	0.27	—	—
1984	0.2325	—	4-for-1
1983	0.2125	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 216,853,000	$ 9.12
1986	196,673,000	8.27
1985	176,972,000	7.44
1984	131,303,000	5.52
1983	99,262,000	4.18

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended March 31	1987	1986
Revenues	$ 227,722	$ 226,634
Cost & expenses	180,080	180,296
Depreciation	8,878	9,217
Interest expense	180	351
Income before taxes	$ 38,584	$ 36,770
Income taxes	11,748	10,140
Net Income	$ 26,836	$ 26,630
Extraord. loss	—	(789)
Net Income & extraord. loss	$ 26,836	$ 25,841

Assets
(000's)

As of March 31	1987	1986
Cash & temp. invest.	$ 166,846	$ 157,961
Accts. receiv., net	44,341	40,824
Inc. taxes refundable	—	3,660
*Inventories	35,056	33,252
Prepaid expenses	360	632
Current Assets	$ 246,603	$ 236,329
#Fixed assets	32,460	26,170
Total Assets	$ 279,063	$ 262,499

Liabilities
(000's)

Accts. payable & accruals	$ 52,097	$ 56,059
Income taxes	3,940	4,138
Curr. Liabilities	$ 56,037	$ 60,197
Long-term debt	2,826	2,853
Deferred inc. taxes	3,347	2,776
+ Capital stock	10,216	10,216
Retained earnings	206,637	186,457
Total Liabilities & Shareholders' Equity	$ 279,063	$ 262,499

* At lower of cost or est. net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	16.94	11.75
%Net Income to Revenues	11.78	11.40
%Net Income to Equity	12.38	13.54
Debt to Equity	0.01	0.01
Working Capital	$ 190,566,000	$ 176,132,000
Current Ratio	4.40	3.93
Shareholders' Equity	$ 216,853,000	$ 196,673,000

Canon, Inc.

7-1, Nishi-shinjuku 2-chome
Shinjuky-ku, Toyko 163 Japan

Directors: Ryuzaburo Kaku, president & representative director; Keizo Yamaji, exec. v.p. & representative director; Hajime Mitarai, senior managing & representative director; Shigeru Nishioka, senior managing director; Kazuo Naito, managing director; Torakiyo Yamanaka, managing director; Masahiro Tanaka, managing director; Hiroshi Tanaka, managing director; Hideharu Takemoto, managing director; Fujio Mitarai, managing director; Soichi Takikawa, director & advisor; Yutaka Nasu, Takeshi Goshima, Keishi Fukuda, Takeshi Mitarai, Minoru Murata, Shinichiro Nagashima, Koichi Sukegawa, Tsuneo Enome, Giichi Marushima, Raiji Shirahase, Toshio Endo, Ryozo Hirako.

Areas of Work: Manufactures and markets lines of cameras, business machines, and advanced optical products for the semiconductor, broadcasting, and medical fields. Products include electronic typewriters, wordprocessors, facsimile transceivers, microcomputers, laser beam printers, copies, calculators, SLR (single-lens reflex) cameras and video equipment, lenses for SLR, rangefinder and video cameras, precision components such as floppy disk drives, magnetic heads, SLR components and micrographics, medical diagnostic machines, television broadcast lenses, ultraprecise optical components, 35mm rangefinder cameras, copies accessories, micromotors for audio and video products and computers, and a full line of semiconductor production equipment.

Manufacturing Subsidiaries

Canon Electronics, Inc.
Manufactures precision components such as floppy disk drives, magnetic heads, SLR components and micrographics.

Copyer Co., Ltd.
Manufactures copiers and copier supplies.

Canon Precision, Inc.
Manufactures micromotors used in audio products, video tape recorders, business machines and computers.

Canon Seiko Co., Ltd.
Manufactures molded parts and electronic flash guns.

Oita Canon, Inc.
Manufactures 35mm rangefinder cameras.

Dai-Ichi Seiki Kogyo Co., Ltd.
Produces cartridges and accessories for copiers.

Canon Chemical Co., Inc.
Produces rollers and blades for copiers.

Canon Components, Inc.
Manufactures hybrid ICs and other high-tech components.

Canon Inc., Taiwan
Manufactures 35mm rangefinder cameras and micromotors for audio products.

Canon Giessen GmbH
West Germany
Manufactures plain paper copiers.

Canon Bretagne S.A.
France
Manufactures electronic typewriters and facsimile transceivers.

Canon Business Machines, Inc.
California U.S.A.
Produces consumables for copiers and electronic typewriters.

Canon Virginia, Inc.
Virginia U.S.A.
Manufactures copiers.

Major Marketing Subsidiaries

Canon U.S.A., Inc.
One Canon Plaza
Lake Success, New York 11042 U.S.A.

Canon Canada, Inc.
6390 Dixie Road
Mississauga, Ontario L5T 1P7 Canada

Canon Europa N.V.
Van Leijenberghlaan 221
P.O. Box 7907
1008 AC Amsterdam, The Netherlands

Canon U.K. Ltd.
Canon House
Manor Road
Wallington Surrey SM6 OAJ United Kingdom

Canon France S.A.
Centre d'Affaires Paris-Nord
Immeuble le Bonaparte
Le Blanc Mesnil 93150 France

Canon Latin America, Inc.
Apartado 7022
Panama 5 Republic of Panama

Canon Australia Pty. Ltd.
1/37 Waterloo Road
North Ryde
Sydney N.S.W. 2113 Australia

Canon Singapore Pte. Ltd.
95 South Bridge Road #13-01/15
South Bridge Centre
Singapore 0105

Canon Hong Kong Trading Co., Ltd.
Room 1101-3 & 1121-2 - Peninsula Centre
67 Mody Road - Tsimshatsui East
Kowloon, Hong Kong

Canon, Inc.

Transfer Office:

The Yasuda Trust & Banking Co., Ltd.
2-1, Yaesu 1-chome
Chuo-ku
Tokyo 103 Japan

Depositary and Agent for ADRs:

Morgan Guaranty Trust Company of New York
23 Wall Street
New York, New York 10015 U.S.A.

Stock Exchange(s): Toyko, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Japan; Luxembourg, Frankfurt, over-the-counter (U.S.A.)

Ticker Symbol: CANNY (NASDAQ-U.S.A.)* *Trades as an American Depositary Receipt (ADR)

Number of Employees:

1987	37,521	1984	30,302
1986	35,498	1983	27,266
1985	34,129		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	¥ 976,711,000	¥ 13,244,000
1986	889,217,000	10,728,000
1985	955,780,000	37,056,000
1984	830,388,000	35,029,000
1983	657,325,000	28,420,000

	No. of Com. Shares‡	Earn. per Share‡
1987	679,160,000	¥ 21.61
1986	678,280,000	18.34
1985	661,142,000	58.72
1984	613,776,000	58.99
1983	586,793,000	50.94

¥ - Yen
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Cameras	¥ 177,729,000	¥ 159,106,000
Business machines:		
Copiers	393,581,000	368,558,000
Other	342,895,000	290,630,000
Optical & other products	62,506,000	70,923,000
Total	¥ 976,711,000	¥ 889,217,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 10.00	—	—
1986	12.50	—	—
1985	12.50	—	—
1984	10.87	—	—
1983	10.38	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1987	¥ 371,198,000	¥ 546.57
1986	336,456,000	496.04
1985	333,148,000	503.90
1984	304,310,000	495.80
1983	264,629,000	450.98

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(millions)

Year ended Dec. 31	1987	1986
Net sales	¥ 976,711	¥ 889,217
Cost of sales	592,174	532,048
Expenses	338,231	327,108
Interest expense	23,924	21,407
Interest income	(16,378)	(17,357)
Other income	(1,477)	(1,748)
Income before taxes	¥ 40,237	¥ 27,759
Income taxes	25,210	17,942
Minority interests	1,783	(911)
Net Income	¥ 13,244	¥ 10,728

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 58,964,000,000 in 1987 and ¥ 56,854,000,000 in 1986.

Assets
(millions)

As of Dec. 31	1987	1986
Cash	¥ 252,576	¥ 135,860
Marketable securities	154,085	123,717
Accts. receiv., net	163,410	168,946
*Inventories	219,666	248,349
Prepaid expenses	38,158	37,521
Current Assets	¥ 827,878	¥ 714,393
Receivables & restricted funds	21,636	23,803
Investments	26,084	21,862
#Fixed assets	236,637	231,424
Other assets	21,646	18,022
Total Assets	¥ 1,133,881	¥ 1,009,504

Liabilities
(millions)

Short-term loans	¥ 224,499	¥ 221,940
Accts. payable	169,908	165,077
Accruals	33,595	30,288
Income taxes	19,540	5,414
Other current liabilities	31,941	29,061
Curr. Liabilities	¥ 479,483	¥ 451,780
Long-term debt	222,784	166,722
Retirement benefits	10,908	10,921
Minority interest	49,508	43,625
+Common stock	35,873	30,728
Add. paid-in capital	184,400	151,164
Legal reserve	7,970	7,213
Retained earnings	172,766	166,947
For curr. trans. adjust.	(29,811)	(19,596)
Total Liabilities & Shareholders' Equity	¥ 1,133,881	¥ 1,009,504

* At lower of cost (average) or market; foreign at FIFO.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.12	3.12
%Net Income to Sales	1.36	1.21
%Net Income to Equity	3.57	3.19
Sales to Inventories	4.45	3.58
Debt to Equity	1.20	0.56
Working Capital (000's)	¥ 348,395,000	¥ 262,613,000
Current Ratio	1.73	1.58
Shareholders' Equity (000's)	¥ 371,198,000	¥ 336,456,000

Canrad Inc.

100 Chestnut Street
Newark, New Jersey 07105
(201) 589-4300

Officers: Carl Krieger, chairman; Harry J. Shutt, president; Richard W. Noble, treasurer, controller & asst. secretary; Daniel P. Lund, secretary.

Directors: Carl Krieger, chairman; John F. Read, Carl N. Singer, Sheldon Feinberg, Philip LeBoutillier, Jr., Jonathon P. Schwartz, Harry J. Shutt.

Divisions and Subsidiaries:

Hanovia Lamp Inc.
Newark, New Jersey
Designs, develops and produces plasma arc lamps and related equipment including commercial and industrial ultraviolet products.

Strong International
Omaha, Nebraska
Designs, develops and manufactures projection systems and high intensity lighting equipment.

Ballantyne of Omaha, Inc.
Omaha, Nebraska
Manufactures 35mm and 70mm movie projectors, sound equipment, and theater automation equipment and a line of restaurant equipment.

Colight
Minneapolis, Minnesota
Manufactures and markets photo exposure equipment for printed circuit board manufacturing industry.

Special Products Manufacturing Inc.
Binghamton, New York
Manufactures, assembles and sells wave guides and other components for microwave transmissions, and offers machining, plating and assembly services on a contract basis.

Acquisitions:

Wilson Instruments
Binghamton, New York
Manufactures, assembles, sells and services hardness, microhardness and tensile testing equipment.

Rockwell Hardness Testers, Ltd.
Stourport-on-Severn, England
Sells and services hardness, microhardness and tensile testing equipment.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CNRD (NASDAQ)

Number of Employees:

1987	585	1985	457
1986	N.A.		

N.A. - Not Available.

Plant Footage:

1987 ..... 374,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 44,366,000	$ 844,000
1986	36,606,000	1,530,000
1985	29,652,000	741,009
1984	27,167,000	889,334
1983	19,735,000	(300,226)

	No. of Com. Shares†	Earn. per Earn #
1987	1,167,364	$ 0.71
1986	1,102,871	1.29
1985	950,234	0.64
1984	940,942	0.77
1983	882,142	—

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock dividend.
# Based on the weighted average number of common shares and dilutive common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1987	1986
Ultraviolet products	$ 15,735,128	$ 13,115,836
Theatre & restaurant prods.	12,406,794	11,125,710
Telecommunications prods.	14,125,250	10,628,811
Other	2,098,610	1,735,477
Total	$ 44,365,582	$ 36,605,834

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 10,799,591	$ 9.25
1986	9,750,441	8.84
1985	6,388,686 ‡	6.72
1984	5,684,249 ‡	6.04
1983	4,763,836 ‡	5.40

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock dividend.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 44,365,582	$ 36,605,834
Cost of sales	33,219,801	26,327,315
Expenses	8,539,041	6,632,268
Interest expense	901,770	585,866
Terminated tender offer	225,000	—
Income before taxes	$ 1,479,970	$ 3,060,385
Income taxes	635,900	1,530,000
Net Income	$ 844,070	$ 1,530,385

* Included in Costs and Expenses, Depreciation and Amortization: $1,033,355 in 1987 and $673,820 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 152,727	$ 145,000
Accts. receiv., net	7,723,389	5,089,620
Refundable inc. taxes	355,732	—
*Inventories	13,947,134	9,831,072
Other curr. assets	786,978	476,711
Current Assets	$ 22,965,960	$ 15,542,403
#Fixed assets	7,680,865	5,051,107
Other assets	811,268	25,595
Intangibles	440,765	462,639
Total Assets	$ 31,898,858	$ 21,081,744

Liabilities

Long-term debt, curr.	$ 201,259	$ 22,610
Accts. payable	4,120,093	2,756,536
Accruals	2,038,773	1,376,119
Income taxes	73,565	32,845
Curr. Liabilities	$ 6,433,690	$ 4,188,110
Long-term debt	12,578,779	6,565,355
Deferred inc. taxes	816,339	577,838
Other long-term liabilities	1,270,460	—
+Common stock	875,523	827,153
Add. paid-in capital	7,043,148	6,655,985
Ret. earnings	2,464,355	2,309,803
Curr. trans. adj.	87,732	—
Unearned comp.	(31,167)	(42,500)
Total Liabilities & Shareholders' Equity	$ 31,898,858	$ 21,081,744

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.75 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.34	8.36
%Net Income to Sales	1.90	4.18
%Net Income to Equity	7.82	15.70
Sales to Inventories	3.18	3.72
Debt to Equity	1.18	0.68
Working Capital	$ 16,532,270	$ 11,354,293
Current Ratio	3.57	3.71
Shareholders' Equity	$ 10,799,591	$ 9,750,441

Carco Electronics

195 Constitution Drive
Menlo Park, California 94025
(615) 321-8174

Officers: John M. Carter, president; William M. Schultz, v.p. & administrative asst.; Rudy Schneider, v.p.-engineering; John A. Watson, v.p.-new products; Samuel R. Curless, vice president-manufacturing; William M. Spont, vice president & technical asst.; Hugh D. Carter, v.p.-production; William R. Meckfessel, treasurer; Helen D. Carter, secretary; Rochelle R. Schneider, assistant secretary.

Directors: John M. Carter, A. William Bloom, Emmet G. Cameron, Robert P. Nelson, Jr., Richart T. Orth.

Area of Work: Two major product lines are flight motion simulators and microwave test systems.

Transfer Agent(s):

Carco Electronics
195 Constitution Drive
Menlo Park, California

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987 75

Plant Footage:

1987	20,000 sq. ft.	1984	20,000
1986	20,000	1983	20,000
1985	20,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 7,999,577	$ 392,256
1986	6,189,520	132,264
1985	6,440,665	286,577
1984	4,869,945	80,791
1983	5,452,717	405,709

	No. of Com. Shares +	Earn. per Share‡
1987	401,510	$ 0.97
1986	401,510	0.33
1985	401,510	0.71
1984	401,010	0.20
1983	401,010	0.99

‡ Based on the weighted average number of common shares and common share equivalents outstanding.
+ Class A and Class B shares combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.10	—	—
1986	0.10	—	—
1985	0.06	—	—
1984	0.12	—	—
1983	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 2,805,264	$ 6.99
1986	2,453,159	6.11
1985	2,361,046	5.88
1984	2,097,592	5.23
1983	2,064,763	5.15

+ Based on Class A and Class B stock combined.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 7,999,577	$ 6,189,520
Cost of sales	5,761,760	4,733,630
Expenses	1,503,233	1,183,584
Interest expense	33,476	52,128
Income before taxes	$ 701,108	$ 220,178
Income taxes	308,852	87,914
Net income	$ 392,256	$ 132,264

* Included in Costs and Expenses, Depreciation: $39,046 in 1987 and $37,031 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 104,129	$ 134,400
Accts. receiv.	1,359,588	739,613
Income tax receivable	—	99,636
Costs & earn. in exc. of billings	2,320,833	1,258,029
* Inventories	445,613	490,917
Prepaid expenses	57,009	46,019
Deferred inc. taxes	26,083	7,192
Current Assets	$ 4,313,257	$ 2,775,806
# Fixed assets	157,755	154,341
Other assets	7,450	9,450
Total assets	$ 4,478,462	$ 2,939,597

Liabilities

Accts. payable	$ 569,401	$ 230,420
Accruals	902,185	185,028
Accrued inc. taxes	237,293	—
Billings in exc. of costs	346,847	57,814
Curr. Liabilities	$ 1,655,726	$ 473,262
Deferred inc. taxes	17,472	13,176
+ Capital stock:		
Class A	35,189	35,189
Class B	15,000	15,000
Add. paid-in capital	288,843	288,843
Retained earnings	2,466,232	2,114,127
Total Liabilities & Shareholders' Equity	$ 4,478,462	$ 2,939,597

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ No par value; $0.125 stated value.

Statistical Summary

%Income bef. Taxes to Sales	8.76	3.56
%Net Income to Sales	4.90	2.14
%Net Income to Equity	13.98	5.39
Sales to Inventories	17.95	12.61
Working Capital	$ 2,657,531	$ 2,302,544
Current Ratio	2.61	5.87
Shareholders' Equity	$ 2,805,264	$ 2,453,159

Cetec Corporation

9900 Baldwin Place
El Monte, California 91731
(818) 442-8840

Mailing Address:
P.O. Box 5348
El Monte, California 91734

Officers: Hugh P. Moore, chairman; Robert A. Nelson, president & chief exec. officer; Rodney K. Madsen, vice president; Rodney C. Minium, vice president; Richard P. Drake, vice president; George M. McCollister, secretary & treasurer; Theodore J. Budzan, asst. secretary; Paul E. Sexton, asst. secretary.

Directors: Hugh P. Moore, chairman; Richard A. Campbell, Robert C. Sherburne, John E. Fields, Richard C. Fuller, Robert A. Nelson, Edwin B. Kanner.

Area of Work: Major business segments include communications and related products and industrial products. Operations in the communications segment consist primarily of the design, manufacture and marketing of commercial sound products, wireless microphones, communication signaling products, professional audio duplicating equipment, loudspeakers, automatic pilots for the boating industry, and computer software systems for distributors and manufacturers. The industrial segment produces rigid, semi-rigid, and flexible extruded vinyl products having numerous applications, and a variety of injection molded products.

Divisions and Subsidiaries:

Cetec Anco Division
1720 North Santa Anita Avenue
South El Monte, California 91733
(818) 579-1900
Manufacturers extruded vinyl products for construction, model homes, electronic and furniture industries.

Cetec Bunmar Division
3320 West MacArthur Boulevard
Santa Ana, California 92704
(714) 540-5120
Produces automatic pilots for the pleasure yachting and commercial markets.

Cetec Gauss Divisi
9130 Glencoaks Boulevard
Sun Valley, California 91352
(213) 875-1900
Professional audio and duplicating equipment, and loudspeakers.

Cetec Vega Division
P.O. Box 5346
9900 Baldwin Place
El Monte, California 91731
Products include wireless microphone systems, microphones, tone and analog telemetry systems and components.

Cetec International Ltd.
Unit 15, North Field, Industrial Estate
Beresford Avenue
Wembley, Middlesex HA0 1YB England
Markets and services U.S. - built Cetec products lines in Europe.

Cetec Guardian Division
1428 North Manzanita Street
Orange, California 92667
(714) 633-3092
Supplies injection-molded plastic containers and components to the health care and electronics industries.

Cetec Ivie
1366 West Center Street
Orem, Utah 84057
(801) 224-1800
Provides high-quality sound reinforcement systems and acoustic instrumentation for use in outdoor stadiums, concert halls and public meeting places.

Cetec Raymer
13278 Ralston Avenue
Sylmar, California 91342
(818) 362-9516
Manufactures equipment for commercial sound applications involving paging, security and distributed music systems.

Cetec Software Services
6101 Ball Road, Suite 301
Cypress, California 90630
(714) 229-0928
Provides software solutions for the electronics distribution industry.

Original Cylinder Corporation
652 West 18th Street
Los Angeles, California 90015
(213) 747-9487
Remanufactures replacement parts for the the automobile aftermarket.

Transfer Agent(s):

First Interstate Bank
707 Wilshire Boulevard
Los Angeles, California 90017

Stock Exchange(s): American, Pacific

Ticker Symbol: CEC

Number of Employees:

1987	455	1984	664
1986	446	1983	677
1985	583		

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 33,766,000	$ 627,000
1986	31,002,000	50,000
1985	33,598,000	(1,258,000)
1984	35,859,000	1,961,000
1983	34,291,000	1,415,000

	No. of Com. Shares #	Ear per Share: #
1987	1,844,000	$ 0.34
1986	1,988,000	0.02
1985	2,212,000	—
1984	2,269,000	0.86
1983	2,296,000	0.61

(Loss)
‡ Of continuing operations only.
# Based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Cetec broadcast group	21,643,000	20,767,000
Cetec industrial group	12,141,000	10,244,000
Miscellaneous & eliminations	(18,000)	(9,000)
Total	$ 33,766,000	$ 31,002,000

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 11,544,000	$ 6.26
1986	11,731,000	5.90
1985	13,413,000 ‡	6.06
1984	16,250,000 ‡	7.16
1983	15,001,000 ‡	6.53

‡ After allowing for preferred shares at redemption value of $10 per share.
# Based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Income Account°

Year ended Dec. 31	1987	1986
Net sales	$ 33,766,000	31,002,000
Cost of sales	23,764,000	21,797,000
Expenses	8,979,000	8,220,000
Interest expense	244,000	538,000
Income before taxes	$ 779,000	$ 447,000
Income taxes	152,000	13,000
Inc. - cont. oper.	$ 627,000	$ 434,000
Loss - discont. oper.	—	(384,000)
Net Income	$ 627,000	$ 50,000

° Included in Costs and Expenses, Depreciation and Amortization: $1,056,000 in 1987 and $1,283,000 in 1986.

Assets

	1987	1986
Cash	$ 4,381,000	$ 5,168,000
Accts. receiv., net	3,887,000	3,161,000
Refund. inc. taxes	307,000	742,000
°Inventories	4,210,000	4,067,000
Prepaid expenses	951,000	809,000
Current Assets	$ 13,736,000	$ 13,947,000
#Fixed Assets	4,908,000	5,040,000
Other assets	140,000	86,000
Intangibles	1,248,000	1,333,000
Total Assets	$ 20,032,000	$ 20,406,000

Liabilities

Long-term debt, curr.	$ 836,000	$ 877,000
Accts. payable	1,328,000	1,304,000
Accruals	1,741,000	1,753,000
Accrued payroll	1,071,000	763,000
Income taxes	486,000	295,000
Curr. Liabilities	$ 5,462,000	$ 4,992,000
Long-term debt	2,203,000	3,178,000
Deferred inc. taxes	823,000	505,000
+Common stock	22,000	22,000
Add. paid-in capital	6,389,000	6,386,000
Retained earnings	6,672,000	6,408,000
Treasury stock	(1,539,000)	(1,085,000)
Total Liabilities & Shareholders' Equity	$ 20,032,000	$ 20,406,000

° At lower of cost (FIFO and LIFO) or market.
Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Equity	5.43	0.43
Sales to Inventories	8.02	7.62
Debt to Equity	0.26	0.35
Working Capital	$ 8,274,000	$ 8,955,000
Current Ratio	2.51	2.79
Shareholders' Equity	$ 11,544,000	$ 11,731,000

Chelsea Industries, Inc.

1360 Soldiers Field Road
Boston, Massachusetts 02135
(617) 787-9010

Officers: Ronald G. Casty, chairman of the board & president; Norman S. Dunn, exec. v.p. & treas.; David L. Phillips, v.p.-plastic products; Edward Kahn, corp. controller; Emil S. Bernstein, v.p.-finance & corp. development; Milton A. Graff, v.p.-control & administration; Robert M. Rosen, clerk; Winston Stalcup, v.p.-distribution.

Directors: Ronald G. Casty, Robert D. Buzzell, Emil S. Bernstein, Gilbert Freeman, David L. Phillips, James S. Shulman, Norman S. Dunn, Harold R. Logan, A. M. MacKinnon.

Divisions and Subsidiaries:

Distribution Group

RS Electronics, Inc.
Livonia, Michigan

Oliva/RS Electronics
St. Louis, Missouri

Fairmont Electronic Sales Corp.
Hauppauge, New York
Broad-line distributors of industrial electronic components sold primarily to industrial organizations, OEM's and dealers. Products include semiconductors, integrated circuits, electromechanical devices (such as relays, switches, connectors, wire and cable), passive components (including resistors and capacitors) and other such related products as micro-systems, computers and test instruments.

Plastic Products Group

Maynard Plastics, Inc.
Salem, Massachusetts 01970
(617) 744-8000
Manufacturers flexible and rigid plastic profile extrusions used in applications including simulated wood trim, weather stripping, trim for luggage and automobile interiors, carriers for integrated circuits, plastic net for product bags, garment bags and high density retail merchandise bags. Also extrudes rigid vinyl replacement window systems components.
Pittsburgh, Pennsylvania, and Peabody, Massachusetts

Webster Industries, Inc.
Montgomery, Alabama
Macomb, Illinois
Peabody, Massachusetts 01960
(617) 532-2000
Polyethylene film for food, textile, dry cleaning and other packaging requirements.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: CHD

Number of Employees:

1987 ..... N.A. 1986 1,400

N.A. - Not Available.

Sales & Earnings

	Net Sales #	Net Income
1987	$ 170,744,000	$ 1,652,000
1986	179,510,000	7,206,000
1985	184,527,000	6,423,000
1984	199,605,000	5,784,000
1983	145,505,000	5,678,000

	No. of Com. Shares +	Earn. per Share +
1987	2,237,000	$ 0.74
1986	2,589,000	2.78
1985	2,562,000	2.51
1984	2,634,000	2.20
1983	2,654,000	2.14

Of continuing operations only.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Plastic prods.	$ 134,835	$ 122,925
Industrial	2,851	20,168
Distribution	33,058	36,417
Total	$ 170,744	$ 179,510

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.72	—	—
1986	0.72	—	—
1985	0.705	—	—
1984	0.66	—	—
1983	0.645	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 41,958,000	$ 18.76
1986	56,918,000	21.98
1985	50,708,000	19.79
1984	45,724,000	17.36
1983	44,235,000	16.67

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	10/4/87	9/27/86
Net sales	$ 170,744	$ 179,510
Cost of sales	116,765	121,271
Expenses	50,538	47,332
Gain on sales of bldgs.	(617)	(1,394)
Interest & debt. exp.		
exp. (income)	684	(1)
Income before taxes	$ 3,374	$ 11,702
Income taxes	1,722	4,496
Net Income	$ 1,652	$ 7,206

* Included in Costs and Expenses, Depreciation: $3,542,000 in 1986.

Assets
(000's)

As of	10/4/87	9/27/86
Cash	$ 3,488	$ 22,111
Accts. receiv., net	25,351	24,813
*Inventories	25,304	23,533
Prepaid expenses	2,731	4,032
Current Assets	$ 56,874	$ 74,489
#Fixed assets	25,408	24,507
Other assets	1,993	1,673
Intangibles	433	1,020
Total Assets	$ 84,608	$ 101,689

Liabilities
(000's)

Long-term debt, curr.	$ 945	$ 1,870
Accts. payable	15,718	13,037
Accruals	3,160	4,098
Income taxes	2,336	3,368
Curr. Liabilities	$ 22,159	$ 22,373
Long-term debt	16,587	19,642
Deferred pension oblig.	1,121	1,171
Deferred inc. taxes	2,783	1,585
+ Common stock	3,467	3,619
Add. paid-in capital	15,428	14,212
Retained earnings	47,311	47,280
Treasury stock	(24,248)	(7,993)
Total Liabilities & Shareholders' Equity	$ 84,608	$ 101,689

* At lower of cost (FIFO) or market; plastics group at LIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	1.98	6.52
% Net Income to Sales	0.97	2.90
% Net Income to Equity	3.94	7.90
Sales to Inventories	6.75	7.63
Debt to Equity	0.42	0.38
Working Capital	$ 34,715,000	$ 52,116,000
Current Ratio	2.57	3.33
Shareholders' Equity	$ 41,958,000	$ 56,918,000

Chrysler Corporation

12000 Chrysler Drive
Highland Park, Michigan 48288
(313) 956-5252

Mailing Address:
P.O. Box 1919
Detroit, Michigan 48288-1919

Officers: Lee A. Iacocca, chairman of the board & chief executive officer; Robert S. Miller, Jr., vice chairman; Thomas G. Denomme, group v.p.-corp. planning & external affairs; William J. O'Brien, v.p., general counsel & secretary; Robert A. Perkins, v.p.-Washington affairs; James L. Tolley, v.p.-public affairs; Glenn E. White, v.p.-personnel & organization; Frederick W. Zuckerman, v.p. & treasurer; James D. Donlon, III, controller; Gerald Greenwald, chairman-Chrysler Motors Corporation; Bennett E. Bidwell, pres.-product & marketing; Robert A. Lutz, pres.-operations; Richard E. Dauch, exec. v.p.-manufacturing; Christopher J. Steffen, exec. v.p.-finance; John D. Withrow, exec. v.p.-product development; Joseph E. Cappy, group v.p.-Jeep/Eagle Division; E.T. Pappert, group v.p.-sales; Richard E. Acosta, v.p.-car & truck assembly operations; Baron K. Bates, v.p.-public relations; Ronald R. Boltz, v.p.-advance product planning; Joseph A. Campana, v.p.-Chrysler/Plymouth Division; F.J. Castaing, v.p.-jeep & truck engineering; M.J. Closs, v.p. & pres.-Chrysler Canada Ltd.; Theodor R. Cunningham, v.p.-service & parts operations; Thomas C. Gale, v.p.-product design; G.J. Gicocondi, v.p.-quality & productivity; Michael N. Hammes, v.p.-international operations; David R. Platt, v.p.-procure-

Chrysler Corporation

ment & supply; Erick A. Reickert, v.p. & managing dir.-Chrysler de Mexico, S.A.; Leroy C. Richie, v.p. & general counsel; Leroy H. Runk, v.p. & pres.-Acustar, Inc.; Anthony P. St. John, v.p.-human resources; Ronald L. Stewart, v.p.-advance manufacturing operations; Jerome B. York, v.p.-Dodge Car and Truck Division; John P. Tierney, chairman-Chrysler Financial Corporation; Robert E. Baker, vice chairman-Chrysler Financial Corporation; John M. Bowes, pres.-Chrysler Capital Corporation; James M. Browne, pres.-Chrysler First Inc.; J.E. Farrell, pres.-Chrysler Credit Corporation; James J. Madden, Jr., exec. v.p.-marketing and operations staff-Chrysler Credit Corporation; Robert S. Miller, Jr., pres.-Chrysler Technologies Corporation; John C. Stellman, v.p.-finance & planning-Chrysler Technologies Corporation; James R. Lightner, chairman & pres.-Electrospace Systems, Inc.; Allen E. Paulson, chairman & chief exec. officer-Gulfstream Aerospace Corporation.

Directors: Lee A. Iacocca, chairman; Lilyan H. Affinito, Bennett E. Bidwell, Owen F. Bieber, Anthony J.A. Bryan, Joseph A. Califano, Jr., A. Jean de Grandpre, Gerald Greenwald, Ronald H. Grierson, John H. Johnson, Juanita M. Kreps, Robert J. Lanigan, Robert A. Lutz, Peter A. Magowan, Robert S. Miller, Jr., William G. Milliken, Allen E. Paulson, Harold K. Sperlich, Malcolm T. Stamper, J. Paul Sticht.

Areas of Work: Manufactures, assembles and markets cars, trucks, and related automotive parts and accessories, defense and space products, outboard motors, inboard marine engines and industrial engines, power metal products and chemical products.

Subsidiaries:

Chrysler Technologies Corporation

Gulfstream Aerospace Corporation
Savannah, Georgia
Long Beach, California
Engaged in the design, development, production and sale of general aviation jet aircraft.

Electrospace Systems, Inc.
Richardson, Texas
Engaged in the design, manufacture and installation of command, control and communication systems, aircraft modifications, switching, and intelligence systems and technical services principally for the U.S. Department of Defense.

Chrysler Automotive Operations, Inc.
Chrysler Motors Corporation
Acustar, Inc.
American Motors Corporation
Automotive Financial Services, Inc.
Chrysler International Corporation
Chrysler Canada Ltd. (Canada)
Chrysler International S.A. (Switzerland)
Chrysler de Mexico S.A. (Mexico)
Chrysler Pentastar Aviation, Inc.
Chrysler Financial Corporation

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Montreal Trust Company
Montreal and Toronto, Canada

Stock Exchange(s): New York, Midwest, Pacific, Philadephia, Montreal, Toronto, Paris, London, Frankfurt, Vienna, Geneva, Basel, Zurich, Toyko, Berlin, Munich, Amsterdam, Luxembourg

Ticker Symbol: C (New York)

Number of Employees:

1987	122,745	1984	100,435
1986	115,074	1983	81,478
1985	107,850		

Plant Footage: *

1987	77,622,300 sq. ft.	1984	55,788,400
1986	58,283,100	1983	56,521,900
1985	57,092,500		

* In United States only.

Sales & Earnings +

	Net Sales + (000's)	Net Income + (000's)
1987	$ 26,276,500	$ 1,290,000
1986	22,586,300	1,389,000
1985	21,255,500	1,610,000
1984	19,572,700	2,373,000
1983	13,263,800	701,000

	No. of Com. Shares†	Earn. per Share‡†
1987	218,612,000	$ 5.90
1986	222,324,000	6.25
1985	261,426,000	6.16
1984	278,643,000	8.37
1983	261,089,000	2.57

+ Restated to reflect SFAS No. 91, accounting for fees associated with loans and leases.
+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.
† Including extraordinary gains of $883,900,000 ($3.15 per share) in 1984 and $399,000,000 ($1.53 per share) in 1983.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	0.80	—	3-for-2
1985	0.44	—	3-for-2
1984	0.38	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1987	$ 6,502,600 +	$ 29.74
1986	5,281,000	23.47
1985	4,166,000	15.94
1984	3,282,000	11.78
1983	1,126,000	4.31

+ Restated
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 22,276,500	$ 22,586,300
Eq. in net earn. of unconsol. subsid.	348,900	270,500
Other income	6,100	120,700
Total Income	$ 26,631,500	$ 22,977,500
Cost of sales	21,301,800	18,635,200
Expenses	1,634,300	1,376,800
Depreciation & amortization	875,200	543,600
Pension benefit	470,300	236,300
Interest expense	170,200	32,700
Gains on sales	—	(144,300)
Inc. bef. taxes	$ 2,179,700	$ 2,297,200
Income taxes	890,000	908,000
Net Income	$ 1,289,700	$ 1,389,200

‡ Restated

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash & time deposits	$ 355,400	$ 285,100
Marketable securities	2,054,600	2,394,300
Accts. receiv. net	577,600	372,500
*Inventories	2,552,100	1,699,600
Prepaid pension expense	54,100	348,900
Prepaid expenses	577,000	263,600
Current Assets	$ 6,170,800	$ 5,364,000
Investments & other assets	5,461,900	2,917,800
#Fixed assets	8,311,900	6,117,800
Total Assets	$ 19,944,600	$ 14,399,600

Liabilities
(000's)

Long-term debt, curr.	$ 211,900	$ 119,800
Accts. payable	3,721,700	2,958,300
Short-term debt	73,400	82,200
Accrued liabilities & expenses	2,630,900	1,960,700
Curr. Laibilties	$ 6,637,900	$ 5,121,000
Long-term debt	3,333,200	2,334,100
Def. empl. benefit plan	749,300	289,600
Other liab.	1,525,500	661,300
Deferred income taxes	1,195,800	712,400
+Preferred stock	300	—
++Common stock	244,700	229,800
Add paid-in capital	2,374,300	1,866,600
Retained earnings	4,581,300	3,503,900
Treasury stock	(697,700)	(319,100)
Total Liabilities & Shareholders' Equity	$ 19,944,600	$ 14,399,600

‡ Restated
* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $2.375 cumulative convertible
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.78	10.17
%Net Income to Sales	5.79	6.15
%Net Income to Equity	19.83	26.30
Sales to Inventories	8.73	13.29
Debt to Equity	0.56	0.48
Working Capital	—	$ 243,000,000
Current Ratio	—	1.05
Shareholders' Equity	$ 6,502,900,000	$ 5,281,200,000

Cincinnati Milacron Inc.

4701 Marburg Avenue
Cincinnati, Ohio 45209
(513) 841-8100

Officers: James A. D. Geier, chairman & chief exec. officer; Daniel J. Mayer, president & chief operating officer; David E. Noffsinger, group v.p.; George T. Rehfeldt, group v.p.; Alan L. Shaffer, group v.p.; Christopher C. Cole, v.p.-machine tools; Raymond E. Ross, v.p.-U.S. plastics machinery; D. Michael Clabaugh, v.p.-machine tools-marketing; Theodore Mauser, v.p.-human resources; Richard C. Messinger, v.p. & chief technical officer; William E. Buchholz, v.p.-finance & treasurer; Thomas L. Jennings, controller; Wayne F. Taylor, secretary & corp. counsel; Ronald D. Brown, asst. treasurer.

Directors: James A. D. Geier, chairman; Neil A. Armstrong, Edward W. Asplin, Clark Daugherty, Lyle J. Everingham, Donald N. Frey, Gilbert Geier McCurdy, Daniel J. Meyer, C. Lawson Reed, Joseph A. Steger.

Areas of Work: Engaged in the design, manufacture and sale of process equipment and systems for industry and of supplies and accessories generally sold for use in such systems. The Company has three principal segments of business: machine tools, plastics processing machinery and industrial specialty products.

Machine tool products include standard and special purpose metalcutting machine tools such as computer numerically controlled machining and turning centers and profiling machines, various types of grinding machines, general purpose and production milling machines, composite material and tape laying machines, contouring machines, and computer-controlled flexible manufacturing cells and systems, used in the aircraft, automotive, and off-the-road industries.

Plastic processing machinery products include plastics injection molding machines, multiple screw plastics extrusion machines, blow molded plastics bottle machines, plastics thermoforming machines, reaction injection molding machines and support equipment used in the bottling, automotive, medical and construction industries.

Industrial specialty products include robots, grinding wheels, metalworking fluids, silicon epitaxial wafers, electronic control systems, coordinate measurement and inspection systems, and industrial lasers.

Subsidiaries:

Cincinnati Milacron Marketing Co.

Amertool Services, Inc.

Amertool Services Corp.

Cincinnati Milacron Japan Ltd.

Cincinnati Milacron International Marketing Company

Cogé AG (Switzerland)

Cincinnati Milacron Holding Gesellschaft mbH (Austria)

Cincinnati Milacron Austria Aktiengesellschaft

Cincinnati Milacron Handelsgesellschaft mbH (Austria)

Cincinnati Milacron U.K. Co.

Cincinnati Milacron Ltd.

LK Tool USA Inc.

LK Tool Co., Limited (England)

LK Tool Metrology Systems Limited (England)

LK Measurement & Control Systems Limited

Cincinnati Milacron B.V. (Netherlands)

N.V. Vlaardingse Hattchappijot Verhuur van Fabriekagehouwen (Netherlands)

Cincinnati Milacron-Canada Ltd.

Cincinnati Milacron Commercial Corp.

Cincinnati Milacron Foreign Sales Corp. (Virgin Islands)

Cincinnati Milacron-Heald Corp.

Cincinnati Milacron Semiconductor Materials Inc.

Cincinnati Milacron S.r.l. (Italy)

The Factory Power Company

Sano Inc.
Passaic, New Jersey
Manufactures equipment to produce thin plastic films, which are used as packaging materials.

International Laser Machines Corporation
Indianapolis, Indiana
Manufactures laser machines and systems for industrial applications.

Transfer Agent(s):

Mellon Financial Services
Four Station Square
Pittsburgh, Pennsylvania 15219-1173

Stock Exchange(s): New York, Cincinnati, Boston, Midwest

Ticker Symbol: CMZ

Number of Employees:

1987	9,253	1984	9,707
1986	9,592	1983	9,283
1985	9,568		

Plant Footage:

1987 ..... 5,218,958 sq. ft. 1986 5,302,438

Sales & Earnings

	Net Sales	Net Income
1987	$ 827,989,000	$ (79,973,000)
1986	849,994,000	23,328,000
1985	732,152,000	(44,767,000)
1984	660,517,000	18,731,000
1983	559,017,000	(10,279,000)

	No. of Com. Shares	Earn. per Share‡
1987	24,116,133	$ —
1986	23,598,643	0.98
1985	23,449,293	—
1984	23,430,000	0.80
1983	22,713,000	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Machine tools	$ 374,000,000	$ 391,600,000
Plastics machinery	231,800,000	203,500,000
Industrial specialty prods.	222,200,000	254,900,000
Total	$ 828,000,000	$ 850,000,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.72	—	—
1986	0.72	—	—
1985	0.72	—	—
1984	0.72	—	—
1983	0.72	—	—

Common Stock Equity

	Total Equity†	Equity Per Share
1987	$ 208,895,000	$ 8.66
1986	283,143,000	12.00
1985	262,427,000	11.19
1984	306,920,000	13.10
1983	296,268,000	13.04

† After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 827,989	$ 849,994
Other income	11,515	10,077
Total income	$ 839,504	$ 860,071
Cost of sales	650,507	658,434
Expenses	150,133	141,269
Gain on for. curr.	(2,488)	(794)
Interest expense	22,822	19,780
Interest charges	5,606	8,261
Restruc. charges	4,261	—
Reorg. charges	83,000	—
Income (loss) before taxes	$ (74,337)	$ 33,121
Income taxes (credit)	5,636	9,793
Net Income (Loss)	$ (79,973)	$ 23,328

* Included in Costs and Expenses, Depreciation: $30,031,000 in 1987 and $28,288,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & market secur.	$ 13,611	$ 13,446
Accts. receiv., net	190,426	197,507
*Inventories	271,253	257,428
Other curr. assets	9,835	11,299
Curr. Assets	$ 485,125	$ 479,680
Investments	17,674	19,774
#Fixed assets	165,775	195,077
Other assets	37,965	31,014
Total Assets	$ 706,539	$ 725,545

Liabilities
(000's)

Amts. payable to banks	$ 17,441	$ 37,928
Long-term debt, curr.	4,833	9,920
Accts. payable	66,885	62,357
Accruals	157,393	120,971
Income taxes	8,061	4,754
Curr. Liabilities	$ 254,613	$ 235,930
Long-term debt	175,670	168,202
Long-term accrued liab.	49,777	17,830
Deferred inc. taxes	11,584	14,440
+Preferred stock	6,000	6,000
++Common stock	24,116	23,599
Add. paid-in capital	87,865	76,939
Retained earnings	92,932	190,429
For. curr. trans. adjust.	3,982	(7,824)
Total Liabilities & Shareholders' Equity	$ 706,539	$ 725,545

* At lower of cost or market; U.S. inventories at LIFO; average or standard cost for foreign.
# Less accumulated depreciation and amortization.
+ $100 par value; 4% cumulative.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.90
%Net Income to Sales	—	2.74
%Net Income to Equity	—	8.07
Sales to Inventories	3.05	3.30
Debt to Equity	0.84	0.62
Working Capital	$ 230,512,000	$ 243,750,000
Current Ratio	1.91	2.03
Shareholders' Equity	$ 214,895,000	$ 289,143,000

Ciprico Inc.

2955 Xenium Lane
Plymouth, Minnesota 55441
(612) 559-2034

Ciprico Inc.

Officers: Ronald B. Thomas, chairman, president & chief exec. officer; Robert H. Kill, Exec. v.p., chief operating officer & Secretary; James P. Henninger, v.p.-finance & administration & chief financial officer.

Directors: Ronald B. Thomas, chairman of the board; Robert H. Kill, Sherman J. Kemmer, Douglas M. Pihl, Donald H. Soukup.

Areas of Work: Develops and manufactures microcomputer tape and high-performance controller boards for the microcomputer original equipment manufacturer market.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPCI (NASDAQ)

Number of Employees:

1987 ..... 80 1986 80

Plant Footage:

1987 ..... 37,000 sq. ft. 1986 37,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 8,272,559	$ (746,694)
1986	10,059,584	858,840
1985	8,171,392	821,208
1984	7,618,998	1,361,341
1983	3,586,475	596,462

	No. of Com. Shares‡	Earn. per Share‡
1987	2,169,550	$ —
1986	2,255,165	0.38
1985	2,263,944	0.36
1984	2,263,551	0.60
1983	2,247,230	0.27

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	11-for-10

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 9,016,031	$ 4.16
1986	10,635,445	4.72
1985	9,753,265	4.31
1984	8,901,058	3.93
1983	7,280,892	3.24

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 8,272,559	$ 10,059,584
Cost of sales	2,870,422	3,675,047
Expenses	6,006,851	5,549,600
Loss on discont. line	1,037,109	—
Interest expense	6,908	1,066
Interest income	(405,356)	(390,868)
Other expense	58,319	899
Income (loss) before taxes	$ (1,301,394)	$ 1,223,840
Income taxes (credit)	(555,000)	365,000
Net Income (Loss)	$ (746,694)	$ 858,840

* Included in Costs and Expenses, Depreciation: $564,281 in 1987 and $486,910 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 161,582	$ 51,798
Temp. cash invest.	4,946,612	4,776,059
Marketable securities	1,000,000	1,795,616
Accts. receiv., net	1,800,473	1,662,155
Refundable taxes	37,563	3,945
Other receivables	66,832	3,693
* Inventories	715,371	1,304,624
Deferred inc. tax benefits	473,000	—
Other curr. assets	37,838	69,751
Current Assets	$ 9,219,041	$ 9,667,641
# Fixed assets	1,039,555	1,469,256
Other assets	32,501	174,499
Total Assets	$ 10,291,097	$ 11,311,396

Liabilities

Accts. payable	$ 585,081	$ 373,750
Accrued costs -- discont. line	362,101	—
Accrued compensation	200,044	167,229
Other accruals	40,840	45,972
Curr. Liabilities	$ 1,188,066	$ 586,951
Deferred inc. taxes	87,000	89,000
+ Common stock	6,107,244	6,979,964
Retained earnings	2,908,787	3,655,481
Total Liabilities & Shareholders' Equity	$ 10,291,097	$ 11,311,396

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	12.17
%Net Income to Sales	—	8.54
%Net Income to Equity	—	8.08
Sales to Inventories	11.56	7.71
Working Capital	$ 8,030,975	$ 9,080,690
Current Ratio	7.76	16.47
Shareholders' Equity	$ 9,016,031	$ 10,635,445

Clabir Corporation

485 West Putnam Avenue
Greenwich, Connecticut 06830
(203) 625-0300

Officers: Henry D. Clarke, Jr., chairman of the board, president & chief executive officer; Robert Davenport, sr. v.p.; George N. Derhofer, v.p.-finance & chief financial officer; David L. Downs, v.p. & secretary; Richard H. Van Hoesen, asst. v.p., asst. secretary & dir.-administration; Elaine G. Vail, asst. v.p..

Directors: Henry D. Clarke, Jr., chairman; Robert H. Clarke, Ralph R.M. Ehrmann, Wilmot L. Harris, Jr., Donald A. Karas, Gaylord M. LaMond.

Areas of Work: Through General Defense Corporation, a wholly owned subsidiary, the Company manufactures ordnance ammunition, mechanical time fuzes, turbine jet engine components, precision positioning pedestals (for radar and communications antennas and optical tracking systems) and automated target and weapons training systems. Other Company activities, conducted through AmBrit Inc., a 83%-owned subsidiary, include the manufacture of frozen novelty products, and chocolate and confectionery products, and investment in, and development of, oil and gas properties and commercial and residential real estate.

Subsidiaries:

General Defense Corporation
3350 Whiteford Road, E-22
York, Pennsylvania 17402
(717) 755-0755

Hamilton Technology, Inc.
101-121 North Queen Street
Lancaster, Pennsylvania 17604

AmBrit Inc.(83%-owned)
St. Petersburg, Florida

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York (Class A); Over-the-Counter (Class B)

Ticker Symbol: CLG (New York); CLGBB (NASDAQ)

Sales & Earnings

	Revenue	Net Income
1988	$ 340,920,000	$ (162,279,000)
1987	421,375,000	7,169,000
1986	50,997,000	(1,461,000)
1985	N.A.	9,096,000
1984	N.A.	9,925,000

	No. of Com. Shares	Earn. per Share‡
1988	9,522,733	$ —
1987	9,522,733	0.02
1986	8,788,077	—
1985	8,896,077	1.02
1984	N.A.	1.11

(Loss)
N.A.-Not Available
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.58	—	—
1987	0.72	—	—
1986	0.72	—	—
1985	0.72	—	—
1984	0.65	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ (149,446,000) ‡	$ —
1987	27,302,000 ‡	2.87
1986	20,867,000	2.37
1985	31,217,000	3.51
1984	25,031,000	—

(Deficiency)
‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year ended Jan 31	1988	1987
Revenues:		
Amfbrit Inc.	$ 181,290	$ 145,524
General Defense Corp.	159,630	275,851
Total income	$ 340,920	$ 421,375
Cost of sales	383,411	410,291
Prov. for loss on Gen. Def.	99,181	—
Expenses	9,527	5,063
Interest expense	7,520	4,647
Other expense (income)	3,560	(5,795)
Net Income (Loss)	$ (162,279)	$ 7,169

* Included in Costs and Expenses, Depreciation and Amortization: $816,000 in 1988 and $410,000 in 1987.

Assets
(000's)

As of Jan. 31	1988	1987
Cash	$ 5,246	$ 8,408
Marketable securities	395	—
Accts. receiv., net	517	2,292
Investments:		
Amfbrit Inc.	30,434	27,319
General Defense Corp.	—	140,388
# Fixed assets	10,265	8,976
Other assets	1,242	1,686
Total Assets	$ 48,099	$ 189,069

Liabilities
(000's)

Long-term debt	$ 72,875	$ 45,963
Accts. payable	1,820	533
Payable to Gen. Def. Corp.	10,738	8,661
Other liabilities	12,396	6,894
+ Preferred stock	89,156	88,795
++ Common stock:		
Class A	1,016	1,016
Class B	114	114
Add. paid-in capital	59,180	58,251
Retained earnings (deficit)	(198,913)	(19,078)
Treasury stock	(3,422)	(3,422)
For. curr. trans. adjust.	3,501	2,171
Emp. stock plan	(362)	(829)
Total Liabilities & Shareholders' Equity	$ 48,099	$ 189,069

Less accumulated depreciation and amortization.
+ $10) par value; $3.3125 cumulative.
++ $0.10 par value.

Statistical Summary

%Net Income to Sales	—	1.70
%Net Income to Equity	—	5.64
Debt to Equity	—	0.36
Shareholders' Equity (Deficiency)	$ (49,730,000)	$ 127,018,000

Clary Corporation

320 West Clary Avenue
San Gabriel, California 91776
(818) 287-6111

Officers: John G. Clary, chairman; Donald G. Ash, president, chief exec. officer & treasurer; Paul Hurder, mgr. Construction Automation Division; John J. Guerin, secretary; Jennie Slingeyer, asst. secretary.

Directors: John G. Clary, chairman; Donald G. Ash, John P. Clary, John J. Guerin, Harland W. Gerda, Stephan L. Palmer, Jack Toppel!

Areas of Work: Manufacturers and markets uninterruptible power systems, electronic printing devices, cutting and assembly machinery and metal connector plates for use in the production of housing components.

Divisions:

Precision Instruments Division
320 West Clary Avenue
San Gabriel, California 91776

Construction Automation Division
Truss Connector Division
1801 S. Great Southwest Parkway
Grand Prairie, Texas

Transfer Agent(s):

First Interstate Bank
Los Angeles, California

Stock Exchange(s): Pacific

Ticker Symbol: CLY

Number of Employees:

1987 120

Plant Footage:

1987 . . . . . 171,000 sq. ft.

Sales & Earnings

	Net Sales†	Net Income +
1987	$ 13,735,000	$ 231,000
1986	11,429,000	(754,000)
1985	11,437,000	(159,000)
1984	12,237,000	(170,000)
1983	11,908,000	525,000

	No. of Com. Shares‡	Earn. per Share‡ +
1987	$ 1,780,198	$ 0.13
1986	1,768,198	—
1985	1,767,997	—
1984	1,768,017	—
1983	N.A.	0.30

(Loss)
N.A. - Not Available.
† Includes other income.
+ Including extraordinary gain of $85,000 ($0.05 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalent outstanding.

Revenues By Line of Business

	1987	1986
Precision instruments	$ 5,102,000	$ 4,003,000
Construction machinery	8,625,000	7,406,000
Corporate	8,000	20,000
Total	$ 13,735,000	$ 11,429,000

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 2,477,000	$ 1.39
1986	2,239,000	1.27
1985	2,996,000	1.69
1984	3,156,000	1.79
1983	3,329,000	—

† After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 13,704,000	$ 11,372,000
Other income	31,000	57,000
Total income	$ 13,735,000	$ 11,429,000
Cost of sales	9,699,000	8,263,000
Eng. & prod. develop.	1,051,000	1,108,000
Selling expense	2,112,000	1,815,000
Gen. & adm. expense	723,000	747,000
Interest expense	208,000	265,000
Inc. (loss) bef. taxes	$ 232,000	$ (748,000)
Income taxes	86,000	6,000
Net Income (loss)	$ 146,000	$ (754,000)
Extra. gain	85,000	—
Net income (loss) & extraord. gain.	$ 231,000	$ (754,000)

* Included in Costs and Expenses, Depreciation and Amortization: $276,000 in 1987 and $280,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 238,000	$ 258,000
Accts. receiv., net	1,995,000	1,590,000
*Inventories	2,894,000	2,347,000
Prepaid expenses	83,000	92,000
Current Assets	$ 5,210,000	$ 4,287,000
#Fixed assets	1,017,000	933,000
Other assets	33,000	32,000
Total Assets	$ 6,260,000	$ 5,252,000

Liabilities

Notes payable	$ 1,113,000	$ 943,000
Long-term debt, curr.	437,000	286,000
Accts. payable & accruals	1,328,000	1,015,000
Accrued payroll	245,000	260,000
Customer deposits	50,000	37,000
Curr. Liabilities	$ 3,173,000	$ 2,543,000
Long-term debt	222,000	244,000
Convert. subord. debt	290,000	117,000
Deferred income	42,000	53,000
+Preferred stock	56,000	56,000
++Common stock	2,485,000	2,469,000
Add. paid-in capital	5,106,000	5,112,000
Accum. deficit	(5,114,000)	(5,342,000)
Total Liabilities & Shareholders' Equity	$ 6,260,000	$ 5,252,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value; 5.50% cumulative convertible.
++ $1 par value.

Statistical Summary

%Income by Taxes to Sales	1.69	—
%Net Income to Sales	1.07	—
%Net Income to Equity	5.76	—
Sales to Inventories	4.74	4.85
Debt to Equity	0.70	0.64
Working Capital	$ 2,037,000	$ 1,744,000
Current Ratio	1.64	1.69
Shareholders' Equity	$ 2,533,000	$ 2,295,000

CMX Corporation

(71.3% owned by Chryon Corporation)

2230 Martin Avenue
Santa Clara, California 95050
(408) 988-2000

CMX Corporation

Officers: Sam R. Goodman, chairman, president & chief exec. officer; Stanley D. Becker, v.p.-engineering; Richard O. Canfield, v.p.-operations; Lawrence Welland, v.p.-marketing; Craig M. Hutchison, treasurer, controller & asst. secretary; Richard Sirinsky, v.p.-sales.

Directors: Sam R. Goodman, chairman; Michael H. Gault, Alfred O.P. Leubert, Burton I. Lippman, Leon Weissman, Joseph L. Scheuer.

Areas of Work: Engaged in the design, manufacture and installation of computer-assisted videotape editing systems for network television facilities, educational and commercial television stations, governmental agencies, and post-production facilities that provide editorial services in support of television broadcast operations.

Transfer Agent(s):

Bank of America
Corporation Agency Service Center
San Francisco, California 94137

Stock Exchange(s): American

Ticker Symbol: CXC

Number of Employees:

1987 102

Plant Footage:

1987 ..... 33,000 sq.ft.

Sales & Earnings

	Net Sales +	Net Income +‡
1987	$ 12,119,000	$ 1,077,000
1986	10,079,000	561,000
1985 *	4,554,000	(1,012,000)
1984	9,716,000	(2,260,000)
1983	10,033,000	(1,390,000)

	No. of Com. Shares	Earn. per Share†
1987	7,994,000	$ 0.143
1986	5,793,000	0.113
1985*	3,793,000	—
1984	3,793,000	—
1983	2,294,000	—

(Loss)
* 6 months.
+ Of continuing operations only.
‡ Including extraordinary gains of $331,000 ($0.044 per share) in 1987, $196,000 ($0.041 per share) in 1986 and $162,000 ($0.070 per share) in 1984.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	% Total Equity	Equity Per Share
1987	$ 4,599,000	$ 0.58
1986	2,372,000	0.41
1985	1,044,000	0.11
1984	2,004,000	0.53
1983	1,440,000	0.63

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 12,119,000	$ 10,079,000
Cost of sales	5,304,000	4,743,000
Expenses	5,273,000	4,255,000
Interest expense	351,000	402,000
Income bef. taxes	$ 1,191,000	$ 599,000
Income taxes	445,000	254,000
Net income	$ 746,000	345,000
Extraord. gain	331,000	196,000
Net income & extraord. gain	$ 1,077,000	$ 541,000

* Included in Costs and Expenses, Depreciation and Amortization: $316,000 in 1987 and $403,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 250,000	$ 279,000
Accts. receiv., net	4,089,000	2,277,000
*Inventories	3,891,000	2,915,000
Prepaid expenses	187,000	138,000
Current Assets	$ 8,417,000	$ 5,609,000
Net invest. in sales-type lease	454,000	—
#Fixed assets	563,000	713,000
Def. software develop. costs	714,000	260,000
Other assets	178,000	29,000
Total Assets	$ 10,296,000	$ 6,611,000

Liabilities

Notes payable	$ 1,250,000	$ 825,000
Accts. payable	1,813,000	743,000
Accruals	621,000	626,000
Accrued salaries and wages	307,000	250,000
Long-term debt. curr.	474,000	81,000
Curr. Liabilities	$ 4,465,000	$ 2,525,000
Long-term debt	1,232,000	1,714,000
+Common stock	15,079,000	13,929,000
Accumulated deficit	(10,480,000)	(11,557,000)
Total Liabilities & Shareholders' Equity	$ 10,296,000	$ 6,611,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.83	5.94
%Net income to Sales	6.16	3.42
%Net Income to Equity	16.22	14.54
Sales to Inventories	3.11	3.46
Debt to Equity	0.64	1.10
Working Capital	$ 3,952,000	$ 3,084,000
Current Ratio	1.89	2.22
Shareholders' Equity	$ 4,599,000	$ 2,372,000

Cognitronics Corporation

25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Officers: David H. Shepard, chairman and chief executive officer; Matthew J. Flanigan, president & chief operating officer; Edward J. Gushue, v.p.-international operations; D. Clark Murphy, v.p.-gov't & OEM sales; Gerard Insolia, v.p.-engineering; Alton B. Duncanson, v.p.-support services; Harold F. Mayer, v.p.-administration, secretary & treasurer; Vincent J. Harrison, Jr., v.p.-international operations; Peter J. Tucci, controller.

Directors: David H. Shepard, chairman; Edward J. Gushue, William J. Lewins, Jr., Richard K. Van Nostrand, Edward S. Davis, Matthew J. Flanigan, Timothy P. Murphy.

Areas of Work: The Company operates in two principal industries: computer related products and services, and manufacture of machined parts. The Company's computer related products and services division manufactures and markets Optical Character Recognition and Mark Read (OCR/OMR) equipment and voice response devices. The Company's machined parts division manufactures precision machined parts for the Company's computer related products and services division as well as other manufacturers. This includes the design and development of special tools, dies, and prototype parts, and the volume production of precision parts.

Divisions and Subsidiaries:

Scanning Systems Division
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307

Speechmaker Division
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307
Manufactures and markets hardware that allows telephone companies central offices and computers to provide direct voice response of the data retained in their stored memories.

Stamford Tool & Die-Customatic, Inc.
25 Crescent Street
Stamford, Connecticut 06906
(203) 327-5307
Manufactures machine parts and designs and develops special tools, dies, and phototype parts with heavy emphasis on high tolerance precision works.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York

Stock Exchange(s): American

Ticker Symbol: CGN

Number of Employees:

1987 142
1986 185
1985 211

Plant Footage:

1987 ..... 50,400 sq. ft.
1986 63,800
1985 88,860

Sales & Earnings

	Revenues +	Net Income†
1987	$ 15,987,000	$ 632,000
1986	12,385,000	(2,902,000)
1985	15,078,000	(331,000)
1984	14,018,000	(1,859,380)
1983	13,833,000	894,916

	No. of Com. Shares	Earn. per Share‡†
1987	2,156,503	$ 0.29
1986	2,154,461	—
1985	2,145,057	—
1984	2,142,120	—
1983	2,085,015	0.68

(Loss)
+ Includes net sales, rentals and other income; of continuing operations only.
† Including extraordinary gain of $299,000 ($0.14 per share) in 1987.
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 7,546,000	$ 3.50
1986	6,908,000	3.21
1985	9,782,000	4.56
1984	10,102,978	4.72
1983	11,631,148	5.58

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 14,377,000	$ 10,583,000
Other income	1,610,000	1,802,000
Total income	$ 15,987,000	$ 12,385,000
Cost of sales & service	10,520,000	8,870,000
Expenses	4,002,000	5,345,000
Interest expense	256,000	256,000
Inc. (loss) bef. taxes	$ 1,209,000	$ (2,086,000)
Income taxes	401,000	38,000
Inc. (loss)-cont. oper.	$ 608,000	$ (2,124,000)
Loss-discont. oper.	(275,000)	(778,000)
Net Income (Loss)	$ 333,000	$ (2,902,000)
Extraord. gain	299,000	—
Net Income (Loss) & extraord. gain	$ 632,000	$ (2,902,000)

* Included in Costs and Expenses, Depreciation: $567,000 in 1987 and $514,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 204,000	$ 93,000
Accts. receiv., net	3,296,000	2,089,000
Accts. receiv. from divest.	555,000	—
*Inventories	3,686,000	4,569,000
Investments,-curr.	217,000	267,000
Other curr. assets	213,000	160,000
Assets-discont. oper.	—	558,000
Current Assets	$ 8,171,000	$ 7,736,000
Investments	243,000	363,000
#Fixed assets	2,309,000	3,190,000
Deposits & other assets	584,000	572,000
Assets-discont. oper.	—	118,000
Total Assets	$ 11,307,000	$ 11,979,000

Liabilities

Notes payable	$ 1,855,000	$ 2,405,000
Accts. payable	496,000	1,072,000
Income taxes	83,000	50,000
Accruals	1,038,000	869,000
Long-term debt, curr.	132,000	112,000
Liab.-discont. oper.	—	121,000
Curr. Liabilities	$ 3,604,000	$ 4,829,000
Long-term debt	157,000	242,000
+Common stock	432,000	431,000
Add. paid-in capital	12,922,000	12,917,000
Deficit	(5,808,000)	(6,440,000)
Total Liabilities & Shareholders' Equity	$ 11,307,000	$ 11,979,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Net Income to Equity	4.41	—
Sales to Inventories	3.90	2.32
Debt to Equity	0.28	0.43
Working Capital	$ 4,567,000	$ 2,907,000
Current Ratio	2.27	1.60
Shareholders'-Equity	$ 7,546,000	$ 6,908,000

Coherent, Inc.

3210 Porter Drive
P.O. Box 10321
Palo Alto, California 94303
(415) 493-2111

Officers: James L. Hobart, chairman of the board; Henry E. Gauthier, president & chief exec. officer; John C. Moore, v.p. & gen. mgr.-surgical products; Robert J. Quillinan, v.p. & chief financial officer; Jack Hubbard, president & chief exec. officer-Coherent General, Inc.; Robert M. Golber, v.p. & gen. mgr.-Components Group; Leonard C. DeBenedictis, v.p. & gen. mgr.-Laser Products Division; Franz T. Schulte, v.p.-human resources; Lawrence W. Sonsini, secretary; Dennis Bucek, treasurer & asst. secretary.

Directors: James L. Hobart, chairman; Franklin P. Johnson, Jr., Theo H. McCourtney, Jr., Henry E. Gauthier, Charles W. Castoni, Thomas Sloan Nelson.

Areas of Work: Design, manufacture and sale of commercial lasers, optics, accessories, and laser-based products for medical, construction, scientific and industrial markets.

Divisions and Subsidiaries:

Medical Group
3270 W. Bayshore Road
P.O. Box 10122
Palo Alto, California 94303
(415) 858-2250
Develops, manufactures and markets laser instruments used for ophthalmology and other medical specialities.

Components Group
2301 Lindbergh Street
Auburn, California 95603
(916) 823-9550
Manufactures optics and thin-film coatings, which consist of mirrors and lenses used for imaging and directing laser beams, laser accessories, such as power meters and spectrum analyzers, and electro-optical components.

Laser Products Division
3750 Monroe Avenue
Pittsford, New York 14534
(716) 248-8480
Manufactures ion, excimer and dye lasers for the scientific, industrial and OEM markets.

Lambda Physik GmbH
Postfach 2663
Hans Boeckler Strasse 12
D-3400 Gottingen, West Germany
0551-69380
Develops and manufactures excimer, CO2, and pulsed dye lasers.

Coherent General Japan Co., Ltd.
158-1 Matsugoh Tokorozawa-shi
Saitama-ken 359 Japan
(0429) 45-0355

Coherent General, Inc. (83%-owned)
1 Picker Road
Sturbridge, Massachusetts 01566
(617) 347-2681
Develops and manufactures industrial laser products used in production applications in the automotive, electronics, aerospace and consumer industries.

Coherent (UK) Ltd.
Science Park
Milton Road
Cambridge CB4 4FR England
(0223) 68501

Coherent General Ltd.
Science Park
Milton Road
Cambridge CB4 4FR England
(0223) 68501

Coherent GmbH
Senefelder Street 10
6074 Rodermark 2
Ober-Roden, West Germany
(0674) 9140

Lambda Physik
298 Great Road
Acton, Massachusetts 01720
(617) 263-1100

Coherent General GmbH
Hertzstrasse 6
8047 Munchen (Karlsfeld), West Germany
81-31-9020

Coherent General, S.A.R.L.
173, rue Benoit-Frachon
78500 Sartrouville, France
139 15 01 90

Coherent General S.A.
222 Ave. de Broqueville
B-1200 Brussels, Belgium
2-771-21-66

Miyama Engineering Co. Ltd. (50%-owned)
21-12 Bijogi 5-Chome
Toda-Shi
Saitama 335, Japan
(484) 21-8531

Coherent Kowa, Ltd. (50%-owned)
24-3, Nishi-Hashimoto-1-Chome
Sagamahara-Shi, Kanagawa-Ken, Japan
(0427) 71-1671

Coherent Linear, Ltd.
9 Raynham Road
Bishop's Stortford
Herts CM23 5PB England
(0279-506532
Manufactures laser-based precision measuring equipment.

Laser Applications Ltd.
Gothenburg Way
Stockholm Road, Sutton Fields Ind. Estate
Hull, No. Humberside HU8 OYE England
(0482) 831154
Manufactures carbon dioxide (CO2) surgical lasers and transversely excited atmospheric (TEA) CO2 laser marking systems.

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: COHR (NASDAQ)

Number of Employees:

1987	1,617	1984	1,303
1986	1,392	1983	1,164
1985	1,523		

Plant Footage:

1987 ..... 444,900 sq. ft. 1986 362,100

Sales & Earnings

	Net Sales	Net Income
1987	$ 159,924,000	$ (1,109,000)
1986	138,158,000	(873,000)
1985	131,680,000	7,431,000
1984	111,406,000	12,932,000
1983	91,303,000	4,042,000

	No. of Com. Shares +	Earn. per Share #
1987	8,129,000	$ —
1986	7,928,000	—
1985	7,830,000	0.92
1984	7,626,000	1.65
1983	7,348,000	0.58

(Loss)
+ Adjusted to reflect stock splits.
# Based on weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1987	1986
Electro-Optical Prods.	$ 121,653,000	$ 102,719,000
Medical Prods.	51,905,000	44,703,000
Intersegment sales	(13,934,000)	(9,264,000)
Total	$ 159,624,000	$ 138,158,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 83,718,000	$ 10.30
1986	82,921,000	10.46
1985	80,418,000	10.28
1984	69,532,000	9.12
1983	54,489,000	7.42

† Adjusted to reflect stock splits.

Income Account*

Year ended	9/26/87	9/27/86
Net sales	$ 159,024,000	$ 138,158,000
Cost of sales	98,468,000	89,642,000
Expenses	57,509,000	50,551,000
Inte st income	(1,224,000)	(1,528,000)
Interest expense	1,273,000	999,000
For. exch.	339,000	(113,000)
Minority interest	661,000	(2,112,000)
Other income	(903,000)	(1,614,000)
Income before taxes	$ 2,981,000	$ 2,533,000
Income taxes	4,081,000	3,406,000
Net Loss	$ (1,100,000)	$ (873,000)

* Included in Costs and Expenses, Depreciation and Amortization: $4,376,000 in 1986 and $2,398,000 in 1985.

Assets

As of	9/26/87	9/27/86
Cash	$ 12,524,000	$ 28,188,000
Accts. receiv., net	45,626,000	41,889,000
*Inventories	44,460,000	37,869,000
Prepaid expenses	1,373,000	931,000
Deferred taxes	3,616,000	2,223
Current Assets	$ 107,599,000	$ 111,120,000
#Fixed assets	26,363,000	20,646,000
Goodwill	9,808,000	6,645,000
Other assets	5,013,000	2,459,000
Total Assets	$ 148,783,000	$ 140,670,000

Liabilities

Notes payable	$ 15,937,000	$ 18,865,000
Long-term debt	1,838,000	2,287,000
Accounts payable	10,012,000	7,673,000
Accruals	14,054,000	9,802,000
Accrued payroll	7,261,000	5,358,000
Reserve for warranty	6,941,000	6,210,000
Current Liabilities	$ 56,043,000	$ 50,195,000
Long-term debt	4,167,000	4,209,000
Def. gain on bldg. sale	4,244,000	2,566,000
Deferred inc. taxes	611,000	779,000
+Common stock	1,790,000	1,744,000
Add. paid-in capital	45,817,000	44,272,000
Retained earnings	33,718,000	34,818,000
Translation adj.	2,393,000	2,087,000
Total Liabilities & Shareholders' Equity	$ 148,783,000	$ 140,670,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.22 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.87	1.83
Sales to Inventories	3.58	3.65
Debt to equity	0.26	0.31
Working Capital	$ 51,556,000	$ 60,925,000
Current Ratio	1.93	2.21
Shareholders' Equity	$ 83,718,000	$ 82,921,000

Cohu, Inc.

5755 Kearny Villa Road
San Diego, California 92123
(714) 277-6700

Officers: William S. Ivans, chairman; James W. Barnes, president and chief executive officer; A. Mack Rodgers, vice president & counsel; Charles A. Schwan, v.p.-finance.

Directors: William S. Ivans, John E. Goode, Jr., J. M. Keeney, F. W. Davis, W. N. Jenkins, G. E. Leary, R. C. Sebold, James W. Barnes, Charles L. Blake.

Division(s):

Electronics Division
5725 Kearny Villa Road
San Diego, California 92123
(714) 277-6700
Major products include broadcast and closed-circuit TV systems, color film cameras, environmental, underwater and radiation-tolerant cameras, high resolution cameras, audio and video switching systems and voltage standards.

Subsidiaries:

Broadcast Microwave Services, Inc.
Manufactures microwave radios, antenna systems and support equipment used to transmit television video and audio signals.

Delta Design, Inc.
5755 Kearny Villa Road
San Diego, California 92113
(714) 292-5000
Supplies specialized electro-mechanical test equipment to the semiconductor industry.

FRL, Incorporated
1005 I Street
Los Banos, California 93635
(209) 826-3292
Supplier of metal detection equipment to the public utility industry, and to prospectors and hobbyists.

Transfer Agent(s):

Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: COH

Number of Employees:

1987	349	1984	363
1986	377	1983	342
1985	414		

Plant Footage:

1987 ..... 142,700 sq. ft. 1986 142,700

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 29,812,000	$ 1,867,000
1986	28,774,000	522,000
1915	30,398,749	1,082,164
1984	23,268,779	1,740,902
1983	19,680,820	1,217,849

	No. of Com. Shares†	Earn. per Share†
1987	1,821,105	$ 1.03
1986	1,820,332	0.29
1985	1,793,262	0.60
1984	1,739,256	1.00
1983	1,733,352	0.70

‡ Includes other income; of continuing operations only.
† Based on the average number of shares outstanding.

Revenues By Line of Business

	1987	1986
Television cameras & equipment	$ 14,930,000	$ 13,858,000
Electronic test & detection apparatus	14,882,000	14,916,000
Total	$ 29,812,000	$ 28,774,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.19	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 15,935,000	$ 8.75
1986	14,423,000	7.92
1985	14,209,127	7.90
1984	13,399,459	7.51
1983	11,634,073	6.71

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 29,812,000	$ 28,774,000
Cost of sales	18,677,000	18,959,000
Expenses	8,051,000	7,833,000
Interest expense	17,000	130,000
Disposition of assets	—	1,100,000
Income before taxes	$ 3,067,000	$ 752,000
Income taxes	1,200,000	230,000
Net Income	$ 1,867,000	$ 522,000

* Included in Costs and Expenses, Depreciation and Amortization: $636,000 in 1987 and $731,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 815,000	$ 200,000
Accts. receiv., net	5,636,000	5,055,000
*Inventories	8,019,000	6,629,000
Prepaid expenses	252,000	229,000
Current Assets	$ 14,722,000	$ 12,113,000
#Fixed assets	4,993,000	5,161,000
Other assets	491,000	521,000
Total Assets	$ 20,206,000	$ 17,795,000

Liabilities		
Accts. payable	$ 1,499,000	$ 1,190,000
Accruals	549,000	671,000
Accrued payroll	561,000	419,000
Income taxes	366,000	5,000
Other taxes	138,000	150,000
Commissions payable	388,000	323,000
Curr. Liabilities	$ 3,501,000	$ 2,758,000
Deferred inc. taxes	770,000	614,000
+ Common stock	1,822,000	1,821,000
Add. paid-in capital	3,478,000	3,470,000
Retained earnings	10,635,000	9,132,000
Total Liabilities & Shareholders' Equity	$ 20,206,000	$ 17,795,000

° At lower of average cost and market.
Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	10.29	2.61
%Net Income to Sales	6.26	1.81
%Net Income to Equity	11.72	3.62
Sales to Inventories	3.72	4.34
Working Capital	$ 11,221,000	$ 9,355,000
Current Ratio	4.21	4.39
Shareholders' Equity	$ 15,935,000	$ 14,423,000

Colt Industries Inc.

430 Park Avenue
New York, New York 10022
(212) 940-0400

(The Company became a privately held corporation via a leveraged buy-out, as of June 10, 1988.)

Officers: David I. Margolis, chairman, president & chief exec. officer; Anthony J. diBuono, sr. v.p., general counsel & secretary; Andrew C. Hilton, exec. vice president; C. Edward Warner, exec. v.p.; Salvatore J. Cozzolino, exec. v.p. & treasurer; Phil Berkowitz, v.p.-personnel; Joseph P. Lee, v.p. & controller; James G. McHugh, v.p.-labor relations; Julius Levinson, v.p.-taxes; John F. Campbell, v.p.-public relations; Henry J. Thiele, v.p.; George W. Townsend, v.p.; Horabell B. Murray, v.p.-government relations; Peter H. Wienchenberg, v.p.-risk management & corp. services.

Directors: David I. Margolis, Max E. Wildman, Robert A. Alberty, Louis T. Seith, Paul W. MacAvoy, Salvatore J. Cozzolino, Andrew C. Hilton, Allan W. Karp, Thomas A. Saunders, III, Michael Schmertzler.

Divisions:

Industrial

Fairbanks Morse Engine
701 Lawton Avenue
Beloit, Wisconsin 53511
(608) 364-4411
Diesel engine generator systems for standby, peaking, and continuous service/Diesel engines for industrial drives/Marine diesel propulsion systems and generator systems.

Central Moloney Transformer
200 East 11th Avenue
Pine Bluff, Arkansas 71601
(501) 534-5332
Electrical distribution transformers, components.

Quincy Compressor
36th Street & Wissmann Lane
Quincy, Illinois 62301
(217) 222-7700
Reciprocating and helical screw air compressors.

Garlock Special Products
Suite 1250, Midtown Tower
Rochester, New York 14604
(716) 232-1400
Bearings, butterfly valves, plastomer products, and hydraulic/pneumatic cylinders.

France Compressor Products
104 Pheasant Run
Newtown, Pennsylvania 18940
(215) 968-5959
Reciprocal compressor seals, packings, valves.

Colt Firearms
P.O. Box 1868
Hartford, Connecticut 06101
(203) 236-6311
Hunting rifles/Sporting, target, custom, and commemorative arms and accessories/Police, security, and military handguns/M16 military rifles.

Garlock Mechanical Packing
1666 Division Street
Palmyra, New York 14522
(315) 597-4811
Industrial seals, gasketing, expansion joints.

Automotive

Holley Automotive
11955 East Nine Mile Road
Warren, Michigan 48089
(313) 597-4000
Automotive carburetor, fuel injection systems, transmission components. Design, manufacture, and sale of OEM car and truck carburetors/Development of non-carburetor automotive fuel management systems.

Holly Replacement Parts
11955 East Nine Mile Road
Warren, Michigan 48089
(313) 497-4000
Replacement, performance carburetors, fuel injection systems; remanufactured carburetors; emissions control components.

Colt Automotive Products
1748 Northwood Drive
Troy, Michigan 48084
(313) 362-5300
Emission control air pumps, automotive oil pumps; components.

Stemco Truck Products
P.O. Box 1989
Longview, Texas 75606
(214) 758-9981
Truck wheel lubrication systems/Exhaust systems, replacement leaf springs, and automotive instrumentation.

Farnam Sealing Systems
1707 Northwood Drive
Troy, Michigan 48084
(313) 362-5457
Gaskets, gasket assemblies for automotive and industrial applications.

Fairbanks Morse Engine Accessories Operation
6402 Rockton Road
Roscoe, Illinois 61073
(815) 389-3660
Magnetos, ignition systems, other engine components.

Aerospace/Government

Menasco Aerosystems
P.O. Box 500
Euless, Texas 76039
(817) 283-4471
Military and commercial aircraft landing gear and shock mitigation systems.

Delavan Gas Turbine Products
P.O. Box 100
West Des Moines, Iowa 50265
(515) 274-1561
Gas turbine engine fuel injectors, components.

Chandler Evans Control Systems
Charter Oak Boulevard
West Hartford, Connecticut 06110
(203) 236-0651
Fuel pumps, fuel controls, and other gas turbine engine accessories and components/Aircraft and airframe valves/Missile flight control systems, valves and actuators.

Lewis Electronic Instrumentation
218 Water Street
Naugatuck, Connecticut 06770
(203) 729-5253
Aircraft electronic instrumentation systems.

Walbar Turine Components
Peabody Industrial Center
Peabody, Massachusetts 01960
(617) 532-2700
Jet engine turbine blades and vanes, compressor airfoils, discs, impellers, and related components.

International Operations

Menasco Aerospace Ltd.
1400 South Service Road, West
Oakville, Ontario L6L 5Y7 Canada
(416) 827-7777
Landing gear and flight controls for military and commercial aircraft/Helicopter rotor components/Flight control overhaul service.

Garlock of Canada Ltd.
66 Jutland Road
Toronto, Ontario M8Z 2H3 Canada
(416) 255-9114
Molded and extruded rubber products/Braided packings/Compressor and industrial engine components/Wheel lubrication and truck exhaust systems for heavy duty trucks.

Facilities:
Garlock Mechanical Packing Division, Toronto, Ontario; France Compressor Products Division, Brantford, Ontario; Stemco Truck Products Division, Mississauga, Ontario.

Walbar of Canada Inc.
1303 Aerowood Drive
Mississauga, Ontario L4W 2P6 Canada
Jet engine compressor blades and vanes.

Garlock AG
Industriestrasse 26/28
8152 Glattbrugg, Switzerland
Colt friction materials, truck transmission components.

Garlock Limited
North Way, Andover
Hampshire SP10 5HN England
Seals, packings, truck wheel lubrication systems, compressor components.

Facilities:
Garlock Mechanical Packing and Stemco Truck Products Division, Newbury, Berkshire; France Compressor Products Divison, Andover, Hampshire.

Garlock S.A.
Torre dels Pardals, 23
Barcelona 26, Spain
Stemco truck products.

Garlock GmbH
Postfach 300 451
Scheffelstrasse 73
4000 Duesseldorf 30, West Germany
Seal, gasketing, valves, truck products, compressor components.

Facilities:
Garlock Valves & Industrial Plastics, and Stemco Truck Products, Neuss: France Compressor Products Division, Gross Gerau; Garlock Mechanical Packing Division, Duesseldorf.

Garlock de Mexico, S.A. de C.V.
Poniente 116, No. 571
Col. Industrial Vallejo
Delegacion Ascapotzalco 02300 Mexico, D.F.
Industrial packing and gasketing/Compressor components/TFE specialty products and molded rubber products.

Delavan Limited
Gorsey Lane, Widnes
Cheshire WA8 ORJ England
Industrial, agricultural spray nozzles and other products.

Liard S.A.
49 Route National
F-59370 Bavay, France
Compressor and industrial engine components, truck wheel lubrication systems.

Garlock Pty. Ltd.
P.O. Box 54
Arncliffe, N.S.W. 2205, Australia
Seals, packings, hydraulic components.

Colt Industries Inc.

Number of Employees:

1987	16,600	1984	22,400
1986	18,400	1983	22,100
1985	19,700		

Plant Footage:

1987 ..... 8,215,000 sq. ft.

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 1,641,596	$ 75,045
1986	1,616,267	89,270
1985	1,579,325	138,033
1984	1,581,790	132,229
1983	1,343,130	99,255

	No. of Com. Shares #	Earn. per Share #
1987	36,127,000	$ 2.15
1986	135,233,000	0.66
1985	167,647,000	0.82
1984	185,386,000	0.71
1983	207,920,000	0.48

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
($000's)

	1987	1986
Aerospace/Government	$ 753,000	$ 635,000
Automotive	453,000	523,000
Industrial	436,000	460,000
Eliminations	—	(2,000)
Total	$ 1,642,000	$ 1,616,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.10	—	—
1986	0.10	—	8.3913-for-1
1985	0.30	—	—
1984	0.27	—	—
1983	0.24	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share #
1987	$ (968,924)	$ —
1986	(1,077,837)	—
1985	414,306	2.47
1984	343,719	1.85
1983	466,831	2.25

(Deficiency)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,641,596	$ 1,616,267
Cost of sales	1,201,452	1,199,454
Expenses	189,402	206,921
Interest expense	181,478	73,061
Interest income	(5,911)	(17,083)
Gain on sale of affil.	(40,280)	—
Income before taxes	$ 115,455	$ 153,914
Income taxes	40,410	64,644
Net Income	$ 75,045	$ 89,270

* Included in Costs and Expenses, Depreciation: $38,894,000 in 1987 and $39,421,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & cert. of deposit	$ 8,559	$ 8,702
Marketable securities	—	48,962
Accts. and notes receiv., net	174,719	182,029
*Inventories	256,891	258,022
Deferred inc. taxes	32,189	28,335
Other curr. assets	10,283	7,549
Current Assets	$ 481,289	$ 533,599
#Fixed assets	291,085	302,797
Intangibles	159,386	163,185
Other assets	3,261	3,683
Funds for capital proj.	85,603	141,754
Total Assets	$ 1,020,624	$ 1,145,018

Liabilities
($000's)

Notes payable	$ 12,689	$ 48,034
Accts. payable	82,954	82,687
Accrued payroll	56,356	52,223
Accrued taxes	54,929	51,698
Other accruals	72,922	82,943
Liab. of discont. oper.	7,253	7,572
Curr. Liabilities	$ 287,103	$ 325,157
Long-term debt	1,446,183	1,643,120
Minority interest	3,350	3,770
Deferred inc. taxes	62,405	56,168
Other liab.	125,662	122,871
Liab. of discont. oper.	64,645	71,769
+Common stock	6,429	6,429
Add. paid-in capital	14,036	997
Retained earnings (def.)	(827,569)	(902,614)
For. curr. trans. adjust.	468	(8,744)
Treasury stock	(162,288)	(173,405)
Total Liabilities & Shareholders' Equity	$ 1,020,624	$ 1,145,018

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value; $1 par value in 1985.

Statistical Summary

%Income bef. Taxes to Sales	7.03	9.52
%Net Income to Sales	4.57	5.52
Sales to Inventories	6.39	6.26
Working Capital	$ 194,186,000	$ 208,442,000
Current Ratio	1.68	1.64
Shareholders' Equity (Deficiency)	$ (968,924,000)	$ (1,077,000)

Columbia Chase Corporation

Forbes Business Center, Suite 200
220 Forbes Road
Braintree, Massachusetts
(617) 848-2810

Officers: Francis M. Chase, chairman of the board & chief executive officer; Edward L. Chase, president, treasurer & chief operating officer; Nikit Ordjanian, vice president; Wilfred W. Carter, v.p.-finance & controller; George M. Hughes, secretary.

Directors: Francis M. Chase, chairman; Edward L. Chase, Nikit Ordjanian, George M. Hughes, James D. O'Donnell, Kenneth L. Evans, Francis M. McGrory.

Areas of Work: Manufactures energy-related products such as dielectric insulation for electrical power cables, protective tapes and coatings for underground gas and oil lines and humidity-resistant coatings for electronic components and printed circuitry. Other operations include custom compounding and mixing of rubber and plastics.

Divisions and Subsidiaries:

Chase & Sons, Inc.
Randolph, Massachusetts 02368
(617) 963-2600
Cable tapes for use in electrical wires and cables, telephone and communication cables, shipboard, Navy and missile cables. Protective tape coatings for corrosion prevention on underground oil, gas and petroleum pipelines. Electrical tapes for utilities and contractors. Flexible electrical insulation and wallboard seams tapes.

Avon Custom Mixing Services Division
Holbrook, Massachusetts
(617) 767-0511
Custom volume mixing of rubber and other compounds supplying the commercial market and corporate internal use.

HumiSeal Division
26-60 Brooklyn-Queens Expressway West
Woodside, New York 11377
(718) 932-0800
Produces conformal liquid protective coatings for electronics and printed circuitry, also solder masks and potting compounds.

Royston Laboratories, Inc.
Pittsburgh, Pennsylvania 15238
(412) 828-1500
Produces and sells materials to prevent corrosion on underground pipelines and other metal surfaces and to protect wood and concrete surfaces, also bridge expansion joints.

International Division
220 Forbes Road
Braintree, Massachusetts 02184
(617) 848-2813
Coordination of international marketing and sales.

Combustion Division
Holbrook, Massachusetts
(617) 767-0542
Systems for producing coal-water alternate fuel mixtures. Systems for treatment of asphaltene contaminants in No. 6 oil.

Columbia Chase Export Corp.
Barbados, West Indies
Foreign Sales Corporation (FSC).

Transfer Agent(s):

The Chase Manhattan Bank
One New York Plaza
New York, New York 10081

Stock Exchange(s): Boston

Ticker Symbol: CTE

Number of Employees:

1987	186	1984	177
1986	191	1983	190
1985	184		

Plant Footage:

1987	325,000 sq. ft.	1984	350,000
1986	325,000	1983	350,000
1985	325,000		

Sales & Earnings

	Revenues +	Net Income†
1987	$ 25,437,468	$ 37,084
1986	24,036,510	166,651
1985	22,397,124	441,043
1984	21,043,181	379,543
1983	17,982,075	22,885

	No. of Com. Shares #	Earn. per Share #†
1987	3,891,203	$ 0.01
1986	3,879,806	0.04
1985	3,887,964	0.11
1984	3,894,806	0.10
1983	3,894,806	0.01

+ Of continuing operations only.
† Including extraordinary gains of $179,399 ($0.04 per share) in 1985, $202,920 ($0.05 per share) in 1984 and $200,000 ($0.06 per share) in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 5,423,927	$ 1.39
1986	5,386,843	1.39
1985	5,220,192	1.34
1984	4,802,618	1.23
1983	4,423,075	1.14

+ Based on the average number of common shares and common share equivalents outstanding.

Income Account

Year ended Aug. 31	1987	1986
Net sales	$ 25,173,315	$ 23,930,097
Other income	264,153	86,413
Total income	$ 25,437,468	$ 24,036,510
Cost of sales	17,975,664	16,622,566
Expenses	7,206,795	6,703,166
Interest expense	382,226	344,257
Income (loss) bef. taxes	$ (127,217)	$ 366,521
Income taxes (credit)	(164,301)	199,870
Net Income	$ 37,084	$ 166,651

* Included in Costs and Expenses, Depreciation and Amortization: $446,178 in 1987 and $418,266 in 1986.

Assets

As of Aug. 31	1987	1986
Cash	$ 296,361	$ 112,899
Receiv., net	3,930,651	4,449,852
*Inventories	3,362,093	3,928,978
Prepaid expenses & other assets	324,062	248,954
Refund. taxes	160,763	—
Current Assets	$ 8,064,130	$ 8,740,683
#Fixed assets	3,060,929	2,701,247
Other assets	1,542,032	1,036,888
Total Assets	$ 12,667,091	$ 12,478,818

Liabilities

Notes payable	$ 3,547,500	$ 3,457,531
Long-term debt, curr.	189,712	169,342
Accts. payable	1,589,615	1,550,405
Accruals	649,686	490,967
Income taxes	5,704	365,754
Deferral income	13,859	12,351
Curr. Liabilities	$ 5,996,076	$ 6,054,350
Long-term debt	865,143	938,712
Def. inc. taxes	381,945	98,913
+Common stock	389,480	389,480
Add. paid-in capital	1,753,482	1,753,482
Retained earnings	3,304,434	3,267,390
Treasury stock	(23,469)	(23,469)
Total Liabilities & Shareholders' Equity	$ 12,667,091	$ 12,478,818

* At cost (FIFO), which is not in excess of market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.53
%Net Income to Sales	0.15	0.70
%Net Income to Equity	0.68	3.09
Sales to Inventories	7.49	6.10
Debt to Equity	0.85	0.85
Working Capital	$ 2,068,054	$ 2,686,333
Current Ratio	1.34	1.44
Shareholders' Equity	$ 5,423,927	$ 5,386,843

Combustion Engineering, Inc.

900 Long Ridge Road
P.O. Box 9308
Stamford, Connecticut 06904
(203) 329-8771

Officers: Arthur J. Santry, Jr., chairman; Charles E. Hugel, president & exec. officer; George S. Kimmel, exec. v.p.-operations, engineering & process technology; James B. Kelly, exec. v.p.-power & industrial; Charles E. Barnett, v.p. & gen. counsel; William J. Connelly, v.p.-corp. and investor relations; Robert H. Masson, v.p.-financing & venture development; Jack T. Sanderson, v.p.-corp. technology; Jeffrey S. Rubin, v.p.-finance; Dale E. Smith, v.p.-human resources; Bernard J. Garry, secretary; Preston E. Insley, controller; Fred R. Jones, treasurer.

Directors: Arthur J. Santry, Jr., chairman; Lucy Wilcox Benson, Walter H. Heinserich, Charles E. Hugel, Robert M. Jonney, James B. Kelly, George S. Kimmel, Paul W. MacAvoy, Scott L. Probasco, Jr., Robert C. Seamans, Jr., Robert G. Stone, Jr., Kenneth J. Whalen, David R. Whitman.

Areas of Work: The Company's operations are divided into three major segments: Power Generation, Process industries, and Public Sector and Environmental. Through its Power Generation segment, the Company provides engineering, maintenance, construction and project management services, fossil and nuclear steam systems, complete power generation plants, fluidized-bed combustors, hydropower and heat recovery equipment and services, and power plant emission control equipment and software to electric utilities, independent power projects, process and other industries. Through its Process control systems, valves and instrumentation, pulping equipment, operating software and management services, specialty minerals and refractories, and screening, grinding and milling equipment to a variety of process industries. Through its Public Sector and Environmental segment, the Company provides resource recovery systems, hazardous waste cleanups and systems, mass transit engineering and environmental consulting services.

Subsidiaries:

Taylor Instrument
Provides process control systems and instrumentation, software and services used to control operations in a variety of plants in the process and power industries.

Jamesbury Corporation
Manufactures and supplies high-performance valves and actuators for process industries.

Sprout-Bauer Inc.
Supplies pulping machinery and aftermarket parts to the pulp and paper industries.

Lummus Crest Inc.
Design, engineering and construction services for large projects, chiefly in the petrochemical markets.

AccuRay Corporation
650 Ackerman Road
Columbus, Ohio 43202
(614) 261-2000
Designs, manufactures and markets production measurement and control systems for the pulp and paper and other process industries.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
Shareholder Services Division
14th Floor - One New York Plaza
New York, New York 10081

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): New York

Ticker Symbol: CSP

Number of Employees:

1987	27,581	1984	27,642
1986	24,149	1983	26,212
1985	24,761		

Sales & Earnings

	Net Sales	Net Income
1987	$ 3,042,074,000	$ 56,560,000
1986	2,551,469,000	50,866,000
1985	2,407,658,000	(95,413,000)
1984	2,331,734,000	99,570,000
1983	2,272,598,000	(20,375,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	36,727,000	$ 1.54
1986	33,321,654	1.53
1985	33,261,392	—
1984	33,240,822	3.00
1983	33,239,398	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Power generation	$ 1,498,031,000	$ 1,273,811,000
Process industries	1,054,236,000	787,576,000
Public sector & environmental	260,825,000	197,800,000
Engineering & construction	228,982,000	292,282,000
Total	$ 3,042,074,000	$ 2,551,469,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	1.00	—	—
1985	1.42	—	—
1984	1.84	—	—
1983	1.84	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 962,461,000	$ 22.67
1986	686,879,000	20.65
1985	664,104,000	20.00
1984	795,787,000	24.00
1983	769,195,000	23.21

Income Account* (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,042,074	$ 2,551,469
Cost of sales	2,585,820	2,163,448
Expenses	322,633	281,976
Equity loss (inc.)	24,824	(3,934)
Dividend income	(2,728)	(3,131)
Interest expense	44,632	23,132
Interest earned on secur.	(13,024)	(7,714)
Other income	(20,545)	(706)
Income bef. taxes	$ 100,462	$ 98,398
Income taxes	43,902	42,069
Income from cont. oper.	$ 56,560	$ 56,329
Loss from discont. oper.	—	(5,463)
Net Income	$ 56,560	$ 50,866

* Included in Costs and Expenses, Depreciation and Amortization: $92,755,000 in 1987 and $67,507,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & short term invest.	$ 151,240	$ 144,113
Accts. receiv., net	629,775	584,564
*Inventories	488,136	428,863
Prepaid expenses	23,889	17,504
Deferred inc. taxes	103,397	106,619
Current Assets	$ 1,396,437	$ 1,281,663
Investments	353,415	358,124
#Fixed assets	630,064	559,609
Defer. charges	72,160	20,232
Intangibles	251,654	48,399
Total Assets	$ 2,703,730	$ 2,268,027

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 77,848	$ 64,140
Accts. payable	188,787	138,871
Accruals	653,375	642,897
Advance payments	390,878	408,063
Income taxes	43,334	71,922
Curr. Liabilities	$ 1,354,222	$ 1,325,893
Long-term debt	293,957	86,362
Deferred inc. taxes	175,322	156,779
Other liabilities	17,768	12,114
+Common stock	254,437	98,978
Retained earnings	619,573	601,009
Cum. trans. adjust.	(10,887)	(11,934)
Treasury stock	(662)	(1,174)
Total Liabilities & Shareholders' Equity	$ 2,703,730	$ 2,268,027

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.30	—
%Net Income to Sales	1.86	—
%Net Income to Equity	6.56	7.41
Sales to Inventories	6.23	5.95
Debt to Equity	0.43	0.22
Working Capital	$ 42,215,000	—
Current Ratio	1.03	—
Shareholders' Equity	$ 962,461,000	$ 686,879,000

Commodore International Limited

(Executive office)

1200 Wilson Drive
West Chester, Pennsylvania 19380
(219) 431-9100

(Registered office)
Sasson House, Shirley and Victoria Streets
P.O. Box N.-10256
Nassau, Bahamas

Officers: Irving Gould, chairman of the board & chief executive officer; Henri Rubin, executive v.p. & chief operating officer; Richard Leberman, v.p., chief financial officer & treasurer; Joseph C. Benedetti, v.p., general counsel & secretary; Harald Speyer, vice president; Milio Izumi, vice president; David Spiers, vice president; Thomas Matson, v.p. & controller; Carden N. Welsh, asst. treasurer; Frances D. Moffitt, asst. secretary.

Directors: Irving Gould, chairman; Burton Winberg, Ralph D. Seligman, Alexander M. Haig, Jr., Robert A. Utting.

Area of Work: Manufactures advanced microcomputer systems, semiconductor components, and consumer electronic products.

Subsidiaries:

Commodore A.B
Fagerstavaegen 9
Lunda Insutriomrade
Spanga, Sweden

Commodore A.G.
Langenhagstrasse 1
CH-4147 Aesch, Switzerland

Commodore B.V.
Kabelweg 88
1014 BC Amsterdam, Netherlands

Commodore S.A.
Valencia 49
Barcelona, Spain

Commodore-Amiga, Inc.
1200 Wilson Drive
West Chester, Pennsylvania 19380

Commodore Buromaschinen GmbH
Lyoner Strasse 38
Postfach 710126
600 Frankfurt 71, West Germany

Ernst-Amme-Strasse 24-26
3300 Braunschweig, West Germany

Commodore Buromaschinen (Austria) GmbH
Kinskygasse 40-44
A1232 Vienna, Austria

Commodore Business Machines, Inc.
1200 Wilson Drive
West Chester, Pennsylvania 19380

Commodore Business Machines Limited
3470 Pharmacy Avenue
Agincourt, Ontario M1W 3G3 Canada

Commodore Business Machines U.K. Limited
The Switchback Gardner Road
Maidenhead Berks, United Kingdom

Commodore Business Machines (Asia Pacific) Ltd.
2-12 Wing Kei Road
Kwai Chung, New Territories, Hong Kong

Commodore Business Machines Pty. Ltd.
67 Mars Road
Land Cove
New South Wales 2066, Australia

Commodore Computers Norge A/S
Postboak 109
Okern, N-0509
Oslo 5, Norway

Commodore Computers N.V./S.A.
Europalaan 74
B-1940 St. Stevens-Woluwe, Belgium

Commodore Data A/S
Jens Juuls Vej 42
DK 8260 Viby J, Denmark

Commodore Electronics Limited
Sassoon House
Shirley and Victoria Streets
P.O. Box N-10256
Nassau, Bahamas

Commodore Centre
2-12 Wing Kei Road
Kwai Chung, New Territories, Hong Kong

Langenhagenrasse 1
CH-4147 Aesch, Switzerland

Lyonner Strasse 38
Postfach 710126
600 Frankfurt 71, West Germany

Commodore Electronics (Taiwan) Limited
No. 8 San Min Road
Tu Cheng Industrial Zone
Taipei Hsien, Taiwan, Republic of China

Commodore France S.A.R.L.
150-152 Av de Verdun
92130-Issy Les Moulineaux
Paris, France

Commodore Italiana S.p.A.
Via Fratelli Gracchi 48
20092 Cinisello Balsamo
Milano, Italy

Commodore Japan Ltd
Sumitomo Higashi-Shimbashi, Bldg. No. 2
12-7 Higashi-Shimbashi 2-Chome
Minato Ku, Tokyo 105, Japan

Commodore Semiconductor Group
950 Rittenhouse Road
Norristown, Pennsylvania 19403

Transfer Agent(s):

Manufacturers Hanover Trust Company
270 Park Avenue
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CBU

Sales & Earnings

	Net Sales	Net Income†
1987	$ 806,700,000	$ 28,600,000
1986	889,300,000	(127,900,000)
1985	883,100,000	(113,900,000)
1984	1,267,200,000	143,800,000
1983	681,200,000	91,700,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	32,144,000	$ 0.89
1986	31,278,000	—
1985	31,142,000	—
1984	30,859,000	4.66
1983	30,809,000	2.98

(Loss)
† Including extraordinary gains of $6,000,000 ($0.18 per share) in 1987 and $3,700,000 ($0.12 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 145,000,000	$ 4.51
1986	105,000,000	3.36
1985	222,500,000	7.14
1984	324,400,000	10.51
1983	190,700,000	6.19

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended June 30	1987	1986
Net sales	$ 806,700	$ 889,300
Cost of sales	594,300	718,800
Expenses:		
Selling & adv.	95,300	160,900
Gen. & adm.	42,900	40,400
Res. & develop.	16,400	36,800
Amort. of acq. tech.	7,900	8,000
Restruc. charges	2,300	27,000
Interest expense	18,100	28,100
Other income	(2,900)	(7,000)
Income (loss) before taxes	$ 32,400	$ (123,700)
Income taxes	9,800	4,200
Net Income (Loss)	$ 22,600	$ (127,900)
Extraord. gain	6,000	—
Net Income (Loss) & extraord. gain	$ 28,600	$ (127,900)

* Included in Costs and Expenses, Depreciation and Amortization: $30,200,000 in 1987 and $39,100,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash	$ 49,000	$ 31,800
Accts. receiv., net	167,000	129,000
*Inventories	193,300	202,300
Other curr. assets	7,300	12,000
Current Assets	$ 416,600	$ 375,100
#Fixed assets	76,200	93,400
Acq. technology	15,800	23,700
Other assets	8,900	12,700
Total Assets	$ 517,500	$ 504,900

Liabilities
(000's)

Bank debt	$ 19,500	$ 27,200
Long-term debt, curr.	43,600	40,300
Accts. payable	75,700	78,700
Accruals	35,600	40,700
Taxes payable	45,900	56,500
Curr. Liabilities	$ 220,300	$ 243,400
Long-term debt	149,600	154,500
Deferred inc. taxes	2,600	2,000
+Common stock	300	300
Add. paid-in capital	32,300	32,300
Retained earnings	117,500	88,900
Cum. trans. adjust.	(2,500)	(12,400)
Unearned compensation	(2,100)	(3,600)
Treasury stock	(500)	(500)
Total Liabilities & Shareholders' Equity	$ 517,500	$ 504,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.02	—
%Net Income to Sales	2.80	—
%Net Income to Equity	15.59	—
Sales to Inventories	4.17	4.40
Debt to Equity	1.47	2.11
Working Capital	$ 196,300,000	$ 131,700,000
Current Ratio	1.89	1.54
Shareholders' Equity	$ 145,000,000	$ 105,000,000

Communications Satellite Corporation

950 L'Enfant Plaza S.W., Washington D.C. 20024
(202) 863-6000

Officers: Irving Goldstein, chairman, chief executive office & president; Joel R. Alper, president-COMSAT Systems Div.; Susan Mayer, v.p.-corporate development; Bruce L. Crockett, president-World Systems Division; Robert J. Perry, v.p. & chief financial officer; Robert W. Baumann, v.p.-human resources and organization development; Daniel F. Thomas, controller; Willard R. Nichols, v.p. & general counsel; John V. Evans, v.p. & dir.-COMSAT Laboratories; Richard L. McGraw, v.p.-corp. affairs; Jerome W. Breslow, v.p. & secretary; Margarita K. Dilley, treasurer; David P. Beddow, pres.-COMSAT Video Enterprises, Inc..

Directors: Eliot M. Estes, Joseph V. Charyk, Melvin R. Laird, Bruce G. Sundlun, Lewis W. Foy, Frederick B. Dent, Neal B. Freeman, E. Pendleton James, Irving Goldstein, Michael A. McManus, Jr., Walter A. Fallon, Robert G. Schwartz, Arthur Hauspurg, Peter W. Likins.

Areas of Work: COMSAT, the Communications Satellite Corporation, provides satellite-based communications services and products to the international, maritime and U.S. domestic markets.

Subsidiaries:

COMSAT General Corporation
950 L'Enfant Plaza S.W., Washington D.C. 20024
(202) 863-6000
Engaged in maritime and domestic U.S. satellite communications programs, and provides worldwide technical service.

Satellite Television Corporation
950 L'Enfant Plaza, S.W., Washington D.C. 20024
(202) 863-6000
Has filed an application with the FCC proposing to operate satellite subscription television service.

COMSAT Laboratories
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
Performs research and development in the area of satellite communications technology.

COMSAT Video Enterprises, Inc.
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
Owns and operates a satellite network distributing entertainment and providing videoconferencing services to the lodging industry in the U.S.

COMSAT (U.K.) Limited
Greybrook House
28 Brook Street
London W1Y 1AG England

COMSAT Government Systems, Inc.
950 L'Enfant Plaza S.W., Washington D.C. 20024
(202) 863-6000
Markets the Company's communications systems and network services to the Department of Defense and other government agencies.

COMSAT Maritime Services
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
Provides a full range of communications services to the shipping and offshore industries.

INTELSAT Satellite Services
22300 COMSAT Drive
Clarksburg, Maryland 20871
(301) 428-4000
International telecommunications services.

Transfer Agent(s):

American Transtech Inc.
8000 Baymeadows Way
Jacksonville, Florida 32216

Stock Exchange(s): New York, Midwest, Pacific, Basle, Geneva, Zurich

Ticker Symbol: CQ

Number of Employees:

1987	1,675	1984	3,084
1986	2,342	1983	3,146
1985	2,667		

Sales & Earnings

	Revenues†	Net Income
1987	$ 333,651,000	$ (47,273,000)
1986	304,917,000	58,948,000
1985	307,155,000	(41,527,000)
1984	271,507,000	51,165,000
1983	213,208,000	50,051,000

	No. of Com. Shares +	Earn. per Share #
1987	18,437,191	$ —
1986	18,338,063	3.22
1985	18,115,473	—
1984	18,093,186	2.83
1983	18,066,035	2.77

(Loss)
† Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Space communications	$ 274,388	$ 268,604
Communications serv.	69,535	53,078
Eliminations	(10,272)	(16,765)
Total	$ 333,651	$ 304,917

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 1.20	—	—
1986	1.20	—	—
1985	1.20	—	—
1984	1.20	—	—
1983	1.175	—	2-for-1

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 512,306,000	$ 27.79
1986	579,131,000	31.58
1985	536,394,000	29.61
1984	599,228,000	33.12
1983	569,138,000	31.50

Adjusted to reflect stock split.

Income Account
(000's)

Year ended D. 31	1987	1986
Revenues	$ 333,651	$ 304,917
Cost of sales	153,037	129,062
Depreciation & amortization	72,539	63,271
Expenses	42,717	39,522
Restruc. exp.	22,498	—
Operating Profit	$ 42,840	$ 73,062
Gain on prop. sale	—	(10,196)
Other expense (income)	(13,351)	348
Interest expense	11,196	15,279
Prov. for rate order	38,755	—
Merger term. costs	5,965	—
Inc. bef. taxes	$ 275	$ 67,631
Inc. taxes (credit)	(17,551)	24,259
Inc.-cont. oper.	$ 17,826	$ 43,372
Inc. (loss) - discont. oper.	(63,099)	15,576
Net Income (Loss)	$ (47,273)	$ 58,948

Assets
(000's)

As of Dec. 31	1987	1986
Cash & temp. investment	$ 131,452	$ 112,817
Accts. receiv., net	67,777	92,129
Refund inc. taxes	4,577	—
Deferred inc. taxes	22,140	6,805
Other curr. assets	15,837	44,980
Current Assets	$ 241,783	$ 256,731
Investments	3,786	16,917
#Fixed assets	818,216	892,142
Other assets & intangibles	45,846	48,387
Total Assets	$ 1,109,631	$ 1,214,177

Liabilities
(000's)

Accts. payable	$ 35,562	$ 33,671
Prov. for rate order	38,755	—
Accruals	54,712	63,999
Income taxes	2,096	8,461
Net liab.-discont. oper.	7,925	—
Curr. Liabilities	$ 139,850	$ 106,031
Long-term debt.	327,074	334,777
Deferred inc.	73,410	85,074
Deferred inc. taxes & invest. taxes	56,991	109,164
+Common stock	241,757	239,796
Retained earnings	305,187	374,474
Treasury stock	(34,638)	(35,137)
Total Liabilities & Shareholders' Equity	$ 1,109,631	$ 1,214,177

Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	10.18
Debt to Equity	0.64	0.58
Working Capital	$ 101,933,000	$ 150,700,000
Current Ratio	1.73	2.42
Shareholders' Equity	$ 512,306,000	$ 579,131,000

Compugraphic Corporation

200 Ballardvale Street
Wilmington, Massachusetts 01887
(617) 658-5600

NOTE: Agfa-Gevaert, N.V., a Belgian company which is an indirect, wholly owned subsidiary of Bayer AG of West Germany, owns 83.57% of the common stock of Compugraphic Corporation.

Officers: Carl E. Dantas, president & chief executive officer; Fred J. Butler, sr. v.p.-finance & treasurer; David E. Costa, v.p.-corporate & product planning; Vincent M. Kaseta, sr. v.p.-human resources; David D. Lundquist, sr. v.p.-business development group; John M. Duker, sr. v.p.-sales & marketing; Frank J. Perpiglia, sr. v.p.-engineering division; Richard Renwick, sr. v.p.-operations; Donald C. Wile, sr. v.p.-graphics products group; James J. McTeague, v.p.-quality & customer satisfaction; Thomas E. Kerr, clerk & general counsel; Raymond A. Melillo, asst. treasurer.

Directors: Johan Bisschops, George M. Berman*, Robert A. M. Coppenrath*, Carl E. Dantas*, Paul De Peismaker, Etienne DeWolf, Hans-Jurgen Mohr, John K. Spring, Konrad M. Weis.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets computerized composition and text management systems.

Transfer Agent(s):

State Street Bank & Trust Co.
P.O. Box 366
Boston, Massachusetts 02107

Stock Exchange(s): New York, Boston, Philadelphia

Ticker Symbol: CPU

Number of Employees:

1987	4,139	1984	5,129
1986	3,992	1983	4,487
1985	4,571		

Plant Footage:

1987	1,104,000 sq. ft.	1984	1,191,000
1986	N.A.	1983	801,000
1985	1,130,000		

N.A. - Not Available.

Sales & Earnings

	Revenue	Net Income
1987	$ 367,081,000	$ 10,083,000
1986	341,082,000	3,385,000
1985	400,807,000	21,797,000
1984	391,238,000	24,390,000
1983	318,363,000	16,903,000

	No. of Com. Shares	Earn. per Share #
1987	8,364,000	$ 1.20
1986	8,336,000	0.41
1985	8,314,000	2.63
1984	8,056,000	2.93
1983	8,120,000	2.04

Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.60	—	—
1986	0.60	—	—
1985	0.60	—	—
1984	0.55	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 198,987,000	$ 23.79
1986	193,520,000	23.21
1985	194,693,000	23.42
1984	172,766,000	21.45
1983	156,642,000	19.29

Income Account *
(000's)

Year ended	1/2/88	1/3/87
Revenues	$ 367,081	$ 341,082
Cost of sales	196,733	188,833
Expenses:		
Sell., gen., & admin.	109,456	104,198
Eng., res., & develop.	40,144	38,532
Emp. profit sharing	1,724	579
Interest expense	1,969	1,576
Other expense (income)	1,543	(173)
Writedown of intangible	—	2,329
Inc. before taxes	$ 15,512	$ 5,208
Inc. taxes	5,429	1,823
Net Income	$ 10,083	$ 3,385

* Included in Costs and Expenses, Depreciation and Amortization: $16,753,000 in 1987 and $19,673,000 in 1986.

Assets
(000's)

As of	1/2/88	1/3/87
Cash & market. secur.	$ 29,979	$ 26,021
Accts. receiv., net	48,146	38,461
Note receivable	14,000	14,000
*Inventories	92,652	73,859
Invest. in sales-type leases	28,963	24,840
Other curr. assets	16,065	6,014
Current Assets	$ 229,805	$ 183,195
Investments in sales-type leases	55,955	55,209
Invest in leases sold	9,985	—
#Fixed assets	78,380	74,787
Other assets	3,715	4,625
Total Assets	$ 377,840	$ 317,816

Liabilities (000's)

Notes payable	$ 26,717	$ 4,565
Long-term debt, curr.	2,145	1,876
Accts. payable	20,445	10,071
Cust. deposits	769	1,220
Accruals	43,051	48,684
Other curr. liab.	7,871	—
Curr. Liabilities	$ 100,998	$ 66,424
Long-term debt	27,305	25,450
Oblig. of leases sold	11,545	—
Deferred inc. taxes	29,723	20,031
Other liab.	1,144	2,191
+ Common stock	419	419
Add. paid-in capital	73,739	73,519
Cum. trans. adjust.	131	121
Retained earnings	125,513	121,195
Treasury stock	(815)	(1,734)
Total Liabilities & Shareholders' Equity	$ 377,840	$ 317,816

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.23	1.53
%Net Income to Sales	2.75	0.99
%Net Income to Equity	5.07	1.75
Sales to Inventories	3.96	4.62
Debt to Equity	0.26	0.16
Working Capital	$ 128,807,000	$ 116,771,000
Current Ratio	2.28	2.76
Shareholders' Equity	$ 198,987,000	$ 193,520,000

CompuScan, Inc.

300 Broadacres Drive
Bloomfield, New Jersey 07003
(201) 338-5000

Officers: Robert S. Bernstein, chairman, president & chief exec. officer; Vincent P. Marasco, exec. v.p., treasurer & chief financial officer; Richard Notar, corp. controller & secretary.

Directors: Robert S. Bernstein, chairman; William T. Burgin, Derrick Ashcroft, Robert W. Fischer, Daniel Sinnott, David S. Pine, Vincent P. Marasco.

Areas of Work: Designs, manufactures, markets and services intelligent image processing and data entry systems for business, industry and government.

Subsidiaries:

CompuScan International (DISC)
Optical Business Machines, Inc.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CSCN (NASDAQ)

Number of Employees:

1987	177	1984	319
1986	234	1983	306
1985	303		

Plant Footage:

1987	43,700 sq. ft.	1984	54,000
1986	43,700	1983	54,000
1985	47,500		

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 10,992,000	$ (4,659,000)
1986	14,502,000	(4,597,000)
1985	20,340,000	1,624,000
1984	21,612,000	2,596,000
1983	17,841,000	2,455,000

	No. of Com. Shares #	Earn. per Share #‡
1987	5,630,171	$ —
1986	5,643,793	—
1985	6,015,845	0.27
1984	6,497,997	0.40
1983	6,148,222	0.40

(Loss)
‡ Including extraordinary credits of $747,000 ($0.12 per share) in 1985, $1,173,000 ($0.18 per share) in 1984, and $1,406,000 ($0.23 per share) in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 4,908,000	$ 0.87
1986	9,673,000	1.71
1985	14,302,000	2.38
1984	14,827,000	2.28
1983	12,125,000	1.97

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended May 31	1987	1986
Net revenues:		
Machines & hardware	$ 5,633	$ 8,312
Field engineering	5,359	6,190
Total	$ 10,992	$ 14,502
Cost of sales	8,505	10,803
Res., develop. engr. expenses	1,661	2,730
Sell., gen. & adm. exp.	5,256	6,075
Interest income	(232)	(509)
Loss resulting from fraud	461	—
Net Loss	$ (4,659)	$ (4,597)

* Included in Costs and Expenses, Depreciation and Amortization: $1,023,000 in 1987 and $1,289,000 in 1986.

Assets

As of May 31	1987	1986
Cash & equiv.	$ 549	$ 3,646
Note receivable	619	621
Accts. receiv., net	1,649	1,749
Insurance claims	500	—
*Inventories	2,599	3,083
Other curr. assets	32	47
Curr. Assets	$ 5,948	$ 9,146
#Fixed assets	2,796	3,602
Note receivable	60	671
Other assets	87	392
Total Assets	$ 8,893	$ 13,811

Liabilities (000's)

Long-term liabilities	$ 214	$ 214
Accts. payable	824	1,437
Accruals	1,967	1,281
Curr. Liabilities	$ 3,005	$ 2,932
Oblig. under cap. leases	980	1,206
+ Common stock	558	563
Add. paid-in capital	16,415	16,516
Retained earnings (deficit)	(12,065)	(7,406)
Total Liabilities & Shareholders' Equity	$ 8,893	$ 13,811

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	0.24	0.15
Working Capital	$ 2,943,000	$ 6,214,000
Current Ratio	1.98	3.12
Shareholders' Equity	$ 4,908,000	$ 9,673,000

Computer Automation, Inc.

2181 Dupont Drive
Irvine, California 92715
(714) 833-8830

Officers: George Pratt, chairman & chief executive officer; Douglas L. Cutsforth, president & chief operating officer; William L. Osmundsen, v.p. finance, chief financial officer & treasurer; Ira L. Robinson, v.p., secretary & general counsel.

Directors: Richard Berton, George Pratt, Harold R. Frank, R. C. Mercure, Jr., Douglas L. Cutsforth, John F. Blokker.

Areas of Work: Manufactures, markets and services high performance automatic test systems for testing electronic printed circuit boards, digital minicomputers and microcomputers and their associated memories, communications and peripheral subsystems.

Subsidiaries:

Computer Automation Limited
Millfield House
Croxley Centre, Woodshots Meadow
Watford, Hertfordshire WD1 8YZ England
44-923-55011

Computer Automation Ireland Ltd.
Clonshaugh Industrial Estate
Coolock
Dublin 5, Ireland
353-1-471111

Transfer Agent(s):

U.S. Stock Transfer Corp.
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CAUT (NASDAQ)

Number of Employees:

1987	248	1985	499
1986	241	1984	910

Plant Footage:

1987	161,000 sq. ft.	1985	161,000
1986	161,000	1984	363,500

Computer Automation, Inc.

Sales & Earnings

	Revenues†	Net Income #
1987	$ 20,900,000	$ 1,419,000
1986	20,416,000	(3,851,000)
1985	40,451,000	(12,705,000)
1984	41,681,000	(7,795,000)
1983	44,154,000	(674,000)

	No. of Com. Shares +	Earn. per Share + #
1987	2,153,722	$ —
1986	2,039,025	—
1985	2,060,575	—
1984	2,061,261	—
1983	2,079,978	—

(Loss)
† Of continuing operations only.
# Including extraordinary gain of $633,000 ($0.29 per share) in 1987.
+ Based on the weighted average number of shares outstanding assuming full dilution.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 7,336,000	$ 3.41
1986	5,847,000	2.84
1985	9,709,000	4.71
1984	22,414,000	10.87
1983	30,232,000	14.53

+ Based on the weighted average number of shares outstanding assuming full dilution.

Income Account *

Year ended June 30	1987	1986
Revenues	$ 20,900,000	$ 20,416,000
Cost of prods. & svcs.	10,033,000	11,987,000
Expenses	9,770,000	14,622,000
Interest expense (income)	(334,000)	269,000
Other expense (income)	125,000	(269,000)
Gain on lease term.	(223,000)	(2,342,000)
Income (loss) bef. taxes	$ 1,529,000	$ (3,851,000)
Income taxes	743,000	—
Net Income (Loss)	$ 786,000	$ (3,851,000)
Extraord. gain	633,000	—
Net Income (Loss) & extraord. gain	$ 1,419,000	$ (3,851,000)

* Included in Costs and Expenses, Depreciation and Amortization: $562,000 in 1987 and $776,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 649,000	$ 462,000
Accts. receiv., net	5,327,000	4,627,000
Notes receivable	734,000	963,000
*Inventories	3,413,000	3,885,000
Prepaid expenses	208,000	223,000
Current Assets	$ 10,331,000	$ 10,160,000
# Fixed assets	907,000	1,360,000
Other assets	65,000	213,000
Notes receivable	2,396,000	2,742,000
Total Assets	$ 13,699,000	$ 14,475,000

Liabilities

Note payable	$ 1,900,000	$ 1,500,000
Long-term debt, curr.	70,000	72,000
Accts. payable	2,096,000	2,054,000
Accruals	2,213,000	2,816,000
Curr. Liabilities	$ 5,879,000	$ 6,442,000
Note payable	—	1,500,000
Long term debt	5,000	9,000
Oblig. under cap. lease	99,000	125,000
Deferred income	78,000	101,000
Other liabilities	342,000	451,000
+ Common stock	208,000	206,000
Add. paid-in capital	9,577,000	9,509,000
Retained earnings (def.)	(2,108,000)	(3,527,000)
Note receivable	(341,000)	(341,000)
Total Liabilities & Shareholders' Equity	$ 13,699,000	$ 14,475,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Revenues	7.32	—
%Net Income to Revenues	3.76	—
%Net Income to Equity	10.71	—
Debt to Equity	0.22	0.55
Working Capital	$ 4,452,000	$ 3,718,000
Current Ratio	1.76	1.58
Shareholders' Equity	$ 7,336,000	$ 5,847,000

Computer Communications, Inc.

2610 Columbia Street
Torrance, California 90503
(213) 320-9101

Officers: Henry D. Epstein, chairman & chief exec. officer; Raymond E. High, president & chief operating officer; Ervin K. Dorff, sr. v.p.; L. R. Trupp, v.p.-finance; Harold L. Ridout, v.p.-manufacturing; Jesse J. Acciacca, v.p.-customer service; Eugene M. Guffan, treasurer & secretary.

Directors: Henry D. Epstein, chairman; Raymond E. High, Ervin K. Dorff, Phillip G. Halamandaris, David Robinfien, Kenneth E. Years, Arnold M. Zais.

Areas of Work: The Company designs, develops, programs, manufactures, markets and services communications computers and real-time communications software which together comprise data communications processing and control systems. The applications for which these systems are used include terminal-to-terminal message switching, terminal-to-computer transaction processing, and computer-to-computer high-speed transfer of data base information.

Subsidiaries:

C.C. Systems, Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Co. of California
300 South Grand Avenue
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	104	1984	147
1986	127	1983	148
1985	129		

Plant Footage:

1987	50,000 sq. ft.	1984	50,000
1986	50,000	1983	50,000
1985	50,000		

Sales & Earnings

	Revenues‡	Net Income #
1987	$ 11,045,000	$ 1,576,000
1986	10,777,000	1,402,373
1985	10,306,000	176,625
1984	10,304,000	336,739
1983	10,876,000	401,496

	No. of Com. Shares	Earn. per Share $ +
1987	9,156,531	$ 0.16
1986	8,367,711	0.17
1985	7,117,711	0.02
1984	6,742,142	0.06
1983	3,761,142	0.16

‡ Of continuing operations only.
# Including extraordinary gains of $700,000 ($0.07 per share) in 1987 and $1,044,924 ($0.13 per share) in 1986, $60,000 ($0.01 per share) in 1985, $134,000 ($0.02 per share) in 1984 and $280,500 ($0.07 per share) in 1983.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 7,173,000 ‡	$ 0.78
1986	3,829,141 ‡	0.46
1985	1,054,227 ‡	0.15
1984	905,804	0.13
1983	(5,118,853)	—

(Deficiency)
‡ After allowing for preferred stock at par value.

Income Account *

Year ended June 30	1987	1986
Net revenues	$ 11,045,000	$ 10,777,317
Cost of sales	5,967,000	5,198,471
Expenses	4,784,000	4,987,842
Interest income	(1,382,000)	(33,445)
Inc. bef. taxes	$ 1,676,000	$ 624,449
Income taxes	800,000	267,000
Net Income	$ 876,000	$ 357,449
Extraord. gain	700,000	1,044,924
Net Income & extraord. gain	$ 1,576,000	$ 1,402,373

* Included in Costs and Expenses, Depreciation: $621,000 in 1987 and $164,438 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 670,000	$ 1,554,374
Accts. & notes rec., net	5,583,000	1,695,660
* Inventories	1,863,000	2,369,749
Current Assets	$ 8,116,000	$ 5,619,783
Receivables	443,000	401,595
# Fixed assets	351,000	749,829
Other assets	189,000	505,170
Total Assets	$ 9,099,000	$ 7,276,377

Liabilities

Accts. payable	$ 630,000	$ 531,469
Accruals	1,276,000	1,133,492
Curr. Liabilities	$ 1,906,000	$ 1,664,961
+ Preferred stock	20,000	1,782,275
+ + Common stock	9,135,000	8,367,711
Add. paid-in capital	17,983,000	17,002,513
Deficit	(19,965,000)	(21,541,083)
Total Liabilities & Shareholders' Equity	$ 9,099,000	$ 7,276,377

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $4.50 par value; 8% non-cumulative convertible.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes To Revenues	15.17	5.79
%Net Income to Revenues	7.93	3.32
%Net Income to Equity	12.18	6.37
Working Capital	$ 6,210,000	$ 3,954,822
Current Ratio	4.26	3.38
Shareholders' Equity	$ 7,193,000	$ 5,611,416

Computer & Communications Technology Corp.

9177 Skypark Court
San Diego, California 92123
(619) 279-8973

Officers: E. T. Bahre, chairman of the board & chief executive officer; R. B. Mollerstuen, president & chief operating officer; Robert L. McKay, exec. v.p. & chief financial officer; Jerry F. Smith, v.p.-personnel; Gary E. Hall, treasurer; Michael W. Palmer, v.p., gen. counsel & secretary; I. D. Behr, asst. secretary.

Directors: E. T. Bahre, chairman; Graham Tyson, Melvin A. Shuder, Peter F. Zinsli, Robert L. McKay, E. W. Macrae, R. B. Mollerstuen.

Areas of Work: Designs and manufactures magnetic recording heads for rigid disc drives used for data storage and retrieval, and designs and manufactures microwave signal-generation and signal-processing components and subsystems.

Subsidiaries:

Information Magnetics Corporation
9177 Skypark Court
San Diego, California 92123
Designs, manufactures, refurnishes and sells magnetic disc recording heads used in magnetic recording data storage units (peripheral memories) for data processing systems.

Information Magnetics Caribe Inc.
Call Box 2502, Road 125, Kil. 1.0
Moca 00716 Puerto Rico
(809) 877-6400

Ensambles Magneticos S.A. de C.V.
Calle 5 Sur. #111
Ciudad Industrial, Nueva Tijuana
Tijuana, B.C., Mexico
(706) 622-3562

Zeta Laboratories, Inc.
3265 Scott Blvd.
Santa Clara, California 95054
Design and production of microwave communications products for defense and aerospace applications. Microwave products include frequency synthesizers and multipliers, oscillators, signal simulators, comb generators, and tunable filters.

Infomag Korea, Ltd.
832-2, Yeoksam-dong, Kangnam-Ku
2nd Floor, Woodeok Building, C.P.O. Box 5322
Seoul, 135, Korea
8-22-553-5701

Transfer Agent(s):

Security Pacific National Bank
Corporate Services Division, W24/50
333 South Beaudry Avenue, 24th Floor
Los Angeles, California 90017

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CCTC (NASDAQ)

Number of Employees:

1987	3,901	1984	3,177
1986	3,091	1983	2,333
1985	3,293		

Sales & Earnings x

	Revenues +	Net Income‡
1987	$ 90,798,000	$ 6,393,000
1986*	73,300,000	(26,844,000)
1985	88,751,000	(8,266,000)
1984	121,196,000	12,600,000
1983	80,189,000	(23,700,000)

	No. of Com. Shares #	Earn. per Share #‡
1987	11,623,000	$ 0.55
1986*	11,159,000	—
1985	11,139,000	—
1984	10,919,000	1.15
1983	9,556,000	—

(Loss)
* 53 weeks.
x Restated to include operations of Acton Computer Technology, Inc., acquired on a pooling of interests basis.
+ Of continuing operations only.
‡ Including extraordinary gains of $1,015,000 ($0.09 per share) in 1987 and $190,000 ($0.02 per share) in 1985.
# Based on the weighted average number of common shares and common shares equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share†
1987	$ 41,177,000	$ 3.54
1986	34,066,000	3.05
1985	60,440,000	5.43
1984	69,317,000	6.35
1983	52,748,000	5.52

x Restated.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	1/2/88	1/3/87‡ (53 weeks)
Net sales	$ 97,197	$ 73,793
Other income	1,601	1,507
Total income	$ 98,798	$ 75,300
Cost of sales	70,742	56,073
Eng. & develop. exp.	4,788	5,618
Selling, gen. & adm. exp.	14,669	11,083
Interest expense	1,542	1,348
Write off of assets of discount. oper.	—	14,191
Inc. (loss) before taxes	$ 7,057	$ (13,013)
Income taxes	1,381	988
Inc. (loss) - cont. oper.	$ 5,676	$ (14,001)
Loss - discont. oper.	(298)	(12,843)
Net Income (Loss)	$ 5,378	$ (26,844)
Extraord. gain	1,015	—
Net Income (Loss) & extraord. gain	$ 6,393	$ (26,844)

* Included in Costs and Expenses, Depreciation and Amortization: $3,292,000 in 1987 and $3,993,000 in 1986.
‡ Restated.

Assets
(000's)

As of	1/2/88	1/3/87‡
Cash	$ 5,573	$ 12,775
Trade receiv.	18,212	13,087
*Inventories	26,770	14,795
Assets held for sale	15,162	7,031
Other curr. assets	1,842	2,224
Current Assets	$ 67,559	$ 49,852
#Fixed assets	13,308	12,942
Invest. and other assets	6,549	11,574
Total Assets	$ 87,416	$ 74,368

Liabilities
(000's)

Short-term loans	$ 4,013	$ 137
Long-term debt, curr.	282	466
Accts. payable	14,276	5,367
Accruals	8,862	10,862
Income taxes	1,592	2,770
Curr. Liabilities	$ 29,025	$ 19,600
Long-term debt	17,214	20,702
+ Common stock	4,490	4,447
Add. paid-in capital	58,336	57,361
Retained earnings (deficit)	(21,649)	(27,742)
Total Liabilities & Shareholders' Equity	$ 87,416	$ 74,368

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

%Net Income to Equity	13.06	—
Sales to Inventories	3.63	5.00
Debt to Equity	0.52	0.63
Working Capital	$ 38,534,000	$ 30,252,000
Current Ratio	2.33	2.54
Shareholders' Equity	$ 41,177,000	$ 34,066,000

Computer Consoles, Inc.

Bay Colony Corporate Center, Suite 1700
950 Winter Street
Waltham, Massachusetts 02154
(617) 890-0700

Officers: John F. Cunningham, chairman of the board, president & chief exec. officer; Richard I. Kreiger, sr. v.p., chief financial officer & treasurer; Gary W. Gunderson, sr. v.p. & gen. mgr.-Communications Systems Division; John P. Jacobson, sr. v.p. & gen. mgr.-Computer Products Division; Harold S. Koplow, sr. v.p.-research & development; David Moros, sr. v.p.-corporate development; Thomas I. Nientimp, sr. v.p.-human resources; Richard P. Goodkin, v.p., secretary & general counsel; Lawrence Chesler, asst. secretary & assoc. general counsel; Samuel J. Ilardo, v.p. & asst. treasurer.

Directors: John F. Cunningham, chairman; Norman O. Bender, Jr., Edgar F. Heizer, Jr., Justin L. Vigdor, H. Martin Weingartner, Thomas A. Vanderslice, Gary M. Cypres, Richard I. Kreiger.

Areas of Work: Designs, develops, manufactures, markets, and services a variety of minicomputer-based, fault-tolerant integrated information systems which are primarily for the telephone industry.

Divisions:

Computer Products Division
9801 Muirlands Blvd.
Irvine, California 92718
(714) 458-7282

Computer Consoles, Inc.

Communications Systems Division
97 Humboldt Street
Rochester, New York 14609
(716) 482-5000

Subsidiaries:

Computer Consoles Leasing Corporation

Reston Development
11490 Commerce Park Drive
Reston, Virginia 22091
(703) 648-3500

Computer Consoles (Asia) Limited
Hong Kong, (011) 85-252-65067

CCI Europe Ltd.
Twickenham, Middlesex, England
(011) 441-892-1122

CCI-Israel Inc.
Ramat Gan, Israel
(03) 751-0255

Transfer Agent(s):

The First National Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: CCS

Number of Employees:

1987	1,291	1984	1,635
1986	1,344	1983	1,244
1985	1,421		

Plant Footage:

1987	390,000 sq. ft.	1986	390,000

Sales & Earnings

	Revenues	Net Income‡
1987	$ 140,394,000	$ 11,320,000
1986 x	129,557,000	(4,383,000)
1985	111,880,000	(41,911,000)
1984	131,189,000	6,290,000
1983	103,550,164	10,391,775

	No. of Com. Shares†	Earn. per Share +‡
1987	12,934,563	$ 0.86
1986 x	12,783,997	—
1985	11,983,897	—
1984	11,325,033	0.54
1983	11,111,640	0.87

(Loss)
x Restated to reflect change in accounting for income taxes.
‡ Including extraordinary gain of $1,709,000 ($0.13 per share) in 1987.
† Adjusted to reflect stock dividend.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 32,109,000	$ 2.48
1986 x	18,984,000	1.48
1985	21,665,000	1.81
1984	61,973,000	5.47
1983	53,968,000	4.86

x Restated.
† Adjusted to reflect stock dividend.

Income Account * (000's)

Year ended Dec. 31	1987	1986‡
Revenues	$ 148,394	$ 129,557
Cost of revenues	62,865	57,768
Expenses	68,269	61,307
Gain on sale of leases	(6,759)	—
Interest expense	13,316	12,937
Interest income	(1,508)	(84)
Income (loss) bef. taxes	$ 12,211	$ (2,371)
Income taxes	2,600	2,012
Net Income (Loss)	$ 9,611	$ (4,383)
Extraord. gain	1,709	—
Net Income (Loss) & extraord. gain	$ 11,320	$ (4,383)

* Included in Costs and Expenses, Depreciation: $12,545,000 in 1987 and $10,157,000 in 1986.
‡ Restated.

Assets (000's)

As of Dec. 31	1987	1986‡
Cash	$ 8,987	$ 2,408
Accts. receiv., net	26,543	29,735
Lease receiv., curr.	12,667	14,535
*Inventories	22,752	25,381
Prepaid expenses	1,350	1,217
Current Assets	$ 72,299	$ 73,276
#Fixed assets	28,139	31,600
Field spare parts	5,697	5,553
Other assets	3,750	1,635
Lease receivables	40,850	82,451
Debt issuance costs	1,603	1,943
Total Assets	$ 152,138	$ 196,458

Liabilities (000's)

Accts. pay. & accruals	$ 20,204	$ 15,832
Rents received in adv.	3,015	6,993
Long-term debt, curr.	1,100	21,819
Income taxes	4,587	978
Curr. Liabilities	$ 28,906	$ 45,622
Other liabilities	3,800	1,308
Long-term debt	84,789	126,810
Deferred inc. taxes	2,534	3,734
+ Common stock	1,293	1,278
Add. paid-in capital	30,398	29,056
Notes receiv. from stock sale	(4,835)	(5,283)
Retained earnings (deficit)	5,253	(6,067)
Total Liabilities & Shareholders' Equity	$ 152,138	$ 196,458

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
† Less accumulated appreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Revenues	8.23	—
%Net Income to Revenues	6.48	—
%Net Income to Equity	29.93	—
Debt to Equity	2.67	7.83
Working Capital	$ 43,393,000	$ 27,654,000
Current Ratio	2.50	1.61
Shareholders' Equity	$ 32,109,000	$ 18,984,000

Computer Products, Inc.

2900 Gateway Drive
Pompano Beach, Florida 33069-4824
(305) 974-5500

Officers: John N. Lemasters, chairman of the board, president & chief exec. officer; Edward J. Schneider, sr. v.p.-Power Conversion Group; Ralph R. Cosgiv, v.p.-finance & chief financial-officer; Keith F. Vreeland, v.p.-treasurer & secretary; Barry Kelleher, v.p.-international operations; Ronald J. Friedel, controller.

Directors: John N. Lemasters, chairman; David C. Yoder, Edward J. Schneider, Bert Sager, Edward S. Croft, III, Keith F. Vreeland, J. Earn Templeton, Stephen A. Ollendorff.

Areas of Work: Designs, manufactures and markets two lines of electronic products: power conversion products for electronic equipment used in commerical, industrial and military applications requiring a precise and consistent voltage level; and measurement and control hardware and software systems and components used in computer-directed process control and data acquisition applications.

Divisions and Subsidiaries:

Power Products Division
Measurement and Control Division
Computer Products Caribe Ltd. (Antigua, West Indies)
Stevens-Arnold, Inc.
Mennodyne Corp.
Power Products Ltd. (Youghal, Republic of Ireland)
Computer Products Asia-Pacific Ltd. (Hong Kong)
Computer Products Overseas Finance, N.V.
Grant Technology Systems Corp.

Tecnetics, Inc.
Boulder, Colorado
Manufacturers mil spec power conversion products for the military and aerospace industries.

Boschert, Inc.
Manufactures and markets AC/DC open-frame and high power caseswitchers used for power conversion.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPRD (NASDAQ)

Number of Employees:

1987	2,178	1984	1,300
1986	2,015	1983	1,100
1985	2,248		

Plant Footage:

1987	486,000 sq. ft.	1985	682,000
1986	556,000	1984	352,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 108,794,000	$ (12,252,000)
1986	105,319,000	(9,281,000)
1985	80,610,000	1,452,000
1984	79,896,00	8,742,000
1983	60,930,000	6,437,000

	No. of Com. Shares x	Earn. per Share x
1987	19,844,000	$ ---
1986	19,757,000	---
1985	19,699,000	0.07
1984	19,058,000	0.46
1983	17,940,000	0.36

(Loss)
+ Of continuing operations only.
x Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 35,976,000	$ 1.81
1986	48,229,000	2.44
1985	57,179,000	2.90
1984	49,884,000	2.65
1983	40,622,000	2.24

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1/1/88	1/2/87
Net sales	108,794,000	105,319,000
Cost of sales	75,174,000	72,813,000
Expenses	32,782,000	36,657,000
Interest income	(574,000)	(90,000)
Interest expense	(994,000)	—
Sale of property	513,000	2,086,000
Loss bef. taxes	$ (2,692,000)	$ (9,707,000)
Inc. taxes (credit)	181,000	(4,028,000)
Loss-cont. oper.	$ (2,873,000)	$ (5,679,000)
Loss-discont. oper.	(9,379,000)	(3,602,000)
Net Loss	$ (12,252,000)	$ (9,281,000)

* Included in Costs and Expenses, Depreciation: $7,548,000 in 1987 and $6,776,000 in 1986.

Assets

As of	1/1/88	1/2/87
Cash	$ 3,414,000	$ 1,243,000
Cert. of deposit	11,797,000	223,000
Accts. receiv., net	20,876,000	19,855,000
Refundable income taxes	—	1,188,000
*Inventories	30,858,000	33,860,000
Prepaid expense	1,423,000	1,164,000
Current Assets	$ 68,368,000	$ 57,533,000
#Fixed assets	40,975,000	39,599,000
Other assets	20,701,000	23,406,000
Total Assets	$ 130,044,000	$ 120,538,000

Liabilities

Short-term debt	$ 2,603,000	$ —
Accts. payable	12,434,000	2,662,000
Notes payable	5,367,000	7,376,000
Accruals	10,661,000	8,218,000
Curr. Liabilities	$ 31,065,000	$ 18,256,000
Notes payable	49,285,000	40,802,000
Leases payable	13,718,000	13,251,000
+Common stock	198,000	198,000
Add. paid-in capital	26,305,000	26,305,000
Retained earnings	9,574,000	21,826,000
Treasury stock	(101,000)	—
Total Liabilities & Shareholders' Equity	$ 130,044,000	$ 120,538,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.53	3.11
Working Capital	$ 37,303,000	$ 39,277,000
Current Ratio	2.20	3.15
Shareholders' Equity	$ 35,976,000	$ 48,229,000

Computer Sciences Corporation

2100 E. Grand Avenue
El Segundo, California 90245
(213) 615-0311

Officers: William R. Hoover, chairman & president; George Barratt, v.p. & chief financial officer; Albert Gluckson, v.p. & secretary; Alvin E. Nashman, v.p. & president-Systems Group; Roy Nutt, v.p.; Denis M. Crane, v.p. & controller; Lawrence Parkus, v.p.-corporate development; Van B. Honeycutt, v.p. & president-Industry Services Group; L. Scott Sharpe, v.p.-human resources; Stephen D. Natcher, v.p. & general counsel; Jose Collazo, president-INFONET.

Directors: William R. Hoover, chairman; George Barratt, Felix A. Kalinski, Alvin E. Nashman, Roy Nutt, Howard P. Allen, Robert R. Dockson, Richard C. Lawton.

Areas of Work: Plans, designs, engineers, integrates and operates computer-based systems and communications systems. It manages client computer facilities and provides operations and maintenance services for high-technology operations. It also provides value-added services in data communications, remote computing and distributed processing on its international communications network, and operates a number of other proprietary services for specific industries and markets.

Principal Operating Units:

Systems Group
6565 Arlington Boulevard
Falls Church, Virginia 22046

Applied Technology Division
Falls Church, Virginia

Defense Systems Division
Moorestown, New Jersey

Systems Division
Falls Church, Virginia

System Sciences Division
Silver Spring, Maryland

Systems International Division
Herndon, Virginia

Special Projects Division
Falls Church, Virginia

Network Systems Division
Falls Church, Virginia

INFONET
El Segundo, California

Computer Sciences Canada, Inc.
Toronto, Ontario, Canada

Development and Operations Division
El Segundo, California

Government Systems Division
Falls Church, Virginia

Industry Services Group
2100 East Grand Avenue
El Segundo, California 90245

Associated Credit Services, Inc.
Houston, Texas

CSC Compufact, Inc.
Garden Grove, California

Health and Administrative Services Division
Sacramento, California

CSC Comtec, Inc.
Farmington Hills, Michigan

TACS Division
Los Angeles, California

Professional Services
El Segundo, California

Computer Partners, Inc.
Waltham, Massachusetts

Communications Industry Services
Piscataway, New Jersey

CSC Computer Sciences Europe S.A.
350/358 Avenue Louise
Brussels, Belgium

CSC Computer Sciences Nederland B.V.
Zoetermeer, The Netherlands

Computer Sciences Company Limited
London, England

CSID-Computer Sciences International Deutschland GmbH
Munich, Federal Republic of Germany

CSC Computer Sciences (Schweiz) AG
Zurich, Switzerland

Affiliates:

Computer Sciences of Australia Pty. Ltd.
460 Pacific Highway, St. Leonards
Sidney, New South Wales 2065, Australia

Transfer Agent(s):

Bank of America, N.T. & S.A.
Corporate Agency Service Center
55 Hawthorne Street
San Francisco, California 94105

American Transtech
P.O. Box 44037
Jacksonville, Florida 32231-4037

Stock Exchange(s): New York, Pacific

Ticker Symbol: CSC

Number of Employees:

1987	18,200	1984	13,900
1986	15,600	1983	13,500
1985	15,800		

Computer Sciences Corporation

Sales & Earnings

	Revenues	Net Income
1987	$ 1,031,459,000	$ 32,243,000
1986	838,587,000	23,948,000
1985	723,693,000	27,718,000
1984	712,224,000	18,266,000
1983	694,914,000	17,888,000

	No. of Com. Shares‡	Earn per Share‡
1987	15,459,939	$ 2.08
1986	14,185,964	1.69
1985	13,737,634	2.02
1984	13,795,647	1.32
1983	13,601,866	1.32

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1987	1986
Fed. syst. & serv.	$ 646,600	$ 578,300
Health & insur. syst.	113,800	65,900
Credit serv.	86,600	58,10/
Professional serv.	82,600	51,400
Network serv.	80,700	68,500
Complementary serv.	21,200	16,400
Total	$ 1,031,500	$ 838,600

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 284,813,000	$ 18.42
1986	213,853,000	15.07
1985	186,221,000	13.56
1984	158,327,000	11.60
1983	138,676,000	10.20

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account (000's)

Year ended	4/3/87	3/28/86
Revenues	$ 1,031,459	$ 838,587
Cost of services	841,817	656,564
Overhead	83,824	70,173
Depreciation & amortization	28,421	21,656
Interest expense	9,458	6,533
Interest & other income	(3,912)	(906)
Expenses	13,755	11,801
Income bef. taxes	$ 58,096	$ 42,764
Income taxes	25,853	18,816
Net Income	$ 32,243	$ 23,948

Assets (000's)

As of	4/3/87	3/28/86
Cash	$ 13,257	$ 7,914
Short-term invest.	57,356	4,665
Receivables	269,507	274,675
Prepaid expenses & other assets	44,211	12,916
Current Assets	$ 384,331	$ 300,150
Investments	100,006	67,052
#Fixed Assets	111,345	100,532
Total Assets	$ 595,682	$ 467,734

Liabilities (000's)

Notes payable	$ 14,611	$ 11,216
Long-term debt., curr.	5,519	6,105
Debentures sinking fund liability	---	2,950
Accts. payable	23,242	20,580
Accruals	42,263	39,111
Accrued payroll	53,051	42,890
Advance contract payments	1,842	2,209
Income taxes	82,428	81,155
Curr. Liabilities	$ 222,756	$ 205,766
Long-term debt	88,113	16,026
6% sub. conv. deben.	---	32,089
+Common stock	16,221	14,973
Add. paid-in capital	51,905	15,863
Retained earnings	224,393	192,150
Cum. curr. trans. fts.	(204)	(741)
Treasury stock	(7,502)	(8,392)
Total Liabilities & Shareholders' Equity	$ 595,682	$ 467,734

Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.63	5.10
%Net Income to Sales	3.13	2.86
%Net Income to Equity	11.32	11.20
Debt to Equity	0.38	0.16
Working Capital	$ 161,575,000	$ 94,384,000
Current Ratio	1.73	1.46
Shareholders' Equity	$ 284,813,000	$ 213,853,000

Computer Specialties Corporation

81 Hobart Street
Hackensack, New Jersey 07601
(201) 342-0059

Officers: Edward Silver, president & treasurer; Lawrence Peskin, secretary.

Directors: Gerald Epner, Lawrence Peskin, Edward Silver.

Areas of Work: Involved in the manufacture and sale of micrographic equipment. Its products include the PEPCO MFC Automatic Microfiche Cutter, the PEPCO MFI Microfiche Inspectors, and the PEPCO RPC roll paper cutter.

Divisions:

PEPCO Division

Transfer Agent(s):

Continental Stock Transfer & Trust Company

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	N.A.	1984	5
1986	4	1983	5
1985	4		

Plant Footage:

1987	N.A.	1984	3,750
1986	3,750 sq. ft.	1983	3,750
1985	3,750		

N.A.-Not Available.

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 274,893	$ 69,829
1986	267,528	71,399
1985	278,994	751
1984	242,760	23,838
1983	275,000	42,910

	No. of Com. Shares	Earn. per Share‡+
1987	292,760	$ 0.23
1986	292,760	0.24
1985	292,760	0.02
1984	292,760	0.07
1983	292,760	0.15

‡ Including extraordinary loss of $18,081 ($0.07 per share) in 1984.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 795,050	$ 2.72
1986	725,221	2.48
1985	651,821	2.23
1984	651,070	2.22
1983	627,232	2.14

Income Account *

Year ended June 30	1987	1986
Net sales	$ 274,893	$ 267,528
Cost of sales	144,239	132,215
Expenses	95,536	91,286
Oper. profit	$ 35,118	$ 44,027
Other income	(49,630)	(43,781)
Income bef. taxes	$ 84,748	$ 87,808
Income taxes	14,919	16,409
Net Income	$ 69,829	$ 71,399

* Included in Costs and Expenses, Depreciation and Amortization: $2,628 in 1987 and $4,872 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 14,367	$ 13,627
Marketable securities	572,582	553,372
Accts. receiv., net	47,101	45,735
* Inventories	117,347	102,430
Prepaid expenses & other receiv.	3,881	---
Due from brokers	23,256	---
Current Assets	$ 778,534	$ 715,164
# Fixed assets	3,875	6,503
Other assets	29,250	28,150
Total Assets	$ 811,659	$ 749,817

Liabilities

Accts. payable	$ 4,904	$ 4,592
Accruals	11,705	20,004
Curr. Liabilities	$ 16,609	$ 24,596
+ Common stock	29,276	29,276
Add. paid-in capital	818,138	818,138
Retained earnings (deficit)	(52,364)	(122,193)
Total Liabilities & Shareholders' Equity	$ 811,659	$ 749,817

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	30.83	32.82
%Net Income to Sales	25.40	26.69
%Net Income to Equity	8.78	9.85
Sales to Inventories	2.34	2.61
Working Capital	$ 761,925	$ 690,568
Current Ratio	46.87	29.08
Shareholders' Equity	$ 795,050	$ 725,221

Computer Terminal Systems, Inc.

75 Mall Drive
Commack, New York 11725-5703
(516) 864-5200

Officers: Gerald Schoenberg, chairman, president & chief executive officer; Gerhard Schneider, sr. v.p.-operations & chief operating officer; Bernard J. Stein, v.p.-engineering & product development; Michael Bryan, secretary/treasurer & controller.

Directors: Kenneth Sonnenberg, Gerald Schoenberg, Donald W. Blood, Michael Beckman, Patrick O'Neil Connelly, Richard T. Miner, Charles Mittel, Bernard Stein, Gerhard Schneider.

Areas of Work: Engaged in the design, manufacture and marketing of microprocessor-controlled printers and printing terminals used to print computer-generated labels, forms and tickets in a variety of industries.

Transfer Agent(s):

Computer Terminal Systems, Inc.
Commack, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987 ..... 51 . 1986 56

Plant Footage:

1987 ..... 26,000 sq. ft. 1984 56,000
1986 ..... 32,000 1983 56,000
1985 56,000

Sales & Earnings

	Net Sales	Net Income†
1987	$ 4,540,797	$ 3,062,259
1986	6,165,786	(3,201,768)
1985	10,020,246	(2,982,647)
1984	8,654,189	(24,224)
1983	5,527,941	(232,615)

	No. of Com. Shares +	Earn. per Share ++
1987	1,856,381	$ 1.08
1986	1,860,572	—
1985	1,750,943	—
1984	1,487,002	—
1983	1,445,418	—

(Loss)
† Including extraordinary gain of $3,736,655 ($1.32 per share) in 1987.
+ Adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ (939,339) ‡	$ —
1986	(4,160,208)	—
1985	(1,144,133)	—
1984	1,219,969	0.82
1983	1,097,547	0.76

(Deficiency)
‡ After allowing for preferred stock at par value.
+ Adjusted to reflect stock split.

Income Account *

Year ended April 30	1987	1986
Net Sales	$ 4,540,797	$ 6,165,786
Cost of sales	3,507,137	6,004,836
Expenses	1,488,463	2,505,671
Interest expense	219,675	361,591
Interest income	(82)	(29,115)
Loss on dispos. of equip.	—	524,571
Net Loss	$ (674,396)	$ (3,201,768)
Extraord. gain	3,736,655	—
Net Loss & extraord. gain	$ 3,062,259	$ (3,201,768)

* Included in Costs and Expenses, Depreciation and Amortization: $208,096 in 1987 and $260,662 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 23,355	$ 93,755
Accts. receiv., net	620,870	618,020
Notes receiv., net	—	14,648
*Inventories	1,427,246	1,487,689
Prepaid expenses	35,482	78,164
Current Assets	$ 2,106,953	$ 2,292,276
#Fixed assets	670,173	876,774
Security deposits & other	77,337	85,192
Total Assets	$ 2,854,463	$ 3,254,242

Liabilities

Loans payable	$ 201,928	$ 729,237
Accts. payable	499,176	178,288
Accruals & other liab.	657,896	633,985
Long-term debt, curr.	382,997	291,003
Loan payable-stockholder	115,000	—
Due to officer	84,500	—
Curr. Liabilities	$ 1,941,497	$ 1,832,513
Pre-petition unsecured debt	—	4,695,875
Long-term debt	1,084,901	886,062
Deferred liabilities	500,000	—
Deferred income	166,250	—
+Preferred stock	101,154	—
+Common stock	185,638	186,057
Add. paid-in capital	1,627,866	1,482,567
Retained earnings (deficit)	(2,752,843)	(5,815,102)
Unamort. deferred comp.	—	(13,730)
Total Liabilities & Shareholders' Equity	$ 2,854,463	$ 3,254,242

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.18	4.14
Working Capital	$ 165,456	$ 459,763
Current Ratio	1.09	1.25
Shareholders' Equity (Deficiency)	$ (838,185)	$ (4,160,209)

Conner Peripherals, Inc.

2221 Old Oakland Road
San Jose, California 95131
(408) 433-3340

Officers: Finis F. Conner, chairman of the board & chief executive officer; William J. Schroeder, president & chief operating officer; John P. Squires, exec. v.p.-research & development; C. Scott Holt, exec. v.p.-sales & marketing; Carl W. Neun, sr. v.p. & chief financial officer; Albert A. Pimentel, v.p.-finance; Thomas A. Finnegan, v.p.-sales; Ray A. Miller, v.p.-quality & reliability; Richard P. Taylor, v.p.-manufacturing.

Directors: Finis F. Conner, chairman; William J. Schroeder, John P. Squires, Mark S. Rossi, O. Jackson Tankersley, Jr.

Areas of Work: Designs, manufactures and markets high performance 3.25-inch Winchester disk drives used principally in desktop, portable and laptop microcomputers based on 32-bit and higher performance 16-bit microprocessors.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CNNR (NASDAQ)

Number of Employees:

1987 1,286

Plant Footage:

1987 ..... 216,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 113,236,000	611,377,000
1986	—	(4,339,000)
1985*	—	(160,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	26,450,000	$ 0.43
1986	13,277,000	—
1985*	2,110,000	—

(Loss)
* 28 weeks
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 45,559,000	$ 1.72 -
1986	8,062,000	0.61
1985	109,000	0.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Conner Peripherals, Inc.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 113,236	$ —
Cost of sales	84,046	—
Expenses:		
Res. & develop.	3,527	3,171
Sell., gen. & adm.	8,971	1,311
Oper. profit (loss)	$ 16,692	$ (4,482)
Interest expense	347	—
Interest income	(877)	(143)
Other expense	37	—
Income (loss) before taxes	$ 17,185	$ (4,339)
Income taxes	5,808	—
Net income (loss)	$ 11,377	$ (4,339)

* Included in Costs and Expenses, Depreciation and Amortization: $1,155,000 in 1987 and $93,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 30,109	$ 5,360
Accts. receiv., net	3,718	135
Accts. receiv.-Compaq Computer	14,326	280
*Inventories	22,327	4,139
Deferred inc. taxes	2,667	—
Other curr. assets	2,326	395
Current Assets	$ 75,473	$ 10,309
#Fixed assets	18,297	1,753
Total Assets	$ 93,770	$ 12,062

Liabilities (000's)

Short-term debt	$ 4,000	$ —
Long-term debt, curr.	1,877	29
Cap. lease oblig. curr.	98	—
Acct. payable	23,749	2,765
Accrued emp. compensation	2,474	238
Other accruals	3,057	817
Income taxes	8,212	—
Curr. Liabilities	$ 43,467	$ 3,859
Long-term debt	3,684	68
Cap. lease oblig.	217	—
Deferred inc. taxes	263	—
Other liabilities	580	93
+Common stock	38,681	12,541
Retained earnings (deficit)	6,878	(4,499)
Total Liability & Shareholders' Equity	$ 93,770	$ 12,062

* At lower of standard (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	15.18	—
%Net Income to Sales	10.05	—
%Net Income to Equity	24.97	—
Sales to Inventories	5.07	—
Debt to Equity	0.22	0.01
Working Capital	$ 32,006,000	$ 6,450,000
Current Ratio	1.74	2.67
Shareholders' Equity	$ 45,359,000	$ 8,042,000

Control Data Corporation

8100 34th Avenue South
Minneapolis, Minnesota 55420
(612) 853-8100

Mailing address:
P.O. Box 0
Minneapolis, Minnesota 55440-4700

Officers: Robert M. Price, chairman of the board, president & chief exec. officer; Norbert R. Berg, deputy chairman; John K. Buckner, exec. v.p. & chief financial officer; Franklin R. Dawe, sr. v.p.-administration; Harold T. Hahn, v.p. & treasurer; Lawrence Perlman, exec. v.p. & pres.-Data Storage Products Group; George P. Troy, pres.-Training and Education Group; Daniel R. Pennie, v.p., gen. counsel & secretary; David P. White, exec. v.p. & president-Business Services Group; Larry E. Judaasa, sr. v.p.-quality and operations effectiveness; Thomas C. Roberts, exec. v.p. & president-Computer Systems and Services Group; Frank J. Ryan, v.p.-communications; Boyd T. Jones, pres.-Government Systems Group; Anthony J. Asirichio, pres.-Arbitron Ratings Co.; Lois D. Rice, sr. v.p.-government affairs; Lloyd M. Thorndyke, chairman-ETA Systems, Inc.; Robert M. White, v.p. & chief technical officer; Gordon R. Brown, sr. v.p.-corp. planning & development; Catherine A. Hapka, v.p.-corp. marketing; Ronald C. Mickelberg, v.p. & controller; John P. Moe, v.p.-human resources; William Fitzgerald, v.p.-technical services; Carl S. Ledbetter, president & chief operating officer-ETA Systems, Inc.; Thomas W. Miller, v.p.-Europe; Emmanuel J. Otis, sr. v.p.-Asia; Gil D. Williams, v.p.-computer systems; Kenneth E. Hendrickson, v.p.-large disk; Jean G. Kefloler, v.p.-finance & planning; Robert K. Misener, v.p.-small disk; William J. Miller, v.p.-disk drive operations; David L. Riegel, v.p.-components; Roger E. Handberg, v.p.-operations; Herbert F. Trader, v.p.-certification.

Directors: William C. Norris, Judson Bemis, Norbert R. Berg*, Robert M. Price*, Richard G. Lareau*, James C. Worthy, Ralph Hofstad, Ruth M. Davis, Lawrence Perlman, John K. Buckner, Allen W. Dawson, Sigmund M. Hyman, Albert D. Etchelecu, Lois D. Rice, Thomas C. Roberts.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets computers, ranging from very large to small in size, and used in education, engineering, general data processing and specialized control systems worldwide; also makes and markets industrial instruments and controls and aerospace products. Markets computer peripheral equipment, including disk drives, magnetic tape transports, printers, card readers, card punches, terminals, data entry systems, mass storage systems and computer supplies, such as disk packs and magnetic tape. Provides computer services, data services utilizing communications networks and major computer centers, processes scientific, engineering and business data. Professional services include maintenance, architectural design, consulting and education. The Company's Ticketron unit provides computerized lottery services to the states of New York, Illinois, Maryland, Pennsylvania, Washington, and Delaware and two off-track betting systems in upstate New York.

Divisions and Subsidiaries:

Computer Systems and Services Group
Business Services Group
Data Storage Products Group
Government Systems Group
Training and Education Group

SAMI/Burke Inc.
Cincinnati, Ohio
Market research services.

VTC, Incorporated
Manufactures highspeed integrated circuits.

Arbitron Ratings Company
4320 Ammendale Road
Beltsville, Maryland 20705

Autocon Industries, Inc.
2200 Berkshire Lane
Minneapolis, Minnesota 55427

ETA Systems, Inc.
Designs, manufactures and markets scientific computers.

Laser Magnetic Storage International (49% interest)
Produces optical disk and magnetic tape data storage devices.

Magnetic Peripherals Inc. (90%-owned)
Manufactures disk drives.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest, Pacific, Frankfurt, Lausanne, Geneva, Zurich, Basle, Amsterdam.

Ticker Symbol: CDA

Number of Employees:

1987	34,500	1984	47,498
1986	34,409	1983	46,951
1985	38,856		

Plant Footage: *

1987 ..... 5,600,000 sq. ft.

* Manufacturing and warehousing facilities.

Sales & Earnings

	Revenues (000's)	Net Income (000's)†
1987	$ 3,366,900	$ 19,300
1986	3,346,700	(264,500)
1985	3,679,700	(567,500)
1984	3,692,600	5,100
1983	3,407,800	161,700

	No. of Com. Shares‡	Earn. per Share‡†
1987	41,505,000	$ 0.45
1986	40,912,000	—
1985	39,022,000	—
1984	38,520,000	0.12
1983	38,338,000	4.20

(Loss)
† Including extraordinary gain of $4,000,000 in 1986 and extraordinary loss of $5,700,000 ($0.14 per share) in 1987.
‡ Based on the weighted average number of common stock and common stock equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.54	—	—
1984	0.66	—	—
1983	0.60	—	—

Common Stock Equity

	Total Equity‡ (000's)	Equity Per Share
1987	$ 1,036,600	$ 24.85
1986	980,200	23.72
1985	1,191,600	29.21
1984	1,747,500	45.63
1983	1,814,000	47.59

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales & rentals	$ 1,986,800	$ 1,918,300
Services	1,379,700	1,428,400
Total revenues	$ 3,366,500	$ 3,346,700
Cost of sales & rentals	1,515,200	1,413,700
Cost of services	832,100	850,000
Expenses	600,800	683,300
Technical expenses	389,000	403,200
Interest expense	64,100	92,300
Partnership distr.	15,500	22,600
Oper. & invest. restruc.	(107,600)	162,200
Income (loss) before taxes	$ 57,400	(280,600)
Income taxes	32,500	10,000
Minority interest	(100)	(22,100)
Net income (Loss)	$ 25,000	$ (268,500)
Extraord. items	(5,700)	4,000
Net income (Loss) extraord. items	$ 19,300	$ (264,500)

* Included in Costs and Expenses, Depreciation and Amortization: $217,100,000 in 1987 and $200,000,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 405,200	$ 400,900
Accts. receiv., net	711,200	570,000
*Inventories	598,700	539,400
Deferred inc. taxes	—	8,000
Prepaid expenses	24,900	22,600
Current Assets	$ 1,740,000	$ 1,540,500
Investments	57,400	305,200
‡Leased & data ctr. equip.	151,900	182,100
#Fixed assets	457,900	420,700
Other assets	231,400	146,400
Total Assets	$ 2,638,600	$ 2,594,900

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 56,200	$ 70,400
Accts. payable	251,200	186,900
Cust. advances	147,500	109,300
Accrued taxes	68,200	65,500
Accrued payroll	112,500	112,200
Other accruals	433,200	385,300
Curr. Liabilities	$ 1,068,800	$ 929,600
Long-term debt	384,400	485,600
Minority interest	21,000	64,200
Deferred inc. taxes	10,400	20,500
Other liabilities	106,500	103,900
+Preferred stock	10,900	10,900
++Common stock	21,100	20,700
Add. paid-in capital	575,500	560,400
Retained earnings	517,800	498,900
For. curr. trans. adjust.	(39,200)	(70,200)
Other items	(38,600)	(29,600)
Total Liabilities & Shareholders' Equity	$ 2,638,600	$ 2,594,900

* At cost (FIFO or average) not in excess of realizable values.
† Less accumulated depreciation.
‡ Less accumulated depreciation and amortization.
+ $100 par value; 4.50% cumulative.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Revenues	1.71	—
%Net Income to Revenues	0.74	—
%Net Income to Equity	2.39	—
Debt to Equity	0.42	0.56
Working Capital	$ 671,200,000	$ 610,900,000
Current Ratio	1.63	1.66
Shareholders' Equity	$ 1,047,500,000	$ 991,100,000

Control Laser International Corporation

7503 Chancellor Drive
Orlando, Florida 32809
(305) 438-2500

(Has reached an agreement in principle for the merger of the Company into a subsidiary of Quantronix Corporation.)

Officers: J. Allan Krul, president & chief executive officer; J. Richard Crowley, treasurer; Edna L. Boles, secretary; Robert D. Sigman, v.p.-Control Laser Corporation; William E. Walton, v.p.-Control Laser Corporation.

Directors: I. Townsend Burden, III, J. Allan Krul, Douglas K. Dew, Benson B. Roe.

Areas of Work: Engaged in the development, manufacture and marketing of high powered industrial and medical laser systems and components.

Subsidiaries:

Control Laser Corporation
7503 Chancellor Drive
Orlando, Florida 32809
(305) 438-2500

Transfer Agent(s):

Barnett Bank Trust Company, N.A.
P.O. Box 2507
Jacksonville, Florida 32231

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CLSR (NASDAQ)

Number of Employees:

1987	100	1985	217
1986	216		

Plant Footage:

1987	64,800 sq. ft.	1985	75,000
1986	61,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 9,439,000	$ (5,803,000)
1986	14,657,633	(4,503,655)
1985	15,533,928	(978,645)
1984	15,806,790	(1,733,213)
1983	15,980,792	(5,119,764)

	No. of Com. Shares†	Earn. per Share
1987	3,365,000	$ —
1986	3,205,353	—
1985	3,128,246	—
1984	3,118,163	—
1983	3,109,141	—

(Loss)
+ Of continuing operations only.
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ (1,480,000)	$ —
1986	4,092,542	1.28
1985	7,024,385	2.25
1984	7,671,053	2.46
1983	9,341,031	3.00

(Deficiency)
‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 9,439,000	$ 14,657,633
Cost of sales	5,736,000	9,608,913
Expenses	4,889,000	6,644,385
Interest expense	481,000	573,185
Loss on sale of subsid.	1,458,000	2,302,402
Loss on patent settlement	2,230,000	—
Other expense	448,000	32,403
Net Loss	$ (5,803,000)	$ (4,503,655)

* Included in Costs and Expenses, Depreciation and Amortization: $512,000 in 1987 and $682,414 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 56,000	$ —
Accts. receiv., net	843,000	3,857,639
Notes receiv.	2,000	166,332
*Inventories	4,077,000	5,746,854
Prepaid expenses	247,000	631,280
Current Assets	$ 5,225,000	$ 10,402,105
#Fixed assets	1,977,000	3,290,384
Notes receiv. and other assets	971,000	1,321,960
Total Assets	$ 8,173,000	$ 15,014,449

Liabilities

Bank overdraft	$ —	$ 1,377,162
Long-term debt, curr.	202,000	348,861
Accts. payable	1,255,000	1,610,739
Notes payable	—	487,433
Accruals	1,200,000	1,473,360
Reserve for loss on sale of subsid.	255,000	1,784,981
Curr. Liabilities	$ 2,912,000	$ 7,082,536
Long-term debt	6,741,000	3,839,371
+ Common stock	34,000	33,392
Add. paid-in capital	13,835,000	13,605,231
Retained earnings (deficit)	(15,349,000)	(9,546,081)
Total Liabilities & Shareholders' Equity	$ 8,173,000	$ 15,014,449

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	2.32	2.55
Debt to Equity	—	1.14
Working Capital	$ 2,313,000	$ 3,319,569
Current Ratio	1.79	1.47
Shareholders' Equity (Deficiency)	$ (1,480,000)	$ 4,092,542

Convergent, Inc.

(formerly Convergent Technologies, Inc.)

2700 North First Street
San Jose, California 95150-6685
(408) 434-2848

Officers: Paul C. Ely, Jr., chairman; Cyril J. Yansouni, president; William R. Harris, sr. v.p. & chief manufacturing officer; John M. Russell, sr. v.p. & chief financial officer; Sherry F. McVicar, v.p.-human resources; Gloria M. Purdy, controller; Scott C. Neely, gen. counsel & secretary; Richard F. O'Connor, treasurer; Eric D. Carlson, v.p. & gen. mgr.-Cluster Systems Division; Roger A. Cooper, v.p. & gen. mgr.-Europe.

Directors: Paul C. Ely, Jr., chairman; Cyril J. Yansouni, John M. Russell, Don E. Ackerman, William G. Ouchi, Richard J. Riordan, Larry W. Sonsini, James A. Unruh.

Areas of Work: Develops, manufactures and markets microprocessor-based computers and computer systems used in a variety of networked computing applications.

Divisions and Subsidiaries:

Convergent Technologies, Inc.
Uses leading edge computer and networking technology in the creation of innovative systems marketed exclusively to and through original equipment manufacturers and other value-added resellers. Products include workstations, network servers and minicomputers, and a broad array of applications, communications and systems software.

Convergent Business Systems, Inc.
A federation of companies supplying total business automation solutions to selected small business markets.

Display Data Corporation
Executive Plaza IV
Hunt Valley, Maryland 21031
Supplies turnkey computer systems to auto/truck dealerships, beverage distributors and lumberyard home centers.

Dataline Corporation
43 Danbury Road
Wilton, Connecticut 06897
Supplies business automation systems to lumberyards and home centers.

Open Systems, Inc.
6477 City West Parkway
Eden Prairie, Minnesota 55344
Supplies microcomputer accounting products to small businesses.

Digital Systems Division
114 East Gregory Street
Pensacola, Florida 32501
Supplies turnkey business automation to CPAs, accountants and contractors.

Acquisitions:

Bidtek, Inc.
Supplies computer systems to the construction industry.

BaroqData Systems
Supplies turnkey computer systems to court reporters and law firms.

Document Automation Corporation
Provides litigation support services to law firms.

Oakleaf Corporation
Supplies computer systems for financing, leasing and insurance applications for auto dealerships.

Transfer Agent(s):

Bank of America NT & SA
Corporate Agency Service Center
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CVGT (NASDAQ)

Number of Employees:

1987	3,350	1985	1,996
1986	2,483	1984	1,646

Floor Footage:

1987 ..... 1,125,000 sq. ft. 1986 1,194,000

Sales & Earnings

	Revenues+	Net Income+
1987	$ 323,395,000	$ (32,608,000)
1986	266,161,000	(32,835,000)
1985	426,737,000	13,211,000
1984	383,754,000	(12,062,000)
1983	179,724,000	17,807,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	47,903,000	$ —
1986	45,166,000	—
1985	43,957,000	0.30
1984	43,678,000	—
1983	44,585,000	0.40

(Loss)
+ Of continuing operations only.
† Including extraordinary credits of $732,000 in 1984 and $529,000 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 193,114,000	$ 4.03
1986	219,865,000	4.87
1985	236,640,000	5.38
1984	220,730,000	5.05
1983	229,194,000	5.14

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenue:		
Computer syst. & software	$ 323,395	$ 266,161
Maintenance serv. & support	61,422	39,664
Total revenue	$ 384,817	$ 305,825
Cost of sales	251,900	229,319
Product development	33,649	32,837
Expenses	110,840	72,079
Amort. of intangibles	15,783	1,538
Other expense (income)	(811)	6,580
Loss bef. taxes	$ (26,544)	$ (36,528)
Tax credit	—	(3,693)
Loss-cont. oper.	$ (26,544)	$ (32,835)
Loss-discont. oper.	(6,064)	—
Net Loss	$ (32,608)	$ (32,835)

* Included in Costs and Expenses, Depreciation and Amortization: $24,359,000 in 1987 and $21,686,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & market. secur.	$ 30,498	$ 64,880
Accts. receiv., net	78,385	68,186
Contracts receiv.	2,272	—
Refundable taxes	157	6,494
*Inventories	58,985	58,179
Prepaid expenses	7,363	6,170
Net assets-discont. oper.	10,951	—
Current Assets	$ 188,611	$ 203,909
#Fixed assets	51,949	53,942
Contracts receiv.	9,651	—
Capitalized software	6,071	14,745
Invest. in affil.	11,881	17,268
Intangible	1,790	3,011
Other assets	10,589	2,291
Total Assets	$ 280,542	$ 295,166

Liabilities
(000's)

Long-term debt, curr.	$ 1,941	$ 202
Accts. payable	16,587	16,566
Accrued costs-discont. oper.	1,050	—
Accrued payroll	15,994	11,291
Deferred revenue	12,775	12,552
Accrued warranty exp.	2,187	1,611
Other accruals	13,510	10,500
Income taxes	—	1,948
Deferred inc. taxes	—	412
Curr. Liabilities	$ 64,044	$ 55,082
Long-term debt	19,930	19,350
Deferred inc. taxes	—	530
Other liabilities	3,454	339
+Common stock	489	466
Add. paid-in capital	231,594	223,990
Notes receiv. from shareholders	(92)	(754)
Retained earnings (deficit)	(35,787)	(3,837)
Treasury stock	(3,080)	—
Total Liabilities & Shareholders' Equity	$ 280,542	$ 295,166

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.11	0.09
Working Capital	$ 124,567,000	$ 148,827,000
Current Ratio	2.95	3.70
Shareholders' Equity	$ 193,114,000	$ 219,865,000

Cooper Industries, Inc.

First City Tower
1001 Fannin Street, 40th Floor
Houston, Texas 77002
(713) 739-5400

Mailing address:
P.O. Box 4446
Houston, Texas 77210

Officers: Robert Cizik, chairman & president; Alan E. Riedel, sr. v.p.-administration; Dewain K. Cross, sr. v.p.-finance; C. Baker Cunningham, exec. v.p.-operations; H. John Riley, Jr., exec. v.p.-operations; Michael J. Sebastian, exec. v.p.-operations; Thomas W. Campbell, v.p.-public affairs; Joseph R. Coppola, sr. v.p.-manufacturing services; D. Bradley McWilliams, v.p.-taxes; Carl J. Plesnicher, Jr., v.p.-employee relations & environment affairs; Lauren e H. Polsky, v.p.-personnel; Alan J. Hill, v.p. & treasurer; Donald R. Sheley, Jr., controller; Louis B. Trenchard, secretary; Duane F. Emmert, general counsel.

Directors: Robert Cizik, chairman; Warren L. Batts, John P. Diesel, Clifford J. Grum, Harold S. Hook, John D. Ong, Alan E. Riedel, Robert M. Price, Jack W. Schuler, John M. Stafford.

Areas of Work: The Company is engaged in three primary areas of business: Compression & Drilling Products; Commercial & Industrial Products; and Electrical & Electronic Products. Electrical & Electronics Products operations include manufacture of equipment for primary and secondary transmission, distribution and control of electricity to industrial, commercial, and residential users and wire and cable for electronic, and consumer markets. Commercial & Industrial Products operations include manufacture of equipment, hardware, and hand and power tools for the construction, automotive, commercial cleaning, and consumer markets. Compression & Drilling Products operations include support services to oil and natural gas drilling and compression markets, and to the mining and construction industries.

Divisions and Subsidiaries:

Electrical & Electronic Products:

Crouse-Hinds Electrical Construction Materials
Syracuse, New York

Cooper Electrical Distribution Products
Earlysville, Virginia

Arrow Hart Wiring Devices
Earlysville, Virginia

Arrow Hart Components
Hartford, Connecticut

Cooper Lighting Group
Elk Grove Village, Illinois

Halo Lighting
Elk Grove Village, Illinois

Metalux Lighting
Americus, Georgia

Cooper Lighting-HID
Vicksburg, Michigan

Belden Wire and Cable
Richmond, Indiana

Bussman
St. Louis, Michigan

McGraw-Edison Power Systems
Pittsburgh, Pennsylvania

Commercial & Industrial Products:

Apex
Dayton, Ohio

Cooper Air Tools
Lexington, South Carolina

Cooper Tools
Raleigh, North Carolina

Kirsch
Sturgis, Michigan

Wagner
Parsippany, New Jersey

Compression & Drilling Products:

Energy Services Group
Mt. Vernon, Ohio

Ajax-Superior
Springfield, Ohio

Cooper-Bessemer Reciprocating
Grove City, Pennsylvania

Cooper-Bessemer Rotating
Mt. Vernon, Ohio

Funk
Coffeyville, Kansas

Industrial Machinery Division
Quincy, Illinois

Gardner-Denver Mining & Construction
Roanoke, Virginia

Martin-Decker
Cedar Park, Texas

Flow Control Division
Missouri City, Texas

Turbocompressor Division
Buffalo, New York

Transfer Agent(s):

First City National Bank of Houston
Houston, Texas

Stock Exchange(s): New York, Pacific

Ticker Symbol: CBE

Number of Employees:

1987	43,200	1984	30,000
1986	40,200	1983	29,838
1985	46,000		

Plant Footage:

1987 ..... 35,593,000 sq. ft.

Sales & Earnings

	Revenues + ($000's)	Net Income ($000's)
1987	$ 3,585,785	$ 173,811
1986	3,433,296	147,722
1985	3,067,169	135,080
1984	2,029,915	106,864
1983	1,850,280	71,169

	No. of Com. Shares†	Earn. per Share†
1987	$ 50,107,000	$ 3.47
1986	48,595,000	3.04
1985	42,695,000	2.79
1984	42,724,000	2.13
1983	42,909,000	1.29

+ Of continuing operations only.
† Based on the weighted average number of common shares outstanding.

Revenues by Line of Business
($000's)

	1987	1986
Compression & drilling equip.	$ 642,825	$ 564,647
Tools & hardware	1,195,829	1,142,372
Electrical & electronic prods	1,736,446	1,699,708
Other	10,685	26,569
Total	$ 3,585,785	$ 3,433,296

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.68	—	—
1986	1.60	—	—
1985	1.52	—	—
1984	1.52	—	—
1983	1.52	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	$ 1,591,922,000	$ 31.77
1986	1,418,885,000	29.31
1985	1,221,568,000	27.11
1984	1,057,893,000	25.12
1983	1,068,318,000	24.87

‡ After allowing for preferred stock at liquidation values.

Income Account
($000's)

Year ended Dec. 31	1987	1986
Revenues	$ 3,585,785	$ 3,433,296
Cost of sales	2,430,183	2,301,970
Expenses	622,643	615,943
Depreciation & amortization	135,368	127,131
Interest expense	86,075	103,080
Income before taxes	$ 311,516	$ 285,172
Income taxes	137,705	137,450
Net Income	$ 173,811	$ 147,722

Assets
($000's)

As of Dec. 31	1987	1986
Cash	6,186	$ 8,583
Receiv., net	693,372	575,095
*Inventories	956,825	867,781
Other assets	111,571	94,111
Current Assets	$ 1,767,954	$ 1,545,570
#Fixed assets	1,016,647	937,741
Intangibles	967,103	899,720
Investments	48,659	57,001
Total Assets	$ 3,800,363	$ 3,400,032

Liabilities
($000's)

Short-term debt	$ 63,407	63,204
Long-term debt, curr.	32,519	24,808
Accts. payable & accruals	922,949	711,981
Income taxes	42,296	46,861
Curr. Liabilities	$ 1,061,171	$ 846,854
Long-term debt	884,351	863,615
Deferred inc. taxes	261,929	269,617
+Preferred stock series B	540	570
++ Common stock	250,294	242,044
Add. paid-in capital	259,122	207,451
Retained earnings	1,087,919	997,200
Translation component	(4,963)	(27,327)
Total Liabilities & Shareholders' Equity	$ 3,800,363	$ 3,400,032

* At lower of cost (primarily LIFO) or net realizable value.
# Less accumulated depreciation.
+ No par value; $2.50 cum. convert.
++ $5 par value.

Statistical Summary

% Income bef. Taxes to Sales	8.69	8.31
% Net Income to Sales	4.85	4.30
% Net Income to Equity	10.91	10.40
Sales to Inventories	3.75	3.96
Debt to Equity	0.62	0.67
Working Capital	$ 706,783,000	$ 698,716,000
Current Ratio	1.67	1.83
Shareholders' Equity	$ 1,592,912,000	$ 1,419,946,000

Corcom, Inc.

1600 Winchester Road
Libertyville, Illinois 60048
(312) 680-7400

Officers: Werner E. Neuman, president; Joseph C. Ezzma, II, v.p.-sales & marketing; Michael B. Head, exec. v.p. & chief operating officer; Charles R. Whitchurch, v.p.-finance & treasurer; Walter Roth, secretary.

Directors: Werner E. Neuman, David B. Pivan, Herbert L. Roth, Walter Roth, Gene F. Straube, Renato Tagiuri.

Corcom, Inc.

Areas of Work: Manufactures and markets power line interference filters which control radio frequency interference emitted by electronic equipment. The filters prevent malfunctions in electronic devices and suppress noise pollution.

Transfer Agent(s):

Harris Trust and Savings Bank
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CORC (NASDAQ)

Number of Employees:

1987	932	1984	1,285
1986	774	1983	1,300
1985	554		

Plant Footage:

1987	225,000 sq. ft.	1984	233,000
1986	211,000	1983	182,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 23,916,000	$ 522,000
1986	20,476,000	(399,000)
1985	19,547,000	(3,976,000)
1984	32,350,000	2,895,000
1983	26,120,000	1,108,000

	No. of Com. Shares +	Earn. per Share‡
1987	3,558,547	$ 0.15
1986	3,463,806	—
1985	3,468,634	—
1984	3,468,964	0.83
1983	3,453,004	0.61

(Loss)
+ Adjusted to reflect stock split.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 22,373,000	$ 6.29
1986	21,553,000	6.22
1985	21,974,000	6.34
1984	25,933,000	7.48
1983	22,983,000	6.66

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 23,916,000	$ 20,476,000
Cost of sales	14,465,000	13,930,000
Engineering expenses	1,127,000	868,000
Sell., adm. & other expenses	7,654,000	6,072,000
Interest income	(192,000)	(99,000)
Inc. (loss) before taxes	$ 862,000	$ (285,000)
Income taxes	340,000	114,000
Net Income (Loss)	$ 522,000	$ (399,000)

* Included in Costs and Expenses, Depreciation # and Amortization: $1,386,000 in 1987 and $1,349,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 2,490,000	$ 5,503,000
Accts. receiv., net	4,521,000	2,437,000
*Inventories	9,865,000	7,448,000
Federal income taxes	—	69,000
Other cur. assets	646,000	812,000
Current Assets	$ 17,522,000	$ 16,269,000
#Fixed assets	8,122,000	8,805,000
Intangibles	1,087,000	—
Other assets	213,000	—
Total Assets	$ 26,944,000	$ 25,074,000

Liabilities

Notes payable	$ 100,000	—
Long-term debt, curr.	68,000	62,000
Accts. payable	1,554,000	913,000
Income taxes	21,000	101,000
Other accruals	1,520,000	1,067,000
Curr. Liabilities	$ 3,263,000	$ 2,143,000
Long-term debt	1,308,000	1,378,000
+Common stock	13,654,000	13,384,000
Retained earnings	8,724,000	8,202,000
Treasury stock	(5,000)	(33,000)
Total Liabilities & Shareholders' Equity	$ 26,944,000	$ 25,074,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.60	—
%Net Income to Sales	2.18	—
%Net Income to Equity	2.33	—
Sales to Inventories	2.42	2.75
Debt to Equity	0.07	0.07
Working Capital	$ 14,259,000	$ 14,126,000
Current Ratio	5.37	7.59
Shareholders' Equity	$ 22,373,000	$ 21,553,000

Core Industries Inc.

500 North Woodward
Bloomfield Hills, Michigan 48013
(313) 642-3400

Officers: Harold M. Marko, chairman & chief exec. officer; Richard T. Walsh, president & chief operating officer; Wendel Calderwood, v.p.; Lawrence J. Murphy, v.p.-finance & secretary; Thomas G. Hooper, treasurer & controller; Dennis R. Mason, staff manager - audit; Harold Schmidt, staff manager - manufacturing; William A. Handelman, staff manager - systems development.

Directors: Harold M. Marko, chairman; Richard T. Walsh, Charles W. Elliott, Alan E. Schwartz, Robert G. Stone, Jr., Kenneth J. Whalen.

Areas of Work: A diversified company, manufacturing products within four major groups: electronics, farm equipment, fluid controls and construction products, and industrial products.

Divisions and Subsidiaries:

Electronics Group

Amprobe Instrument
Lynbrook, New York
Liquid crystal thermometer, which allows the temperature of equipment to be measured from three separate locations by pressing one button.

Anilam Electronics Corporation
Miami, Florida
Off-line programming systems for machinists, including eight-color graphics high-resolution CRT, machinist-oriented keyboard and a quality printer.

Hilton Industries, Inc.
Sarasota, Florida
Custom winding machines for electronic, military and film capacitor applications.

GSE, Inc.
Farmington Hills, Michigan
Manufacturer of electronic measuring devices and electronic weighing scales.

Great Lakes Eglinton
Bridgeport, Michigan
Special carbide wheel parts.

Acquisitions:

Cherokee International, Inc.
Tustin, California
Manufactures and markets a broad range of power supplies, primarily for the computer market.

Pasar, Inc.
Denver, Colorado
Designs and manufactures electronic, hand-held wire and cable tracing instruments for the electrical industry.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): New York

Ticker Symbol: CRI

Number of Employees:

1987	2,100	1986	1,950

Plant Footage:*

1987	295,500 sq. ft.	1986	200,500

* Electronics operations only.

Sales & Earnings

	Net Sales†	Net Income
1987	$ 168,148,000	$ 7,963,000
1986	163,513,000	6,714,000
1985	137,145,000	10,865,000
1984	131,010,000	10,744,000
1983	123,549,000	7,371,000

	No. of Com. Shares	Earn. per Share‡
1987	9,770,000	$ 0.82
1986	9,759,000	0.69
1985	9,746,000	1.11
1984	9,968,000	1.08
1983	9,967,000	0.74

† Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Electronics	$ 73,922,000	$ 62,594,000
Farm Equipment	21,668,000	16,834,000
Fluid controls & constructr. prods.	63,173,000	76,298,000
Vehicle prods.	9,385,000	7,787,000
Total	$ 168,148,000	$ 163,513,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.630	—	—
1986	0.590	—	—
1985	0.550	—	—
1984	0.510	—	—
1983	0.470	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 96,127,000	$ 9.84
1986	94,261,000	9.66
1985	93,235,000	9.57
1984	90,716,000	9.10
1983	85,052,000	8.53

Income Account

Year ended Aug. 31	1987	1986
Net sales	$ 168,147,624	$ 163,512,709
Cost of sales	111,597,841	111,328,122
Expenses	37,431,627	34,029,846
Depreciation & amortization	5,167,360	3,596,458
Interest expense	1,047,169	492,638
Other income	(1,308,953)	(2,054,356)
Income before taxes	$ 14,212,671	$ 16,120,301
Income taxes	6,250,000	6,800,000
Inc.-cont. oper.	$ 7,962,671	$ 9,320,301
Loss-discont. oper.	—	(2,605,877)
Net Income	$ 7,962,671	$ 6,714,324

Assets

As of Aug. 31	1987	1987
Cash	$ 3,827,902	$ 1,753,234
Accts. receiv, net	43,699,726	40,308,852
*Inventories	46,698,445	42,517,042
Prepaid expenses	1,911,247	901,869
Deferred inc. taxes	786,000	666,000
Current Assets	$ 96,723,320	$ 86,436,997
#Fixed assets	26,233,904	22,788,470
Other assets	19,570,617	12,430,770
Total Assets	$ 142,527,841	$ 121,636,237

Liabilities

Long-term debt, curr.	$ 855,000	$ 540,000
Accts. payable	9,678,914	9,718,141
Accrued payroll	9,040,474	8,685,089
Dividends payable	1,562,867	1,463,922
Income taxes	1,239,066	277,739
Curr. Liabilities	$ 22,376,321	$ 20,684,891
Long-term debt	21,214,950	4,210,534
Deferred inc. taxes	2,810,000	2,480,000
+Common stock	11,127,816	11,117,004
Add. paid-in capital	218,205	174,757
Retained earnings	90,863,711	89,052,213
Treasury stock	(6,083,162)	(6,083,162)
Total Liabilities & Shareholders' Equity	$ 142,527,841	$ 121,636,237

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
\+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.45	—
%Net Income to Sales	4.74	—
%Net Income to Equity	8.28	7.12
Sales to Inventories	3.60	3.85
Debt to Equity	0.23	0.05
Working Capital	$ 74,346,999	$ 65,742,106
Current Ratio	4.32	4.18
Shareholders' Equity	$ 96,126,570	$ 94,260,812

Corning Glass Works

Houghton Park
Corning, New York 14831
(607) 974-9000

Officers: James R. Houghton, chairman & chief executive officer; Van C. Campbell, vice-chairman; Richard Dulude, president-Electronics and Telecommunications Group; E. Martin Gibson, president-Health and Science Group; Roger G. Ackerman, president-Specialty Glass and Ceramics Group; David A. Duke, sr. v.p.-research, development & engineering; William C. Ughetta, sr. v.p.-, secretary & general counsel; Kenneth W. Freeman, sr. v.p. & controller; Richard B. Klein, treasurer.

Directors: James R. Houghton, chairman; Van C. Campbell, Thomas C. MacAvoy, Mary L. Bundy, Robert L. Gemillard, Carla A. Hills, Edward L. Palmer, Donald S. Perkins, Henry Rosovsky, Robert C. Stone, Jr., Robert S. McNamara, Robert Barker, Richard Dulude, E. Martin Gibson, Roger G. Ackerman, Vernon E. Jordon, Jr., James J. O'Connor, James W. Kinnear, William D. Smithburg.

Areas of Work: Operates in four broad industry segments: Consumer products-manufactures tablewares and housewares including glass and glass-ceramic cookware for cooking, serving, and storing food, indoor plant containers, and "Steuben" lead crystal. Electronics and Telecommunications-manufactures optical fibers for use in voice, video, or data transmission, optical cable (which encloses the fiber), glass for TV picture tubes and monitors, and electronic devices such as capacitors and resistors. Specialty Materials-manufactures ceramic substrates for automatic emission-control systems, sealed-beam components and tungsten-halogen tubing for headlights, tooth-replacement ceramic, silicone products, and foam-glass insulation. Health and Science-manufactures medical diagnostic products, optical ware, ophthalmic lenses, laboratory ware, and glass piping. Also engaged in biotechnology research.

Subsidiaries:

MetPath Inc.
Teterboro, New Jersey

Corning International Corporation
Corning, New York

Corning Canada Inc.
Toronto, Ontario, Canada

Corning GmbH
Wiesbaden, West Germany

Corning Limited
Sunderland, England

Corning Europe Inc.
Slough, England

Corning Japan K.K.
Tokyo, Japan

Corning S.p.A.
Milan, Italy

Corning Trading (Singapore) Pte. Ltd.
Singapore

Rigolleau, S.A. (20% interest)
Buenos Aires, Argentina

Producción Corning de Mexico, S.A. de C.V.
Monterrey, Mexico

Corning France, S.A.
Avon, France

Corning Enterprises, Inc.
Corning, New York

Teddington Company Limited
Hamilton, Bermuda

Corning Brasil-Vidros Especiais Ltda.
Sao Paulo, Brazil

E.I.V.S., S.A.
Paris (Villeneuve-la-Garenne), France

Crown Corning U.S.A. Inc.
Los Angeles, California

U.S. Precision Lens Inc.
Cincinnati, Ohio

Dow Corning Corporation (50% owned)
Midland, Michigan

Pittsburgh Corning Corporation (50% owned)
Pittsburgh, Pennsylvania

Ciba Corning Diagnostics Corp. (50% owned)
Medfield, Massachusetts

Hua-Mei International Glass Engineering Company Ltd. (50% owned)
Beijing, China

PCO Inc. (80% owned)
Los Angeles, California

Raycom Systems Inc. (48.5% owned)
Boulder, Colorado

Borosil Glass Works Limited (39.5% owned)
Bombay, India

Crown Corning Limited (50% owned)
Sydney, N.S.W., Australia

Iwaki Glass Company, Ltd. (49.4% owned)
Tokyo, Japan

Fibres Optiques Industries, S.A. (40% owned)
Paris, France

Genencor Inc. (25% owned)
San Francisco, California

Corning Glass Works

Optical Fibres (50% owned)
Clywd, Wales

Pittsburgh Corning Europe, N.V. (50% owned)
Brussels, Belgium

Samsung-Corning Company Ltd. (50% owned)
Seoul, Korea

Siecor GmbH (50% owned)
Munich, West Germany

Optical Waveguides Australia Pty. Ltd. (50% owned)
Melbourne, Australia

Siecor GmbH & Co. KG (50% owned)
Neustadt, West Germany

N-Cor Ltd. (50% owned)
Tokyo, Japan

MetriCor Inc. (50% owned)
Woodinville, Washington

Siecor Corporation (50% owned)
Hickory, North Carolina

Sicover, S.A. (45% owned)
Assiche, France

Acquisitions:

Hazelton Laboratories Corporation
Herndon, Virginia
Supplies life-science testing services and products.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Corporate Agency Department
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): * New York, Zurich, Boston, Midwest, Pacific, Philadelphia. * Listed and/or traded.

Ticker Symbol: GLW

Number of Employees:

1987	25,500	1984	26,900
1986	25,100	1983	27,600
1985	24,600		

Sales & Earnings *

	Net Sales ($000's)	Net Income† ($000's)
1987	$ 2,083,700	$ 207,500
1986	1,943,700	181,800
1985	1,754,400	136,400
1984	1,706,600	101,800
1983	1,640,100	92,200

	No. of Com. Shares +	Earn. per Share† +
1987	46,165,000	$ 4.49
1986	45,654,000	3.98
1985	44,633,000	3.06
1984	44,408,000	2.29
1983	44,211,000	2.09

* Restated to include operations of Hazelton Laboratories Corp., acquired on a pooling of interests basis.
† Including extraordinary gains of $4,200,000 ($0.09 per share) in 1987, $14,900,000 ($0.33 per share) in 1986, $5,600,000 ($0.13 per share) in 1985, and $11,400,000 ($0.26 per share) in 1984.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Specialty materials	$ 383,900	$ 330,400
Electronics & telecommunications	522,000	580,500
Health & science	627,900	557,000
Consumer products	547,900	475,800
Total	$ 2,083,700	$ 1,943,700

Common Stock:

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.42	—	—
1986	1.40	—	—
1985	1.31	—	—
1984	1.19	—	2-for-1
1983	1.16	—	—

+ Adjusted to reflect stock split.

Common Stock Equity *

	Total Equity ($000's)	Equity Per Share +
1987	$ 1,535,700	$ 33.27
1986	1,395,600	30.57
1985	1,224,700	27.44
1984	1,117,000	25.15
1983	1,083,900	24.52

* Restated.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *
($000's)

Year ended	1/3/88	12/28/86‡
Net sales	$ 2,083,100	$ 1,943,700
Gain on dispos. of Owens-Corning	—	111,300
Gain on issuance of affiliate's stock	5,100	—
Other income	28,900	25,700
Total income	$ 2,117,700	$ 2,080,700
Cost of sales	1,407,500	1,284,100
Expenses	529,100	484,700
Other expense (income)	(4,300)	22,900
Interest expense	39,900	34,200
Prov. for restruc. costs	—	109,300
Income before taxes	$ 145,500	$ 145,500
Income taxes	55,300	55,400
Equity in earnings of assoc. companies	(98,900)	(76,800)
Net Income	$ 189,100	$ 166,900
Extraord. gain	4,300	14,900
Cum. effect of change in acctng. method	14,200	—
Net Income & extraord. gain	$ 207,500	$ 181,800

* Included in Costs and Expenses, Depreciation and Amortization: $145,700,000 in 1987 and $135,800,000 in 1986.
‡ Restated.

Assets
(000's)

As of	1/3/88	12/28/86‡
Cash	$ 35,400	$ 39,300
Short-term invest.	220,000	163,700
Accts. receiv., net	364,800	342,600
*Inventories	221,000	234,900
Prepaid exp. & def. inc. taxes	122,100	152,400
Current Assets	$ 963,300	$ 922,900
Investments	697,100	583,300
#Fixed assets	909,700	859,400
Other assets	88,600	95,800
Total Assets	$ 2,658,700	$ 2,461,400

Liabilities
(000's)

Loans payable	$ 11,000	$ 13,400
Accts. payable	118,800	124,500
Accrued liabilities & accruals	350,100	370,200
Curr. Liabilities	$ 479,900	$ 508,100
Other liabilities	117,300	132,700
Loans payable	428,800	373,900
Deferred invest. credits & deferred inc. taxes	97,000	51,100
+Common stock	157,000	220,100
Retained earnings	1,334,300	1,180,200
Trans. adjustments	54,400	(4,700)
Total Liabilities & Shareholders' Equity	$ 2,658,700	$ 2,461,400

‡ Restated.
* At lower or cost (primarily LIFO) or market.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.98	7.49
%Net Income to Sales	9.96	8.59
%Net Income to Equity	13.51	11.96
Sales to Inventories	9.43	8.64
Debt to Equity	0.01	0.01
Working Capital	$ 483,400,000	$ 414,800,000
Current Ratio	2.01	1.82
Shareholders' Equity	$ 1,535,700,000	$ 1,395,600,000

CPT Corporation

8100 Mitchell Road
P.O. Box 295
Minneapolis, Minnesota 55440-0295
(612) 937-8000

Officers: Dean F. Scheff, chairman of the board; Arthur B. Sims, president & chief exec. officer; James H. Kaufenberg, v.p. & chief financial officer; David F. Foster, sr. v.p.; Clayton R. Benish, Jr., vice president; Eugene V. DiMenna, vice president; Theodore Manukas, vice president; Francis J. Broghammer, vice president; Earl C. Steman, vice president; David Priebe, v.p., secretary & general counsel; Elizabeth A. Schweitzer, asst. secretary.

Directors: Dean F. Scheff, chairman; John Gerlach, Thomas G. Herschbach, John R. MacLennan, Mark F. Friedlander, Jr., Arthur B. Sims, Andrew H. Van de Ven.

Areas of Work: The Company markets, sells and supports office information systems and integration services worldwide.

Subsidiaries:

SMR Computer Services, Inc.
Develops software solutions for the healthcare industry.

Information Storage, Inc. (20%-owned)
Xcellerated Computer Aided Technology (23.5%-owned)

Transfer Agent(s):

First Trust Company of St. Paul
St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CPTC (NASDAQ)

Number of Employees:

1987	981	1984	1,744
1986	1,084	1983	1,581
1985	1,463		

Sales & Earnings

	Net Sales	Net Income
1987	$ 101,293,000	$ (34,843,000)
1986	116,027,000	(21,500,000)
1985	149,301,000	(2,993,000)
1984	200,324,000	17,411,000
1983	178,455,000	17,721,000

	No. of Com. Shares	Earn. per Share #
1987	14,401,197	$ —
1986	15,812,197	—
1985	16,088,197	—
1984	16,707,553	1.05
1983	16,551,587	1.07

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 56,060,000	$ 3.89
1986	97,896,000	6.19
1985	120,691,000	7.50
1984	129,730,000	7.76
1983	111,651,000	6.75

Income Account *
(000's)

Year ended June 30	1987	1986
Net sales	$ 79,048	$ 96,875
Rentals & maint.	22,245	19,152
Total revenues	$ 101,293	$ 116,027
Cost of sales	50,832	58,300
Cost of rentals & maint.	10,300	10,411
Expenses	60,536	63,466
Interest expense	5,008	4,879
Interest income	(3,152)	(4,479)
Equity losses	1,250	—
Prov. for restruc.	16,750	15,000
Loss bef. taxes	$ (40,231)	$ (31,530)
Tax credit	(5,388)	(10,030)
Net Loss	$ (34,843)	$ (21,500)

* Included in Costs and Expenses, Depreciation and Amortization: $9,799,000 in 1987 and $12,135,000 in 1986.

Assets
(000's)

As at June 30	1987	1986
Cash	$ 25,117	$ 31,347
Accts. receiv., net	30,107	41,321
Other receiv.	2,800	4,880
Inc. taxes recev.	2,353	11,165
*Inventories	26,925	37,694
Current Assets	$ 87,302	$ 130,407
#Fixed assets	32,231	40,476
Other assets	6,666	5,431
Total Assets	$ 126,199	$ 176,314

Liabilities
(000's)

Notes payable	$ 5,198	$ 6,181
Long-term debt, curr.	593	459
Accts. payable	6,752	7,336
Accrued liab.	10,595	11,285
Deferred revenue	5,406	5,817
Curr. Liabilities	$ 28,544	$ 31,078
Long-term debt	3,309	3,126
Convert. subord. deben.	37,288	37,288
Deferred inc. taxes	700	6,040
Minority interest	298	888
+Common stock	720	791
Add. paid-in capital	36,874	43,826
Retained earnings	19,234	54,077
Foreign curr. trans.	(768)	(800)
Total Liabilities & Shareholders' Equity	$ 126,199	$ 176,314

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

Debt to Equity	0.16	0.10
Working Capital	$ 58,758,000	$ 99,329,000
Current Ratio	3.06	4.20
Shareholders' Equity	$ 56,060,000	$ 97,896,000

Cray Research, Inc.

608 Second Avenue South
Minneapolis, Minnesota 55402
(612) 333-5889

Officers: John A. Rollwagen, chairman of the board & chief exec. officer; Lester T. Davis, exec. v.p.; John Carlson, exec. v.p. & chief financial officer; Marcelo A. Gumucio, exec. v.p.; Andrew Scott, vice chairman & counsel; Michael Dickey, v.p.-international marketing; Robert A. Gaertner, v.p.-communications; Michael J. Lindseth, v.p.-finance & treasurer; M. Dean Roush, sr. v.p.; Don Whiting, v.p.-manufacturing & asst. secretary; Richard Morris, v.p.-technical operations; Paul W. Dillingham, Jr., v.p.-government marketing; Deborah E. Barber, v.p.-human resources; Gerald M. Brost, v.p.-engineering; Neil Davenport, v.p. & managing dir.-Cray U.K.; Edward A. Masi, v.p.-marketing; Robert H. Ewald, v.p.-Software division; Gregory T. Barnum, corporate controller; David E. Frasch, secretary & technology counsel; David P. Dyson, asst. secretary & corp. counsel; Mark S. McNeil, asst. secretary & international counsel.

Directors: Seymour R. Cray*, Francis X. Driscoll, Thomas A. Longo, John A. Rollwagen*, Andrew Scott*, Robert L. Swiggett, Robert F. Zicarelli, Livio DeSimone.

* Member of the Executive Committee

Areas of Work: Engaged in the design, development and manufacture of large-scale, high-speed computing systems intended for scientific applications, and the marketing and maintenance of such systems.

Subsidiaries:

Cray Research GmbH
Munich, West Germany

Cray Research Japan, Limited
Tokyo, Japan

Cray Canada, Inc.
Toronto, Canada

Cray Research B.V.
Rijswijk, The Netherlands

Cray Research (U.K.) Ltd.
Bracknell, England

Cray Research France S.A.
Paris, France

Cray Research A.B.
Linkoping, Sweden

Cray Research S.r.l.
Milan, Italy

Cray Research (Australia) Pty. Ltd.
Melbourne, Australia

Cray Research (Suisse) S.A.
Geneva, Switzerland

Cray Asia/Pacific, Inc.
Hong Kong

Cray Research A/S
Trondheim, Norway

Cray Research, S.A.E.
Madrid, Spain

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

Manufacturers Hanover Trust Company
40 Wall Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CYR

Number of Employees:

1987	4,308	1984	2,203
1986	3,999	1983	1,551
1985	3,180		

Plant Footage:

1987	967,600 sq. ft.	1984	461,800
1986	823,800	1983	327,000
1985	767,000		

Sales & Earnings

	Revenue	Net Income
1987	$ 687,336,000	$ 147,076,000
1986	596,685,000	124,815,000
1985	380,158,000	75,610,000
1984	228,752,000	45,352,000
1983	169,690,000	26,071,000

	No. of Com. Shares	Earn. per Share #
1987	30,761,000	$ 4.65
1986	30,276,000	3.99
1985	29,807,000	2.49
1984	29,348,000	1.53
1983	29,178,000	0.88

Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 610,614,000	$ 19.85
1986	441,856,000	14.59
1985	304,944,000	10.23
1984	220,452,000	7.51
1983	172,385,000	5.91

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 515,815	$ 457,464
Leased systems	72,530	67,995
Service fees	98,991	71,226
Revenues	$ 687,336	$ 596,685
Cost of sales	150,211	125,370
Cost of leased systems	27,756	25,247
Cost of services	67,403	52,102
Expenses	220,732	177,376
Interest expense	9,076	8,796
Interest income	(21,195)	(16,697)
Other expense (income)	941	(724)
Income before taxes	$ 232,412	$ 225,215
Income taxes	85,336	100,400
Net Income	$ 147,076	$ 124,815

* Included in Costs and Expenses, Depreciation and Amortization: $72,056,000 in 1987 and $56,799,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & temp. invest.	$ 88,572	$ 35,807
Market. secur.	86,141	44,185
Accts. receiv., net	96,887	49,930
*Inventories	192,888	187,477
Prepaid expenses	5,017	6,650
Current Assets	$ 469,505	$ 324,049
Long-term receivables	9,907	5,461
#Leased systems & spares	65,880	60,476
#Fixed assets	152,055	137,174
Defer. charges & other assets	204,913	172,870
Total Assets	$ 902,260	$ 700,030

Liabilities (000's)

Long-term debt, curr.	$ 8,856	$ 9,537
Accts. payable	18,957	14,271
Accrued expenses	67,835	57,211
Income taxes	20,020	14,484
Cust. adv. pay.	51,892	22,850
Curr. Liabilities	$ 167,560	$ 118,353
Long-term debt	108,657	122,604
Deferred inc. taxes	15,429	17,217
+Common stock	30,860	30,276
Add. paid-in capital	108,562	83,207
Retained earnings	476,361	329,285
Foreign curr. trans. adj.	916	(912)
Treasury stock	(6,085)	—
Total Liabilities & Shareholders' Equity	$ 902,260	$ 700,030

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	33.81	37.74
%Net Income to Revenues	21.40	20.92
%Net Income to Equity	24.09	28.25
Debt to Equity	0.19	0.28
Working Capital	$ 301,945,000	$ 205,696,000
Current Ratio	2.80	2.74
Shareholders' Equity	$ 610,614,000	$ 441,856,000

Cross & Trecker Corporation

505 North Woodward Avenue
P.O. Box 925
Bloomfield Hills, Michigan 48013
(313) 644-4343

Officers: Russell A. Hedden, chairman of the board; Richard T. Lindgren, president & chief executive officer; Johannes A. Buiteweg, v.p.-law & secretary; John J. Hinnendael, v.p.-finance; Walter J. Aspatore, v.p.; Donald P. Muench, treasurer; Roger John Lesinski, asst. secretary & corp. attorney; Larry C. Helber, controller.

Directors: Russell A. Hedden, chairman; Richard T. Lindgren, Edward C. Mabbs, Thomas F. Russell, John F. Daly, Vincent R. Little, William P. Vititoe, Kenneth R. Stephanz, Ralph E. Cross, Francis J. Trecker, John G. Bollinger.

Areas of Work: Designs and builds special metal-cutting, assembly, and testing machines and integrated manufacturing systems. Also manufactures computer numerically-controlled machining centers, milling machines and turning machines, and computer-controlled multiple-machine flexible manufacturing systems. Designs and builds automated material handling systems for the foundry and power generating industries, grinding machines, flexible fabricating and inspection machines and systems.

Operating Units:

Cross & Trecker Automotive, North America
17801 East Fourteen Mile Road
Fraser, Michigan 48026
(313) 293-3000
Special machine tools and systems for mid- to high-volume, low-variety manufacturing; transfer lines, flexible transfer lines, shuttle and dial machines, assembly systems, broaching machines, feed power units, drill heads, high-speed piston turning machines, diagnostic electronics.

Cross & Trecker Credit Corporation
505 North Woodward Avenue
P.O. Box 925
Bloomfield Hills, Michigan 48013
(313) 644-4343

The Warner and Swasey Company
11000 Cedar Avenue
P.O. Box 94531
Cleveland, Ohio 44101
(216) 432-4009
Machine tools and measurement systems; horizontal turning machines, turret lathes and grinding machines for cylindrical parts; sheet-metal cutting, forming and punching machines and systems; measurement and autometrology systems; linear bearings.

Machine Remarketing Corporation
3611 Woodburn Avenue
Cincinnati, Ohio 45212
(513) 874-0015
Marketing of used and updated machinery, including appraisals, listing, storage, financing, sales and training.

Kearney & Trecker Corporation
11000 Theodore Trecker Way
Milwaukee, Wisconsin 53214
(414) 476-8300
Produces computer-controlled machine tools and multiple-machine flexible manufacturing systems.

Roberts Corporation
3001 West Main Street
Lansing, Michigan 48901
(517) 371-2460
Manufactures sand and mold handling systems, automatic pouring systems, and various support equipment for the foundry industry. Designs and builds automated material handling systems. Markets robots and automated guided vehicles.

Cross & Trecker Manufacturing
Warren, Michigan

Cross International
United Kingdom

Cross Europa-Werk, GmbH
West Germany

Acquisition(s):

Alliance Automation Systems, Inc.
400 Trabold Road
Rochester, New York 14624
(716) 426-2700
Produces assembly automation machines and systems.

Sequoia Automation Systems, Inc.
Santa Clara, California

Transfer Agent(s):

First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CTCO (NASDAQ)

	71,100	82,099

Number of Employees:

1987	4,100	1984	4,400
1986	4,300	1983	2,400
1985	4,500		

Plant Footage:

1987	2,000,000 sq. ft.	1984	N.A.
1986	2,500,000	1983	1,516,000
1985	3,000,000		

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1987	$ 422,220,000	$ (24,450,000)
1986	399,301,000	189,000
1985	402,708,000	11,743,000
1984	259,655,000	4,053,000
1983	149,925,000	3,687,000

	No. of Com. Shares #	Earn. per Share #
1987	$ 12,415,000	$ —
1986	12,384,000	0.02
1985	12,355,000	0.95
1984	12,341,000	0.33
1983	12,332,000	0.30

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 187,936,000	$ 15.12
1986	208,257,000	16.80
1985	209,911,000	16.98
1984	205,590,000	16.65
1983	207,159,000	16.80

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Revenues	$ 422,220	$ 399,301
Cost of sales	346,831	304,741
Expenses	94,596	102,652
Prov. for loss on restruc.	14,730	—
Other income	(2,650)	(6,018)
Interest expense	6,887	4,545
Loss before taxes	$ (38,174)	$ (6,619)
Tax credit	(18,109)	(9,413)
Inc. (loss) - cont. oper.	$ (20,065)	$ 2,794
Loss-discont. oper.	(4,385)	(2,605)
Net Income (Loss)	$ (24,450)	$ 189

* Included in Cost and Expenses, Depreciation: $13,427,000 in 1987 and $12,704,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash & short-term invest.	$ 9,888	$ 16,151
Accts. receiv.	160,189	134,970
Income taxes	—	6,381
* Inventories	99,021	114,195
Other curr. assets	4,417	9,014
Current Assets	$ 273,515	$ 280,711
# Fixed assets	71,100	82,099
Other assets	36,416	31,233
Total Assets	$ 381,031	$ 394,043

Liabilities
(000's)

Short-term debt	$ 43,164	$ 57,332
Long-term debt, curr.	374	477
Accts. payable	39,919	46,875
Advance payments	3,669	1,398
Accruals	53,038	35,233
Income taxes	69	11,966
Curr. Liabilities	$ 140,233	$ 153,281
Long-term debt	38,301	14,078
Deferred income	8,544	8,693
Deferred taxes	6,017	9,734
+ Common stock	12,456	12,451
Add. paid-in capital	24,223	24,060
Retained earnings	144,133	168,614
Cumulative translation adjustment	7,596	4,086
Treasury stock	(472)	(954)
Total Liabilities & Shareholders' Equity	$ 381,031	$ 394,043

* At lower of cost (LIFO & FIFO).
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	0.09
Sales to Inventories	4.26	3.50
Debt to Equity	0.44	0.35
Working Capital	$ 133,282,000	$ 127,430,000
Current Ratio	1.95	1.83
Shareholders' Equity	$ 187,936,000	$ 208,257,000

CTS Corporation

(27.5% owned by Dyanmics Corporation of America)

905 N. West Boulevard
Elkhart, Indiana 46514
(219) 293-7511

Officers: George F. Sommer, chairman, president & chief exec. officer; Gary B. Erekson, sr. v.p. & chief financial officer; John P. Colglazier, group v.p.; Willie P. Ozbirn, v.p.-research and development & sales and marketing; Duane H. Duering, v.p.-human resources; David K. Sentman, treasurer; Robert G. Early, v.p.; William D. Baker, controller; Jeannine M. Davis, secretary & general counsel.

Directors: George F. Sommer, chairman; Joseph DiGirolamo, Gerald H. Frieling, Jr., Andrew Loryniak, Edward J. Mooney, Richard M. Ringoen, Joseph P. Walker.

Areas of Work: Manufactures electronic components for consumer, industrial and military electronic equipment. Products include variable resistors (potentiometers and trimmers), cermet microelectronic products (resistor and/or capacitor networks, hybrid circuits and variable resistors), loudspeakers, quartz crystal products (quartz crystals, filters, oscillators and crystal component ovens), injection molded plastic products, solid state rectifiers, selector switches, tools and dies, and automation machinery, tire rasps, and custom display fixtures.

Divisions and Subsidiaries:

CTS of Elkhart, Inc.
1142 West Beardsley Avenue
Elkhart, Indiana 46514
(219) 523-0210

CTS of Berne, Inc.
406 Parr Road
Berne, Indiana 46711
(219) 589-3111

CTS of Asheville, Inc.
Mills Gap Road
Skyland, North Carolina 28776
(704) 684-6451

CTS Microelectronics, Inc.
1201 Cumberland Avenue
West Lafayette, Indiana 47906
(317) 463-2565

CTS Halex Division
Irvine, California

CTS Knights, Inc.
400 Reimann Avenue
Sandwich, Illinois 60548
(815) 786-8411

CTS Tool, Die & Machine, Inc.
3000 Engle Road
Fort Wayne, Indiana 46809
(219) 747-0531

CTS of Brownsville, Inc.
1100 Roosevelt Street
Brownsville, Texas 78520
(512) 546-5184

CTS of Canada, Ltd.
80 Thomas Street
Streetsville, Ontario, Canada
(416) 826-1141

CTS Components Taiwan, Ltd.
Central 6th Road (Chung Liu Road)
P.O. Box 26020
Kaohsiung, Taiwan

CTS Singapore Pte., Ltd.
Republic of Singapore

CTS of Bentonville
1300 S.E. 9th Street
Bentonville, Arkansas 72712

Systems Division
Eden Prairie, Minnesota

Middlebury Division
Middlebury, Indiana

Circuits Division
Fremont, California
Baldwin, Wisconsin

Connector Division
New Hope, Minnesota
Cokato, Minnesota

Paso Robles Division
Paso Robles, California

Fabri-Tek Computer Components
Blantyre, Scotland, United Kingdom

Fabri-Tek H.K. Limited
Kowloon, Hong Kong

CTS de Mexico, S.A.
Matamovos, Mexico

Transfer Agent(s):

Midwest Commerce Banking Company
Elkhart, Indiana 46515

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: CTS

Number of Employees:

1987	6,642	1984	8,172
1986	6,508	1983	7,001
1985	8,200		

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 261,083,000	$ 11,480,000
1986	245,547,000	(13,148,000)
1985	261,613,000	9,436,000
1984	279,151,000	(2,582,000)
1983	215,137,000	9,145,000

	No. of Com. Shares‡	Earn per Share†‡
1987	5,656,400	$ 2.03
1986	5,654,174	—
1985	5,746,165	1.64
1984	5,747,747	—
1983	5,667,342	1.61

(Loss)
* 53 weeks.
+ Of continuing operations only.
† Including extraordinary gain of $6,299,000 in 1986.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.625	—	—
1986	1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 125,512,000	$ 22.33
1986	116,869,000	20.66
1985	136,089,000	24.10
1984	125,219,000	23.52
1983	143,947,000	25.05

‡ Based on the weighted average number of shares outstanding.

CTS Corporation

Income Account * (000's)

Year ended	1/3/88	12/28/86
Net sales	$ 261,083	$ 245,547
Cost of Sales	211,125	205,083
Expenses	32,888	37,057
Prov. for dispn. of CTS Printex	2,326	18.000
Exp. related to DCA litigation	—	7,580
Interest expense	3,303	2,729
Other income	(2,980)	(1,728)
Income (loss) bef. taxes	$ 14,421	(23,174)
Income taxes	3,941	3,454
Inc. (loss)-cont. oper.	$ 10,480	(26,628)
Inc.-discont. oper.	1,000	7,181
Net Income (Loss)	$ 11,480	$ (19,447)
Extraord. gain	—	6,299
Net Income (Loss) & extraord. gain	$ 11,480	$ (13,148)

* Included in Costs and Expenses, Depreciation: $14,040,000 in 1987 and $15,553,000 in 1986.

Assets (000's)

As of	1/3/88	12/28/86
Cash & cert. of deposit	$ 20,206	16,082
Accts. receiv., net	35,557	35,509
Recov. inc. taxes	2,445	3,639
*Inventories	49,815	50,880
Other curr. assets	2,347	6,690
Current Assets	$ 110,370	$ 112,800
#Fixed assets	73,809	75,851
Other assets	21,207	19,468
Total Assets	$ 205,386	$ 207,899

Liabilities (000's)

Notes payable	$ 5,667	$ 6,415
Long-term debt, curr.	883	4,664
Accts. payable	17,467	16,786
Accruals	7,967	11,331
Dividends payable	706	1,416
Other accruals	11,256	12,267
Curr. Liabilities	$ 43,946	$ 52,879
Long-term debt	33,846	36,676
Deferred inc. taxes	2,082	1,475
+Common stock	34,895	34,992
Retained earnings	94,485	86,535
Cum. for curr. trans.	1,341	(11)
Treasury stock	(5,209)	(4,647)
Total Liabilities & Shareholders' Equity	$ 205,386	$ 207,899

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. taxes to Sales	5.52	—
%Net Income to Sales	4.40	—
%Net Income to Equity	9.15	—
Sales to Inventories	5.24	4.83
Debt to Equity	0.32	0.87
Working Capital	$ 66,424,000	$ 59,921,000
Current Ratio	2.51	2.13
Shareholders' Equity	$ 125,512,000	$ 116,369,000

Cubic Corporation

9333 Balboa Avenue
San Diego, California 92123
(619) 277-6780

P.O. Box 85587
San Diego, California 92138

Officers: Walter J. Zable, president, chairman of the board & chief exec. officer; Walter C. Zable, vice chairman & v.p.; William C. Stewart, Jr., v.p.-secretary & general counsel; Colvin C. Wellborn, sr. v.p.; Louis G. Dameson, Jr., v.p.-corp. planning; James B. Jenkins, v.p.-contracts; Marlyn L. Hicks, v.p.-corporate; Raymond L. deKozan, v.p.-marketing; William J. Thompson, v.p.-development planning; Thomas A. Baz, v.p. & corp. controller; William Boyle, v.p.-finance & treasurer; Kenneth K. Kopf, asst. secretary.

Directors: Walter J. Zable, chairman; Thomas Moran, Jackson D. Arnold, Walter C. Zable, Malin Burnham, Robert T. Monagan, Raymond E. Peet.

Areas of Work: Simulation and training systems, navigational systems, surveying equipment, elevators, automated and manual fare collection systems, oil exploration equipment, welding supplies, gases, safety equipment, power-tools, radio communications equipment, electronic medical equipment, computer service bureau and micrographics.

Divisions and Subsidiaries:

Cubic Defense Systems
9333 Balboa Avenue
San Diego, California 92123
(619) 277-6780

Cubic Communications
305 Airport Road
Oceanside, California 92054
(619) 757-7525

Cubic Data Systems
5225 Lovelock
San Diego, California 92109
(619) 297-9980

Cubic Far East (Singapore) Pte Ltd.
4 Shenton Way
#17-00 Shing Kwan House
Singapore 0106

Cubic Precision/K&E Electro-Optical Products
750 Huyler Street
Teterboro, New Jersey 07608
(201) 288-6000

Westinghouse Cubic Ltd. (50% owned)
First Floor
15/17 Long Acre
London WC2E 9LH England

G.S. Parsons Companies
9010 Clairemont Mesa Boulevard
San Diego, California 92123
(619) 279-8200

U.S. Elevator
10728 U.S. Elevator Road
Spring Valley, California 92078
(619) 460-1000

Consolidated Converting Company
2601 Workman Mill Road
Whittier, California 90601
(213) 692-9421

Cubic Western Data
5650 Kearney Mesa Road
San Diego, California 92111
(619) 268-3100

Cubic Precision Survey Systems Division
1308 South Washington Street
Tullahoma, Tennessee 37388
(615) 455-8524

Acquisition(s):

Automatic Toll Systems, Inc.
144 East Kingsbridge Road
Mount Vernon, New York 10550
(914) 699-7000
Manufactures automatic and manual toll collection systems for use on highways, bridges, and tunnels.

Transfer Agent(s):

California First Bank
San Diego, California

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: CUB

Number of Employees:

1987 ..... 4,500 1986 4,512

Plant Footage:

1987 ..... 1,400,000 sq. ft. 1984 1,300,000
1986 ..... 1,400,000 1983 1,200,000
1985 1,300,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 357,569,000	$ 7,932,000
1986	337,802,000	1,125,000
1985	331,701,000	14,725,000
1984	275,097,000	14,018,000
1983	273,244,000	17,341,000

	No. of Com. Shares #	Earn. per Share #
1987	7,661,000	$ 1.04
1986	7,783,000	0.14
1985	7,873,000	1.87
1984	7,926,000	1.77
1983	7,926,000	2.19

Based on the weighted average number of common shares and common share equivalents outstanding.

Revenue By Line of Business

	1987 (000's)	%	1986 (000's)	%
Electronic defense systems	$ 150,700	42 %	$ 160,900	45 %
Elevator products	112,100	31	102,900	30
Fare collection systems	40,800	12	—	—
Other	54,000	15	74,400	25
Total	$ 357,600	100 %	$ 337,800	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.39	—	—
1986	0.39	—	—
1985	0.39	—	—
1984	0.39	—	—
1983	0.36	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 111,632,000	$ 14.59
1986	108,654,000	13.97
1985	110,644,000	14.21
1984	101,730,000	12.83
1983	90,861,000	11.46

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 357,569,000	337,802,000
Interest income	2,421,000	2,196,000
Other income	1,848,000	1,916,000
Total income	$ 361,838,000	$ 341,914,000
Cost of sales	275,161,000	271,150,000
Expenses	68,584,000	66,897,000
Interest expense	4,912,000	3,024,000
Income before taxes	$ 13,181,000	$ 843,000
Income taxes (credit)	5,249,000	(282,000)
Net Income	$ 7,932,000	$ 1,125,000

* Included in Costs and Expenses, Depreciation and Amortization: $9,480,000 in 1987 and $8,093,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 269,000	$ 1,039,000
Marketable securities	9,755,000	25,403,000
Accts. receiv., net	128,253,000	101,290,000
*Inventories & costs of contracts	34,187,000	30,828,000
Prepaid expenses	9,363,000	11,602,000
Current Assets	$ 181,827,000	$ 170,162,000
#Fixed assets	63,562,000	36,059,000
Other assets	11,557,000	19,884,000
Total Assets	$ 256,946,000	$ 226,105,000

Liabilities

Short-term borrowings	$ 5,500,000	$ —
Long-term debt, curr.	2,388,000	2,539,000
Accts. payable	27,139,000	22,703,000
Accrued payroll	11,434,000	11,227,000
Income taxes	4,858,000	14,696,000
Other liab.	15,739,000	12,507,000
Curr. Liabilities	$ 67,058,000	$ 63,672,000
Long-term debt	72,469,000	49,066,000
Deferred inc. taxes	3,613,000	2,611,000
Deferred comp.	2,174,000	2,102,000
+Common stock	234,000	234,000
Add. paid-in capital	12,123,000	12,123,000
Retained earnings	104,133,000	99,184,000
Treasury stock	(4,858,000)	(2,887,000)
Total Liabilities & Shareholders' Equity	$ 256,946,000	$ 226,105,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.69	0.25
%Net Income to Sales	2.22	0.33
%Net Income to Equity	7.11	1.04
Debt to Equity	0.72	0.47
Working Capital	$ 114,769,000	$ 106,490,000
Current Ratio	2.71	2.67
Shareholders' Equity	$ 111,632,000	$ 108,654,000

Curtiss-Wright Corporation

(45%-owned by subsidiaries of Teledyne, Inc.)

1200 Wall Street West
Lyndhurst, New Jersey 07071
(201) 896-8400

Officers: T. Roland Berner, chairman & president; Charles E. Ehinger, exec. v.p.; David Lasky, sr. v.p. & general counsel; Gerald Nachman, v.p. & pres.-Metal Improvement Company; Francis E. Fallon, secretary; Martin A. Sherry, treasurer; John F. Staubach, v.p. & controller.

Directors: T. Roland Berner, chairman; S. D. Brinsfield, John S. Bull, John B. Morris, William F. Raborn, Jr., Richard Dicker.

Areas of Work: Produces and markets precision components and systems, and provides highly engineered services to three broad areas of business activity: Aerospace, Flow Control and Marine, and Industrial.

Subsidiaries:

Curtiss-Wright/Marquette, Inc.
400 South Main Street
Fountain Inn, South Carolina 29644
Precision spring clutches, manual impact wrenches, and aircraft windshield wiper systems.

Metal Improvement Company, Inc.
10 Forest Avenue
Paramus, New Jersey 07652
Shot-peening, peen-forming, composite repair and heat treating services.

Target Rock Corporation
1966 East Broadhollow Road
East Farmingdale, New York 11735
Globe, gate, control, solenoid and safety relief valves.

Curtiss-Wright of Canada, Inc.
1815 Sismet Road
Mississauga, Ontario L4W 1P9 Canada
Air compressors and distribution of small reciprocating engines.

Curtiss-Wright Flight Systems, Inc.
300 Fairfield Road
Fairfield, New Jersey 07006
Aerospace control and actuation components and systems.

Buffalo Facility
60 Grider Street
Buffalo, New York 14215
Custom extruded shapes and seamless alloy pipe.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: CW

Number of Employees:

1987	1,883	1985	2,026
1986	1,993	1984	1,739

Plant Footage:

1987 ..... 925,000 sq. ft. 1986 925,000

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 165,064,000	$ 31,612,000
1986	166,444,000	22,747,000
1985	159,942,000	(42,361,000)
1984	144,369,000	1,886,000
1983	180,417,000	18,503,000

	No. of Com. Shares†	Earn. per Share†‡
1987	4,878,000	$ 6.48
1986	4,867,000	4.67
1985	4,852,000	—
1984	4,836,000	0.39
1983	4,826,000	3.81

(Loss)
‡ Including extraordinary gains of $3,548,000 ($0.73 per share) in 1987 and $1,445,000 ($0.29 per share) in 1986.
† Based on the weighted average number of common shares outstanding during each year.

Revenues By Line of Business
(000's)

	1987	1986
Industrial prods.	$ 41,700	$ 37,400
Flow control & marine	42,900	48,000
Aerospace	80,600	81,200
Total	$ 165,200	$ 166,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.60	—	—
1986	1.40	—	—
1985	1.30	—	—
1984	1.20	—	—
1983	1.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 221,035,000	$ 45.31
1986	196,348,000	40.34
1985	179,643,000	37.02
1984	148,169,000	30.66
1983	231,105,000	47.89

† Based on the weighted average number of common shares outstanding during each year.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 165,064	$ 166,444
Gain on sale of real est. & equip.	17,454	13,349
Interest & div. inc.	7,045	8,346
Other income	3,764	236
Total revenues	$ 193,327	$ 188,395
Cost of sales & expenses:		
Prod. & eng.	109,071	111,917
Sell. & serv.	10,922	8,149
Adm. & gen.	29,276	33,121
Interest	3,469	3,660
Inc. bef. taxes	$ 40,589	$ 31,548
Income taxes	12,525	10,246
Net Income	$ 28,064	$ 21,302
Extraord. gain	3,548	1,445
Net Income & extraord. gain	$ 31,612	$ 22,747

* Included in Costs and Expenses, Depreciation: $9,003,000 in 1987 and $8,445,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 2,915	$ 3,411
Marketable securities	117,558	133,341
Accts. receiv., net	23,919	22,917
Unbilled charges	15,545	10,087
Refund inc. taxes	3,873	—
*Inventories	30,357	24,096
Other curr. assets	5,349	5,403
Current Assets	$ 199,516	$ 199,255
Investment	5,696	—
#Fixed assets	102,744	87,654
Other assets	13,993	10,991
Total Assets	$ 321,949	$ 297,900

Liabilities (000's)

Accts. payable	$ 7,075	$ 8,076
Accrued comp.	4,642	4,349
Accruals	10,788	12,700
Income taxes	—	2,871
Def. inc. taxes	8,458	4,958
Other curr. liab.	10,483	9,288
Curr. Liabilities	$ 41,446	$ 42,242
Long-term debt	46,212	46,937
Deferred inc. taxes	13,256	12,373
+ Common stock	10,000	10,000
Add. paid-in capital	57,006	56,524
Retained earnings	346,942	323,135
Unreal. deprec. on invest.	(2,446)	—
Unearned portion of restric. stock	(1,143)	(972)
Eq. adjust. from for. curr. trans.	1,052	(1,641)
Treasury stock	(190,376)	(190,698)
Total Liabilities & Shareholders' Equity	$ 321,949	$ 297,900

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	20.99	16.75
%Net Income to Revenues	14.52	11.31
%Net Income to Equity	12.70	10.85
Debt to Equity	0.21	0.24
Working Capital	$ 158,070,000	$ 157,013,000
Current Ratio	4.81	4.72
Shareholders' Equity	$ 221,035,000	$ 196,348,000

Cushman Electronics, Inc.

4500 Campus Drive
Suite 235
Newport Beach, California 92660
(714) 756-8171

Officers: John F. Bishop, chairman of the board & treasurer; Mark K. Howlett, vice chairman of the board; Robert D. Johnson, president; James P. Maslyn, v.p.-finance & asst. secretary; Raymond V. White, v.p. & dir.-advanced design; Ken Wong, v.p.-engineering; Sharon F. Lloyd, secretary.

Directors: John F. Bishop, chairman of the board; J. Bradford Bishop, Mark K. Howlett, Robert D. Johnson.

Areas of Work: Design., manufactures, markets and services advanced test instruments for the worldwide radio maintenance and telecommunications industries.

Transfer Agent(s):

First Interstate Bank
26610 West Agours Road
Calabasas, California 91302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CUSH (NASDAQ)

Number of Employees:

1987	72	1984	169
1986	78	1983	200
1985	97		

Plant Footage:

1987	N.A.	1984	43,300
1986	43,300 sq. ft.	1983	43,300
1985	43,300		

N.A.-Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 6,870,000	$ (1,987,000)
1986	7,746,000	(642,000)
1985	8,063,000	(1,694,000)
1984	10,353,000	366,000
1983	14,047,000	74,000

	No. of Com. Shares	Earn. per Share†
1987	1,018,000	$ —
1986	1,039,000	—
1985	1,043,000	—
1984	1,043,000	0.35
1983	1,013,000	0.07

(Loss)
† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.06	—	—
1984	0.12	—	—
1983	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ (141,000)	$ —
1986	1,886,000	1.81
1985	2,538,000	2.43
1984	4,294,000	4.12
1983	3,852,000	3.80

(Deficiency)

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 6,870,000	$ 7,746,000
Cost of sales	5,003,000	6,972,000
Expenses	3,132,000	3,312,000
Loss on discont. prod. line	951,000	—
Interest expense (income)	4,000	(1,000)
Loss before taxes	$ (2,220,000)	$ (537,000)
Income taxes (credit)	(91,000)	105,000
Net Loss	$ (2,129,000)	$ (642,000)

* Included in Costs and Expenses, Depreciation and Amortization: $186,000 in 1986 and $258,000 in 1985.

Assets

As of Sept. 30	1987	1986
Cash	$ 28,000	$ 171,000
Accts. receiv., net	997,000	1,523,000
* Inventories	318,000	1,430,000
Assets held for sale-discont. line	443,000	—
Prepaid expenses	66,000	178,000
Current Assets	$ 1,852,000	$ 3,302,000
Notes receivable	28,000	54,000
# Fixed assets	92,000	448,000
Other assets	144,000	122,000
Total Assets	$ 2,116,000	$ 3,926,000

Liabilities

Accts. payable	$ 786,000	$ 766,000
Costs of restructuring	362,000	—
Accruals	1,007,000	752,000
Estimated income taxes	81,000	81,000
Curr. Liabilities	$ 2,236,000	$ 1,599,000
Deferred gain	21,000	441,000
+ Common stock	1,262,000	1,302,000
Retained earnings (deficit)	(1,403,000)	584,000
Total Liabilities & Shareholders' Equity	$ 2,116,000	$ 3,926,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	21.60	5.42
Working Capital	—	$ 1,703,000
Current Ratio	—	2.07
Shareholders' Equity (Deficiency)	$ (141,000)	$ 1,886,000

Daedalus Enterprises, Inc.

300 Parkland Plaza
P.O. Box 1869
Ann Arbor, Michigan 48106
(313) 769-5649

Officers: Thomas R. Ory, president & chief exec. officer; Sarah J. White, v.p.-finance, treasurer & chief financial officer; Charles G. Stanich, v.p.-research & development & chief operating officer; Lloyd A. Semple, secretary.

Directors: Alan K. Parker, Philip H. Power, John D. Sanders, Thomas R. Ory, Marvin R. Holter, Daniel J. Kasling.

Areas of Work: Manufactures remote sensing devices. The principal products are scanner systems which are installed in aircraft for acquisition of remote sensing data. These data are subsequently processed on the ground by the company's data handling equipment. The information derived from the airborne sensor and processed by the ground stations is used for monitoring and measuring water pollution; for oil, mineral and geothermal exploration; for heat budget and energy loss studies; and for the evaluation of other environmental quality related problems.

Transfer Agent(s):

Michigan National Bank
P.O. Box 1707
Grand Rapids, Michigan 49501

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	16	1986	29

Plant Footage:

1987	20,000 sq. ft.	1986	18,500

Sales & Earnings

	Net Sales	Net Income†
1987	$ 1,779,586	$ (543,912)
1986	3,832,869	427,637
1985	2,045,834	(521,555)
1984	2,047,005	(365,358)
1983	2,902,349	121,929

	No. of Com. Shares	Earn. per Share‡
1987	547,535	$ —
1986	544,424	0.73
1985	540,783	—
1984	509,109	—
1983	507,209	0.24

(Loss)
† Including extraordinary gain of $177,000 ($0.30 per share) in 1986.
‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,127,897	$ 2.06
1986	1,662,688	3.05
1985	1,225,220	2.27
1984	1,654,672	3.25
1983	2,014,463	3.97

Income Account *

Year ended July 31	1987	1986
Net sales	$ 1,779,586	$ 3,832,869
Interest income	66,077	80,142
Total income	$ 1,845,663	$ 3,913,011
Cost of sales	1,089,831	2,079,050
Expenses	1,165,142	1,233,064
Interest expense	134,602	173,260
Income (loss) bef. taxes	$ (543,912)	$ 427,637
Income taxes	—	177,000
Net Income (Loss)	$ (543,912)	$ 250,637
Extraord. gain	—	177,000
Net Income (Loss) & extraord. gain	$ (543,912)	$ 427,637

* Included in Costs and Expenses, Depreciation: $134,537 in 1987 and $144,919 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 75,721	$ 86,622
Accts. receiv., net	338,511	136,965
Unbilled accts. receiv.	47,807	990,585
*Inventories	981,638	643,304
Other current assets	28,457	19,040
Current Assets	$ 1,472,134	$ 1,876,518
#Fixed assets	1,437,996	1,554,247
Other assets	78,527	102,513
Total Assets	$ 2,988,657	$ 3,533,278

Liabilities

Note payable	$ 200,100	$ —
Long-term debt, curr.	60,000	60,000
Accts. payable	146,929	181,986
Accruals	35,525	40,825
Accrued payroll	235,563	327,951
Income taxes	58,643	70,828
Curr. Liabilities	$ 736,760	$ 681,590
Long-term debt	1,075,000	1,140,000
Deferred income taxes	49,000	49,000
+ Common stock	5,475	5,444
Add. paid-in capital	979,650	970,560
Retained earnings	142,772	686,684
Total Liabilities & Shareholders' Equity	$ 2,988,657	$ 3,533,278

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	1.81	5.96
Debt to Equity	0.95	0.72
Working Capital	$ 735,374	$ 1,194,928
Current Ratio	2.00	2.75
Shareholders' Equity	$ 1,127,897	$ 1,662,688

Daisy Systems Corporation

700 East Middlefield Road
Mountain View, California 94043
(415) 960-0123

Officers: Max Palevsky, chairman of the board; Norman E. Friedmann, president & chief executive officer; David A. Stamm, executive v.p.; William O. Meburon, sr. v.p.; Rodney F. Sloss, v.p. & chief financial officer; James Macauley, vice president; Michael Pope, vice president; F. Taylor Scanlon, vice president; David Stevens, vice president; E. Arlin Torbett, vice president; Lyle York, vice president; Kenneth J. Nussbacher, general counsel & secretary; Denis Cohen, president-Daisy Systems International; Moti Carmel, president-Israel Design Center.

Directors: Max Palevsky, chairman; Sanford Kaplan, Richard D. DeLauer, Norman E. Friedmann, Edmund M. Kaufman, David A. Stamm.

Areas of Work: Designs, manufactures, markets and services computer-aided engineering (CAE) systems for use in all segments of the electronics industry.

Subsidiaries:

Daisy Systems International

Daisy Systems (Israel) Ltd.

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DAZY (NASDAQ)

Number of Employees:

1987	801	1984	565
1986	883	1983	232
1985	923		

Plant Footage:

1987 ..... 208,000 sq. ft.

Sales & Earnings

	Revenues	Net Income
1987	$ 100,860,000	$ (16,276)
1986	107,149,000	(1,081)
1985	122,548,000	21,158
1984	69,148,000	11,000
1983	17,474,000	2,581

	No. of Com. Shares‡	Earn. per Share‡
1987	17,773,000	$ —
1986	17,520,000	—
1985	17,351,000	1.22
1984	15,095,000	0.73
1983	13,286,000	0.19

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 136,402,000	$ 7.63
1986	151,365,000	8.56
1985	149,968,000	8.66
1984	50,995,000	3.54
1983	39,196,000	2.75

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net revenues	$ 100,860	$ 107,149
Cost of sales	38,433	34,524
Research & develop. exp.	24,032	25,419
Mktg., gen. & adm. exp.	57,557	57,929
Special items	8,300	—
Interest income	(3,990)	(4,424)
Other expense (income)	204	(618)
Loss before taxes	$ (23,676)	$ (3,681)
Tax credit	(7,400)	(4,600)
Net Loss	$ (16,276)	$ (1,081)

* Included in Costs and Expenses, Depreciation and Amortization: $9,732,000 in 1987 and $10,281,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash	$ 76,651	$ 77,164
Accts. receiv., net	29,448	27,446
*Inventories	11,753	16,522
Prepaid inc. taxes	11,248	9,260
Prepaid expenses	1,022	1,554
Current Assets	$ 130,122	$ 131,946
#Fixed assets	24,550	31,622
Other assets	9,130	8,879
Total Assets	$ 163,802	$ 172,447

Liabilities
(000's)

Cap lease oblig., curr.	$ 146	$ 120
Accts. payable	4,924	5,107
Accruals	12,304	6,927
Deferred revenue	3,200	3,161
Income taxes	689	1,256
Curr. Liabilities	$ 21,263	$ 16,571
Cap. lease obligations	345	526
Deferred inc. taxes	2,119	2,216
Other liabilities	3,473	1,769
+Common stock	18	5,141
Add. paid-in capital	119,731	113,095
Retained earnings	16,853	33,129
Total Liabilities & Shareholders' Equity	$ 163,802	$ 172,447

* At lower of cost (currently adjusted standards) or market.
# Less accumulated depreciation and amortization.
+ $0.001 per value.

Statistical Summary

Working Capital	$ 108,859,000	$ 115,375,000
Current Ratio	6.12	7.96
Shareholders' Equity	$ 136,602,000	$ 151,365,000

Damon Corporation

115 Fourth Avenue
Needham Heights, Massachusetts 02194
(617) 449-0800

Officers: David I. Kosowsky, chairman and chief executive officer; Robert P. Schneider, president and chief operating officer; Allan B. Beitchman, exec. v.p.-finance & chief financial officer; Joseph C. Iscia, sr. v.p. & gen. mgr.-Damon Clinical Laboratories; D. Joseph Powell, sr. v.p.-administration; Vernon F. Sherman, Jr., sr. v.p.-finance & treasurer; Marcia Kosa, v.p.; Daniel R. Cotte, v.p.; Norman Curtis, v.p.; William T. Thurston, v.p.; Raymond E. Vernette, v.p.; Beno R. Kos, v.p.; Allen D. McGee, v.p.; Richard T. Thelen, v.p.; Shamai Winitzer, v.p.; David Steele, v.p. & controller; Bruce G. Goodman, v.p.-legal affairs; Constantine Alexander, secretary.

Directors: David I. Kosowsky, Allan B. Beitchman, Peter A. Brooke, Charles C. Cunningham, Jr., Charles L. Lea, Jr., Robert P. Schneider, W. Gerald Austen.

Areas of Work: Through Damon Clinical Laboratories, Damon owns and operates a network of regional laboratories throughout the U.S. that perform clinical testing of blood and tissue samples. Through its International Equipment Company subsidiary, the company is engaged in the production of microprocessor-controlled laboratory centrifuges, microtome cyrostats and centrifuge accessories. These products are primarily used in the fields of biomedical research and clinical testing. The Electronics Products Division manufactures crystal filters, high quality crystal oscillators and surface acoustic wave devices for radar missile systems, radar fire control systems and navigation and communications equipment. Damon Biotech, Inc., a majority-owned public company, is involved in the large-scale production of monoclonal antibodies for varied biomedical applications.

Divisions:

Damon Clinical Laboratories
115 Fourth Ave.
Needham Heights, Massachusetts 02194

Electronics Products Division
80 Wilson Way
Westwood, Massachusetts 02090

Diagnostic Instruments Division
Manufactures a portable ultra sound scanner.

Subsidiaries:

International Equipment Co. (IEC)
300 Second Avenue
Needham Heights, Massachusetts 02194

Damon Biotech, Inc. (majority-owned public company)
119 Fourth Avenue
Needham Heights, Massachusetts 02194

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, London

Ticker Symbol: DMN

Number of Employees:

1987	3,300	1985	2,500
1986	2,900	1984	2,700

Plant Footage:

1987	153,000 sq. ft.	1985	153,000
1986	153,000	1984	174,600

Sales & Earnings

	Net Sales‡ +	Net Income+
1987	$ 176,202,000	$ 1,992,000
1986	147,962,000	(2,619,000)
1985	128,604,000	(3,227,000)
1984	127,395,000	2,762,000
1983	117,937,000	2,401,000

	No. of Com. Shares #	Earn. Per Share†#
1987	$ 9,339,000	$ 0.21
1986	9,577,000	—
1985	9,878,000	—
1984	10,040,000	0.27
1983	9,991,000	0.24

(Loss)
‡ Includes sales of services and products.
+ Of continuing operations only.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.
† Including extraordinary gains of $135,000 ($0.01 per share) in 1987, $147,000 in 1985, $550,000 ($0.05 per share) in 1984, $1,070,000 ($0.11 per share) in 1983 and extraordinary loss of $111,000 in 1986.

Revenues By Line of Business
(000's)

	1987	1986
Medical services	$ 116,906	$ 97,304
Medical instrumentation	32,645	31,301
Hobby & educational products	20,634	17,090
Damon Biotech, Inc.	6,017	2,267
Total	$ 176,202	$ 147,962

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.13	—	3-for-2
1986	0.13	—	—
1985	0.13	—	—
1984	0.13	—	—
1983	0.13	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 59,732,000	$ 6.35
1986	57,079,000	6.12
1985	56,385,000	5.75
1984	62,697,000	6.27
1983	62,047,000	6.17

‡ Adjusted to reflect stock split.

Income Account *

Year ended Aug. 31	1987	1986
Net sales of serv. & prods.	$ 176,202,136	$ 147,962,277
Cost of sales	107,499,018	92,861,226
Expenses	51,258,804	47,172,701
Prov. for doubtful accts.	3,558,007	3,261,173
Res. & develop. exp.	6,922,740	7,194,749
Eq. in loss of affil.	891,955	914,345
Interest expense	178,933	572,839
Inc. (loss) bef. taxes	$ 5,902,679	$ (4,014,756)
Income taxes	6,174,000	1,315,000
Minority interest	(2,128,197)	(2,821,807)
Net Income (Loss)	$ 1,856,876	$ (2,507,949)
Extraordinary items	135,000	(111,000)
Net Income (Loss) & Extraord. Items	$ 1,991,876	$ (2,618,949)

* Included in Costs and Expenses, Depreciation and Amortization: $7,329,490 in 1987 and $6,897,560 in 1986.

Assets

As of Aug. 31	1987	1986
Cash	$ 3,043,479	$ 3,115,555
Marketable securities	28,727,462	32,743,165
Accts. receiv., net	27,408,634	24,816,560
*Inventories	19,397,207	16,832,760
Prepaid expenses	1,990,935	2,165,660
Current Assets	$ 80,567,717	$ 79,673,701
#Fixed assets	34,091,120	35,947,784
Investments	1,887,967	3,234,321
Other assets	2,448,402	1,611,406
Intangibles	10,058,748	8,293,480
Total Assets	$ 129,053,954	$ 128,762,692

Liabilities

Notes payable & long-term debt, curr.	$ 4,838,313	$ 3,849,034
Accts. payable	8,024,571	7,601,966
Accruals	12,444,374	8,344,387
Income taxes	5,419,650	3,976,425
Deferred revenue	554,129	137,505
Curr. Liabilities	$ 31,281,037	$ 23,909,305
Mortg. & notes payable	9,726,406	17,625,429
Conv. subord. 5.25% deben.	9,904,000	11,269,000
Long-term debt	4,009,042	4,126,662
Deferred inc. taxes	7,444,482	4,752,000
Minority interest	6,957,236	10,001,260
+Common stock	2,352,541	1,555,277
+Junior common stock	43,096	28,731
Add. paid-in capital	37,222,141	36,252,079
Retained earnings	21,492,931	20,750,629
Note receiv. from sale of stock	(168,076)	(296,795)
For. curr. trans. adj.	(1,210,885)	(1,210,885)
Total Liabilities & Shareholders' Equity	$ 129,053,954	$ 128,762,692

* At lower of average cost or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income bef. Taxes to Sales	3.35	—
%Net Income to Sales	1.05	—
%Net Income to Equity	3.11	—
Debt to Equity	0.31	0.45
Working Capital	$ 49,286,680	$ 55,015,727
Current Ratio	2.58	3.30
Shareholders' Equity	$ 59,731,751	$ 57,079,036

Danaher Corporation

3524 Water Street N.W., Washington D.C. 20007
(202) 333-1805

Officers: Steven M. Rales, chairman & chief exec. officer; Mitchell P. Rales, president; Patrick W. Allender, chief financial officer; Ms. Teri Lynch, treasurer; Arthur P. Byrne, group executive; John A. Cosentino, Jr., group executive; C. Scott Brannan, controller.

Directors: Steven M. Rales, chairman; Walter G. Lohr, Jr., Mitchell P. Rales, Donald J. Ehrlich, A. Emmet Stephenson, Jr., George A. Kellner.

Areas of Work: Manufactures automotive and transportation products, instrumentation, precision components and extruded products.

Divisions and Subsidiaries:

Automotive and Transportation:

Fayette Tubular Products
Products of the Automotive and Transportation segment include automobile air conditioning components, wheel service equipment, diesel engine retarders and professional mechanics tools and equipment.

Hennessy Industries, Inc.
Matco Tools Corporation
Jacobs Manufacturing Company

Instrumentation:

Veeder-Root Company
The Instrumentation segment produces and sells temperature, level and position sensing devices; liquid flow measuring devices; and mechanical, electronic and magnetic counting and controlling devices.

Dynapar Corporation
Partlow Corporation
Qualitrol Corporation

Precision Components:

Holo-Krome/Allen Manufacturing
Products of the Precision Components segment include a wide range of precision screw socket screws, special fasteners, shaft collars and couplings drill chucks, connectors and other high quality miniature precision parts made primarily on Swiss screw machines. The segment also assembles and distributes construction equipment.

Inch Company
Allied Steel and Tractor Products, Inc.

Plastic Products:

Master Shield, Inc.
Products of the Plastic Products segment include vinyl siding and related accessories, vinyl window profile extrusions, custom molded plastic products and extruded thermoplastic mill shapes.

A.L. Hyde Company

Acquisition:

Ammco Tools, Inc.
Manufactures lathes used to repair brake drums.

Transfer Agent(s):

Mellon Securities Trust Company
1110 Brickell Avenue, Suite 208
Miami, Florida 33131

Stock Exchange(s): New York, Pacific

Ticker Symbol: DHR

Number of Employees:

1986 7,100

Plant Footage:

1986 ..... 3,664,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income†
1987	615,022,000	$ 18,969,000
1986	254,836,000	15,401,000
1985	111,399,000	13,525,000
1984	32,561,000	2,880,000
1983	24,398,000	(3,718,000)

	No. of Com. Shares #	Earn. per Share‡†
1987	22,808,005	$ 0.85
1986	20,391,658	0.75
1985	20,391,658	0.66
1984	20,383,808	0.17
1983	14,960,842	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $6,737,000 ($0.33 share) in 1986, $7,964,000 ($0.39 per share) in 1985, $1,478,000 ($0.09 per share) in 1984 and extraordinary loss of $1,072,000 ($0.05 per share) in 1987.
# Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Automotive & transportation	$ 297,227	$ 166,806
Instrumentation	143,042	24,936
Precision components	123,705	34,051
Plastic products	52,089	31,020
Other	891	7,676
Total	$ 616,954	262,487

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	103,295,000	$ 4.53
1986	65,244,000	3.20
1985	49,888,000	2.45
1984	36,353,000	1.78
1983	17,469,000	1.17

Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 615,022	$ 254,836
Other income	1,932	7,651
Total income	$ 616,954	$ 262,487
Cost of sales	419,908	192,299
Expenses	110,581	39,117
Interest expense	43,060	19,928
Income before taxes	$ 43,405	$ 11,143
Income taxes	22,949	5,376
Inc.-cont. oper.	$ 20,456	$ 5,767
Inc. (loss)-discont. oper.	(415)	2,897
Net Income	$ 20,041	$ 8,664
Extraord. items	(1,072)	6,737
Net Income & extraord. items	$ 18,969	$ 15,401

* Included in Costs and Expenses, Depreciation and Amortization $13,465,000 in 1987 and $5,892,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 12,993	$ 45,884
Accts. receiv., net	87,132	70,263
* Inventories	107,178	90,883
Assets held for sale	70,555	61,974
Prepaid expenses	7,780	55,633
Current Assets	$ 285,638	$ 324,637
# Plant assets	125,892	95,796
Assets held for sale	—	54,793
Other assets	24,141	26,575
Intangibles	219,594	197,224
Total Assets	$ 655,265	$ 699,025

Liabilities
(000's)

Short-term debt & long-term debt, curr.	$ 1,541	$ 90,672
Accts payable	45,580	37,515
Accruals	93,483	103,166
Curr. Liabilities	$ 140,612	$ 231,353
Other liab.	18,282	9,552
Long-term debt	393,076	392,876
+ Common stock	228	102
Add. paid-in capital	175,909	161,135
For. curr. trans. adjust.	6,137	(45)
Retained earnings (deficit)	(76,979)	(95,948)
Total Liabilities & Shareholders' Equity	$ 655,265	$ 699,025

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Net Income to Equity	19.40	13.28
Sales to Inventories	5.74	2.80
Debt to Equity	0.19	1.54
Working Capital	$ 145,026,000	$ 93,284,000
Current Ratio	2.03	1.40
Shareholders' Equity	$ 103,295,000	$ 65,244,000

Daniel Industries, Inc.

9753 Pine Lake Drive
Houston, Texas 77055
(713) 467-6000

Officers: W. A. Griffin, chairman of the board & chief exec. officer; Ralph M. Clemons, Jr., president & chief operating officer; Rex W. Landry, v.p.; W. A. Griffin, III, v.p.-finance; H. D. Morrison, Jr., v.p., secretary-treasurer; W. C. Clingman, v.p.-information services; Michael R. Yellin, asst. secretary & asst. treasurer.

Directors: W. A. Griffin, William C. Morris, James R. Whatley, Rex W. Landry, Ralph H. Clemons, Jr., Joseph L. Parrish, Gibson Gayle, Jr., Ronald C. Lassiter, Richard L. O'Shields.

Areas of Work: Engaged in the manufacture, sale and servicing of orifice fittings, turbine meters, meter tubes, valves and related mechanical and electronic products for the measurement and control of fluid flows (liquid and gases), and in the engineering and fabrication of integrated metering systems. Also manufactures and markets alloy stud bolts, and manufactures and sells water handling equipment including pumps, tanks and plastic pipe.

Divisions:

Bolt and Gasket Division
P.O. Box 292
Houston, Texas 77001
(713) 224-5811

Daniel Industries, Inc.

Pump and Equipment Division
P.O. Box 21186
Houston, Texas 77026
(713) 695-5871

Daniel Industries Limited
Lochlands Industrial Estates
Larbert-Stirlingshire
Falkirk FK5 3NS Scotland

M&J Valve Division
Houston, Texas
Manufacturer of large, fabricated gate valves used on both gas and liquid pipelines and high-pressure industrial processing systems.

Production Specialties Division
Manufacturing and marketing of gas lift equipment and wireline tools used by oil producers in secondary crude oil recovery operations.

Geophysical Division
Denver, Colorado

Measurement & Control Division

Instrumentation Services Division

Energy Recovery Division

K&L Automation Division
Tucson, Arizona
Manufacturer of specialized electronics systems for the automation of liquid petroleum product terminals.

Bell Microsensor, Inc.
Newbury Park, California
In the process of developing a line of process control instruments

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
New York, New York

MBank Houston, N.A.
Houston, Texas

Stock Exchange(s): New York

Ticker Symbol: DAN

Number of Employees:

1986 1,530

Plant Footage:

1986 ..... 1,046,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1986	$ 122,726,000	$ (3,869,000)
1985	138,475,000	210,000
1984	137,761,000	(2,210,000)
1983	154,305,000	3,511,000
1982	196,432,000	15,151,000

	No. of Com. Shares‡	Earn. per Share‡
1986	10,160,000	$ —
1985	10,153,000	0.02
1984	10,148,000	—
1983	10,146,000	0.35
1982	10,102,000	1.50

(Loss)
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business
(000's)

	1986	1985
Fluid measurement prods. & systems	$ 90,513	$ 92,736
Stud bolts & nuts	9,427	10,827
Pipeline valves	12,565	17,752
Geophysical services	5,590	9,753
Other	4,243	6,666
Corporate	428	741
Total	$ 122,726	$ 138,475

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$ 0.18	—	—
1985	0.17	5%	—
1984	0.17	5%	—
1983	0.16	5%	—
1982	0.15	5%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 87,849,000	$ 8.65
1985	93,222,000	9.18
1984	93,988,000	9.26
1983	99,076,000	9.77
1982	97,875,000	9.69

‡ Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 122,140	$ 137,571
Other income	586	904
Net revenues	$ 122,726	$ 138,475
Cost of sales	80,874	83,791
Expenses	44,485	51,310
Interest expense	1,591	1,748
Unusual items	—	1,300
Loss before taxes	$ (4,224)	(1,674)
Tax credit	(4,355)	(1,884)
Net income (Loss)	$ (3,869)	210

* Included in Costs and Expenses, Depreciation: $7,168,000 in 1986 and $6,550,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash	$ 3,448	$ 7,888
Accts. receiv., net	23,537	26,985
Refundable inc. taxes	—	1,640
*Inventories	30,418	32,040
Other assets	7,558	3,563
Current Assets	$ 64,961	$ 72,116
#Fixed assets	59,901	62,577
Other assets	889	938
Intangibles	6,560	4,148
Total Assets	$ 132,311	$ 139,779

Liabilities
(000's)

Notes payable	$ 2,014	$ 2,146
Accts. payable	8,919	7,502
Accrued payroll	1,578	2,216
Accrued taxes	1,300	1,499
Accrued expenses	9,357	6,588
Deferred inc. taxes	—	334
Curr. Liabilities	$ 23,168	$ 20,275
Long-term debt	12,937	14,951
Deferred inc. taxes	8,357	11,331
+Common stock	12,700	12,810
Add. paid-in capital	63,331	63,880
For. curr. trans. adj.	(2,888)	(3,213)
Retained earnings	14,706	20,680
Treasury stock	—	(935)
Total Liabilities & Shareholders' Equity	$ 132,311	$ 139,779

* Domestic inventories at LIFO; foreign inventories at average cost.
# Less accumulated depreciation.
+ $1.25 per value.

Statistical Summary

%Net Income to Revenues	—	0.15
%Net Income to Equity	—	0.23
Debt to Equity	0.15	0.18
Working Capital	$ 41,793,000	$ 51,841,000
Current Ratio	2.80	3.56
Shareholders' Equity	$ 87,849,000	$ 93,222,000

Data Card Corporation

(A private corporation)

11111 Bren Road West
Minneapolis, Minnesota 55440
(612) 933-1223

Mailing address:
P.O. Box 9355
Minneapolis, Minnesota 55440

Officers: D. J. Ekberg, chairman of the board & chief exec. officer; Gary R. Holland, pres. & chief oper. officer; Charles R. Schmidt, exec. v.p.-finance & adm.; Steven A. Tranter, v.p. & treasurer; John T. Paprocki, v.p. & controller; Robert V. Johnson, secretary; Ross M. Masterson, asst. secretary.

Directors: Willis K. Drake, D. J. Ekberg, Donald L. Lucas, Eugene R. Olson, James P. McFarland, Gary Holland, Jack J. Crocker, Frank W. McBee, Jr., Harold V. Haverty, Charles R. Schmidt.

Areas of Work: Data Card's line of high technology machines for business and industry includes equipment to emboss and encode plastic credits, debit and other identification cards; and electronic point-of-sale terminals.

Divisions and Subsidiaries:

Data Card Equipment
11111 Bren Road West
P.O. Box 9355
Minneapolis, Minnesota 55440

Federal Systems Division
8401 Corporate Drive
Landover, Maryland 20785
(301) 731-4800

Data Card Sales
11111 Bren Road West
Minneapolis, Minnesota 55440
(612) 933-1223

Addressograph Imprinters
2 East Frederick Street
Walkersville, Maryland 21793
(301) 845-4131

Sentinel Card Services
9040 Topanga Canyon Boulevard
Canoga Park, California 91304
(818) 882-9947

Micros Ribbons
125 Sherwood Avenue
Farmingdale, New York 11735
(516) 249-6046

Data Card Service
5450 Feltl Road
P.O. Box 9355
Minneapolis, Minnesota 55440
(612) 935-6677

Datatrol Transaction Terminals
Brent Drive
Hudson, Massachusetts 01749
(617) 568-1411

Data Card Plastic Card Services
10321 West 70th Street
Minneapolis, Minnesota 55344

International Operations
11111 Bren Road West
Minneapolis, Minnesota 55440
(612) 933-1223

Data Card U.K. Ltd.
New Lane, Havant
Hampshire PO9 2NR England

Data Card France S.A.
Tour Gallieni II
36 Avenue Gallieni
Bagnolet 93170 France

Data Card Deutschland GmbH
Heerdter Lohweg 87
Hansapark
D-4000 Duesseldorf II, West Germany

CPE Data Card Ltd.
1144 Nepean Highway
Highett, Victoria 3190 Australia

Data Card Canada, Inc.
4240 Sherwoodtowne Boulevard
Mississauga, Ontario L4Z 2G6 Canada
(416) 848-1880

Security Imprinter Ireland Ltd.
Granard, County Longford, Republic of Ireland
011-3534386188

Toppan Moore Data Products Ltd.
12/F Hong Kong Computer Centre
54-62 Lockhart Road
Wanchai, Hong Kong

Data Card Sweden AB
Box 42015
S-126 12 Stockholm, Sweden

Data Card Japan Ltd.
Svax Building
2-39-3, Nishi-Shinbashi
Minato-Ku, Tokyo 105, Japan

CPE Data Car Ltd. (NZ)
88 Thorndon Quay
P.O. Box 2441
Wellington New Zealand

Number of Employees:

1987	2,880	1984	1,437
1986	1,932	1983	1,332
1985	1,807		

Sales & Earnings

	Revenues‡	Net Income +
1987	$ 176,082,000	$ (4,664,000)
1986	130,171,000	10,581,000
1985	91,451,000	8,093,000
1984	70,973,000	6,236,000
1983	54,712,000	4,501,000

	No. of Com. Shares†	Earn. per Share†+
1987	9,971,000	$ —
1986	9,775,000	1.08
1985	8,698,000	0.93
1984	8,619,000	0.72
1983	N.A.	0.59

(Loss)
N.A. - Not Available.
‡ Of continuing operations only.
+ Including extraordinary gains of $499,000 ($0.06 per share) in 1984 and $447,000 ($0.06 per share) in 1983.
† Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.24	—	—
1985	0.19	—	—
1984	0.19	—	—
1983	0.19	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ [illegible],000	$ 7.19
1986	77,440,000	7.92
1985	49,431,000	5.68
1984	43,165,000	5.01
1983	39,121,000	—

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	3/28/87	3/29/86
Revenues	$ 176,082	$ 130,171
Cost of sales, service & rentals	113,985	76,726
Expenses	55,554	35,637
Interest expense	3,683	1,126
Interest income	(1,340)	(1,768)
Income before taxes	$ 4,200	$ 10,450
Income taxes	2,625	7,686
Inc.-cont. oper.	$ 1,575	$ 10,764
Loss-discont. oper.	(6,239)	(183)
Net Income (Loss)	$ (4,664)	$ 10,581

* Included in Costs and Expenses, Depreciation: $10,377,000 in 1987 and $5,829,000 in 1986.

Assets
(000's)

As of	3/28/87	3/29/86
Cash	$ 1,099	$ 4,383
Marketable securities	687	15,343
Accts. receiv., net	41,135	26,810
Invest. - equip. lease	1,345	869
*Inventories	32,190	12,163
Subscriber acq. costs	6,826	5,601
Recov. taxes	6,327	—
Other curr. assets	3,599	1,451
Assets of discont. oper.	4,900	14,572
Current Assets	$ 98,908	$ 81,192
Invest.-equip. lease	3,584	2,658
#Fixed assets	37,388	22,809
Subscriber acq. costs	8,320	3,784
Other assets	8,287	8,602
Assets of discont. oper.	1,168	1,431
Total Assets	$ 202,084	$ 120,476

Liabilities
(000's)

Notes payable	$ 6,781	$ 4,192
Long-term debt, curr.	615	107
Accts. payable	11,023	7,713
Accruals	17,317	8,981
Cust. deposits	12,375	3,538
Subscriber adv. pay.	8,822	5,992
Income taxes	—	1,329
Curr. Liabilities	$ 56,933	$ 31,252
Deferred inc. taxes	5,946	5,191
Long-term debt	61,846	2,788
Subscriber adv. pay.	5,716	3,805
+ Common stock	989	989
Add. paid-in capital	41,134	41,806
Retained earnings	30,950	37,977
Cum. trans. adjust.	(665)	(1,783)
Treasury stock	(815)	(1,549)
Total Liabilities & Shareholders' Equity	$ 202,084	$ 120,476

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	13.66
Debt to Equity	0.87	0.04
Working Capital	$ 41,975,000	$ 47,493,000
Current Ratio	1.74	2.42
Shareholders' Equity	$ 71,643,000	$ 77,440,000

Data-Design Laboratories

7925 Center Avenue
P.O. Box 711
Cucamonga, California 91730
(714) 987-2511

Officers: Lester Hill, president & chief executive officer; Milton L. Sneller; exec. v.p. & chief operating officer; G. L. Milliken, v.p.-planning & contracts; Alan R. Steel, v.p.-finance, chief financial officer & treasurer; Stephen M. Andres, v.p.-administration; Niel P. Ferraro, v.p.-government programs; Richard G. Littman, secretary.

Directors: Thomas C. Beisecker, Hugh E. Witt, John C. Heil, Eugene P. Wilkinson, Rockell N. Hankin, Philip H. Alspach, Lester Hill.

Areas of Work: Engaged in two major areas—engineering services and engineered products. Engineering services involve electronics systems design and support, specialized systems fabrication, and technical training services. The majority of engineering services performed are elements of complex military weapon systems programs.

Engineered products include high-quality printed circuit boards for the electronics industry, emergency power products for office buildings, factories and public buildings; mechanical components and pressure gauges for original equipment manufacturers.

Data-Design Laboratories

Divisions and Subsidiaries:

Aeroscientific Corporation
1244 S. Claudina
Anaheim, California 92805
(714) 871-8110
Manufactures printed circuit boards.

Aeroscientific Corporation
14100 Science Park Drive
Portland, Oregon 97229
Manufactures printed circuit boards.

Siltron Illumination, Inc.
7915 Center Avenue
Rancho Cucamonga, California 91730
Produces and designs architecturally compatible emergency lighting systems and emergency power equipment used for essential systems such as fire alarms, communications systems, and industrial pumps, blowers and motors.

Catel Telecommunications, Inc.
4050 Technology Place
Fremont, California 94537
Manufactures and markets communications equipment and analytical instruments. The signal processing equipment is used in CATV and other cable communications systems and is compatible with coaxial cable, microwave, satellite and fiber optics means of transmission.

Sierra Precision
7945 Center Avenue
Rancho Cucamonga, California 91730
Produces high pressure gauges and hoses, depth gauges and related products.

Irlandus Circuits Limited
Craigavon, Northern Ireland
Produces printed wiring boards.

A.J. Electronics, Inc.
20945 Plummer Street
Chatsworth, California 91311
Inserts electrical components into printed wiring boards.

DDL Omni Engineering Corp.
Defense contracting.

Transfer Agent(s):

Bank of America, N.T. & S.A.
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): New York, Pacific

Ticker Symbol: DDL

Number of Employees:

1987	N.A.	1984	1,300
1986	1,000	1983	1,300
1985	1,300		

Plant Footage:

1987	N.A.	1985	409,000
1986	409,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 74,707,000	$ 7,165,000
1986	67,393,000	(372,000)
1985	99,836,000	5,712,000
1984	100,182,000	6,424,000
1983	80,030,000	4,335,000

	No. of Com. Shares #	Earn. per Share #
1987	6,556,882	$ 1.09
1986	6,459,883	—
1985	6,406,214	0.89
1984	6,339,646	1.01
1983	6,274,613	0.69

(Loss)
Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Engineering services	$ 11,935,000	$ 12,858,000
Electronics	43,865,000	37,021,000
Communications	9,669,000	10,617,000
Engineered products	8,883,000	6,872,000
Other	3,352,000	3,270,000
Total	$ 77,704,000	$ 70,934,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.24	—	—
1985	0.21	—	—
1984	0.18	—	4-for-3
1983	0.14	—	5-for-4

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 36,302,000	$ 5.55
1986	33,375,000	5.08
1985	34,932,000	5.47
1984	29,298,000	4.64
1983	24,432,000	3.95

† Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 74,707,000	$ 67,393,000
Dividend income	2,997,000	3,245,000
Total Income	$ 77,704,000	$ 70,638,000
Cost of sales & services	58,994,000	56,667,000
Expenses	14,336,000	13,351,000
Interest expense	3,695,000	3,429,000
Gain on sale of marketable securities	(9,521,000)	(296,000)
Income (loss) before taxes	$ 10,200,000	(2,513,000)
Income taxes (credit)	3,035,000	(2,141,000)
Net Income (Loss)	$ 7,165,000	(372,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,861,000 in 1987 and $4,046,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,630,000	$ 709,000
Accts. receiv., net	16,130,000	12,822,000
Income taxes refundable	—	2,147,000
*Inventories	14,070,000	13,555,000
Prepaid expenses	442,000	369,000
Current Assets	$ 32,272,000	$ 29,602,000
#Fixed assets	22,490,000	19,733,000
Other assets	38,395,000	36,642,000
Total Assets	$ 93,157,000	$ 86,037,000

Liabilities

Notes payable	$ 4,140,000	$ 3,304,000
Long-term debt, curr.	647,000	777,000
Accts. payable	7,963,000	4,857,000
Accruals	5,203,000	5,491,000
Income taxes	1,122,000	—
Curr. Liabilities	$ 19,075,000	$ 14,429,000
Long-term debt	37,114,000	37,391,000
Deferred income taxes	490,000	490,000
Minority interest	176,000	352,000
+Common stock	2,182,000	2,188,000
Add. paid-in capital	5,354,000	5,069,000
Retained earnings	31,827,000	26,234,000
Unreal. loss on market. secur.	(2,943,000)	—
For. curr. trans. adj.	(118,000)	(116,000)
Total Liabilities & Shareholders' Equity	$ 93,157,000	$ 86,037,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.333 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.65	—
%Net Income to Sales	9.59	—
%Net Income to Equity	19.74	—
Sales to Inventories	5.31	4.97
Debt to Equity	1.15	1.24
Working Capital	$ 13,197,000	$ 15,233,000
Current Ratio	1.69	2.06
Shareholders' Equity	$ 36,302,000	$ 33,375,000

Data General Corporation

4400 Computer Drive
Westboro, Massachusetts 01580
(617) 366-8911

Officers: Edson de Castro, president; Herbert J. Richman, exec. v.p.; Frank P. Silkman, sr. v.p.-manufacturing & field engineering; Ronald L. Skates, sr. v.p.-finance & administration; Michael B. Evans, v.p. & chief financial officer; Donald V. Bateman, v.p.-human resources; William W. Bentley, v.p.-North American Field Engineering; James P. Campbell, v.p.-administration; Frederick P. Cochrane, v.p.-Field Engineering Services; Raymond Fortune, sr. v.p.-International Marketing & Sales; Michael Schneider, v.p.-customer service; Anthony C. Nicoletti, v.p.-sales support & planning; J. David Lyons, v.p.-Group Marketing; Frank M. Keaney, v.p.-North American sales; Wayne Fitzsimmons, v.p.-Americas/Far East; Lee Henning, v.p.-central manufacturing services; J. Thomas West, v.p.-Systems Development Division; Vahram V. Erdekian, v.p.-North American Manufacturing operations; Ward D. MacKenzie, v.p.; James J. Ryan, v.p.-Information Management Group; Colin Crook, sr. v.p.-Communications Systems Group; Hisashi Tomino, v.p. & president-Nippon-Data General; Vahe A. Sarkisian, v.p.-Sunnyvale Division; Carl E. Kaplan, secretary; Jacob Frank, v.p.-legal; John D. Kavanagian, v.p.-international manufacturing.

Directors: Edson D. de Castro, Herbert J. Richman, Frederick R. Adler, Ferdinand Colloredo-Mansfeld, John H. McArthur.

Areas of Work: Designs, manufactures and markets a variety of large-scale general purpose computer systems, software packages, electro-mechanical peripheral equipment, electronic controllers and interfaces and related products.

Divisions:

Information Systems Division
Markets computer systems used by large organizations in commercial applications.

Industry Marketing Division
Markets products for end-users, original equipment manufacturers, and systems integrators in the industrial, scientific and technical markets.

Volume Products Division
Manufactures, develops and markets laptop and desktop computers, terminals, printers, and other high-volume computer products.

Distribution Division
Markets company's products to small and medium-sized businesses through third-party channels of distribution.

Systems Development Divisions
Designs and develops computer systems and software.

Product Marketing Division
Product management, planning and marketing.

Customer Service Division
Provides hardware, software and communication systems made to customers' specifications.

Field Engineering Division
Maintenance, repair, and parts exchange of company's products.

Federal Systems Division
Markets products, and provides a full range of systems-related services, to the U.S. Government.

Sunnyvale Division
Designs, development, and pilot-line production of electronic components.

Subsidiaries:

Data General Europe, Inc.
Tour Manhattan
5/6 Place de L'Iris
Paris-La Defense II 92095 France

Asia Data General Corporation
China Data General Corporation
DG Foreign Sales Corp., Inc.
Datagen, Inc.
Data General ApS
Data General Costa Rica, S.A.
Data General Latin America, Inc.
Data General New Zealand Limited
Data General OY
Data General Philippines, Inc.
Data General (Canada) Inc.
Data General Commercial Systems, Inc.
Data General International Sales Corporation
Data General Investment Corporation
Data General Limited (United Kingdom)
Data General GmbH (Germany)
Data General Gesellschaft mbH (Austria)
Data General France SARL
Data General Holland BV
Data General Australia Pty., Ltd.
Data General AB (Sweden)
Data General Israel, Ltd.
Data General Hong Kong, Ltd.
Data General A.G. (Switzerland)
Data General Ltda. (Brazil)
Data General S.A. (Belgium)
Data General C.A. (Venezuela)
Data General A/S (Norway)
Data General Thailand
Data General S.p.A. (Italy)
Data General Importing, Ltd. (New Zealand)
WSA Systems and Services, Inc.
Design Data, Inc.
Digicom, Inc.
Digital Computer Controls, Inc.
Nippon-Data General Corp. (85% owned)
Data General Singapore Pte., Ltd.
Data General Chile Limitada
Data General del Peru, S.A.
Data General Development Corp.
Data General Hong Kong Sales and Service, Ltd.
Data General de Mexico, S.A. de C.V.
Data General Service, Inc.
Data General Ireland, Ltd.
Data General Puerto Rico, Inc.
Data General S.A. (Spain)
Data General International Manufacturing Pte., Ltd. Singapore
Data General Sociedade de Computadores Lda (Portugal)
Genicos, Inc.
Long Island Communications Corp.

Acquisition:

Dama Telecommunications Corporation
Rockville, Maryland
Networking development and services firm.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
9th Floor
New York, New York 10015

Stock Exchange(s): New York, London

Ticker Symbol: DGN

Number of Employees:

1987	15,685	1984	17,695
1986	15,565	1983	14,855
1985	16,535		

Plant Footage:

1987	4,860,000 sq. ft.	1984	4,843,000
1986	5,226,000	1983	4,225,000
1985	4,940,000		

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 1,274,348,000	$ (127,078,000)
1986	1,267,959,000	(28,980,000)
1985	1,238,959,000	24,305,000
1984*	1,160,815,000	83,256,000
1983	828,904,000	23,135,000

	No. of Com. Shares #	Earn. per Share #‡
1987	26,964,000	$ —
1986	27,057,000	—
1985	26,432,000	0.92
1984*	25,939,000	3.21
1983	23,985,000	0.96

(Loss)
* 53 weeks.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.
‡ Including extraordinary gain of $3,473,000 ($0.13 per share) in 1984, and extraordinary losses of $44,158,000 in 1987 and $34,720,000 in 1986.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 588,243,000	$ 21.82
1986	682,628,000	25.23
1985	657,856,000	24.89
1984	594,425,000	22.92
1983	468,998,000	19.35

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account * (000's)

Year ended	9/26/87	9/27/86
Net sales	$ 1,274,348	$ 1,267,959
Cost of sales	716,537	732,231
Expenses	564,415	504,038
Restruc. charge	53,800	11,000
Other income	(17,491)	(29,175)
Interest expense	27,056	35,747
Income (loss) bef. taxes	$ (69,949)	$ 14,118
Income taxes (credit)	(4,027)	4,945
Retroactive tax. reform	(2,960)	—
Writedown of invest. in affil.	14,769	—
Eq. in loss of unconsol. affil.	5,189	3,433
Net Income (Loss)	$ (82,920)	$ 5,740
Extraordinary loss	(44,158)	(34,720)
Net Income (Loss) & extraord. loss	$ (127,078)	$ (28,980)

* Included in Costs and Expenses, Depreciation: $107,727,000 in 1987 and $92,657,000 in 1986.

Assets (000's)

As of	9/26/87	9/27/86
Cash & temp. cash invest.	$ 136,676	$ 271,537
Marketable securities	—	30,126
Accts. receiv., net	274,925	260,498
*Inventories	189,538	237,585
Other assets	35,056	23,350
Current assets	$ 636,195	$ 823,096
Long-term receivables	13,158	15,890
#Fixed assets	398,944	367,422
Other assets	20,864	51,020
Total Assets	$ 1,069,161	$ 1,257,428

Liabilities (000's)

Notes payable	$ 38,740	$ 33,451
Accts. payable	103,461	75,536
Accrued payroll	42,048	37,463
Income taxes	18,361	—
Deferred income taxes	—	6,760
Deferred revenue	28,566	25,320
Accruals	142,277	131,594
Long-term debt, curr.	14,117	9,798
Curr. Liabilities	$ 387,550	$ 319,922
Long-term debt	79,990	240,734
Deferred service revenue	13,378	14,144
+Common stock	302,639	268,182
Notes receivable	(6,323)	(7,346)
Retained earnings	279,749	406,827
Cum. trans. adjust.	12,178	14,965
Total Liabilities & Shareholders' Equity	$ 1,069,161	$ 1,257,428

* At lower of cost (FIFO) or market.
+ $0.01 par value.
# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	—	1.11
%Net Income to Sales	—	0.45
%Net Income to Equity	—	0.84
Sales to Inventories	6.72	5.34
Debt to Equity	0.23	0.42
Working Capital	$ 248,645,000	$ 503,174,000
Current Ratio	1.64	0.82
Shareholders' Equity	$ 588,243,000	$ 682,628,000

Datapoint Corporation

9725 Datapoint Drive
San Antonio, Texas 78284
(512) 699-7000

Officers: Asher B. Edelman, chairman of the board; Robert J. Potter, president & chief exec. officer; Ronald M. Meyers, sr. v.p.-U.S. sales; John R. Novak, sr. v.p. & regional gen. mgr.; Stephen J. Baum, v.p.-financial planning & treasurer; George C. Benson, v.p.-customer sales; James S. Behan, v.p.-product marketing; Gordon P. Cardigan, v.p.-communications; F. Terry Eger, v.p.-special marketing programs; Brian Gifford, v.p. & regional general mgr.; Yvon Y. Le Roux, v.p. & regional general mgr.; John J. Peter, v.p. & chief financial officer; Ezra H. Sheffres, v.p.-manufacturing; Charles Temple, v.p.-human resources & administration; Larry D. Wichwar, v.p.-development; G. Ross Laughead, general counsel & corp. secretary.

Directors: Asher B. Edelman, chairman of the board; Doris D. Bencsik, Raymond French, Daniel R. Kail, Clark R. Mandigo, Charles P. Stevenson, Jr., Dwight D. Sutherland.

Areas of Work: Develops, manufactures and markets a range of office and computer products and systems, including local area networks, multifunction workstations, and diverse computing and office automation systems, for sale and lease worldwide. Datapoint's Attached Resource Computer (ARC) local area network provides the means for interconnection of multifunction workstations, processors and peripherals to form an integrated information processing system in an office environment.

Subsidiaries:

Datapoint-FSC, Inc.
9725 Datapoint Drive
San Antonio, Texas 78284

Datapoint Belgium S.A.
Brussels, Belgium

Datapoint Corporation Pty. Ltd.
Sydney, Australia

Datapoint do Brasil
Rio de Janeiro, Brazil

Datapoint Canada, Inc.
Toronto, Canada

Datapoint (U.K.) Ltd.
London, England

Datapoint Oy
Helsinki, Finland

Datapoint MATRA Informatique, S.A.
Paris, France

Datapoint Deutschland GmbH
Frankfurt, West Germany

Datapoint Nederland B.V.
Gouda, The Netherlands

Datapoint Corporation (N.Z.) Ltd.
Wellington, New Zealand

Datapoint Iberica S.A.
Madrid, Spain

Datapoint Italia, S.P.A.
Milan, Italy

Datapoint (Schweiz) AG
Zurich, Switzerland

Datapoint Svenska AB
Stockholm, Sweden

Transfer Agent(s):

First City National Bank of Houston
P.O. Box 809
Dallas, Texas 77001

Stock Exchange(s): New York

Ticker Symbol: DPT

Number of Employees:

1987	2,749	1984	8,431
1986	3,621	1983	8,914
1985	5,982		

Plant Footage:

1987 ..... 648,000 sq. ft. 1986 747,000

Sales & Earnings

	Revenues	Net Income†
1987	$ 312,090,000	$ (57,770,000)
1986	325,227,000	(8,558,000)
1985	520,168,000	(48,264,000)
1984	600,154,000	28,182,000
1983	540,192,000	8,077,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	12,863,549	$ —
1986	17,977,621	—
1985	19,582,794	—
1984	20,517,822	1.37
1983	20,342,547	0.40

(Loss)
† Including extraordinary gains of $716,000 ($0.05 per share) in 1987, $6,847,000 ($0.38 per share) in 1986, $2,894,000 ($0.15 per share) in 1985 and $1,764,000 ($0.08 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 105,896,000 +	$ 8.23
1986	233,265,000	12.98
1985	276,225,000	14.11
1984	353,861,000	17.25
1983	329,963,000	16.22

+ After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended July 31	1987	1986
Net sales, rentals and services	$ 312,090	$ 325,227
Cost of revenue	210,249	175,573
Expenses	161,760	151,530
Financing expense (income)	(5,636)	5,525
Loss bef. taxes	$ (54,283)	$ (7,401)
Income taxes	4,203	8,004
Net Loss	$ (58,486)	$ (15,405)
Extraordinary gain	716	6,847
Net Loss & extraord. gain	$ (57,770)	$ (8,558)

* Included in Costs and Expenses, Depreciation and Amortization: $29,812,000 in 1987 and $36,870,000 in 1986.

Assets
(000's)

As of July 31	1987	1986
Cash & temp. cash invest.	$ 29,561	$ 47,723
Marketable securities	55,886	21,495
Accts. receiv., net	81,430	84,094
*Inventories	45,648	63,664
Prepaid expenses	5,203	5,315
Current Assets	$ 217,728	$ 223,091
#Fixed assets	45,307	60,863
#Equip. leased to cust.	4,721	6,471
Field support spares	8,312	10,729
Intangibles	93,412	88,068
Software for resale	14,251	9,192
Other assets	20,904	20,807
Total Assets	$ 404,635	$ 419,221

Liabilities
(000's)

Notes payable	$ 8,182	$ 6,968
Long-term debt, curr.	393	398
Accts. payable	20,210	22,202
Invest. margin acct.	22,867	—
Accruals	52,110	41,476
Income taxes payable	4,634	5,657
Deferred revenue	13,093	9,604
Curr. Liabilities	$ 121,489	$ 86,305
Long-term debt	100,107	98,186
Other liabilities	1,145	1,465
+ Preferred stock	1,000	—
++ Common Stock	5,214	5,184
Add. paid-in capital	257,253	192,913
For. currency trans. adjust.	4,347	(8,445)
Retained earnings	12,946	76,562
Treasury stock	(99,886)	(32,949)
Total Liabilities & Shareholders Equity	$ 404,635	$ 419,221

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $ 1 par value; $4.94 cumulative exchangeable.
++ $0.25 par value.

Statistical Summary

Sales to Inventories	6.84	5.11
Debt. to Equity	0.60	0.45
Working Capital	$ 96,239,000	$ 136,786,000
Current Ratio	1.79	2.58
Shareholders Equity	$ 181,894,000	$ 233,265,000

Dataproducts Corporation

6200 Canoga Avenue
P.O. Box 746
Woodland Hills, California 91365
(818) 887-8000

Officers: Jack C. Davis, chairman of the board, president & chief executive; Robert L. Doretti, exec. v.p.-sales & marketing; David S. Anderson, sr. v.p.-operations; Charles A. Junkunc, sr. v.p.-finance & chief financial officer; Robert W. Kilcullen, sr. v.p.-printer business; Frank J. McQuaid, sr. v.p.-corporate development; Paul D. Weiser, sr. v.p.-secretary & corp. counsel; John W. Leggat, III, sr. v.p.-marketing; Gary D. Bernard, sr. v.p.-human resources; W. Allen Sarber, sr. v.p.-research & engineering; Dale J. Bartos, v.p. & controller; Cliff O. Bickell, treasurer.

Directors: Jack C. Davis, chairman; George W. Brown, Chester I. Lappen, Jack D. Steele, Vincent N. Marafino, Glenn E. Penisten, Erwin Tomash, Graham Tyson.

Areas of Work: Designs and manufactures peripherals for data processing systems, including laser band, matrix, solid ink and thermal transfer printers. In addition, the Corporation designs and manufactures equipment used in digital communications systems; airborne sensors and controllers; and tempestized printers--all mainly for the U.S. government.

Divisions and Subsidiaries:

Woodland Hills Division
6219 DeSoto Avenue
Woodland Hills, California 91365
(213) 887-8000

Dataproducts-Customer Service Division
21300 Roscoe Boulevard
Canoga Park, California 91304

Dataproducts International, Ltd.
Dataproducts House
136-138 High Street, Egham
Surrey TW20 9HL England

Dataproducts (Dublin) Limited
Clonshaugh-Industrial Estate
Dublin 5, Ireland

Dataproducts Hong Kong, Limited
95, How-Ming Street
Kwun Tong
Kowloon, Hong Kong

Dataproducts New England, Inc.
Barnes Park North
Wallingford, Connecticut 06492
(203) 265-7151

Dataproducts Supplies Division
9657 Mason Avenue
Chatsworth, California 91311
(213) 882-0530

Dataproducts Canada, Inc.
15 W. Pearce Street
Richmond Hill, Ontario L4B 1H6 Canada

Dataproducts Australia
Unit 7
81 Frenchs Forest Road
Frenchs Forest N.F.W. 2086, Australia

Acquisition:

Imaging Solutions, Inc.
Manufactures and markets printers using new advanced solid ink technology.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American, Pacific, Philadelphia

Ticker Symbol: DPC

Number of Employees:

1988	3,550	1985	4,100
1987	N.A.	1984	5,651
1986	4,200		

Plant Footage:

1988	975,000 sq. ft.	1986	1,262,000
1987	N.A.	1985	1,500,000

N.A. - Not Available.

Sales & Earnings

	Net Revenues +	Net Income
1988	$ 345,248,000	$ (20,203,000)
1987	338,758,000	8,965,000
1986	353,837,000	(22,767,000)
1985	471,825,000	27,693,000
1984	398,636,000	26,040,000

	No. of Com. Shares #	Earn. per Share #
1988	20,606,000	$ —
1987	21,012,000	0.43
1986	20,806,000	—
1985	20,911,000	1.32
1984	20,599,000	1.26

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.16	—	—
1987	0.16	—	—
1986	0.16	—	—
1985	0.16	—	—
1984	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 186,427,000	$ 9.47
1987	220,699,000	10.51
1986	213,980,000	10.25
1985	242,929,000	11.70
1984	217,921,000	10.53

Income Account * (000's)

Year ended	3/26/88	3/28/87
Net revenues	$ 345,248	$ 338,758
Cost of revenues	253,624	231,066
Expenses	104,962	91,842
Interest expense (income)	(1,695)	4,780
Income (loss) before taxes	$ (11,643)	$ 11,070
Income taxes	8,560	2,105
Net Income (Loss)	$ (20,203)	$ 8,965

* Included in Costs and Expenses, Depreciation and Amortization: $13,269,000 in 1988 and $12,613,000 in 1987.

Assets (000's)

As of	3/26/88	3/28/87
Cash & securities	$ 101,892	$ 19,860
Purchased discounted receiv.	—	94,927
Accts. receiv., net	72,556	66,761
*Inventories	59,306	74,470
Other current assets	4,172	5,458
Current Assets	$ 237,954	$ 261,476
#Fixed assets	47,098	50,826
Intangibles	12,283	12,763
Other assets	9,642	775
Total Assets	$ 306,977	$ 325,840

Liabilities (000's)

Notes payable	$ 38,027	$ 25,045
Accts. payable	22,947	24,883
Accruals	14,556	13,736
Income taxes	3,481	1,904
Long-term debt, curr. portion	11,422	11,566
Other curr. liabilities	17,959	6,626
Dividends payable	1,575	1,680
Curr. Liabilities	$ 109,967	$ 85,440
Long-term debt	2,993	16,263
Deferred inc. taxes	4,453	1,423
Other liabilities	3,137	2,015
+Common stock	1,968	2,100
Add. paid-in capital	93,312	99,550
Retained earnings	91,147	119,049
Total Liabilities & Shareholders' Equity	$ 306,977	$ 325,840

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	3.27
%Net Income to Revenues	—	2.65
%Net Income to Equity	—	4.06
Sales to Inventories	5.82	4.55
Debt to Equity	0.28	0.24
Working Capital	$ 127,987,000	$ 176,036,000
Current Ratio	2.16	3.06
Shareholders' Equity	$ 186,427,000	$ 220,699,000

Dataram Corporation

P.O. Box 7528
Princeton, New Jersey 08543
(609) 799-0071

Officers: Raymond P. Von Culin, chairman of the board; Robert V. Tarantino, president & chief exec. officer; Thomas J. Bitar, secretary; Frank Kardashian, v.p.-finance, treasurer & asst. secretary.

Directors: Raymond P. Von Culin, Richard Holzman, John Cahill, Robert V. Tarantino.

Areas of Work: Design and manufacture of memory products for the minicomputer industry.

Subsidiary:

Dataram International Sales Corporation

Transfer Agent(s):

First Fidelity Bank, N.A., New Jersey
Stock Transfer Dept.
P.O. Box 1309
Newark, New Jersey 07101

Stock Exchange(s): American

Dataram Corporation

Ticker Symbol: DTM

Number of Employees:

1987	119	1984	214
1986	109	1983	190
1985	112		

Plant Footage:

1987	55,000 sq. ft.	1984	71,000
1986	55,000	1983	53,000
1985	55,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 15,253,000	$ 974,000
1986	17,458,000	4,183,000
1985	18,398,000	(793,000)
1984	19,028,409	1,328,406
1983	16,182,348	1,266,573

	No. of Com. Shares‡	Earn. per Share‡
1987	1,964,998	$ 0.48
1986	1,967,348	2.07
1985	2,005,204	—
1984	2,230,293	0.59
1983	2,391,915	0.52

(Loss)
‡ Based on the average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 13,852,000	$ 7.05
1986	12,777,000	6.49
1985	8,392,341	4.19
1984	8,978,204	4.03
1983	11,716,710	4.90

‡ Based on the average number of common shares outstanding.

Income Account *

Year ended April 30	1987	1986
Revenues	$ 15,253,000	17,458,000
Cost of sales	7,933,000	7,096,000
Expense	6,534,000	5,674,000
Interest income	(87,000)	(364,000)
Interest expense	36,000	26,000
Other income	(668,000)	(2,251,000)
Inc. bef. taxes	$ 1,505,000	$ 7,277,000
Income taxes	531,000	3,094,000
Net Income	$ 974,000	$ 4,183,000

* Included in Costs and Expenses, Depreciation and Amortization; $216,000 in 1987 and $241,000 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 8,967,000	$ 10,449,000
Marketable securities	2,014,000	469,000
Accts. receiv., net	2,646,000	2,055,000
*Inventories	1,007,000	1,240,000
Due from employees	21,000	25,000
Other curr. assets	61,000	162,000
Current Assets	$ 14,716,000	$ 14,400,000
#Fixed assets	1,294,000	1,355,000
Other assets	12,000	8,000
Total Assets	$ 16,022,000	$ 15,763,000

Liabilities

Accts. payable	$ 479,000	$ 587,000
Accruals	765,000	1,282,000
Inc. taxes payable	112,000	275,000
Curr. Liabilities	$ 1,356,000	$ 2,144,000
Deferred income taxes	814,000	842,000
+Common stock	1,965,000	1,964,000
Add. paid-in capital	3,619,000	3,595,000
Retained earnings	8,507,000	7,533,000
Notes receivable	(239,000)	(315,000)
Total Liabilities & Shareholders' Equity	$ 16,022,000	$ 15,763,000

*At lower of cost (FIFO) or market.
#Less accumulated depreciation and amortization.
+$1 par value.

Statistical Summary

%Income bef. Taxes to Revenue	9.87	41.68
%Net Income to Revenues	6.39	23.96
%Net Income to Equity	7.03	32.74
Working Capital	$ 13,360,000	$ 12,256,000
Current Ratio	10.85	6.72
Shareholders' Equity	$ 13,852,000	$ 12,777,000

Datascope Corp.

580 Winters Avenue
P.O. Box 5
Paramus, New Jersey 07653
(201) 265-8800

Officers: Lawrence Saper, chairman & president; George Heller, sr. v.p. & secretary; Ernst Janzen, sr. v.p.-int'l; Bruce L. Hanson, exec. v.p.-operations; William H. Terrell, v.p.-corp. design; Andre Cohen, exec. v.p.-marketing; Murray Pitkowsky, v.p.-finance & treasurer.

Directors: David Altschiller, William L. Asmundson, Joseph Grayzel, George Heller, Alan J. Patricof, Lawrence Saper, Norman Schneider.

Area of Work: Designs, manufactures and markets electronic medical instruments and related products for clinical health care applications. The product lines are divided into two areas: physiological monitors and cardiac assist systems.

Products include a microprocessor-based blood pressure monitor which measures and displays systolic, diastolic, average blood pressure values and heart rate. In addition to the display, a built-in printer prints all the numerical results along with date and time.

Subsidiaries:

Datascope B.V.
Hoevelaken, Holland

Datascope GmbH
Bremen, West Germany

Datascope Medical Co., Ltd.
Cambridge, United Kingdom

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSCP (NASDAQ)

Number of Employees:

1987	840	1984	690
1986	790	1983	630
1985	730		

Plant Footage:

1987	147,100 sq. ft.	1984	138,000
1986	137,100	1983	127,000
1985	145,000		

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 87,600,000	$ 5,450,000
1986	67,400,000	3,027,924
1985	50,550,000	1,688,266
1984	42,229,592	1,881,163
1983	37,806,114	2,094,032

	No. of Com. Shares +	Earn. per Share+‡
1987	4,784,000	$ 1.26
1986	3,854,000	0.79
1985	3,695,000	0.46
1984	3,674,000	0.51
1983	3,716,000	0.57

‡ Including extraordinary gains of $164,000 ($0.05 per share) in 1985 and $615,000 ($0.17 per share) in 1984.
+ Based on weighted average number of shares outstanding adjusted to reflect stock split.
† Based on weighted average number of shares outstanding assuming full dilution adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Monitor/defibrillator systems	9%	10%
Physiological monitoring pro.	41	43
Cardiac assist systems	50	47
Total	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 42,042,000	$ 9.94
1986	24,521,056	6.71
1985	21,209,416	5.89
1984	19,524,679	5.43
1983	17,634,735	4.93

+ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 87,600,000	$ 67,400,000
Cost of sales	36,875,000	30,175,000
Expenses	40,633,000	32,217,076
Income before taxes	$ 10,092,000	$ 5,007,924
Income taxes	4,642,000	1,980,000
Net Income	$ 5,450,000	$ 3,027,924

* Included in Costs and Expenses, Depreciation and Amortization: $2,473,000 in 1987 and $2,507,267 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,575,000	$ 1,391,808
Treasury bills	19,131,000	1,419,668
Accts. reciev, net	21,164,000	17,650,797
*Inventories	22,255,000	20,680,950
Prepaid expenses	1,532,000	1,814,887
Current Assets	$ 65,657,000	$ 42,958,110
#Fixed assets	13,919,000	11,094,421
Other assets	3,512,000	2,206,170
Total Assets	$ 83,088,000	$ 56,258,701

Liabilities

Short-term debt	$ 166,000	$ 2,790,583
Accts. payable	5,826,000	6,322,098
Accruals	9,296,000	6,969,897
Income taxes	2,892,000	1,585,463
Long-term debt, curr.	51,000	438,684
Curr. Liabilities	$ 18,231,000	$ 18,106,725
Other liabilities	1,086,000	665,677
Long-term debt	19,551,000	11,518,013
Deferred inc. taxes	1,178,000	1,447,230
+Common stock	42,000	36,564
Add. paid-in capital	15,567,000	3,545,725
Retained earnings	26,857,000	21,406,673
Treasury stock	—	(216,069)
Cum. trans. adjust.	(414,000)	(251,837)
Total Liabilities & Shareholders' Equity	$ 83,098,000	$ 56,258,701

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.52	4.49
%Net Income to Sales	6.22	4.49
%Net Income to Equity	12.96	12.35
Sales to Inventories	3.94	3.26
Debt to Equity	0.47	0.47
Working Capital	$ 47,426,000	$ 24,851,385
Current Ratio	3.60	2.37
Shareholders' Equity	$ 42,042,000	$ 24,521,056

Datasouth Computer Corporation

4216 Stuart Andrew Boulevard
P.O. Box 240947
Charlotte, North Carolina 28217
(704) 523-8500

Officers: Paul E. Morath, chairman; James W. Busby, president; K. Nick Waller, exec. v.p.-operations; Gordon W. Friedrich, v.p.-finance, treasurer & secretary.

Directors: Paul E. Morath, chairman of the board; James W. Busby, Milford R. Derrick, William M. Hammock, W. Olin Nisbet, III, K. Nick Waller.

Areas of Work: Designs, manufactures, and distributes computer printers and related products, used primarily with distributed data processing systems and word processors.

Subsidiary:

Datasouth International Sales Corporation

Transfer Agent(s):

Wachovia Bank and Trust Company, N.A.
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSCC (NASDAQ)

Number of Employees:

1987 148

Plant Footage:

1987 ..... 60,000 sq. ft.

Sales & Earnings

	Revenue	Net Income
1987	$ 16,284,000	$ (303,000)
1986	19,212,000	858,000
1985	20,852,000	1,163,000
1984	18,395,000	1,817,000
1983	17,701,000	2,613,000

	No. of Com. Shares‡	Earn. per Share‡
1987	5,737,000	$ —
1986	5,802,000	0.15
1985	5,841,000	0.20
1984	5,841,000	0.31
1983	5,447,000	0.49

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 16,806,000	$ 2.93
1986	17,422,000	3.00
1985	16,826,000	2.88
1984	15,663,000	2.68
1983	13,847,000	2.54

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account °

Year ended Dec. 31	1987	1986
Revenues	$ 16,283,752	$ 19,211,896
Cost of sales	11,415,659	12,410,883
Expenses	6,470,022	6,040,769
Interest income	(453,533)	(550,743)
Other income	(4,840)	(1,518)
Income (loss) before taxes	$ (1,143,556)	$ 1,312,505
Income taxes (credit)	(641,002)	454,893
Net Income (loss)	$ (502,554)	$ 857,612

° Included in Costs and Expenses, Depreciation and Amortization: $979,069 in 1987 and $877,694 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 8,563,940	$ 8,088,615
Accts. receiv., net	1,975,530	2,823,492
Refund inc. taxes	614,404	101,413
°Inventories	3,807,034	4,384,358
Prepaid expenses	215,832	112,791
Current Assets	$ 15,176,740	$ 15,510,869
#Fixed assets	2,252,077	2,766,093
Other assets	357,613	537,099
Total Assets	$ 17,786,430	$ 18,814,061

Liabilities

Cap. lease oblig. curr.	$ 5,469	$ 4,608
Accts. payable	533,590	731,740
Emp. taxes withheld	16,631	18,341
Accrued payroll	190,280	280,011
Accrued profit-sharing	10,267	5,008
Other accruals	205,455	253,582
Curr. Liabilities	$ 961,692	$ 1,293,290
Cap. lease oblig.	18,758	24,226
Deferred inc. taxes	—	74,386
+Common stock	58,410	58,410
Add. paid-in capital	8,145,570	8,145,570
Retained earnings	8,977,458	9,480,012
Treasury stock	(375,458)	(261,833)
Total Liabilities & Shareholders' Equity	$ 17,786,430	$ 18,814,061

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.83
%Net Income to Sales	—	4.46
%Net Income to Equity	—	4.92
Sales to Inventories	4.28	4.38
Working Capital	$ 14,215,048	$ 14,217,579
Current Ratio	15.78	11.99
Shareholders' Equity	$ 16,805,980	$ 17,422,159

Datum Inc.

1363 South State College Boulevard
Anaheim, California 92806-5790
(714) 533-6333

Officers: Louis B. Horwitz, chairman of the board & president; William E. Baldwin, v.p. & president-Timing Division; Harry E. Gruen, v.p. & pres.-Spectrum Technology, Inc.; Walter A. Zarris, v.p. & pres.-Frequency and Time Systems, Inc.; Benjamin F. Tarver, v.p.-finance, treasurer & secretary; Martha Gibbs, asst. secretary.

Directors: Louis B. Horwitz, chairman; Edward A. Money, G. Tilton Gardner, Dan L. McGurk, Thomas J. O'Rourke.

Areas of Work: Engaged in the design, development and manufacture of precision frequency and timing instrumentation products.

Subsidiaries:

Frequency and Time Systems, Inc.
34 Tozer Road
Beverly, Massachusetts 01915
(617) 927-8220

Spectrum Technology, Inc.
300 Frederick Lopez Road
Goleta, California 93116
(805) 964-7791
Produces a line of quartz crystal oscillators.

Bancomm Corporation
San Jose, California
Produces a line of timing instrumentation products.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DATM (NASDAQ)

Number of Employees:

1987 ..... 362 1986 386

Plant Footage:

1987 ..... 140,140 sq. ft. 1986 125,700

Sales & Earnings

	Net Sales	Net Income +
1987	$ 27,821,000	$ 1,002,000
1986	24,154,000	1,015,000
1985	19,137,000	976,000
1984	19,456,000	1,546,000
1983	18,595,000	1,904,000

	No. of Com. Shares	Earn. per Share‡+
1937	$ 2,728,890	$ 0.27
1986	2,728,890	0.36
1985	2,798,863	0.33
1984	2,937,163	0.53
1983	2,921,063	0.47

+ Including extraordinary gains of $187,000 ($0.07 per share) in 1984 and $144,000 ($0.06 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 16,018,000	$ 5.87
1986	14,803,000	5.42
1985	14,190,000	5.07
1984	13,858,000	4.72
1983	12,118,000	4.15

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 27,821,000	$ 24,154,000
Cost of sales	17,005,000	14,512,000
Expenses	8,891,000	7,861,000
Interest income	(36,000)	(65,000)
Income before taxes	$ 1,693,000	$ 1,846,000
Income taxes	691,000	831,000
Net income	$ 1,002,000	$ 1,015,000

* Included in Cost and Expenses, Depreciation and Amortization: $884,000 in 1987 and $829,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 2,981,000	$ 3,587,000
Accts. receiv., net	7,685,000	5,688,000
*Inventories	4,698,000	4,377,000
Prepaid expenses	87,000	103,000
Income taxes receiv.	240,000	254,000
Current Assets	$ 15,691,000	$ 14,009,000
#Fixed assets	4,355,000	4,668,000
Other assets	2,855,000	2,983,000
Total Assets	$ 22,901,000	$ 21,660,000

Liabilities

Long-term debt, curr.	$ 260,000	$ 232,000
Accts. payable	1,513,000	1,096,000
Income taxes payable	128,000	229,000
Accruals	1,210,000	1,397,000
Curr. Liabilities	$ 3,111,000	$ 2,954,000
Long-term debt	1,897,000	2,165,000
Deferred income taxes	1,875,000	1,738,000
+Common stock	682,000	682,000
Add. paid-in capital	10,314,000	10,101,000
Retained earn.	5,022,000	4,020,000
Total Liabilities & Shareholders' Equity	$ 22,901,000	$ 21,660,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.09	7.64
%Net Income to Sales	3.60	4.20
%Net Income to Equity	6.26	6.86
Sales to Inventories	5.92	5.52
Debt to Equity	0.13	0.16
Working Capital	$ 12,580,000	$ 11,055,000
Current Ratio	5.04	4.74
Shareholders' Equity	$ 16,018,000	$ 14,803,000

DBA Systems, Inc.

P.O. Drawer 550
1200 South Woody Burke Road
Melbourne, Florida 32902-0550
(305) 725-3711

Officers: Howard N. Hebert, chairman of the board, president & chief exec. officer; John L. Schaumann, v.p. & dir.-strategic planning; Jon D. Guess, v.p.-finance & controller; Edward I. Williams, sr. v.p.; Gary J. Cooey, sr. v.p.-administration; Gerald A. Nathe, sr. v.p.; John N. Elder, v.p. & treasurer & asst. secretary; Eugene S. Cavalluoci, v.p., gen. counsel & secretary; Joan Glenn-Katzakis, asst. controller; Rosemary Boskind, asst. secretary.

Directors: Howard N. Hebert, chairman; George L. MacKay, Harry Hugo, William C. Potter, Brent Scowcroft, John C. Colman, Gordon O.F. Johnson, Franklin S. Atwater, Martin L. Blatt, Gerald A. Nathe, Harold M. Agnew.

Areas of Work: Engaged in the development and production of trackers used in airborne and ground based weapons, and for satellites and gun fire-control systems; message switching systems as well as complete message preparation and distribution terminals. Produces instrumentation and systems for photogrammetric structural measurement and aerial photography, primarily for government use. Also manufactures computerized digital image processing systems used in biomedical research and medical diagnostic applications.

Divisions and Subsidiaries:

DBA Systems Inc.-Washington D.C. Division
11781 Lee Jackson Memorial Hwy.
Fairfax, Virginia 22033
(703) 591-0800

DBA Systems, Inc.-Melbourne
1135 West NASA Boulevard
P.O. Drawer 550
Melbourne, Florida 32902-0550
(305) 727-0660

DBA Systems, Inc.-Kissimmee
2931 Poinciana Boulevard
Kissimmee, Florida 32758
(305) 933-5100
Manufactures night vision scopes, printed circuit boards, gyroscopes, and navigation products for the military.

DBA Systems, Inc.-Huntsville
4835 University Square, Suite 2
Huntsville, Alabama 35816
(205) 830-1155

MTI Systems, Inc.
3481 Dayton-Xenia Road
Dayton, Ohio 45431
(513) 426-3111
Produces digital image processing equipment, photographic laboratory automation and evaluation.

LogEtronics, Inc.
7001 Loisdale Road
Springfield, Virginia 22150
(703) 971-1400

LogEtronics AG
Rappenholde 8
CH 8307 Effretikon, Switzerland
41181106610

LogEtronics GmbH
Dieselstrasse 10
6242 Kronberg 2, West Germany
49611736005

Luth International A/S (50% owned)
Merkurvej 2
4200 Slagelse, Denmark
03529100

Acquisitions:

Environmental Energy Research Group (EERG, Inc.)
225 East Drive
Suite F
Melbourne, Florida 32904
(305) 768-1103
Engages in electro-optical sensor development.

Digital Cartographic Systems, Inc.
Supplies visual and radar data bases, together with support software, to defense contractors.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DBAS (NASDAQ)

Number of Employees:

1987	991	1984	800
1986	805	1983	425
1985	800		

Plant Footage:

1987 ..... 265,950 sq. ft. 1986 240,750

Sales & Earnings

	Revenues	Net Income
1987	$ 82,081,676	$ 3,490,862
1986	74,353,814	4,156,658
1985	66,011,605	3,481,856
1984	38,086,675	2,445,330
1983	28,374,574	1,841,677

	No. of Com. Shares‡	Earn. per Share‡
1987	3,068,862	$ 1.14
1986	3,748,570	1.11
1985	3,718,270	0.94
1984	3,058,731	0.80
1983	2,637,731	0.70

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	4-for-3 & 3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 24,694,235	$ 8.05
1986	31,658,458	8.45
1985	26,227,730	7.05
1984	22,587,964	7.38
1983	13,405,232	5.08

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account*

Year ended June 30	1987	1986
Revenues	$ 82,081,676	$ 74,353,814
Cost of sales	66,528,579	58,979,517
Expenses	9,670,118	8,720,798
Interest expense	3,344,980	2,396,591
Other income	(1,666,649)	(1,669,699)
Eq. in earn. of affl.	(1,386,223)	(803,251)
Income before taxes	$ 5,590,862	$ 6,729,568
Income taxes	2,100,000	2,573,000
Net Income	$ 3,490,862	$ 4,156,658

* Included in Costs and Expenses, Depreciation: $1,882,829 in 1987 and $1,533,060 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 3,172,539	$ 4,660,339
Market. secur.	—	23,031,710
Accts. receiv., net	17,163,959	16,881,200
Earnings in excess of billings	16,004,645	6,647,642
Refundable income taxes	499,312	—
*Inventories	12,475,367	9,771,596
Other curr. assets	547,660	799,898
Current Assets	$ 49,863,482	$ 61,782,385
#Fixed assets	19,272,516	9,948,596
Other assets	14,993,867	10,576,393
Total Assets	$ 84,129,865	$ 82,307,374

Liabilities

Note payable	$ 1,000,000	—
Long-term debt, curr.	477,613	350,619
Accts. payable	5,556,153	3,301,047
Accruals	2,015,253	2,305,744
Billing in exc. of costs	166,392	176,704
Contract losses	2,632,443	—
Income taxes payable	587,854	368,423
Other curr. liab.	217,002	182,897
Curr. Liabilities	$ 15,090,732	$ 8,507,674
Deferred taxes	4,482,849	3,058,994
Long-term debt	39,862,049	39,082,248
+Common stock	310,350	396,916
Add. paid-in capital	5,502,862	15,998,867
Retained earnings	18,234,274	14,743,412
Currency trans. adj.	1,746,337	647,649
Treasury stock	(1,099,588)	(128,386)
Total Liabilities & Shareholders' Equity	$ 84,129,865	$ 82,307,374

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	6.81	9.05
%Net Income to Revenues	4.25	5.59
%Net Income to Equity	14.14	13.13
Sales to Inventories	6.58	7.61
Debt to Equity	1.67	1.25
Working Capital	$ 34,772,750	$ 53,274,711
Current Ratio	3.30	7.26
Shareholders' Equity	$ 24,694,235	$ 31,658,458

Decom Systems, Inc.

340 Rancheros Drive
San Marcos, California 92069
(619) 744-1002

Officers: John A. Robinson, Jr., chairman, president & chief exec. officer; Richard K. Carrine, v.p.-manufacturing & secretary; George F. Tremain, v.p.-marketing and corp. development; Steven E. Borgardt, treasurer & chief financial officer.

Directors: John A. Robinson, chairman; Richard K. Carrine, Kenneth D. Holland, George F. Tremain.

Areas of Work: Designs, manufactures, and markets a wide range of electronic communications equipment used in aerospace telecommunications. The Company's principal aerospace telemetry products are PSK (Phase Shift Key) and PCM (Pulse Code Modulation) telemetry ground support systems and related test equipment.

Subsidiaries:

Coded LMR Holding
San Marcos, California 92069

Coded Communications Network Systems
San Marcos, California 92069

DSI Management Company
San Marcos, California 92069

Decom Systems GmbH
Munich, West Germany

Transfer Agent(s):

California First Bank
Trust Department
8155 Mercury Court
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DSII (NASDAQ)

Number of Employees:

1987 ..... 80 1986 118

Plant Footage:

1987 ..... 36,000 sq. ft. 1986 46,000

Sales & Earnings

	Revenues	Net Income
1987	$ 9,831,000	$ 850,000
1986	13,189,000	1,135,000
1985	11,034,000	(5,905,000)
1984	9,720,000	660,000
1983	7,202,000	590,000

	No. of Com. Shares‡	Earn. per Share‡ +
1987	2,735,000	$ 0.23
1986	2,715,000	0.42
1985	2,656,000	—
1984	2,774,000	0.24
1983	2,781,000	0.20

(Loss)
+ Including extraordinary gains of $232,000 ($0.08 per share) in 1987 and $215,000 ($0.08 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Aerospace telecommunications	$ 8,630,000	$ 9,232,000
Land mobile radio communications	1,201,000	3,957,000
Total	$ 9,831,000	$ 13,189,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,975,000	$ 1.10
1986	2,012,000	0.74
1985	847,000	0.32
1984	4,749,000	1.71
1983	4,004,000	1.44

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 9,831,000	$ 13,189,000
Cost of sales	4,871,000	6,939,000
Expenses	3,718,000	4,921,000
Interest expense	194,000	417,000
Other income	—	(383,000)
Loss in limited partnership	—	121,000
Inc. bef. taxes	$ 1,048,000	$ 1,174,000
Income taxes	430,000	254,000
Net Income	$ 618,000	$ 920,000
Extraord. gain	232,000	215,000
Net Income & extraord. gain	$ 850,000	$ 1,135,000

* Included in Costs and Expenses, Depreciation and Amortization: $488,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash & cash. equiv.	$ 2,700,000	$ 981,000
Accts. receiv., net	1,195,000	2,125,000
Unbilled costs	—	556,000
*Inventories	1,200,000	2,444,000
Other curr. assets	98,000	153,000
Current Assets	$ 5,193,000	$ 6,259,000
Other assets	196,000	171,000
#Fixed assets	777,000	1,352,000
Intangibles	—	337,000
Total Assets	$ 6,166,000	$ 8,119,000

Liabilities

Notes payable & long-term debt, curr.	$ 243,000	$ 259,000
Accts. payable	169,000	488,000
Accrued payroll	290,000	311,000
Accrued commissions	150,000	351,000
Other revenue	428,000	543,000
Income taxes	86,000	136,000
Losses in limited partnerships	25,000	579,000
Curr. Liabilities	$ 1,391,000	$ 2,667,000
Long-term debt	367,000	1,531,000
Loss in limited partnerships	—	476,000
Convert. subord. debentures	1,400,000	1,400,000
Deferred inc. taxes	33,000	33,000
+Common stock	2,873,000	2,760,000
Retained earnings (deficit)	102,000	(748,000)
Total Liabilities & Shareholders' Equity	$ 6,166,000	$ 8,119,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.66	6.98
%Net Income to Sales	6.29	8.61
%Net Income to Equity	20.77	56.41
Sales to Inventories	8.19	5.40
Debt to Equity	0.21	0.89
Working Capital	$ 3,802,000	$ 3,592,000
Current Ratio	3.73	2.35
Shareholders' Equity	$ 2,975,000	$ 2,012,000

Del Electronics Corp.

250 E. Sandford Boulevard
Mount Vernon, New York 10550
(914) 699-2000

Del Electronics Corp.

Officers: Leonard A. Trugman, chairman, chief executive officer & president; Belz Hohner, sr. v.p.-research & development and engineering; William Kaufman, v.p.-planning and control & secretary; Louis Farin, v.p.-manufacturing; Estelle Denaro, v.p.

Directors: Leonard A. Trugman, chairman; Raymond Kaufman, Hugo J. DiGiovanni, Natan Bertman, Jerome A. Fuchs, David Michael, James Tiernan.

Areas of Work: Manufacturer of high voltage power supplies, transformers and capacitors for military, commercial and industrial purposes.

Transfer Agent(s):

Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York 10081

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DELE (NASDAQ)

	2.94	0.46

Number of Employees:

1987 ..... 107 1986 85

Plant Footage:

1987 ..... 61,000 sq. ft. 1986 61,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 6,492,344	$ 240,324
1986	5,324,921	46,341
1985	6,481,379	(47,887)
1984	6,121,436	(36,207)
1983	5,708,817	(722,161)

	No of Com. Shares +	Earn. per Share #
1987	938,675	$ 0.20
1986	877,438	0.04
1985	807,158	—
1984	807,158	—
1983	807,158	—

(Loss)
+ Adjusted to reflect stock dividend.
# Based on the average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	25%	—
1983	0.06	—	—

Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 1,783,407	$ 1.90
1986	1,492,195	1.70
1985	1,363,177	1.69
1984	1,411,084	1.75
1983	1,447,605	1.79

Adjusted to reflect stock dividend.

Income Account*

Year ended July 31	1987	1986
Net sales	$ 6,492,344	$ 5,324,921
Cost of sales	4,996,405	4,051,987
Expenses	1,344,895	1,208,434
Income bef. taxes	$ 347,044	$ 64,500
Income taxes	106,720	18,159
Net Income	$ 240,324	$ 46,341

* Included in Costs and Expenses, Depreciation: $33,611 in 1987 and $35,985 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 139,486	$ 100,949
Accts. receiv., net	1,404,368	1,021,168
*Inventories	2,209,450	1,595,600
Prepaid expenses	46,835	49,649
Current Assets	$ 3,800,139	$ 2,767,166
#Fixed assets	141,166	92,845
Other assets	55,230	58,474
Total Assets	$ 3,996,535	$ 2,918,685

Liabilities

Notes payable	$ 604,409	$ 317,782
Long-term debt, curr.	44,444	80,003
Accts. payable	666,356	363,936
Accruals	330,143	146,509
Accrued payroll	312,609	215,739
Income taxes	99,611	15,854
Curr. Liabilities	$ 2,057,572	$ 1,139,823
Long-term debt	155,556	286,667
+Common stock	93,868	87,744
Add. paid-in capital	1,317,574	1,116,316
Retained earnings	371,965	288,133
Total Liabilities Shareholders' Equity	$ 3,996,535	$ 2,918,685

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	5.35	1.21
%Net Income to Sales	3.70	0.87
%Net Income to Equity	19.08	3.11
Sales to Inventories	2.94	3.34
Debt to Equity	0.45	0.46
Working Capital	$ 1,742,567	$ 1,627,343
Current Ratio	1.85	2.43
Shareholders' Equity	$ 1,783,407	$ 1,492,195

Designatronics Incorporated

2101 Jericho Turnpike
New Hyde Park, New York 11040
(516) 328-3300

Officers: Sol Schwartz, president; Joseph Rubenfeld, exec. v.p. & treasurer; Martin Hoffman, sr. v.p. & chief financial officer; Frank Buchsbaum, sr. v.p.; Hitoshi Tanaka, v.p.; Shirley Brown, secretary.

Directors: Frank Buchsbaum, Martin Hoffman, Joseph Rubenfeld, Sol Schwartz, Reuben M. Siwek.

Areas of Work: Through its divisions and subsidiaries, the Company designs, manufactures, or supplies a wide array of over 50,000 mechanical, electromechanical, and electronic components and sub-assemblies.

Divisions:

Sterling Instrument Division
New Hyde Park, New York 11040
Manufactures precision mechanical components, including precision gears, differentials, brakes, clutches, couplings bearings and shafts.

Stock Drive Products Division
New Hyde Park, New York 11040
Manufactures and markets standard and designed-to-order small commercial quality drive components.

Stock Model Parts Division
55 South Denton Avenue
New Hyde Park, New York 11040
Electro-mechanical training for schools as well as models for hobbyists.

Techno Division
14 Crandall Ave.
Pompton Lakes, New Jersey 07442
Research and development of micro-computer controlled automation and robotics.

Perfect Gear and Instrument Division
New Hyde Park, New York

Western Component Sales
9719 Mason Avenue
Chatsworth, California 91311

Subsidiaries:

Accusonic Systems Corporation
Manufactures speakers, headsets and microphones designed for use in severe environments, such as military, marine and aviation applications.

United Products Company
1080 Garden State Road
Union, New Jersey 07083
Engaged in the manufacture of injection molded products for the electronic mechanical drive, medical packaging, and display industries.

Designatronics Foreign Sales Corp. (FSC)
New Hyde Park, New York 11040
Engaged in export activities for incorporated divisions as well as the products produced by other U.S. manufacturers.

Automatic Coil Corp.
445 East 10th Avenue
Hialeah, Florida 33010
Manufacturer of custom designed inductive components.

Systems Control Ltd. (90% owned)
Middlesbrough, England
Manufacturer of robots and robotic end effectors.

Automatic Accusonic Haiti Corp. S.A.
Port-au-Prince, Haiti
Products manufactured include a complete line of IF-RF coils, toroids, baluns, bobbins and related windings in addition to specially engineered inductors, transformers, filters, discriminators, a wide range of electronic assemblies, and printed circuit board assemblies.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American, Pacific

Ticker Symbol: DSG

Number of Employees:

1987 ..... 594 1986 714

Plant Footage:

1987 ..... 178,700 sq. ft. 1986 178,700

Sales & Earnings

	Net Sales	Net Income
1987	$ 21,792,330	$ 82,557
1986	19,320,258	(323,384)
1985	19,667,577	485,374
1984	18,491,227	1,113,656
1983	15,921,065	1,099,622

	No. of Com. Shares†	Earn. per Share #
1987	2,710,448	$ 0.03
1986	2,721,182	—
1985	2,740,434	0.17
1984	2,675,078	0.40
1983	2,407,718	0.43

(Loss)
† Adjusted to reflect stock dividends and stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock split.

Revenues By Line of Business

	1987	1986
Electronic	$ 5,995,000	$ 5,146,000
Electromechanical & mechanical	15,797,000	14,174,000
Total	$ 21,792,000	$ 19,320,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	5%	—
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	10%	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 9,569,978	$ 3.53
1986	9,507,604	3.49
1985	10,096,855	3.68
1984	9,486,216	3.55
1983	8,211,757	3.30

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Aug. 31	1987	1986
Net sales	$ 21,792,330	$ 19,320,258
Cost of sales	14,938,068	13,650,155
Expenses	6,600,419	6,290,430
Other income	(234,468)	(115,793)
Interest expense	239,754	248,850
Income (loss) bef. taxes	$ 248,557	(753,384)
Income taxes (credit)	166,000	(230,000)
Net Income (Loss)	$ 82,557	$ (323,384)

* Included in Costs and Expenses, Depreciation and Amortization: $787,038 in 1987 and $787,073 in 1986.

Assets

As of Aug. 31	1987	1986
Cash	$ 504,860	$ 524,813
Accts. receiv. net	3,731,776	3,164,032
* Inventories	6,528,627	6,491,514
Prepaid expenses	467,810	286,980
Refundable income taxes	—	343,096
Current Assets	$ 11,233,073	$ 10,810,435
# Fixed assets	2,425,986	2,867,726
Other assets	315,714	774,811
Total Assets	$ 13,974,773	$ 14,452,972

Liabilities

Long-term debt, curr.	$ 16,792	$ 64,245
Accts. payable	845,218	644,077
Accrued payroll	295,314	284,362
Deferred comp.	162,400	105,600
Other accruals	616,685	496,687
Deferred revenue	117,779	—
Income taxes pay.	9,053	—
Curr. Liabilities	$ 2,063,241	$ 1,594,971
Long-term debt	2,018,781	2,826,112
Deferred comp.	—	162,400
Deferred inc. taxes	253,915	247,915
Other liab.	68,858	113,970
÷ Common stock	113,035	107,878
Add. paid-in capital	8,647,949	8,218,034
Retained earnings	992,503	1,346,926
For. curr. trans.	19,789	4,736
Treasury stock	(203,298)	(169,970)
Total Liabilities & Shareholder's Equity	$ 13,974,773	$ 14,452,972

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
÷ $0.04 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.14	—
%Net Income to Sales	0.38	—
%Net Income to Equity	0.86	—
Sales to Inventories	3.34	2.98
Debt to Equity	0.21	0.30
Working Capital	$ 9,169,832	$ 9,215,464
Current Ratio	5.44	6.78
Shareholders' Equity	$ 9,569,978	$ 9,507,604

DEST Corporation

1201 Cadillac Court
Milpitas, California 95035
(408) 946-7100

Officers: Christoper G. Kenber, president & chief executive officer; Stanley B. Fry, v.p.-research & development and chief technical officer; Robert J. Riopel, v.p.-finance; Richard D. Matthews, v.p.-marketing; James C. Kitch, secretary.

Directors: Christoper G. Kenber, Joseph A. Graziano, F. Gibson Meyers, Jr., Edward F. Tuck, Phillip E. White.

Areas of Work: Designs, manufactures and markets electronic document readers that scan typed or printed documents, convert their content to digital form, perform character recognition and communicate this information to the computer system, thereby eliminating the need to enter the information manually.

Acquisition:

Gulfstream Micro Systems, Inc.
Florida
Designs, manufactures and markets a personal computer facsimile product that enables IBM PCs and compatibles to communicate with digital facsimile machines.

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEST (NASDAQ)

Number of Employees:

1987	198	1985	206
1986	N.A.		

Plant Footage:

1987	51,450 sq. ft	1985	50,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings x

	Revenues	Net Income†
1988	$ 29,621,000	$ (9,396,000)
1987	22,937,000	(2,227,000)
1986	25,186,000	297,000
1985	25,471,000	2,831,000
1984	11,549,000	1,663,000

	No. of Com. Shares‡	Earn. per Share‡†
1988	7,645,000	$ —
1987	7,591,000	—
1986	7,276,000	0.04
1985	5,956,000	0.48
1984	5,762,000	0.29

(Loss)
x Restated to include operations of Gulfstream Micro Systems, Inc., acquired on a pooling of interests basis.
† Including extraordinary gains of $510,000 ($0.07 per share) in 1986, $1,203,000 ($.021 per share) in 1985 and $742,000 ($0.13 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share‡
1988	$ 7,894,000	$ 1.03
1987	16,396,000 †	2.16
1986	18,495,000	2.54
1985	9,621,000	1.62
1984	6,401,000	1.11

x Restated
† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common share and common share equivalents outstanding.

Income Account*
(000's)

Year ended Mar. 31	1988	1987
Revenue	$ 29,621	$ 22,937
Cost of revenues	18,965	12,646
Expenses	16,832	12,875
Restruc. expense	3,428	—
Interest income	(1,015)	(1,471)
Interest expense	810	915
Other expense (income)	(3)	199
Net Income (Loss) & extraord. gain	$ (9,396)	$ (2,227)

* Included in Costs and Expenses, Depreciation and Amortization: $1,340,000 in 1988 and $1,284,000 in 1987.
‡ Restated.

Assets
(000's)

	1988	1987‡
Cash & cash invest.	$ 2,542	$ 10,510
Accts. receiv., net	6,872	4,758
*Inventories	7,684	4,446
Prepaid expenses	227	340
Current Assets	$ 17,325	$ 20,054
#Fixed assets	3,863	4,520
Long-term note receiv.	3,512	3,489
Computer software cost	876	187
Deferred license costs	124	192
Other assets	157	26
Total Assets	$ 25,857	$ 28,468

Liabilities
(000's)

Long-term debt	$ 4,850	$ 1,200
Long-term debt, curr.	784	639
Other long-term liab.	130	110
Accts. payable	5,519	2,963
Accrued payroll	776	565
Other accruals	1,294	902
Curr. Liabilities	$ 13,353	$ 6,379
Long-term debt	4,220	5,174
Other liabilities	390	148
+GMS preferred stock	—	371
+Common stock	23,129	22,895
Notes receiv. from stock sale	—	(660)
Accum. deficit	(15,235)	(5,839)
Total Liabilities & Shareholders' Equity	$ 25,857	$ 28,468

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.85	5.16
Debt to Equity	1.25	0.42
Working Capital	$ 3,972,000	$ 13,675,000
Current Ratio	1.30	3.14
Shareholders' Equity	$ 7,894,000	$ 16,767,000

Detection Systems, Inc.

130 Perinton Parkway
Fairport, New York 14450
(716) 223-4060

Officers: Karl H. Kostusiak, president; David B. Lederer, exec. v.p.; Frank J. Ryan, secretary/treasurer; James R. Burube, v.p.-systems engineering.

Directors: Karl H. Kostusiak, David B. Lederer, Wallace M. Juechter, Joseph LoBozzo, Edward C. McIrvine.

Areas of Work: Designs, manufactures, and markets electronic instrumentation and control equipment for the security and facility management industries. The Company's product line includes: electronic intrusion detectors, fire detectors, alarm control equipment, and microprocessor-based energy management equipment.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Lincoln First Tower
Rochester, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DETC (NASDAQ)

Number of Employees:

1987	226	1984	154
1986	193	1983	220
1985	173		

Sales & Earnings

	Net Sales	Net Income
1988	$ 16,965,000	$ 1,176,000
1987	13,025,000	713,000
1986	9,328,000	2,000
1985	8,608,000	(908,000)
1984	9,329,000	(873,000)

	No. of Com. Shares +	Earn. per Share #
1988	2,479,357	$ 0.48
1987	2,413,221	0.29
1986	2,367,727	—
1985	2,345,415	—
1984	2,338,384	—

(Loss)
+ Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 9,157,000	$ 3.69
1987	7,747,070	3.21
1986	6,941,249	2.93
1985	6,899,913	2.94
1984	7,798,891	3.33

‡ Adjusted to reflect stock split.

Income Account*

Year ended March 31	1988	1987
Net sales	$ 16,965,142	$ 13,025,321
Cost of sales	11,202,488	8,746,711
Expenses	3,664,764	3,050,106
Interest income	(165,301)	(127,565)
Interest expense	292,115	259,505
Inc. bef. taxes	$ 1,971,076	$ 1,096,564
Inc. taxes	795,000	384,050
Net Income	$ 1,176,076	$ 712,514

* Included in Costs and Expenses, Depreciation and Amortization: $685,673 in 1988 and $641,379 in 1987.

Assets

As of March 31	1988	1987
Cash	$ 121,228	121,405
Short-term invest.	2,701,166	2,367,320
Accts. receiv., net	2,534,859	1,925,874
*Inventories	4,321,686	3,325,105
Deferred income tax charges	78,200	422,900
Prepaid expenses	106,701	92,629
Current Assets	$ 9,863,840	$ 8,255,233
#Fixed assets	2,036,439	1,921,265
Prop. under cap. lease	3,725,999	3,371,778
Other assets	242,174	252,190
Total Assets	$ 15,868,452	$ 13,800,466

Liabilities

Long-term debt, curr.	$ 416,119	320,634
Accts. payable	623,319	573,874
Accruals	822,037	685,141
Income taxes payable	299,070	96,659
Curr. Liabilities	$ 2,160,545	$ 1,676,308
Convert. deben.	1,000,000	1,000,000
Oblig. under cap. leases	2,597,234	2,518,788
Deferred inc. taxes	953,600	858,300
+Common stock	123,968	96,529
Add. paid-in capital	5,594,578	5,388,090
Retained earnings	3,438,527	2,262,451
Total Liabilities & Shareholders' Equity	$ 15,868,452	$ 13,800,466

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

% Income bef. Taxes to Sales	11.62	8.42
% Net Income to Sales	6.93	5.47
% Net Income to Equity	12.84	9.20
Sales to Inventories	3.93	3.92
Debt to Equity	0.33	0.37
Working Capital	$ 7,703,295	$ 6,578,925
Current Ratio	4.57	4.92
Shareholders' Equity	$ 9,157,073	$ 7,747,070

The Dewey Electronics Corporation

27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700

Officers: Gordon C. Dewey, president; Frances Dommeleers, v.p.-administration; Mark L. Hyland, exec. v.p.; John J. Conlan, treasurer; John G. McQuaid, secretary.

Directors: Fraces D. Dewey, Gordon C. Dewey, Peter Eustis, John G. McQuaid, Alexander A. Cameron, Jr., Millard F. West, Jr., James A. Newman, Mark L. Hyland.

Areas of Work: The Corporation develops and produces digital systems, nuclear sensors, sonar, communications and special purpose electronic equipment. The Pitometer Log Division also manufactures ship speed and distance measuring instrumentation.

Divisions:

Pitometer Log Division
27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700
Manufacturer of ship speed and distance measuring instrumentation.

HEDCO Division
Designs, manufactures and markets snowmaking machinery.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEWY (NASDAQ)

Number of Employees:

1987	N.A.	1985	125
1986	105		

Plant Footage:

1987	N.A.	1984	106,500
1986	108,700 sq. ft.	1983	47,500
1985	106,500		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income†
1987	$ 10,821,932	$ 127,907
1986	10,586,428	(234,950)
1985	13,108,447	(311,341)
1984	15,772,633	489,898
1983	9,255,575	650,436

	No. of Com. Shares +	Earn. per Share‡†
1987	$ 1,339,185	$ 0.09
1986	1,339,208	—
1985	1,339,208	—
1984	1,339,208	0.37
1983	1,323,941	0.49

(Loss)
† Including extraordinary loss of $206,163 ($0.15 per share) in 1984.
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Electronic products	$ 9,607,000	$ 8,774,000
Snowmaking equipment	1,215,000	1,812,000
Total	$ 10,822,000	$ 10,586,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 3,353,046	$ 2.50
1986	3,225,220	2.41
1985	3,460,170	2.58
1984	3,771,511	2.82
1983	3,271,356	2.47

+ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Revenues	$ 10,821,932	$ 10,586,428
Cost of revenues	8,652,318	8,760,322
Expenses	1,728,466	1,739,399
Interest expense	393,890	478,534
Gain on dispos. of land	(228,237)	—
Interest income	(21,217)	(14,997)
Inc. (loss) bef. taxes	$ 296,712	$ (376,830)
Income taxes (credit)	168,805	(141,880)
Net Income (Loss)	$ 127,907	$ (234,950)

* Included in Costs and Expenses, Depreciation and Amortization: $269,939 in 1987 and $265,986 in 1986.

Assets

As of June 30	1987	1986
Accts. & notes receiv., net	$ 89,284	$ 265,290
Contract costs	1,391,276	1,622,893
*Inventories	3,305,064	3,605,532
Prepaid expenses & other assets	1,223,660	1,707,775
Current Assets	$ 6,494,504	$ 7,315,505
#Fixed assets	1,977,131	2,142,399
Intangibles	135,054	161,193
Claims against gov't.	1,636,461	1,734,840
Total Assets	$ 10,243,150	$ 11,353,737

Liabilities

Mortg. note payable, curr.	$ 549,689	$ 420,427
Notes payable	500,000	1,350,000
Accts. payable	1,436,080	1,539,142
Accruals	267,209	300,133
Deferred income taxes	1,192,562	1,039,560
Curr. Liabilities	$ 3,945,540	$ 4,649,262
Deferred income taxes	237,438	222,440
Mortg. note payable	2,707,126	3,256,815
+Common stock	16,934	16,934
Add. paid-in capital	2,835,307	2,835,307
Retained earnings	1,021,568	893,661
Treasury stock	(520,763)	(520,682)
Total Liabilities & Shareholders' Equity	$ 10,243,150	$ 11,353,737

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.74	—
%Net Income to Sales	1.18	—
%Net Income to Equity	3.81	—
Debt to Equity	1.12	1.56
Working Capital	$ 2,551,964	$ 2,666,243
Current Ratio	1.65	1.57
Shareholders' Equity	$ 3,353,046	$ 3,225,220

Dexon, Inc.

3842 Washington Avenue North
Minneapolis, Minnesota 55412
(612) 521-4441

Officers: John H. Sandbo, chairman, president & chief executive officer; Mary M. Smith, secretary; Robert W. True, v.p. & treasurer; R. Vincent Bert, v.p.-operations; David F. Levy, v.p.-sales & marketing.

Directors: John H. Sandbo, chairman; Clarence E. Westin, Jon Holt, D. J. Ekberg, David Croonquist.

Areas of Work: Engaged in the design and manufacture of ultra-clean air systems and wet process work stations and quartz tube cleaners which are used in the manufacture of integrated circuits.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEXO (NASDAQ)

Number of Employees:

1988 ..... 102 1987 79

Plant Footage:

1988 ..... 70,400 sq. ft. 1987 70,400

Sales & Earnings

	Revenues +	Net Income†
1988	$ 8,764,000	$ 101,000
1987	6,340,000	(499,000)
1986	6,843,000	(179,000)
1985	6,924,000	283,000
1984	4,690,000	(66,000)

	No. of Com. Shares	Earn. per Share #†
1988	677,250	$ 0.14
1987	673,050	—
1986	670,050	—
1985	667,350	0.42
1984	653,175	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $29,857 ($0.14 per share) in 1988.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 934,000	$ 1.38
1987	824,000	1.23
1986	1,320,000	1.93
1985	1,494,000	2.22
1984	1,189,000	1.80
1983	1,196,000	1.89

Income Account *

Year ended Mar. 31	1988	1987
Net sales	$ 8,763,557	$ 6,339,978
Cost of sales	5,912,890	4,406,940
Expenses	2,416,531	2,043,880
Interest expense	329,890	277,775
Other income	(13,377)	(24,868)
Loss before taxes	$ 117,623	$ (363,749)
Tax credit	34,617	—
Income (Loss)-cont. oper.	$ 83,006	$ (363,749)
Loss-discont. oper.	(11,414)	(135,490)
Net Income (Loss)	$ 71,592	$ (499,239)
Extraord. gain	29,857	—
Net Income (Loss) & extraord. gain	$ 101,449	$ (449,239)

* Included in Costs and Expenses, Depreciation and Amortization: $252,465 in 1987 and $254,275 in 1986.

Assets

As of Mar. 31	1988	1987
Cash & short-term invest.	$ 26,944	$ 17,845
Funds held by trustee	57,814	61,164
Accts. receiv., net	2,399,585	1,310,669
* Inventories	1,924,153	1,456,681
Other curr. assets	79,970	67,346
Current Assets	$ 4,488,466	$ 3,113,705
# Fixed assets	2,066,825	1,941,812
Total Assets	$ 6,555,291	$ 5,055,517

Dexon, Inc.

Liabilities

Notes payable	$ 2,500,000	$ 1,492,000
Long-term debt, curr.	89,757	82,599
Accts. payable	1,295,426	882,232
Compen. & rel. taxes	414,927	322,018
Accrued interest	60,969	64,855
Other liab.	173,206	211,437
Curr. Liabilities	$ 4,534,285	$ 3,055,141
Long-term debt	1,087,023	1,176,154
+ Common stock	794,451	786,139
Add. paid-in capital	139,532	38,083
Total Liabilities & Shareholders' Equity	$ 6,555,291	$ 5,055,517

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	4.55	4.35
Debt to Equity	1.26	3.34
Working Capital	—	$ 58,564
Current Ratio	—	1.02
Shareholders' Equity	$ 933,983	$ 824,222

Diagnostic/Retrieval Systems, Inc.

8 Wright Way
Oakland, New Jersey 07436
(201) 337-3800

Officers: Leonard Newman, chairman of the board, chief executive officer & secretary; David E. Gross, president & chief operating officer; Jackson Kemper, Jr., v.p.-government relations; Mark S. Newman, exec. v.p., chief financial officer & treasurer; Allen P. Tucker, v.p. & pres.-Precision Echo, Inc.; Lewis F. Ozimek, v.p.-contracts; Jack R. Williams, v.p.-research and technology; David M. Orth, v.p.-business development; John C. Dale, v.p.-ship systems; John V. Giordano, controller; Francis A. Montenes, v.p.-avionics & instrumentation; Richard Ross, asst. v.p.-corporate development; Patricia M. Williamson, asst. v.p.-corporate communications.

Directors: Leonard Newman, chairman; David E. Gross, Theodore Cohn, Jack Rachleff, Harold Rapaport, Mark N. Kaplan, Mark S. Newman.

Areas of Work: The Company designs, develops, manufactures and markets special-purpose computer and display systems and high-density digital recording systems for use in antisubmarine warfare. These special-purpose computer systems perform acoustic signal processing to detect, classify and locate submarines. The acoustic signal processing includes spectrum analysis, digital filtering and display. The Company also produces digital recording systems for use in conjunction with its special purpose computers. The Company also manufactures display generators, scan converters and acoustic stimulation systems.

Divisions and Subsidiaries:

Diagnostic/Retrieval Systems of California, Inc.
17772 East 17th Street, Suite 208
Tustin, California 92680

Precision Echo, Inc.
3105 Patrick Henry Drive
Santa Clara, California 95054
Designs and manufactures military and industrial quality magnetic recording devices and compact ruggedized tape recorders employed in antisubmarine warfare, reconnaissance aircraft and for intelligence purposes.

Diagnostic/Retrieval Systems, Inc.
Washington Operations
1215 S. Jefferson Davis Highway
Suite 1004
Arlington, Virginia 22202

Transfer Agent(s):

The Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): American

Ticker Symbol: DRS-A, DRS-B

Number of Employees:

1988	489	1986	395
1987	498	1985	396

Plant Footage:

1988	120,000 sq. ft.	1986	87,000
1987	120,000		

Sales & Earnings

	Revenues	Net Income +
1988	$ 61,499,000	$ 3,714,000
1987	53,259,000	3,434,000
1986	35,979,000	1,033,000
1985	33,435,000	1,257,000
1984	24,327,225	2,973,931

	No. of Com. Shares #	Earn. per Share +
1988	5,648,000	$ 0.66
1987	5,628,000	0.61
1986	5,625,324	0.18
1985	5,584,029	0.23
1984	5,131,869	0.58

+ Including extraordinary gain of $187,000 ($0.03 per share) in 1985.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 31,655,000	$ 5.62
1987	27,915,000	4.96
1986	24,442,000	4.34
1985	23,446,000	4.20
1984	20,161,331	3.93

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account °

Year ended Mar. 31	1988	1987
Revenues	$ 61,499,000	$ 53,259,000
Costs and expenses	51,911,000	47,236,000
Interest expense	2,231,000	2,296,000
Other expense (income)	582,000	(2,258,000)
Income before taxes	$ 6,775,000	$ 5,985,000
Income taxes	3,061,000	2,551,000
Net Income	$ 3,714,000	$ 3,434,000

° Included in Costs and Expenses, Depreciation and Amortization: $2,402,000 in 1988 and $2,460,000 in 1987.

Assets

As of Mar. 31	1988	1987
Cash & cert. of dep.	$ 26,811,000	$ 29,329,000
Accts. receiv., net	14,332,000	15,838,000
°Inventories	12,234,000	8,115,000
Prepaid expenses	2,097,000	916,000
Current Assets	$ 55,474,000	$ 54,198,000
#Fixed assets	6,439,000	5,993,000
Intangibles	5,912,000	6,225,000
Other assets	2,061,000	1,987,000
Total Assets	$ 69,886,000	$ 68,403,000

Liabilities

Long-term debt, curr.	$ 77,000	$ 71,000
Accts. payable	5,025,000	6,917,000
Income taxes	8,374,000	7,814,000
Curr. Liabilities	$ 13,476,000	$ 14,802,000
Long-term debt	24,755,000	25,686,000
+ Common stock:		
Class A	37,000	37,000
Class B	21,000	20,000
Add. paid-in capital	12,749,000	12,309,000
Retained earnings	19,615,000	15,898,000
Treasury stock	(761,000)	(298,000)
Unamort. restricted stock comp.	(6,000)	(51,000)
Total Liabilities & Shareholders' Equity	$ 69,886,000	$ 69,403,000

° At actual cost, not in excess of estimated net realizable value.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.02	11.24
%Net Income to Sales	6.04	6.45
%Net Income to Equity	11.73	12.30
Sales to Inventories	3.03	6.56
Debt to Equity	0.78	0.92
Working Capital	$ 41,998,000	$ 39,396,000
Current Ratio	4.12	3.66
Shareholders' Equity	$ 31,655,000	$ 27,915,000

Di-An Controls, Inc.

944 Dorchester Avenue
Boston, Massachusetts 02125
(617) 288-7700

Officers: Robert D. Kodis, president & treasurer; James B. Marcus, vice president, asst. treasurer & clerk.

Directors: Robert D. Kodis, James B. Marcus, Peter Segel, Daniel Judge.

Areas of Work: Manufactures, sells, and services printer products, computer work stations, and the Movie Master System. These products are used for real-time on-line issuing of tickets, tags and labels in the fields of transportation, entertainment, sports, wagering, manufacturing, and financial exchanges.

Subsidiary:

Di-An Service Corp.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10004

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DICC (NASDAQ)

Sales & Earnings

	Net Sales‡	Net Income+
1987	$ 749,060	$ 1,246,126
1986	1,550,055	(558,069)
1985	2,389,549	(630,398)
1984	4,159,662	210,855
1983	3,226,418	(73,747)

	No. of Com. Shares	Earn. per Share‡+
1987	826,405	1.51
1986	826,405	—
1985	826,405	—
1984	826,405	0.26
1983	826,405	—

(Loss)
‡ Including service revenues.
+ Including extraordinary credits of $470,336 ($0.57 per share) in 1987 and $67,230 ($0.08 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,349,184	$ 1.63
1986	103,058	0.12
1935	661,127	0.80
1984	1,291,525	1.56
1983	1,080,670	1.31

Income Account *

Year ended Dec. 31	1987	1986
Net sales & serv. revenues	$ 749,060	$ 1,550,055
Other income	68,391	68,202
Total income	$ 817,451	$ 1,618,257
Cost of sales	955,916	1,300,238
Expenses	496,323	662,959
Interest expense	46,863	13,139
Gain on sale of prop.	(2,057,845)	—
Income (loss) bef. taxes	$ 1,376,194	$ (558,069)
Income taxes	600,404	—
Net income (loss)	$ 775,790	$ (558,069)
Extraord. gain	470,336	—
Net income (loss) & extraord. gain	$ 1,246,126	$ (558,069)

* Included in Costs and Expenses, Depreciation: $16,008 in 1987 and $29,328 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 976,135	$ 19,799
Accts. receiv., net	119,840	73,782
*Inventories	262,623	555,551
Refund. inc. taxes	139,642	—
Prepaid expenses	9,318	12,626
Current Assets	$ 1,507,558	$ 661,758
#Fixed assets	31,210	72,566
Other assets	18,038	17,267
Total Assets	$ 1,556,806	$ 751,591

Liabilities

Loan payable	—	85,500
Long-term debt, curr.	—	29,920
Accts. payable	80,416	220,053
Accruals	87,595	87,505
Accrued payroll	7,772	37,753
Customer deposits	22,774	38,820
Inc. taxes	9,065	1,627
Curr. Liabilities	$ 207,622	$ 501,178
Long-term debt	—	147,355
+Common stock	82,641	82,641
Add. paid-in capital	1,124,451	1,124,451
Retained earnings (deficit)	'42,092	(1,104,034)
Total Liabilities & Shareholders' Equity	$ 1,556,806	$ 751,591

* At lower of est. cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Debt to Equity	—	2.55
Working Capital	$ 1,299,936	$ 160,580
Current Ratio	7.26	1.32
Shareholders' Equity	$ 1,349,184	$ 103,058

Diebold, Incorporated

818 Mulberry Road S.E.
P.O. Box 8230
Canton, Ohio 44711
(216) 489-4000

Officers: Raymond Koontz, chairman of the board; Robert W. Mahoney, president & chief exec. officer; Harry E. Parr, Jr., sr. v.p.-finance, treasurer and chief adm. officer; Walter Crow, sr. v.p.-marketing; Robert Barone, sr. v.p.-sales & marketing; Robert M. Yopko, group v.p.-customer services; Charles B. Scheurer, v.p.-human resources; Harry O. Seitzinger, v.p., controller & asst. treasurer; Warren W. Dettinger, v.p. & general counsel; Alben W. Warf, v.p. & gen. mgr.-engineering & manufacturing; Charee Francis-Vogelsang, v.p. & secretary; Robert J. Warren, asst. treasurer; Roy J. Villella, Jr., asst. secretary.

Directors: Louis V. Bockius, III, Daniel T. Carroll, Harry E. Parr, Jr., Donald R. Gant, Raymond Koontz, Frank D. Robinson, Robert W. Mahoney, William F. Massy, W. R. Timken, Jr..

Areas of Work: Designs, manufactures, sells, installs, and services a broad line of automated transaction systems and security equipment used in financial service applications in financial, retail, transportation, government, petroleum and other industry groups.

Divisions:

Security Products
Electronics Products
Retail Products
Software Development & Systems Services
Customer Services

Transfer Agent(s):

AmeriTrust Company, N.A.
Corporate Trust Division
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York

Ticker Symbol: DBD

Number of Employees:

1987	4,878	1984	5,505
1986	5,320	1983	5,824
1985	5,229		

Plant Footage:

1987	1,586,220 sq. ft.	1984	1,829,530
1986	1,559,720	1983	1,754,530
1985	1,559,720		

Sales & Earnings

	Net Sales	Net Income
1987	$ 439,063,000	$ 35,768,000
1986	417,369,000	34,905,000
1985	411,935,000	30,392,000
1984	474,320,000	56,900,000
1983	445,917,000	49,142,000

	No. of Com. Shares‡	Earn. per Share‡
1987	13,162,000	$ 2.72
1986	13,130,000	2.66
1985	13,116,000	2.32
1984	13,[illegible]	4.35
1983	13,[illegible]	3.77

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 341,125,000	$ 25.90
1986	320,302,000	24.38
1985	300,129,000	22.87
1984	281,703,000	21.51
1983	235,637,000	18.05

‡ Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 439,063,000	$ 417,369,000
Cost of sales	292,190,000	266,872,000
Expenses	100,386,000	103,113,000
Oper. profit	$ 46,487,000	$ 47,384,000
Interest income	(10,552,000)	(13,408,000)
Interest expense	839,000	752,000
Loss on dispos of assets	254,000	783,000
Other charges	803,000	2,513,000
Income before taxes	$ 55,143,000	$ 56,744,000
Income taxes	19,375,000	21,839,000
Net income	$ 35,768,000	$ 34,905,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,735,000 in 1987 and $7,528,000 in 1986.

Diebold, Incorporated

Assets

As of Dec. 31	1987	1986
Cash	$ 1,512,000	$ 5,185,000
Cert. of deposit	82,714,000	76,719,000
Notes receiv., other	1,434,000	4,347,000
Accts. receiv., net	103,882,000	74,108,000
*Inventories & contracts in process	9[illegible]058,000	76,554,000
Prepaid expenses	1[illegible],928,000	7,298,000
Current Assets	$ 2[illegible]8,528,000	$ 244,211,000
Investments	68,844,000	97,701,000
#Fixed assets	51,967,000	52,819,000
Intangibles	22,299,000	14,362,000
Total Assets	$ 441,638,000	$ 409,093,000

Liabilities

Long-term debt, curr.	$ 1,000,000	$ 1,000,000
Accts. payable	22,061,000	17,589,000
Deferred income taxes	14,376,000	12,336,000
Income taxes	6,725,000	4,347,000
Accruals	10,101,000	9,672,000
Deferred income	17,258,000	15,349,000
Other curr. liab.	17,332,000	16,395,000
Curr. Liabilities	$ 88,853,000	$ 76,688,000
Long-term debt	6,000,000	7,000,000
Deferred inc. taxes	5,660,000	5,203,000
+Common stock	30,351,000	28,892,000
Add. paid-in capital	58,054,000	58,054,000
Retained earnings	255,076,000	235,432,000
For. curr. trans. adj.	(1,741,000)	(1,561,000)
Treasury stock	(615,000)	(615,000)
Total Liabilities & Shareholders' Equity	$ 441,638,000	$ 409,093,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.56	13.71
%Net Income to Sales	8.15	8.44
Net Income to Equity	10.49	10.90
Sales to Inventories	4.72	5.40
Debt to Equity	0.02	0.02
Working Capital	$ 209,675,000	$ 167,404,000
Current Ratio	3.36	3.18
Shareholders' Equity	$ 341,125,000	$ 320,202,000

Digilog, Inc.

1370 Welsh Road
Montgomeryville, Pennsylvania 18936
(215) 628-4530

Officers: Ronald G. Moyer, chairman of the board & president; Thomas M. Emory, Jr., v.p.-technology & secretary; Charles L. McNew, chief financial officer; Mark R. Jolliffe, v.p.-manufacturing; Roy D. Gemberling, v.p. & gen. mgr.-Network Test and Control Division.

Directors: Ronald G. Moyer, Thomas M. Emory, Jr., Peter Taraborelli, L. John Ankney, John Vensel, Hilliard W. Paige.

Areas of Work: Develops, manufactures and markets digital data communications test equipment and network management and control systems.

Divisions:

Network Test and Control Division

Transfer Agent(s):

Mellon Securities Transfer Services
4 Station Square, 3rd Floor
Pittsburgh, Pennsylvania 15219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DILO (NASDAQ)

Number of Employees:

1987 ..... 128 1986 123

Plant Footage:

1987 ..... 39,000 sq. ft. 1986 32,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 16,772,874	$ 1,248,736
1986	14,993,479	175,656
1985	17,151,082	(455,280)
1984	13,430,461	(942,540)
1983	14,853,941	(1,030,516)

	No. of Com. Shares #	Earn. per Share #
1987	2,219,230	$ 0.56
1986	2,031,590	0.11
1985	2,026,241	—
1984	2,010,970	—
1983	1,988,958	—

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 10,352,982	$ 4.67
1986	4,947,012	2.44
1985	4,679,025	2.31
1984	5,250,380	2.61
1983	6,114,929	3.07

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net Sales	$ 16,772,874	$ 14,993,47[illegible]
Contract revenues	132,200	724,300
Total income	$ 16,905,074	15,717,779
Cost of sales	7,762,391	8,584,482
Selling expenses	4,121,717	4,282,585
Gen. & adm. expenses	1,233,169	1,069,204
Research & develop. costs	1,663,195	1,098,766
Other expense	39,866	507,266
Income bef. taxes	$ 2,084,736	$ 175,656
Income taxes	836,000	—
Net Income (Loss)	$ 1,248,736	$ 175,656

* Included in Costs and Expenses, Depreciation and Amortization: $967,952 in 1987 and $944,383 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 4,112	$ 49,175
Short-term investments	4,826,675	226,201
Accts. receiv., net	3,682,765	3,992,953
* Inventories	2,613,077	2,817,874
Prepaid expenses	298,342	194,580
Current Assets	$ 11,424,971	$ 7,280,783
Investments	125,661	292,587
Deferred software costs	195,250	—
# Fixed assets	1,392,945	1,635,580
Other assets	79,175	99,175
Total Assets	$ 13,218,002	$ 9,308,125

Liabilities

Long-term debt & cap. lease oblig., curr.	$ 26,165	$ 45,057
Accts. payable	793,259	1,021,597
Accruals	1,172,412	1,121,678
Taxes payable	714,910	—
Contract revenue	—	132,200
Curr. Liabilities	$ 2,706,746	$ 2,320,532
Long-term debt	80,274	1,912,804
Def. inc. taxes	—	19,777
Other liabilities	98,000	108,000
+ Common stock	26,671	16,438
Add. paid-in capital	10,536,534	6,400,943
Deficit	(132,628)	(1,381,364)
Loss of invest.	(17,609)	(29,019)
Treasury stock	(59,986)	(59,986)
Total Liabilities & Shareholder's Equity	$ 13,218,002	$ 9,308,125

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.43	—
%Net Income to Sales	7.44	1.12
%Net Income to Equity	12.06	3.55
Sales to Inventories	6.42	5.32
Debt to Equity	0.01	0.39
Working Capital	$ 8,718,225	$ 4,960,251
Current Ratio	4.22	3.14
Shareholders' Equity	$ 10,352,962	$ 4,947,012

Digital Communications Associates, Inc.

1000 Alderman Drive
Alpharetta, Georgia 30201-4199
(404) 442-4000

Officers: Bertil D. Nordin, chairman & chief exec. officer; James F. Ottinger, president & chief operating officer; Craig J. Huffaker, exec. v.p., chief financial officer, secretary & treasurer; John C. Bacon, vice president; James B. Lee, III, vice president; Paul A. Rodwick, vice president; Robert J. Zack, vice president; Ralph Delio, vice president; John J. Douglas, vice president; H. David Miller, vice president.

Directors: Bruce K. Anderson, Frank A. Bonsal, Jr., John F. Glenn, W. Waverly Graham, III, Craig J. Huffaker, Bertil D. Nordin, James F. Ottinger.

Areas of Work: Designs, manufactures and markets data communications equipment and systems that allow the transfer of data between terminals and computers or between personal computers and mainframes, whether in remote or local settings.

Subsidiaries:

DCA International, Inc.
Foreign Sales Corporation (FSC).

DCA Investment Corporation
Investment transactions.

Digital Communcations Associates (Puerto Rico) Corp.
Manufacturing.

Forte Communications, Inc.
2205 Fortune Drive
San Jose, California 95131
(408) 432-9111
Manufactures and markets electronic data communication equipment.

Acquisitions:

Cohesive Network Corporation
150 Knowles Drive
Los Gatos, California 95030
(408) 370-4100
Manufactures and markets electronic data communication equipment.

Microstuf, Inc.
Develops and markets computer software.

Transfer Agent(s):

The Citizens and Southern National Bank
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DCAI (NASDAQ)

Number of Employees:

1987	1,186	1986	883

Plant Footage:

1987	193,762 sq. ft.	1985	177,000
1986	177,000		

Sales & Earnings x

	Net Sales	Net Income†
1987	$ 181,399,000	$ 28,433,000
1986	150,705,000	14,923,000
1985	107,679,000	5,346,000
1984	58,700,000	5,208,000
1983	22,976,000	2,104,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	$ 14,913,000	$ 1.91
1986	13,530,000	1.10
1985	11,885,000	0.70
1984	10,852,000	0.48
1983	8,485,000	0.25

x Restated to include operations of Cohesive Network Corp. and Microstuf, Inc. acquired on a pooling of interests basis.
† Including extraordinary gain of $1,400,000 ($0.09 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	$ 157,296,000	$ 10.55
1986	125,154,000	9.25
1985	59,781,000	5.03
1984	44,146,000	4.07
1983	34,071,000	4.02

x Restated.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account °

Year ended June 30	1987	1986‡
Net sales	$ 181,399,050	$ 150,704,513
Cost of sales	57,384,448	50,025,752
Expenses	81,986,772	74,207,233
Non-recurring charge	3,975,000	—
Interest income	(6,571,111)	(3,574,232)
Income before taxes	$ 44,623,941	$ 30,045,760
Income taxes	17,591,000	15,123,000
Net income	$ 27,032,941	$ 14,922,760
Extraord. gain	1,400,000	—
Net income & extraord. gain	$ 28,432,941	$ 14,922,760

° Included in Costs and Expenses, Depreciation: $6,026,624 in 1987 and $4,594,815 in 1986.
‡ Restated.

Assets

As of June 30	1987	1986‡
Cash & short-term invest.	$ 101,334,112	$ 87,892,743
Accts. receiv., net	24,265,356	22,448,388
°Inventories	17,845,622	11,133,118
Prepaid expenses	2,010,786	2,104,705
Current Assets	$ 145,455,876	$ 123,578,954
Investments	12,407,241	5,806,712
#Fixed assets	37,966,137	25,145,589
Invest. in affil.	863,408	1,448,062
Total Assets	$ 196,692,662	$ 155,979,317

Liabilities

Notes payable	$ —	$ 1,248,849
Accts. payable	7,558,430	5,757,523
Accrued compens.	10,892,718	6,857,564
Income taxes	10,855,828	6,087,348
Deferred inc. taxes	1,630,452	2,451,335
Other accruals	8,459,220	8,422,594
Curr. Liabilities	$ 39,396,648	$ 30,825,213
+Common stock	1,434,850	1,417,872
Add. paid-in capital	94,450,331	90,758,340
Retained earnings	61,410,833	32,977,892
Total Liabilities & Shareholders' Equity	$ 196,692,662	$ 155,979,317

‡ Restated.
° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	24.60	19.94
%Net Income to Sales	14.90	9.90
%Net Income to Equity	17.19	11.92
Sales to Inventories	10.16	13.54
Debt to Equity	—	0.01
Working Capital	$ 106,059,228	$ 92,753,741
Current Ratio	3.69	4.01
Shareholders' Equity	$ 157,296,014	$ 125,154,104

Digital Equipment Corporation

146 Main Street
Maynard, Massachusetts 01754
(617) 897-5111

Officers: Kenneth H. Olsen, president; James M. Osterhoff, v.p.-finance; George A. Chamberlain, III, v.p-engineering, manufacturing & marketing finance; Henry J. Crouse, v.p. & group manager; James G. Cudmore, v.p.-product operations; William R. Demmer, v.p.-Mid-Range Systems Business Group; Pier-Carlo Falotti, v.p. & president & chief exec. officer-Europe; William C. Hansen, v.p.-manufacturing operations; Winston R. Hindle, Jr., sr. v.p.-corporate operations; William R. Johnson, Jr., v.p.-distributed systems; John J. Shields, sr. v.p.-Sales, Services Marketing & International; William J. Haffner, v.p.-software systems; Jack MacKeen, v.p.-channels marketing; William D. Strecker, v.p.-project strategy & architecture; Bruce J. Ryan, v.p. & controller; Albert E. Mullin, Jr., v.p.-corp. relations; Richard Poulsen, v.p.-general int'l area; F. Grant Saviers, v.p.-storage systems; Edward A. Schwartz, v.p., general counsel & secretary; Godfrey S. Shingles, v.p., managing director, United Kingdom Region; John F. Smith, Jr., v.p.-manufacturing, engineering & product marketing; William G. Witmore, v.p.-basic industry marketing; John L. Alexanderson, v.p.-Peripherals and Supplies Group; Don K. Busiek, v.p.-software & educational services & computer special systems; Samuel H. Fuller, v.p.-research; David W. Grainger, v.p.-corp. field service; Rose Ann Giordano, v.p.-Information Systems Business Group; Robert Hughes, v.p.-service industry marketing; Charles E. Shue, v.p.-U.S. sales; Peter J. Smith, v.p.-product marketing; Harvey L. Weiss, v.p.-U.S. operation & Government System Group; Richard H. Yen, v.p.-OIA manufacturing & engineering; Ilene B. Jacobs, v.p. & treasurer; Robert M. Glorioso, v.p.-high performance systems; Donato A. Infante, Jr., v.p.-manufacturing information & technology; Edward B. McDonough, v.p.-OIA operations; Kevin C. Melia, v.p.-manufacturing materials & corp. distribution; Robert B. Palmer, v.p. & group mgr.-Semiconductor Operations; John L. Sims, v.p.-strategic resources; David L. Stone, v.p.-int'l engineering & strategic resources; Donald P. Zerneki, v.p.-U.S. field service.

Directors: Vernon R. Alden, Armand de Vitry, Kenneth H. Olsen, Dorothy E. Rowe, William H. McLean, Philip Caldwell, Robert R. Everett.

Areas of Work: Designs, manufactures, sells and services computers and associated peripheral equipment, and related software and supplies. The Company's products are used worldwide in a variety of applications and programs, including scientific research and computation, communications, education, data analysis, industrial control systems, time sharing systems, commercial data processing systems, word processing, personal computing, health care, instrumentation, engineering and simulation.

Subsidiaries:

Digital Equipment, S.A. de C.V.
Apartado Postal 12-1009 Mexico 12, D.F.

Digital Equipment Corporation Oy
Soukantie 14
SF-02360 Sourra, Finland

Digital Equipment Comercio e Industria, Ltda.
Avenida Augusto Severo, 156-B
Lapa ZC06
20,000 Rio de Janeiro-Guanabara, Brazil

Computer Insurance Company Limited
Old Colony Insurance Ltd.
Reid House, P.O. Box 1826
Hamilton, 5-24, Bermuda

Digital Computer Hong Kong Limited
71 Catchick Street
13th floor, Green Island House
Kennedy Town, Hong Kong

Digital Computer Taiwan Limited
Taiwan, Republic of China

Digital Equipment Ireland Limited
Republic of Ireland

Digital Equipment Scotland Limited
Shiel House, Craigshill
G-B Livingston
West Lothian, Scotland

Digital Equipment B.V.
Digital Equipment International B.V.
KAAP Hornstreef 38
P.O. Box 9064
Utrecht, Holland

Digital Equipment N.V.S.A.
108 Rue D'Arlon
B-1040 Bruxelles, Belgium

Digital Equipment Corporation

Digital Incorporated
Digital International Sales Corporation
DEC Ltd.
7 Habitzak Street
Tel Aviv, Israel

Digital Equipment Corporation International (Europe)
12 Avenue des Morgines
Case Postale 176
CH1213 Petit-Lancy 1, Geneva, Switzerland

Digital Equipment Corp. A/S
Tonsbergsveien 47
N-Oslo 5, Norway

Digital Equipment Corporation Ges. m.b.H
Mariahilferstrasse 136
A-1150 Wien 15, Austria

Digital Equipment New Zealand, Limited
Suite 18, Hilton House
430 Queen Street, P.O. Box 2471
Auckland, New Zealand

Digital Equipment Taiwan Limited
13-2 Nan Hsin Li, Tachi
Taoyuan, Taiwan, Republic of China

Digital Equipment Corporation ApS
Helleruptvej 66
DK-2900 Helleup, Denmark

Digital Equipment of Canada Ltd.
100 Herzberg Road
Kanata, Ontario K2K 2A6 Canada
(613) 592-5111

Digital Equipment International GmbH
Digital Equipment GmbH
D-8000 Munich 40
Wallensteinplatz 2, West Germany

Digital Equipment Australia Pty. Ltd.
123-125 Willoughby Road
P.O. Box 491-Crows Nest
New South Wales 2065, Australia

Digital Equipment Co. Limited
Fountain House, Butts Centre
Reading Berkshire RG 17 QN United Kingdom

Digital Equipment France S.A.R.L.
2 Place Gustave Eiffel
Cidex L225
18, Rue Saarinen 94 533 Rungis, France

Digital Equipment AB
Englundsvaegen 7
S-17141 Solna, Sweden

Digital Equipment Corporation de Puerto Rico
P.O. Box 106
San German 00753 Puerto Rico
(809) 892-1946

Digital Equipment S.p.A.
Corso Garibaldi 49
I-20121 Milano, Italy

Digital Equipment Corp. S.A.
20, Quai Ernest Ansermet
Boite Postale 23
CH-1211 Geneva 8, Switzerland

Digital Equipment Corporation International
Maynard, Massachusetts

Digital Equipment Panama, Inc.
Digital Equipment Trinidad, Inc.
Digital Equipment Services, Inc.
Digital Growth, Inc.
Digital Realty Limited
Digital Equipmenht Singapore (PTE) Limited

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Boston°, Philadelphia°, Midwest°, Pacific, Cincinnati°, Luxembourg°, Zurich, Geneva, Basel, Frankfurt, Munich, Berlin °Unlisted trading privileges.

Ticker Symbol: DEC

Number of Employees:

1987	110,500	1984	86,000
1986	94,700	1983	73,000
1985	89,000		

Plant Footage:

1987	34,000,000 sq. ft.	1984	N.A.
1986	32,300,000	1983	23,000,000
1985	29,300,000		

N.A.-Not Available.

Sales & Earnings

	Net Sales # ($000's)	Net Income ($000's)
1987	$ 9,389,444	$ 1,137,435
1986	7,590,357	617,420
1985	6,686,316	446,682
1984	5,584,426	328,779
1983	4,271,854	283,622

	No. of Com. Shares‡	Earn. per Share‡
1987	133,300,000	$ 8.53
1986	130,800,000	4.81
1985	124,100,000	3.71
1984	114,700,000	2.87
1983	113,400,000	2.50

Includes services and other revenues.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1

Common Stock Equity

	Total Equity ($000's)	Equity Per Share‡
1987	$ 6,293,471	$ 49.87
1986	5,727,800	44.54
1985	4,554,599	36.43
1984	3,979,216	34.42
1983	3,541,282	31.42

‡ Adjusted to reflect stock split.

Income Account * ($000's)

Year ended	6/27/87	6/28/86
Net sales	$ 6,254,187	$ 5,102,961
Other income	3,135,257	2,487,396
Total revenues	$ 9,389,444	$ 7,590,357
Cost of sales	4,513,896	4,282,053
Expenses	3,263,543	2,479,549
Interest expense	45,203	88,079
Interest income	(122,149)	(116,899)
Income before taxes	$ 1,688,953	$ 857,529
Income taxes (credit)	551,518	240,109
Net Income	$ 1,137,435	$ 617,420

* Included in Costs and Expenses, Depreciation: $436,118,000 in 1987 and $384,044,000 in 1986.

Assets ($000's)

As of	6/27/87	6/28/86
Cash & temp. cash invest.	$ 2,118,295	$ 1,910,933
Accts. receiv., net	2,312,188	1,903,287
*Inventories	1,652,919	1,199,756
Prepaid expenses	119,193	85,274
Deferred taxes	198,465	206,998
Current Assets	$ 6,201,060	$ 5,306,248
#Fixed assets	2,127,294	1,867,078
Other assets	79,032	—
Total Assets	$ 8,407,386	$ 7,173,326

Liabilities ($000's)

Long-term debt, curr.	$ 4,873	$ 22,197
Accts. payable	430,575	259,565
Accrued payroll	229,623	151,160
Def. rev. & adv.	475,925	253,790
Income taxes	328,134	137,558
Other liabilities	155,375	259,265
Curr. Liabilities	$ 1,824,505	$ 1,083,535
Long-term debt	269,292	333,155
Deferred inc. taxes	20,118	28,809
+Common stock	130,008	128,591
Add. paid-in capital	2,352,939	2,224,304
Retained earnings	4,410,342	3,374,932
Treasury stock	(599,718)	—
Total Liabilities & Shareholders' Equity	$ 8,407,386	$ 7,173,326

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Revenues	17.99	11.30
%Net Income to Revenues	12.11	8.13
%Net Income to Equity	18.07	10.78
Debt to Equity	0.04	0.06
Working Capital	$ 4,376,555,000	$ 4,222,713,000
Current Ratio	3.40	4.90
Shareholders' Equity	$ 6,293,471,000	$ 5,727,827,000

Diodes Incorporated

9957 Canoga Avenue
Chatsworth, California 91311-9934
(818) 882-4920

Officers: David Lloyd, chairman of the board & chief exec. officer; Stewart Wang, president & chief operating officer; Alan B. Loss, exec. v.p., secretary, treasurer & general counsel.

Directors: David Lloyd, chairman; A. F. Ottobre, Ted G. Slate, Stewart Wang, Charles A. Benak, Dorothy N. Lloyd.

Areas of Work: Manufactures and markets silicon rectifier products including semiconductor wafers, rectifiers, zener diodes, switching and superfast diodes and rectifier assemblies.

Subsidiary:

NAE, Inc.
69 Bennett Street
Lynn, Massachusetts
Manufactures Schottky and other semiconductor wafers and assembles associated rectifier devices.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: DIO

Number of Employees:

1987	71	1984	N.A.
1986	78	1983	30
1985	N.A.		

Plant Footage:

1987	56,600 sq. ft.	1984	N.A.
1986	56,600	1983	21,500
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 12,287,409	$ (631,901)
1986	11,149,310	(415,659)
1985	12,901,961	982,110
1984	10,688,261	1,276,709
1983	6,600,105	810,122

	No. of Com. Shares	Earn. per Share +‡
1987	2,119,129	$ —
1986	2,037,159	—
1985	1,937,891	0.46
1984	1,854,076	0.61
1983	1,046,076	0.44

(Loss)
‡ Including extraordinary gains of $391,138 ($0.19 per share) in 1984 and $342,649 ($0.19 per share) in 1983.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,951,729	1.86
1986	4,522,342	2.22
1985	4,590,688	2.37
1984	3,530,293	1.90
1983	2,242,729	1.21

Income Account *

Year ended April 30	1987	1986
Net Sales	$ 12,287,407	11,149,310
Cost of Sales	8,186,297	7,931,235
Expenses	4,188,036	3,739,292
Gain on sale of Diodes, Ltd.	—	(157,084)
Litigation settle	370,000	—
Interest expense	222,745	140,929
Interest income	(18,550)	(61,833)
Other income	(29,618)	(27,935)
Loss bef. taxes	$ (631,501)	$ (415,259)
Income taxes	400	400
Net Loss	$ (631,901)	$ (415,659)

* Included in Costs and Expenses, Depreciation and Amortization: $320,478 in 1987 and $226,512 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 419,111	$ 860,636
Accts. receiv., net	2,456,691	2,139,533
*Inventories	5,034,780	3,324,177
Prepaid expenses	151,325	88,484
Current Assets	$ 8,061,907	$ 6,612,830
# Fixed assets	936,855	919,703
Other assets	143,865	258,636
Receiv. from off. & dir.	—	47,483
Total Assets	$ 9,142,627	$ 7,838,652

Liabilities

Notes payable	$ 1,697,581	$ 721,181
Long-term debt, curr.	406,932	54,736
Accts. payable	1,072,117	364,796
Accruals	496,572	334,198
Income taxes		—
Curr. Liabilities	$ 3,668,202	$ 1,674,911
Long-term oblig.	1,429,304	1,623,323
Deferred comp. payable	93,192	18,076
+ Common stock	1,500,288	1,427,618
Add. paid-in capital	869,583	723,976
Retained earnings	2,064,382	2,696,283
Treasury stock	(482,524)	(325,335)
Total Liabilities & Shareholders' Equity	$ 9,142,627	$ 7,838,652

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.66 2/3 per value.

Statistical Summary

Sales to Inventories	2.4%	3.16
Debt to Equity	0.69	0.53
Working Capital	$ 4,393,705	$ 4,937,919
Current Ratio	2.20	3.95
Shareholders' Equity	$ 3,951,729	$ 4,522,342

Dionics, Inc.

65 Rushmore Street
Westbury, New York 11590
(516) 997-7474

Officers: Bernard L. Kravitz, president; Sherman Gross, v.p., secretary & treasurer.

Directors: Bernard L. Kravitz, Sherman Gross, Solomon Berkowitz, Ernest D. Loewenwarter, William E. Trautman.

Areas of Work Engaged in the development, manufacture and marketing of silicon semiconductor electronic products-both individual, discreet components and multi-component integrated circuits.

Subsidiary:

Dionics International, Inc.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	51	1985	58
1986	62		

Sales & Earnings

	Net Sales	Net Income #
1987	$ 2,773,100	$ (360,100)
1986	2,807,400	127,100
1985	3,042,900	168,100
1984	3,343,100	589,000
1983	2,500,600	162,100

	No. of Com. Shares†	Earn. per Share # +
1987	3,333,278	$ —
1986	3,321,658	0.04
1985	3,302,774	0.05
1984	3,199,458	0.17
1983	3,147,640	0.05

(Loss)
Including extraordinary gains of $86,000 ($0.03 per share) in 1984 and $61,000 ($0.02 per share) in 1983.
† Adjusted to reflect stock split.
+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-1
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 1,423,400	$ 0.43
1986	1,821,900	0.55
1985	1,674,500	0.51
1984	1,451,000	0.45
1983	864,300	0.27

+ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 2,773,100	$ 2,807,400
Cost of sales	2,377,300	1,934,400
Expenses	1,138,900	844,600
Interest expense	32,600	30,300
Other income	(45,200)	(40,800)
Insurance proceeds	(323,400)	(138,400)
Income (loss) taxes	$ (407,100)	$ 177,500
Income taxes (credit)	(47,000)	50,400
Net Income (Loss)	$ (360,100)	$ 127,100

* Included in Costs and Expenses, Depreciation: $177,700 in 1987 and $148,600 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 88,900	$ 263,000
Treasury bills	294,800	708,000
Accts. receiv., net	368,700	436,500
* Inventories	496,100	593,000
Note receivable	—	48,300
Other curr. assets	182,600	123,800
Current Assets	$ 1,431,100	$ 2,172,600
# Fixed assets	1,288,300	1,110,300
Deposits & other assets	12,000	50,300
Total Assets	$ 2,731,400	$ 3,333,200

Liabilities

Accts. payable & accruals	$ 343,600	$ 354,100
Long-term debt, curr.	94,700	91,000
Curr. Liabil.	438,300	$ 445,100
Long-term d	308,900	231,100
Deferred cos.	62,000	—
Deferred insur. proceeds	385,800	747,100
Deferred taxes	113,000	88,000
+ Common stock	36,400	18,200
Add. paid-in capital	1,522,800	1,531,100
Retained earnings	152,400	512,700
Treasury stock	(240,100)	(240,100)
Note receivable	(48,300)	—
Total Liabilities & Shareholders' Equity	$ 2,731,400	$ 3,333,200

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.32
%Net Income to Sales	—	4.53
%Net Income to Equity	—	6.98
Sales to Inventories	5.59	4.73
Debt to Equity	0.28	0.18
Working Capital	$ 992,800	$ 1,727,500
Current Ratio	3.27	4.88
Shareholders' Equity	$ 1,423,400	$ 1,821,900

Dranetz Technologies, Inc.

1000 New Durham Road
Edison, New Jersey 08818
(201) 287-3680

Officers: Abraham I. Dranetz, chairman of the board & president; Irving Backinoff, sr. v.p. & secretary; Ezra Mintz, vice president; Anthony W. Orlacchio, vice president; Robert O. Wilson, vice president; Boneław C. Biega, vice president; Joseph Martins, vice president; Joseph P. Lowrey, treasurer; Ralph Monaco, controller.

Directors: Abraham I. Dranetz, chairman; Irving Backinoff, Marianna Dranetz, Ezra Mintz, George S. Kariotis.

Areas of Work: Engaged in the conception, design, development, manufacture and marketing of precision electronic instrumentation for use in a variety of commercial, industrial, and governmental applications. Specific product areas include test equipment for phase angle measurement, test instrumentation for electric utilities, and power line monitoring equipment for data processing, communications, etc.

Subsidiaries:

Dranetz Service Corporation
Provides repair services and technical training to customers.

Alber Engineering, Inc.
Boca Raton, Florida
Manufactures specialized test and monitoring instrumentation for evaluating the condition of storage battery backup systems.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRAN (NASDAQ)

Number of Employees:

1987	292	1984	250
1986	261	1983	234
1985	250		

Plant Footage:

1987	66,600 sq. ft.	1984	60,000
1986	60,000	1983	60,000
1985	60,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 26,634,285	$ 2,606,634
1986	23,110,993	2,198,469
1985	25,973,110	3,635,565
1984	26,890,751	4,683,641
1983	24,827,176	3,636,220

	No. of Com. Shares‡	Earn. per Share‡
1987	4,777,000	$ 0.55
1986	4,762,400	0.46
1985	4,736,000	0.77
1984	4,698,300	1.00
1983	4,677,699	0.78

+ Includes other income.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.21	—	—
1985	0.20	—	—
1984	0.15	—	—
1983	0.05	50%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 23,577,257	$ 4.94
1986	22,000,509	4.62
1985	20,449,878	4.32
1984	17,687,618	3.76
1983	13,629,320	2.91

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account°

Year ended Dec. 31	1987	1986
Net sales	$ 26,634,285	$ 23,110,993
Other income	632,499	1,062,355
Total income	$ 27,266,784	$ 24,173,348
Cost of sales	12,182,967	10,320,346
Expenses	11,015,161	9,886,056
Loss on discont. products	—	418,190
Income before taxes	$ 4,069,076	$ 3,548,756
Income taxes	1,462,442	1,350,287
Net Income	$ 2,606,634	$ 2,198,469

° Included in Costs and Expenses, Depreciation and Amortization: $322,585 in 1987 and $318,425 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 754,978	$ 276,360
Marketable securities	9,376,163	9,681,198
Accts. receiv., net	4,849,300	4,505,384
°Inventories	7,375,726	5,806,314
Prepaid expenses	143,392	413,616
Current Assets	$ 22,499,559	$ 20,682,872
#Fixed assets	1,106,160	1,200,263
Intangible assets	1,615,587	1,823,960
Other assets	840,536	754,132
Total Assets	$ 26,061,842	$ 24,461,227

Liabilities

Accts. payable	$ 691,151	$ 722,709
Accruals	967,719	963,726
Dividends payable	286,749	285,782
Accrued inc. taxes	51,084	—
Other curr. assets	186,982	132,501
Curr. Liabilities	$ 2,183,685	$ 2,104,718
Deferred inc. taxes	300,900	356,000
+Common stock	477,915	475,606
Add. paid-in capital	1,361,375	1,348,278
Retained earnings	21,737,967	20,276,625
Total Liabilities & Shareholders' Equity	$ 26,061,842	$ 24,461,227

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income before Taxes to Sales	15.28	15.36
%Net Income to Sales	9.79	9.51
%Net Income to Equity	11.06	9.99
Sales to Inventories	6.09	3.98
Working Capital	$ 20,315,874	$ 18,578,154
Current Ratio	10.30	9.83
Shareholders' Equity	$ 23,577,257	$ 22,000,509

Drexler Technology Corporation

2557 Charleston Road
Mountain View, California 94043
(415) 969-7277

Officers: Jerome Drexler, chairman of the board & president; Charles W. Keller, vice president; Richard M. Haddock, vice president; Steven G. Larson, v.p.-finance.

Directors: Jerome Drexler, chairman; Arthur H. Hausman, Eugene Kleiner, William E. McKenna, Joseph B. Arnold.

Areas of Work: Manufactures emulsion photoplates for integrated circuit manufacture; and optical memory cards for data storage.

Divisions and Subsidiaries:

Precision Photoglass, Inc.
2557 Charleston Road
Mountain View, California 94043
(415) 961-0700

LaserCard Division
2644 Bayshore Parkway
Mountain View, California 94043
(415) 969-4428

Transfer Agent(s):

Bankers Trust Company of California
4 Albany Street, 2nd Floor
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRXR (NASDAQ)

Number of Employees:

1988	69	1985	183
1987	206	1984	204
1986	201		

Plant Footage:

1988	104,000 sq. ft.	1985	111,400
1987	120,000	1984	136,000
1986	120,000		

Sales & Earnings

	Revenue +	Net Income
1988	$ 3,280,000	$ (9,201,000)
1987	6,717,000	(5,724,000)
1986	6,219,000	(3,375,000)
1985	7,593,000	160,000
1984	6,760,000	728,000

	No. of Com. Shares #	Earn. per Share #
1988	6,626,000	$ —
1987	6,498,000	—
1986	6,370,000	—
1985	6,294,000	0.03
1984	6,363,000	0.11

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding during the year adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 11,213,000	$ 1.69
1987	19,054,000	2.93
1986	23,396,000	3.67
1985	26,236,000	4.17
1984	25,670,000	4.03

Based on the weighted average number of shares outstanding during the year to reflect stock split.

Income Account *

Year ended	3/31/88	3/31/87
Revenues:		
Prod. sales	$ 2,502,000	$ 2,455,000
License fees	778,000	4,262,000
Total revenues	$ 3,280,000	$ 6,717,000
Cost of revenues	1,922,000	2,066,000
Expenses	8,045,000	8,872,000
Interest income	(223,000)	(622,000)
Interest expense	384,000	235,000
Loss-cont. oper.	$ (6,848,000)	$ (3,834,000)
Loss-discont. oper.	(2,353,000)	(1,890,000)
Net Loss	$ (9,201,000)	$ (5,724,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,506,000 in 1988 and $1,246,000 in 1987.

Assets

As of	3/31/88	3/27/87
Cash	$ 4,093,000	$ 5,094,000
Restricted cash	—	797,000
Accts. receiv., net	395,000	405,000
*Inventories	645,000	812,000
Other curr. assets	186,000	308,000
Net assets-discont. oper.	1,261,000	1,955,000
Current Assets	$ 6,580,000	$ 9,371,000
#Fixed assets	14,218,000	18,277,000
Other assets	897,000	720,000
Restricted cash	—	130,000
Total Assets	$ 21,695,000	$ 28,498,000

Liabilities

Long-term oblig., curr.	$ 889,000	$ 660,000
Accts. payable	454,000	461,000
Accrued payroll	217,000	358,000
Accruals	397,000	296,000
Net liab.-discont. oper.	2,674,000	1,715,000
Current Liabilities	$ 4,631,000	$ 3,908,000
Oblig.-discont. oper.	2,340,000	3,203,000
Advance payments	1,000,000	—
Long-term oblig.	2,511,000	2,733,000
+Common stock	67,000	19,190,000
Add. paid-in capital	20,483,000	—
Retained earnings (deficit)	(9,337,000)	(136,000)
Total Liabilities & Shareholders' Equity	$ 21,695,000	$ 28,498,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Working Capital	$ 1,949,000	$ 5,863,000
Current Ratio	1.42	2.67
Shareholders' Equity	$ 11,213,000	$ 19,054,000

DSC Communications Corporation

1000 Coit Road
Plano, Texas 75075-5813
(214) 519-3000

Officers: James L. Donald, president & chief exec. officer; Gunnar J. Korpinen, sr. v.p. & group president-Public Network Group; Gerald F. Montry, sr. v.p. & chief financial officer; Henry R. Nothhaft, sr. v.p. & group president-Business Network Systems Group; Christian J. Orsan, v.p. & treasurer; William R. Tempest, v.p., secretary & general counsel; Kenneth R. Vinas, v.p. & controller; J. Douglas Bailey, vice president; Peter C. Waal, vice president.

Directors: Clement M. Brown, Jr., Frank J. Cummisky, James L. Donald, Robert S. Folsom, Gunnar J. Korpinen, James P. Leake, James M. Nolan, Henry R. Nothhaft, Clifford J. Osborn.

Areas of Work: Designs, manufactures and markets digital switching, transmission and private network system products for the telecommunications industry.

Operating Groups:

Public Network Group
Plano, Texas
Marketing Services Division
Switching Product Division
Transmission Product Division
Advanced Marketing and Technology Division

Business Network Systems Group
Santa Clara, California

Sales Division
Strategic Marketing and Business Development Division
Intelligent Network Division
Network Product Division
Local Networks Division

Transfer Agent(s):

First Republic Bank Dallas, N.A.
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): Over-the-Counter.

Ticker Symbol: DIGI (NASDAQ)

Number of Employees:

1987	2,543	1984	2,368
1986	2,365	1983	1,379
1985	2,450		

Sales & Earnings

	Revenue	Net Income†
1987	$ 312,376,000	$ 18,368,000
1986	303,951,000	16,951,000
1985	287,634,000	(63,308,000)
1984	319,604,000	43,896,000
1983	197,390,000	34,732,000

	No. of Com. Shares	Earn. per Share†‡
1987	39,901,000	$ 0.44
1986	40,966,000	0.41
1985	39,774,000	—
1984	38,925,000	1.08
1983	35,271,000	0.91

(Loss)
† Including extraordinary gains of $3,806,000 ($0.09 per share) in 1987, $5,913,000 ($0.14 per share) in 1986 and $1,019,000 ($0.02 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 210,840,000	$ 5.28
1986	201,339,000	4.91
1985	176,033,000	4.42
1984	231,619,000	5.95
1983	163,003,000	4.62

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenue	$ 312,376	$ 303,951
Cost of revenue	183,787	183,230
Expenses:		
Res. & develop.	40,882	46,171
Sell., gen. and adm.	62,743	49,827
Loss from discont. oper.	—	2,100
Interest expense	11,084	15,604
Interest income	(4,764)	(5,961)
Other expense (income)	1,032	(542)
Income before taxes	$ 17,612	$ 13,422
Income taxes	3,050	2,384
Net income	$ 14,562	$ 11,038
Extraord. gain	3,806	5,913
Net income & extraord. gain	$ 18,368	$ 16,951

* Included in Costs and Expenses, Depreciation and Amortization: $28,764,000 in 1987 and $25,857,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short term invest.	$ 26,274	$ 79,884
Accts. receiv., net	93,573	83,550
*Inventories	83,117	87,578
Contract develop. costs	2,795	5,122
Other curr. assets	4,744	5,726
Current Assets	$ 210,503	$ 261,860
#Fixed assets	108,686	116,796
Noncurr. receivables	24,228	11,598
Cap. software develop. costs	15,951	6,460
Other assets	8,981	9,624
Total Assets	$ 368,349	$ 406,338

Liabilities (000's)		
Notes payable	$ 15,000	$ —
Long-term debt, curr.	2,474	2,314
Accts. payable	27,980	13,107
Accruals	42,677	49,334
Deferred income taxes	6,141	4,913
Curr. Liabilities	$ 94,272	$ 69,658
Long-term debt	59,828	133,706
Deferred inc. taxes	3,409	1,635
+Common stock	419	410
Add. paid-in capital	174,021	168,237
Accum. trans. adjust.	230	(435)
Retained earnings	81,495	33,127
Treasury stock	(15,325)	—
Total Liabilities & Shareholders' Equity	$ 360,349	$ 406,338

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	5.64	4.42
%Net Income to Sales	4.66	3.63
%Net Income to Equity	6.91	5.48
Sales to Inventories	3.76	3.47
Debt to Equity	0.37	0.68
Working Capital	$ 116,231,000	$ 192,202,000
Current Ratio	2.23	3.76
Shareholders' Equity	$ 210,840,000	$ 201,339,000

Ducommun Incorporated

4710 South Eastern Avenue
Los Angeles, California 90040
(213) 727-7400

Officers: Wallace W. Booth, chairman of the board, president & chief executive officer; H. Richard Byrne, sr. v.p.-finance & chief financial officer; Frederick N. Bullard, sr. v.p.- corporate affairs, secretary & general counsel.

Directors: Wallace W. Booth°, chairman; Alan N. Ducommun, Robert C. Ducommun°, Edmond G. Ducommun°, Charles W. Minter, Richard J. Pearson, Frederick N. Bullard°, H. Richard Byrne°, H. Frederick Christie, Thomas P. Mullaney.

° Member of the Executive Committee

Divisions and Subsidiaries.

Tri-Tec
Gardena, California
Designs and manufactures molded interconnect devices used in data processing, business communications and industrial automation applications.

Aerochem, Inc.
1885 N. Batavia Street
Orange, California 92667
(714) 637-4401
Specialist in the field of large scale, close tolerance chemical processes for the aerospace and military/commerical aircraft industries. Chemical milling processes are used to reduce the weight of structural components while maintaining the strength.

AHF-Ducommun
Gardena, California
Uses stretch forming, thermal forming and computer-controlled machining to design and engineer aircraft and aerospace components.

Jay-El Products Inc.
Gardenia, California
Manufactures illuminated switches, switch assemblies and keyboard panels.

Transfer Agent(s):

First Interstate Bank
Los Angeles, California 90030

Stock Exchange(s): American, Pacific

Ticker Symbol: DCO

Plant Footage:

1986 ..... 434,200 sq. ft.

Sales & Earnings

	Net Sales #	Net Income
1986	$ 455,179,000	$ (19,213,000)
1985	417,034,000	(19,685,000)
1984	441,608,000	11,060,000
1983	296,306,000	(1,717,000)
1982	207,507,000	3,010,000

	No. of Com. Shares	Earn. per Share‡
1986	3,277,377	$ —
1985	3,351,479	—
1984	3,282,461	3.38
1983	3,250,525	—
1982	2,196,261	1.39

(Loss)
Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business
(000's)

	1986	1985
Electronics distrib.	$ 386,610	$ 347,505
Aerospace distr.	68,569	69,529
Total	$ 455,179	$ 417,034

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.350	—	—
1985	0.800	—	—
1984	0.800	—	—
1983	0.725	—	—
1982	0.070	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 53,035,000	$ 16.10
1985	73,250,000	21.86
1984	94,825,000	28.89
1983	85,803,000	26.40
1982	53,825,000	24.51

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	$ 455,179	$ 417,034
Cost of sales	363,589	316,205
Expenses	100,216	99,015
Interest exp.	11,072	8,564
Loss bef. taxes	$ (19,698)	$ (6,750)
Tax credit	(485)	(3,487)
Loss-cont. oper.	$ (19,213)	$ (3,263)
Loss-discont. oper.	—	(16,422)
Net Loss	$ (19,213)	$ (19,685)

Assets
(000's)

As of Dec. 31	1986	1985
Cash	$ 3,421	$ 4,843
Trade receiv., net	66,590	72,192
°Inventories	100,098	97,993
Notes & other receiv.	3,302	6,367
Def. in: tax benefits	—	3,290
Other assets	2,217	3,119
Net assets of discont. oper.	12,327	—
Current Assets	$ 187,915	$ 187,804
Long-term notes reciev.	807	777
#Fixed assets	53,074	47,660
Intangibles	10,620	9,695
Other assets	2,248	4,339
Net assets of discont. oper.	6,047	17,393
Total Assets	$ 260,711	$ 267,608

Liabilities
(000's)

Notes payable	$ —	$ 30,000
Long-term debt, curr.	269	422
Accts. payable & accruals	52,691	56,028
Dividends payable	174	683
Curr. Liabilities	$ 53,134	$ 87,133
Long-term debt	105,790	112,741
Deferred inc. taxes	—	4,224
Deferred credits	172	260
Convert. subord. notes	48,180	10,000
+Common stock	6,781	6,929
Add. paid-in capital	42,947	45,531
Retained earnings	3,307	23,686
Restricted stock awards	—	(2,896)
Total Liabilities & Shareholders' Equity	$ 260,711	$ 267,608

° At lower of cost (FIFO and average) or market.
Less accumulated depreciation and amortization.
+ $2 per value.

Statistical Summary

Sales to Inventories	4.55	4.26
Debt to Equity	2.00	1.54
Working Capital	$ 134,781,000	$ 120,671,000
Current Ratio	3.54	2.80
Shareholders' Equity	$ 53,035,000	$ 73,250,000

E.I. du Pont de Nemours & Company

1007 Market Street
Wilmington, Delaware 19898
(302)774-1000

Officers: Richard E. Heckert, chairman of the board & chief exec. officer; Edgar S. Woolard, Jr., president & chief operating officer; H. Gordon Smyth, sr. v.p.; Samuel Schwartz, sr. v.p.; John R. Maloy, sr. v.p.; W. Earl Tatum, sr. v.p.; Alexander MacLachlan, sr. v.p.; John J. Quindlen, sr. v.p.; John F. Schmutz, sr. v.p. & general counsel; Elmer J. Grivetti, exec. v.p.; Elwood P. Blanchard, exec. v.p.; Colin H. Lee, exec. v.p.; H. Douglas Dahl, exec. v.p.; Jarvis B. Cecil, exec. v.p.; Robert C. Forney, exec. v.p.; Wilfred P. Schmor, exec. v.p.; Robert B. Atwater, exec. v.p.; C. Wes McDonald, exec. v.p.; Floyd E. Ellis, exec. v.p.; Robert M. Aiken, group v.p.; David D. Mooberry, group v.p.; Nicholas Pappas, III, group v.p.; James F. Kearns, group v.p.; Archie W. Dunham, group v.p.; John A. Krol, group v.p.; Robert Luft, group v.p.; John P. McAndrews, group v.p.; Charles L. Henry, group v.p.; Mark A. Suwyn, group v.p.; Constatine S. Nicandros, president & chief exec. officer-Conoco Inc.; Bobby R. Brown, chairman & chief exec. officer-Consolidation Coal Company; Roger W. Arrington, corp. secretary; Martin G. Mand, v.p. & comptroller; C. Raeford Minix, v.p. & treasurer; James W. Giggey, v.p.-corporate plans; Richard A. Stuckey, v.p.-corporate plans;

Bruce W. Karrh, v.p.-employee relations; **Richard S. Reese, Jr.**, v.p.-employee relations; **Stacey J. Mobley**, v.p.-external affairs; **Colbert R. Wilhite**, v.p.-external affairs; **Bruce A. Beardwood**, v.p.-fabricated products; **Jerald A. Blumberg**, v.p.-international; **W. Robert Clay**, v.p.-international; **E. Gary Cook, Jr.**, v.p.-medical products; **Hazen L. Richardson**, v.p.-medical products; **Ernest R. Ruppe**, v.p.-petrochemicals; **Jeffrey M. Lipton**, v.p.-polymer products; **Anthony J. Cardinal**, v.p.-textile fibers; **Keith E. Tucker**, v.p.-pension fund investment; **Allen L. Cleveland**, asst. general counsel; **William E. MacIntyre**, asst. general counsel; **Howard J. Rudge**, asst. general counsel; **Howard E. Simmons**, v.p.-central research & development; **Charles D. Brown**, v.p.-engineering; **James E. Landers**, v.p.-technology, petroleum.

Directors: Richard E. Heckert*, chairman of the board; David K. Barnes, H. Rodney Sharp, III, Robert C. Forney*, Andrew F. Brimmer, Margaret P. MacKimm, Charles L. Brown, Irenee duPont, Jr., Edward B. duPont, Edward R. Kane, Howard W. Johnson, Charles R. Bronfman, Edgar M. Bronfman, Dean R. McKay, Louisa C. Duemling, Constantine Nicandros*, Wilfred Schmoe*, Edward G. Jefferson, E. Leo Kolber, David G. Sacks, John L. Weinberg, A. Jean deGrandpre, Elwood P. Blanchard, Jr.*.

* Member of the Executive Committee

Areas of Work: Operations are divided into the following industrial segments: biomedical products; industrial and consumer products; fibers; polymer products; agricultural and industrial chemicals; petroleum exploration; petroleum refining, marketing and transportation; and coal. Biomedical products include clinical instruments and X-ray products used in medical diagnosis; prescription pharmaceuticals; radiopharmaceuticals and radioactive tracer chemicals; and biomedical instruments used principally in research. Industrial and consumer products include photographic products and systems for printing, engineering reproduction, data recording and micrographic markets; electronic products for high-density microcircuits, resistor networks and printed circuit boards; electronic connectors; chromium dioxide magnetic particles used in audio and video tapes and cassettes, and for data storage; finishes for the automotive and other industries; nonstick coatings, analytical instruments for research and industrial process monitoring; explosives; and sporting firearms and ammunition. Man-made fiber products consist of specialty fibers for apparel and home fabrics, carpeting and industrial applications. Polymer products include plastic resins, elastomers, and films and other fabricated products. Agricultural chemical operations include worldwide manufacture and sales of fungicides, herbicides and insectides for crop protection. Industrial chemicals comprise a range of such commodity and specialty products as pigments, organic chemicals, fluorochemicals, petroleum additives, mineral acids and other inorganics. Principal petroleum products include gasoline, jet fuel, diesel fuel, heating oil, fuel oil, asphalt, petroleum coke, natural gas, liquids and chemical feedstocks.

Industrial Departments:

Medical Products Department
Fabricated Products Department
Chemical and Pigments Department
Petrochemicals Department
International Department
Electronics Department
Polymer Products Department
Textile Fibers Department
Agricultural Products Department
Imaging Systems Department
Automotive Products Department

Subsidiaries:

Conoco Delaware, Inc.

Conoco Inc.

New England Nuclear Corporation

Remington Arms Company, Inc.
Bridgeport, Connecticut

Du Pont Taiwan Ltd.
Taipei, Taiwan

Du Pont (Australia) Limited
Sydney, Australia

Du Pont (New Zealand) Ltd.
New Zealand

Du Pont, S.A. de C.V.
Mexico, D.F., Mexico

Conoco (U.K.) Limited
London, England

Du Pont de Colombia, S.A.
Bogota, Colombia

Du Pont de Nemours (Belgium)
Brussels, Belgium

Brandywine Assurance Company Ltd.
Bermuda

Du Pont de Nemours (Deutschland) GmbH
Dusseldorf, Germany

Du Pont de Nemours International S.A.
Carouge, (Geneva), Switzerland

Du Pont de Nemours Italiana S.p.A.
Milan, Italy

Du Pont de Nemours (Luxembourg) S.A.
Contern, Luxembourg

Du Pont Photolux, S.A.
Luxembourg

Du Pont de Nemours (Nederland) B.V.
Dordrecht, Netherlands

Dupont Iberica, S.A.
Spain

Du Pont Scandinavia A.B.
Marsta, Sweden

Du Pont de Venezuela C.A.
Caracas, Venezuela

Du Pont do Brasil S.A.
Sao Paulo, Brazil

Du Pont Far East Inc.
Wilmington, Delaware

Du Pont de Nemours (France) S.A.
Paris, France

Du Pont Japan Limited
Japan

Du Pont (Singapore) Electronics Pvt., Ltd.
Singapore

Acquisition(s):

Inland Steel Coal Company
Sierra Coal Company
TAU Laboratories, Inc.

Affiliated Companies:

La Dominicia, S.A. de C.V. (49% owned)
Mexico, D.F., Mexico

Du Pont Canada, Inc. (73.39% owned)
Montreal, Quebec, Canada

Mitsui Fluorochemicals Company, Ltd. (50% owned)
Tokyo, Japan

Mitsui Polychemicals Company, Ltd. (50% owned)
Tokyo, Japan

Showa Denko Co., Ltd. (50% owned)
Tokyo, Japan

Tetraeilo de Mexico, S.A. (40% owned)
Mexico, D.F., Mexico

Dupont-Toray Co. Ltd. (50% owned)
Tokyo, Japan

Quimic a Fluor, S.A. de C.V. (32.9% owned)
Mexico

Nylon de Mexico, S.A. (40% owned)
Mexico

Butachimie (50% owned)
France

Transfer Agent(s):

E.I. du Pont de Nemours & Company
Finance Department
Nemours Building
10th & Orange Streets
Wilmington, Delaware

Mailing Address:

1007 Market Street
Wilmington, Delaware 19898

Stock Exchange(s): New York

Ticker Symbol: DD

Number of Employees:

1987	140,145	1984	157,783
1986	141,268	1983	159,231
1985	146,017		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 30,468,000	$ 1,786,000
1986	27,148,000	1,538,000
1985	29,483,000	1,118,000
1984	30,559,000	1,431,000
1983	28,798,000	1,127,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	$ 240,216,000	$ 7.39
1986	240,527,000	6.35
1985	240,354,000	4.61
1984	239,682,000	5.93
1983	237,767,000	4.70

‡ Based on the average number of common shares outstanding.

Revenues By Line of Business

	1987 (millions)	1986 (millions)
Petroleum	$ 11,097	$ 9,819
Coal & minerals	1,770	1,501
Agricultural & industr. chemicals	3,979	3,396
Polymer prods.	3,811	3,657
Fibers	5,261	4,786
Industr. & cons. prods.	3,284	2,839
Biomedical prods.	1,266	1,150
Total	$ 30,468	$ 27,148

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 3.30	—	—
1986	3.05	—	—
1985	3.00	—	—
1984	2.90	—	—
1983	2.50	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	$ 14,007,000	$ 58.65
1986	13,137,000	54.74
1985	12,422,000	51.62
1984	11,996,000	50.06
1983	11,235,000	47.04

‡ After allowing for preferred stock at stated values.

E.I. du Pont de Nemours & Company

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 30,468,000	$ 27,148,000
Other income	324,000	273,000
Total Income	$ 30,792,000	$ 27,421,000
Cost of sales	17,150,000	15,129,000
Expenses	2,716,000	2,350,000
Deprec., deplet. & amort.	2,225,000	2,119,000
Explor. expenses	459,000	550,000
Res. & develop. expenses	1,223,000	1,156,000
Interest expense	435,000	438,000
Taxes	3,085,000	2,656,000
Gains from sales of businesses	(161,000)	(140,000)
Loss on restruc. of invest.	—	178,000
Inc. before taxes	$ 3,660,000	$ 2,985,000
Inc. taxes	1,874,000	1,447,000
Net Income	$ 1,786,000	$ 1,538,000

Assets
(000's)

As of Dec. 31	1987	1986
Cash & marketable securities	$ 756,000	$ 584,000
Accts. & notes receiv., net	4,376,000	3,771,000
*Inventories	4,342,000	4,253,000
Prepaid expenses	479,000	352,000
Current Assets	$ 9,953,000	$ 8,960,000
*Investments	541,000	469,000
#Fixed assets	15,854,000	15,697,000
Other assets & investments	1,861,100	1,607,000
Total Assets	$ 28,209,000	$ 26,733,000

Liabilities
(000's)

Short-term borrowings	$ 1,641,000	$ 1,625,000
Accts. payable	2,422,000	2,346,000
Accruals	1,689,000	1,482,000
Income taxes	388,000	183,000
Curr. Liabilities	$ 6,140,000	$ 5,636,000
Long-term debt	3,018,000	3,227,000
Cap. lease oblig.	84,000	89,000
Other liabilities	1,827,000	1,669,000
Minority interest	95,000	90,000
Deferred inc. taxes	2,801,000	2,648,000
+Preferred stock:		
$4.50 series	167,000	167,000
$3.50 series	70,000	70,000
++Common stock	398,000	400,000
Add. paid-in capital	4,555,000	4,535,000
Retained earnings	9,054,000	8,202,000
Total Liabilities & Shareholders' Equity	$ 28,209,000	$ 26,733,000

* Valued at LIFO cost.
# Less accumulated depreciaton and obsolescence.
+ No par value; cumulative.
++ $1.67 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.01	11.00
%Net Income to Sales	5.86	5.67
%Net Income to Equity	12.54	11.50
Sales to Inventories	7.02	6.38
Debt to Equity	0.21	0.24
Working Capital	$ 3,813,000,000	$ 3,324,000,000
Current Ratio	1.62	1.59
Shareholders' Equity (000's)	$ 14,244,000	$ 13,374,000

Dynamics Corporation of America

475 Steamboat Road
Greenwich, Connecticut 06830
(203) 869-3211

Officers: Andrew Lozyniak, chairman of the board & president; Edward J. Mooney, vice chairman of the board, v.p. & secretary; Henry V. Kensing, v.p. & general counsel; Patrick J. Dorme, v.p.-finance & chief financial officer; Richard E. Smith, treasurer; M. Gregory Bohnsack, controller.

Directors: Frank A. Gunther, Henry V. Kensing, Andrew Lozyniak, Curtis T. Roff, Edward J. Mooney, Saul Sperber, Joseph Walker, Harold Cohan, Patrick J. Dorme.

Area of Work: Operations are divided into three industry segments: electrical appliances and electronic devices; fabricated metal products and equipment; and power and controlled environmental systems.

Divisions:

Anemostat Products
888 North Keyser Avenue
Scranton, Pennsylvania 18501
(717) 346-6586
Designs, manufactures and markets a broad line of air distribution equipment with both pneumatic and electronic controls to meet the need for total environmental control in laboratories, industrial buildings, commercial buildings, and air distribution in aircraft, marine and rail equipment.

Fermont
141 North Avenue
Bridgeport, Connecticut 06606
(203) 366-5211
Manufactures standby and prime power generator sets, control systems, switchgear, power vans, special purpose trailers and accessories for use by the government, prime contractors and commercial business.

Ellis and Watts
4400 Glen Willow Lake Lane
Cincinnati, Ohio 45244
(513) 891-8000
Air and liquid special cooling and temperature control devices, dehydrators, fluid transfer units, air handling equipment, special fans, and electronic trailers for government industrial and power use.

Reeves-Hoffman
400 West North Street
Carlisle, Pennsylvania 17013
(717) 243-5929
Manufactures quartz crystal products, primarily crystal units, blanks, filters and oscillators for frequency controlled applications in weapons, radar, data transmission and telecommunication systems and hermetic seal packages that are used in the hybrid micro-electronic industry for both consumer and high reliability military electronic integrated circuits.

Waring Products
Route 44
New Hartford, Connecticut 06057
(203) 379-0731
Manufactures commercial and consumer portable electrical appliances such as the original blender, mixers, can openers, food slicers, food processors, juicers, coffee preparation products, ice cream makers and food dehydrators.

Subsidiary:

International Electronic Research Corporation
135 West Magnolia Boulevard
Burbank, California 91502
(213) 849-2481
Manufactures board mounted and extruded semiconductor heat sinks/dissipators, Zero Insertion Force circuit board retainers, high performance card cages, cold walls, enclosures, tube shields and other thermal packaging components.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: DYA

Number of Employees:

1987	1,719	1984	1,919
1986	1,683	1983	1,847
1985	1,900		

Plant Footage:

1987 ..... 1,114,000 sq. ft. 1986 1,114,000

Sales & Earnings

	Net Sales +	Net Income‡
1987	$ 120,789,000	$ 3,776,000
1986	139,223,000	1,076,000
1985	138,811,000	15,807,000
1984	123,166,000	8,209,000
1983	133,615,000	15,084,000

	No. of Com. Shares†	Earn. per Share‡†
1987	4,135,459	$ 0.91
1986	4,164,870	0.26
1985	4,269,642	3.70
1984	4,339,118	1.89
1983	4,414,438	3.42

+ Of continuing operations only.
† Based on the average number of common shares outstanding.
‡ Including extraordinary gains of $100,000 ($0.02 per share) in 1987 and $617,000 ($0.15 per share) in 1986.

Revenues by Line of Business
(000's)

	1987	1986
Electrical appliances & electronic devices	$ 50,806	$ 53,185
Fabricated metal products & equipment	19,137	18,255
Power & controlled environmental systems	50,846	67,783
Total	$ 120,789	$ 139,223

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.175	—	—

Common Stock Equity‡

	Total Equity	Equity Per Share†
1987	$ 89,523,000	$ 21.65
1986	88,889,000	21.34
1985	91,128,000	21.34
1984	76,852,000	17.71
1983	71,216,000	16.13

‡ Restated.
† Based on the average number of common shares outstanding.

Income Account*
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 120,789	$ 139,223
Cost of sales	90,287	100,403
Expenses	28,914	28,339
Other income	(1,713)	(687)
Income before taxes	$ 3,301	$ 11,168
Income taxes	1,110	4,612
Eq. in loss (inc.) from const. oper. of CTS Corp.	(1,485)	4,359
Inc.-cont. oper.	$ 3,676	$ 2,197
Loss-discont. oper.	—	(2,377)
Eq. in inc. from discont. oper. of CTS Corp.	—	639
Net income	$ 3,676	$ 459
Extraord. gain	100	617
Net income & extraord. gain	$ 3,776	$ 1,076

* Included in Costs and Expenses, Depreciation and Amortization: $1,674,000 in 1987 and $2,208,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 3,775	$ 6,323
Marketable securities	17,265	15,428
Accts. receiv., net	18,336	20,396
*Inventories	23,372	22,294
Other current assets	11,928	4,791
Def. income taxes	976	378
Current Assets	$ 75,652	$ 69,610
#Fixed assets	6,419	6,991
Eq. invest. in CTS Corp.	53,403	53,521
Patent award	13,835	12,846
Other assets	3,238	2,986
Total Assets	$ 152,547	$ 145,954

Liabilities
(000's)

Long-term debt, curr.	$ 2,417	$ 2,883
Accts. payable	2,739	3,588
Accruals	30,442	20,831
Income taxes	1,709	1,811
Curr. Liabilities	$ 37,307	$ 29,113
Long-term debt	19,183	22,539
Deferred income taxes	6,534	5,413
+Common stock	403	413
Add. paid-in capital	11,007	9,995
Retained earnings	79,481	79,270
Subs. receiv. & def. compens.	(1,368)	(689)
Total Liabilities & Shareholders' Equity	$ 152,547	$ 145,954

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	4.11	0.52
Sales to Inventories	5.17	6.24
Debt to Equity	0.24	0.29
Working Capital	$ 38,345,000	$ 40,497,000
Current Ratio	2.03	2.39
Shareholders' Equity	$ 89,523,000	$ 88,889,000

Dynamics Research Corporation

60 Concord Street
Wilmington, Massachusetts 01887
(617) 658-6100

Officers: John S. Anderegg, Jr., chairman of the board; Albert Rand, president & chief exec. officer; Joseph J. Bakewell, v.p. & gen. mgr.-Metrigraphics Div.; John L. Wilkinson, v.p.-human resources; Chester Ju, v.p. & gen. mgr.-Encoder Division; James F. Pablo, v.p.-finance, chief financial officer & treasurer; Thomas P. Graham, controller; David C. Proctor, asst. treasurer; John R. D. McClintock, clerk; Nancy M. Bodenstein, assistant clerk.

Directors: John S. Anderegg, Jr., chairman; Thomas J. Troup, Sims McGrath, Francis J. Aguilar, Albert Rand.

Areas of Work: The Company's Defense segment is involved in the development and operation of data gathering, analysis, planning and management systems for major weapon programs of the Department of Defense. The Commercial segment manufactures devices which precisely measure position and control motion in electromechanical equipment, and produces precision scales on glass and other media for use in technical instruments and computer peripherals.

Divisions:

Encoder Division
Metrigraphics Division
Systems Division
Test Equipment Division

Subsidiary:

DRC International Corporation (DISC)

Transfer Agent(s):

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRCO (NASDAQ)

Number of Employees:

1987	1,236	1984	899
1986	1,041	1983	756
1985	1,003		

Plant Footage:

1987 ..... N.A. 1986 ... 282,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales†	Net Income
1987	$ 91,501,000	$ 3,728,000
1986	75,192,000	2,456,000
1985	62,320,000	153,000
1984	47,863,000	1,510,000
1983	38,764,000	1,007,000

	No. of Com. Shares +	Earn. per Share #
1987	5,028,538	$ 0.74
1986	5,028,538	0.49
1985	5,028,538	0.44
1984	5,028,538	0.39
1983	5,028,538	0.20

† Including contract revenues; of continuing operations only.
+ Adjusted to reflect stock dividends.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1987	1986
Product sales	$ 9,483,000	$ 7,951,000
Contract revenues	82,018,000	67,241,000
Total	$ 91,501,000	$ 75,192,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ —	25%	—
1986	—	25%	—
1985	—	25%	—
1984	0.02	5%&25%	—
1983	0.03	10%&10%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 16,043,000	$ 3.19
1986	12,320,000	2.45
1985	9,868,000	1.96
1984	9,718,000	1.93
1983	8,275,000	1.65

+ Adjusted to reflect stock dividends.

Income Account *

Year ended	12/26/87	12/27/86
Net sales & revenues	$ 91,501,000	$ 75,192,000
Cost of sales	73,058,000	60,726,000
Expenses	14,985,000	9,109,000
Interest expense	35,000	324,000
Income before taxes	$ 6,423,000	$ 5,033,000
Income taxes	2,695,000	2,577,000
Net income	$ 3,728,000	$ 2,456,000

* Included in Cost and Expenses, Depreciation and Amortization: $2,024,000 in 1987 and $2,017,000 in 1986.

Assets

As of	12/26/87	12/27/86
Cash	$ 194,000	$ 271,000
Receiv., net	22,434,000	13,448,000
Unbilled fees	5,626,000	5,575,000
*Inventories	1,627,000	1,353,000
Tax refund	—	168,000
Prepaid expenses	986,000	884,000
Current Assets	$ 30,867,000	$ 21,699,000
#Fixed assets	5,470,000	5,131,000
Total Assets	$ 36,337,000	$ 26,830,000

Liabilities

Notes payable	$ 6,625,000	$ 3,120,000
Long-term debt, curr.	—	833,000
Accts. payable	4,284,000	3,197,000
Accruals	3,222,000	2,250,000
Accrued payroll	3,346,000	2,543,000
Deferred inc. taxes	799,000	2,059,000
Accrued taxes	1,846,000	445,000
Curr. Liabilities	$ 20,122,000	$ 14,447,000
Deferred inc. taxes	172,000	63,000
+ Common stock	503,000	402,000
Add. paid-in capital	6,789,000	6,891,000
Retained earnings	8,751,000	5,027,000
Total Liabilities & Shareholders' Equity	$ 36,337,000	$ 26,830,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.02	6.69
%Net Income to Sales	4.07	3.27
%Net Income to Equity	23.24	19.94
Debt to Equity	0.41	0.32
Working Capital	$ 10,745,000	$ 7,252,000
Current Ratio	1.53	1.50
Shareholders' Equity	$ 16,043,000	$ 12,320,000

Dynascan Corporation

6460 W. Cortland Street
Chicago, Illinois 60635
(312) 889-8870

Officers: Carl Korn, chairman; Jerry Kalov, president & chief exec. officer; David T. Allen, v.p.-finance, chief financial officer, secretary & treasurer; Fred N. Hackendahl, v.p.-corp. development; Leonard Abrahamson, v.p.-human resources; J. Dennis Burke, v.p. & president-Cobra Electronics Group; James S. Twerdahl, v.p. & president-Marantz Company, Inc..

Directors: Samuel B. Horberg, Carl Korn, James L. Marovitz, Ronald Cramer, Harold D. Schwartz, Jerry Kalov.

Areas of Work: Designs, imports and markets two-way citizens-band radios, cordless and wired telephones, telephone answering systems, radar detectors and "Marantz" audio and audio/video electronic products.

Divisions and Subsidiaries:

Cobra Electronics Group

Cobra Telecommunications
Manufactures corded and cordless telephones and answering machines.

Cobra Personal Communications Products
Manufactures CB radios and radar detectors.

Marantz Company, Inc.
20525 Nordoff Street
Chatsworth, California 91311
(818) 998-9333
Designs, distributes and markets audio and audio/video products including receivers, tuners, amplifiers, turn tables, loudspeakers, cassette decks, compact disc players, television monitors, and video cassette recorders.

Dynascan Asia Ltd.
401 Iwami Building 4-2-1 Iidabashi
Chiyoda Ku
Tokyo 102, Japan

Transfer Agent(s):

Continental Illinois National Bank & Trust Company
30 North LaSalle Street
Chicago, Illinois 60697

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DYNA (NASDAQ)

Number of Employees:

1987	386

Sales & Earnings

	Net Sales	Net Income
1987	$ 191,569,000	$ 8,067,000
1986	121,978,000	6,083,000
1985	103,747,000	138,000
1984	100,010,000	(16,042,000)
1983	150,103,000	8,777,000

	No. of Com. Shares‡	Earn. per Share‡
1987	7,162,000	$ 1.13
1986	7,101,000	0.86
1985	6,842,000	0.02
1984	6,827,000	—
1983	6,777,000	1.28

(Loss)
‡ Based on the average number of share outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2
1986	—	—	—
1985	—	—	—
1984	—	3%	—
1983	—	3%+3%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 45,544,000	$ 6.64
1986	37,488,000	5.48
1985	31,374,000	4.61
1984	31,236,000	4.59
1983	47,274,000	6.94

‡ Adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 191,569,000	$ 121,978,000
Cost of sales	141,621,000	87,103,000
Expenses	34,445,000	21,630,000
Interest expense	3,186,000	1,210,000
Prof. sh. plan	579,000	647,000
Other income	(398,000)	(688,000)
Inc. bef. taxes	$ 12,136,000	$ 12,076,000
Income taxes	5,539,000	5,978,000
Inc. - cont. oper.	$ 6,597,000	$ 6,098,000
Inc. (loss) - discont. oper.	1,470,000	(15,000)
Net income	$ 8,067,000	$ 6,083,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,094,000 in 1987 and $1,034,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,682,000	$ 1,444,000
Marketable securities	2,262,000	234,000
Receiv., net	37,361,000	36,665,000
*Inventories	27,566,000	28,967,000
Prepaid expenses	5,978,000	4,506,000
Inc. tax receiv.	1,956,000	1,830,000
Net assets of discont. oper.	—	9,257,000
Current Assets	$ 76,805,000	$ 92,903,000
#Fixed assets	7,468,000	6,527,000
Invest. in tax leases	—	377,000
Intangibles	8,972,000	3,921,000
Other assets	3,857,000	2,484,000
Net assets of discont. oper.	—	568,000
Total Assets	$ 97,102,000	$ 106,780,000

Liabilities

Note payable	$ 4,033,000	$ 14,[illegible]
Accts. payable	5,161,000	[illegible]
Accruals	14,684,000	[illegible]
Curr. Liabilities	$ 23,878,000	$ [illegible],625,000
Oblig. under cap. lease	—	1,957,000
Deferred inc. taxes	4,680,000	304,000
Long-term notes payable	23,000,000	20,000,000
Minority interest	—	6,406,000
+ Common stock	2,345,000	1,557,000
Add. paid-in capital	23,296,000	23,972,000
Retained earnings	20,204,000	12,137,000
Treasury stock	(301,000)	(178,000)
Total Liabilities & Shareholders' Equity	$ 97,102,000	$ 106,780,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.33 1/3 par value.

Statistical Summary

%Net Income to Equity	17.71	16.23
Sales to Inventories	6.95	3.13
Debt to Equity	0.50	0.45
Working Capital	$ 52,927,000	$ 52,278,000
Current Ratio	3.22	2.22
Shareholders' Equity	$ 45,544,000	$ 37,488,000

Dynatech Corporation

3 New England Executive Park
Burlington, Massachusetts 01803
(617) 272-3304

Officers: Warren M. Rohsenow, chairman; J. P. Barger, president & chief exec. officer; John F. Reno, exec. v.p. & chief operating officer; R. Claude Olier, group v.p.; Howard M. Crow, Jr., group v.p.; William W. Welsh, Jr., group v.p.; Dorothy G. Cooley, v.p.; Terry Kelly, v.p.; John A. Powers, v.p.; Joseph A. Sciulli, v.p.; James R. Turner, v.p.; Edward T. O'Dell, Jr., secretary; Vera B. Durling, asst. secretary; Robert H. Hertz, chief financial officer & treasurer; John C. Maag, corp. controller.

Directors: Warren M. Rohsenow, chairman; J. P. Barger, James B. Hangstefer, Theodore Cohn, Warren A. Law, Richard K. Lochridge.

Areas of Work: Communications Products include specialized products and systems used in network management (monitoring, switching and performance measurement); protocol converters and packet switching equipment (PAD, switches); gateways between private and public networks; software products for point-of-sale data collection and pharmacy management; telephone headsets; two-way radio communications products; radar detectors; high-end audio amplifiers; high-frequency rf amplifiers and microwave components; test instruments; power conditioning and microcomputer accessory products; high-resolution monitors for simulators, high-end CAD systems and scientific instruments; aircraft video information systems; diagnostic instruments used in the design, installation and maintenance of digital communications networks; high-speed digital word generators and bus analyzers for the test/simulation of military computers, communications and avionics systems; products used in the control and automation of video facilities; video graphics and animation systems; newsroom management systems; high-speed super microcomputers and expansion boards; and thunderstorm sensors.

Medical and Diagnostic Products include systems, subsystems and disposables for immunological and microbiological testing of human and animal blood products and for testing of industrial products such as foods; image analysis systems using optical and computer technology to determine response of tumors to chemotherapeutic drugs; radiation therapy treatment planning systems; and test and safety equipment for biomedical, diagnostic and life support instruments.

Scientific Instruments include precision automotive diagnostic equipment used in the servicing and repair of engine malfunctions and failures of on-board electronic systems; automatic precision sampling injectors and precision syringes; semiconductor test handling equipment for high-speed insertion of semiconductor devices into automatic test equipment; and programmable signal conditioning and recording equipment for very-high-speed transient events, such as vehicle crash testing and blast wave monitoring.

Divisions and Subsidiaries:

Dynatech Frontier Corporation
Albuquerque, New Mexico

Trigon/Adcotech
Milpitas, California

Lightning Location & Protection, Inc.
Tucson, Arizona

Dynatech Precision Sampling Corp.
Baton Rouge, Louisiana

Trans-Met Engineering, Inc.
Anaheim, California

LEA Dynatech Inc.
Santa Fe Springs, California

Dynatech Computer Power Inc.
Scotts Valley, California

Sensors, Inc.
Saline, Michigan

Dynatech Laboratories, Incorporated
Chantilly, Virginia

Dynatech Nevada, Inc.
Carson City, Nevada

Dynatech Medical Products Ltd.
Guernsey, Channel Islands

Datacommunications Test Instruments
Springfield, Virginia

Dynatech Communications, Inc.
Woodbridge, Virginia

Dynatech Microwave Technology, Inc.
Calabasas, California

Dynatech NewStar
Madison, Wisconsin

Whistler Corporation
Westford, Massachusetts

Unex
Westford, Massachusetts

Dynatech Data Systems
Newington, Virginia

Telecommunications Techniques Corp.
Gaithersburg, Maryland

Dynatech Data Communications, Ltd.
Guernsey, Channel Islands

Dynatech Packet Technology, Inc.
Alexandria, Virginia

Interface Technology, Inc.
Glendora, California
Manufactures and markets digital electronics test instruments.

Cybermation Ltd.
St. Albans, Hertfordshire, England

Digital Technology, Inc.
Dayton, Ohio

Innovative Electronics, Inc.
Miramar, Florida

Interkom GmbH
Grafenau, West Germany

Controlonics Communications
Westford, Massachusetts

Integra, Inc.
Milpitas, California

Utah Scientific, Inc.
Salt Lake City, Utah

Quanta Corporation
Salt Lake City, Utah

ColorGraphics Systems, Inc.
Madison, Wisconsin

Acquisitions:

Piiceon, Inc.
San Jose, California
Manufactures peripheral and upgrade products for microcomputers.

Threshold, Inc.
Auburn, California
Manufactures solid state power amplifiers and preamplifiers.

ComCoTec, Inc.
Burr Ridge, Illinois
Manufactures software products for the pharmacy and retail service industries.

New England Technology Group
Cambridge, Massachusetts
Manufactures computer graphics systems and interactive video systems.

Asinc, Inc.
Tustin, California
Manufactures passenger cabin video information systems for airlines.

La Fontaine & Company KG
Karlsruhe, West Germany
Manufactures injection-molded plastic medical products.

Micro Processor Systems, Inc.
Sterling Heights, Michigan
Manufactures and sells electronic test and diagnostic equipment for use in automotive assembly plants, dealerships and aftermarket repair facilities.

Helios Systems Inc.
San Jose, California
Sells add-on memory cards and hard-disk subsystems to the Sun Microsystems aftermarket.

Sandy Spring Instrument Company, Inc.
Germantown, Maryland
Manufactures and sells liquid-handling equipment used in laboratories and industrial processes.

Overseas Sales Companies:

Dynatech, A.G.
Zug, Switzerland

Dynatech Produkte, A.G.
Embrach-Embraport, Switzerland

Dynatech Laboratories Ltd.
Billingshurst, West Sussex, England

Laboratoire Dynatech S.A.R.L.
Marnes la Coquette, France

Dynatech Deutschland GmbH
Denkendorf, West Germany

Dynatech Communications GmbH
Friedrichsdorf, West Germany

Dynatech GmbH
Friedrichsdorf, West Germany

Interkom GmbH
Munich, West Germany

Dynatech Broadcast Group, Ltd.
Bracknell, Berkshire, England

Dynatech Communications A/S
Oslo, Norway

Dynatech Communications Svenska A.B.
Taby, Sweden

Dynatech Communications S.A.R.L.
Saint-Cloud, France

Dynatech Japan, Inc.
Tokyo, Japan

Datatel S.A.
Saint-Cloud, France

Datatech Communications S.R.L.
Milan, Italy

Dynatech Systems Ltd.
Waltham Cross, Hertfordshire, England

Dynatech Systems S.A.
Saint-Cloud, France

Dynatech Test Instruments
Fresnes Cedex, France

Dynatech Communications Ltd.
Waltham Cross, Hertfordshire, England

Dynatech Hong Kong Ltd.
Wanchai, Hong Kong

Dynatech Communications Ltd.
Scarborough, Ontario, Canada

Quanta International
Aalsmeer, Netherlands

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DYTC (NASDAQ)

Number of Employees:

1988	3,060	1986	2,550
1987	3,100	1985	2,400

Sales & Earnings‡

	Net Sales +	Net Income
1988	$ 367,840,000	$ 24,500,000
1987	315,626,000	24,018,000
1986	279,135,000	21,444,000
1985	238,011,000	19,511,000
1984	173,248,000	11,751,000

	No. of Com. Shares	Earn. per Share #
1988	11,799,611	$ 2.08
1987	11,770,183	2.04
1986	11,687,756	1.84
1985	11,567,821	1.70
1984	N.A.	1.05

N.A. - Not Available.
+ Including contract revenue.
‡ Restated to include operations of companies acquired on a pooling of interests basis.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1988	1987
Communications prods.	$ 285,332,000	$ 250,247,000
Diagnostic prods.	44,109,000	29,530,000
Scientific instruments	38,399,000	35,859,000
Total	$ 367,840,000	$ 315,626,000

Common Stock Equity†

	Total Equity	Equity Per Share
1988	$ 151,779,000	$ 12.86
1987	124,908,000	10.61
1986	97,477,000	8.34
1985	72,966,000	6.31
1984	54,554,000	4.83

† Restated.

Income Account *
(000's)

Year ended March 31	1988	1987‡
Net sales	$ 367,840	$ 315,626
Cost of sales	170,433	140,216
Expenses	121,963	103,425
Prod. develop. exp.	34,425	28,216
Interest expense	2,918	1,809
Other income	(317)	(1,035)
Unusual items	1,970	—
Income before taxes	$ 36,448	$ 42,995
Income taxes	11,948	18,977
Net income	$ 24,500	$ 24,018

* Included in Costs and Expenses, Depreciation and Amortization: $13,801,000 in 1988 and $10,948,000 in 1987.
‡ Restated.

Dynatech Corporation

Assets
(000's)

As of March 31	1988	1987‡
Cash & cash equiv.	$ 24,968	$ 16,095
Accts. receiv., net	69,109	64,126
*Inventories	72,018	67,013
Other curr. assets	9,970	5,809
Current Assets	$ 176,065	$ 153,843
#Fixed assets	37,233	35,631
Other assets	1,849	1,803
Intangibles	38	29,965
Total Assets	$ 253,	221,242

Liabilities
('000's)

Long-term debt, curr.	$ 7,087	$ 3,095
Accts. payable	17,526	15,410
Accrued payroll	8,799	7,884
Profit sharing	2,577	2,651
Other accruals	14,651	12,494
Income taxes	2,771	6,784
Curr. Liabilities	$ 53,411	$ 48,318
Long-term debt	43,449	42,871
Def. inc. taxes	5,110	5,145
+ Common stock	2,360	2,354
Add. paid-in capital	7,540	7,245
Retained earnings	135,674	112,708
Cum. for. curr. trans.	6,205	2,601
Total Liabilities & Shareholders' Equity	$ 253,749	$ 221,242

‡ Restated.
* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.91	13.62
%Net Income to Sales	6.66	7.61
%Net Income to Equity	16.14	19.23
Sales to Inventories	5.11	4.71
Debt to Equity	0.33	0.37
Working Capital	$ 122,654,000	$ 105,525,000
Current Ratio	3.30	3.18
Shareholders' Equity	$ 151,779,000	$ 124,908,000

Dyncorp

2000 Edmund Halley Drive
Reston, Virginia 22091
(703) 264-0330

Officers: Herbert S. Winokur, Jr., chairman of the board; Daniel R. Bannister, president & chief exec. officer; James H. Duggan, exec. v.p. & chief operating officer; David L. Reichardt, sr. v.p. & general counsel; T. Eugene Blanchard, sr. v.p. and chief financial officer; Gerald A. Dunn, v.p. & controller; Arnold Toivonen, v.p.-government services; Richard A. Hutchinson, treasurer; James Stuart, v.p.-risk management; H. Montgomery Hougen, corporate secretary and deputy general counsel; Robert G. Wilson, v.p. & gen'l auditor.

Directors: Herbert S. Winokur, Jr., chairman; T. Eugene Blanchard, Jorge Carnicero, James H. Duggan, Dudley C. Mecum, II, Merlon F. Richards, Sterling D. Colton, D.R. Bannister, Edwin K. Hoffman.

Areas of Work: The Company offers technical services of a diverse and specialized nature to industries, institutions and government. Technical services include R&D and aviation and weapons support services for the Department of Defense; logistics support and management information processing for the military; radar systems for the U.S. Air Force and Navy; Communications, navigation, Sonar, and weapons systems for the U.S.Navy; simulator/training device operation and instruction services; microwave voice and data communication systems installation and integration; and ground handling and aircraft maintenance, repair and fueling services. The Company is also involved in computer component and telecommunications equipment repair.

Operating Groups

Technical Services Group
Provides diversified technical, scientific, and support services for both military and civil aviation.

DynAir

DynAir Avionics
Miami, Florida

DynAir CFE Services, Inc.
Norfolk, Virginia

Heli-Dyne Systems, Inc.
Fort Worth, Texas

DynAir Tech of Florida, Inc.
Miami, Florida

DynAir Services, Inc.
Reston, Virginia

CFE Equipment Corporation
Norfolk, Virginia

DynAir Fueling, Inc.
Reston, Virginia

DynAir Tech of Arizona, Inc.
Phoenix, Arizona

Government Services

Applied Technology Operations
Albuquerque, New Mexico

Aerospace Operations Division
Fort Worth, Texas

FACORD
San Diego, California

Support Services
Reston, Virginia

System Services Division
Reston, Virginia

DynService Network
Hayward, California
The Company's independent computer component and telecommunications repair group.

Transfer Agent(s):

First RepublicBank Corp.
Corporate Trust Division
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange: New York

Ticker Symbol: DYN

Number of Employees:

1987	N.A.	1984	13,000
1986	15,000	1983	11,000
1985	13,000		

N.A.-Not Available

Sales & Earnings

	Revenues +	Net Income‡
1987	$ 524,147,000	$ 2,462,000
1986	415,868,000	13,112,000
1985	338,227,000	3,291,000
1984	251,921,000	12,043,000
1983	226,602,000	10,276,000

	No. of Com Shares†	Earn. per Share†‡
1987	10,773,000	$ 0.23
1986	10,380,000	1.26
1985	9,512,000	0.34
1984	9,808,000	1.23
1983	9,358,000	1.10

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.
‡ Including extraordinary loss of $4,500,000 ($0.42 per share) in 1987.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.31	—	—
1986	0.27	—	—
1985	0.27	—	—
1984	0.25	—	—
1983	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 126,935,000	$ 11.78
1986	128,250,000 ‡	12.36
1985	103,689,000 ‡	10.90
1984	99,287,000	10.12
1983	95,729,000 ‡	10.23

‡ After allowing for preferred stock at liquidation value.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 524,147	$ 415,868
Cost of sales	499,732	385,668
Expenses	18,346	15,893
Interest expense	825	2,587
Interest income	(1,020)	(1,646)
Other expenses	5,816	—
Income before taxes	$ 448	$ 13,366
Income taxes (credit)	(209)	5,260
Inc.-cont. oper.	$ 657	$ 8,106
Inc.-discon. oper	6,305	5,006
Net Income	$ 6,962	$ 13,112
Extraord. loss	(4,500)	—
Net Income & extraord. loss	$ 2,462	$ 13,112

* Included in Costs and Expenses, Depreciation and Amortization: $13,226,000 in 1987 and $10,486,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 28,826	$ 32,218
Notes & Long-term receiv., curr.	6,116	281
Accts. receiv., net	106,910	94,147
* Inventories	8,374	5,810
Prepaid expenses	3,995	7,908
Net-assets-discont. oper.	4,153	9,105
Current Assets	$ 158,374	$ 149,069
Net assets-discont. oper.	13,422	13,483
Long-term receiv.	803	1,061
# Fixed assets	41,156	36,622
Other assets	16,491	14,215
Intangibles	[illegible]	10,346
Total Assets	$ 239,652	$ 224,796

Liabilities
(000's)

Long-term debt, curr.	$ 685	$ 4,245
Accts. payable	19,534	18,201
Adv. on contract pay.	11,100	2,027
Accruals	54,109	37,046
Accrued inc. taxes	5,005	8,635
Curr. Liabilities	$ 90,433	$ 70,154
Long-term debt	2,709	5,976
Deferred income taxes	14,751	15,582
Other liab. & def. credits	4,824	4,752
+ Preferred stock	—	82
+ Common stock	1,084	1,084
Add. paid-in capital	52,401	52,819
Curr. trans. adj.	(1,307)	(1,623)
Retained earnings	75,905	76,788
Treasury stock	(1,148)	(818)
Total Liabilities & Shareholders' Equity	$ 239,652	$ 224,796

* At lower of cost (FIFO and average) or market
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	5.48	10.22
Debt to Equity	0.03	0.08
Working Capital	$ 67,941,000	$ 78,915,000
Current Ratio	1.75	2.12
Shareholders Equity	$ 126,935,000	$ 128,232,000

EAC Industries, Inc.

[illegible] South Michigan Avenue
Suite 220
Chicago, Illinois 60604
(312) 922-7111

Officers: Peter B. Fritzsche, chairman of the board & president; Paul Fritzsche, v.p.-operations and administration & secretary; Peter O. Petzer, asst. secretary; Sharon Hofmann, asst. secretary.

Directors: George J. Dunn, Paul Fritzsche*, Peter B. Fritzsche*, Philip H. Geier, Jr., James F. Peil*, Daniel E. Virnich*, Paul E. Price*, James M. Baisley.

* Member of the Executive Committee

Areas of Work: Manufactures hardware products for screen and storm doors and security locks; jet engine components; point-of-purchase advertising such as in-store sales aids, wall decorations and metallized plastic.

Subsidiaries:

Ideal Security Hardware Corporation
St. Paul, Minnesota

Goodree Products Corporation
Englewood, New Jersey

The Stalker Corporation
Evansville, Michigan

La Compagnie Ideal Security, Inc.
LaSalle, Quebec, Canada

Electro Finition Inc.
LaSalle, Quebec, Canada

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: EAC

Number of Employees:

1988 ..... 570 1987 1,110

Plant Footage:

1988 ..... 316,000 sq. ft. 1987 433,000

Sales & Earnings

	Revenues +	Net Income
1987	$ 45,751,000	$ (2,042,000)
1986	38,634,000	(987,000)
1985	32,686,000	59,000
1984	31,680,000	(144,000)
1983	27,646,000	2,009,000

	No. of Com. Shares #	Earn. per Share #
1987	1,947,000	$ —
1986	1,969,000	—
1985	1,941,000	0.03
1984	1,924,000	—
1983	1,796,000	1.12

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Hardware	$ 25,068	$ 23,153
Aircraft & defense	15,738	10,723
Point-of-purchase adv.	4,945	4,758
Total	$ 45,751	$ 38,634

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.30	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 13,731,000	$ 7.05
1986	15,695,000	8.06
1985	17,129,000	8.82
1984	17,684,000	9.19
1983	18,627,000	9.70

Income Account *
(000's)

Year ended Jan. 31	1988	1987
Net sales	$ 45,751	$ 38,634
Cost of sales	34,762	30,064
Expenses	9,241	8,508
Eq. in inc. of affil. cos.	(145)	(120)
Interest expense	1,516	1,278
Inc. (loss) before taxes	$ 377	$ (1,096)
Income taxes (credit)	288	(485)
Inc. (loss) - cont. oper.	$ 89	$ (611)
Loss - discont. oper.	(2,131)	(376)
Net Loss	$ (2,042)	$ (987)

* Included in Costs and Expenses, Depreciation and Amortization: $1,211,000 in 1988 and $1,271,000 in 1987.

Assets
(000's)

As of Jan. 31	1988	1987
Cash & marketable securities	$ 1,104	$ 1,575
Accts. receiv., net	8,009	6,034
*Inventories	10,533	8,665
Prepaid expenses	1,393	996
Refund inc. taxes	—	152
Assets of discont. oper.	13,992	13,110
Current Assets	$ 35,031	$ 30,522
Investments	1,244	1,313
#Fixed assets	9,996	9,824
Net assets of discont. oper.	—	12,885
Other assets	4,370	301
Intangibles	1,162	1,086
Total Assets	$ 51,803	$ 55,931

Liabilities
(000's)

Long-term debt, curr.	$ 1,610	$ 1,084
Accts. payable	4,137	3,069
Accruals	3,519	3,004
Accrued inc. taxes	196	—
Liab. of discont. oper.	17,606	5,974
Curr. Liabilities	$ 27,068	$ 13,131
Long-term debt	8,871	19,154
Deferred inc. taxes	2,133	1,882
Liab. of discont. oper.	—	6,069
+Common stock	232	232
Add. paid-in capital	12,817	12,817
Cum. trans. adj.	(127)	(205)
Retained earnings	3,282	5,324
Treasury stock	(2,473)	(2,473)
Total Liabilities & Shareholders' Equity	$ * 51,803	$ 55,931

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.34	4.46
Debt to Equity	0.76	1.29
Working Capital	$ 7,963,000	$ 17,391,000
Current Ratio	1.29	2.32
Shareholders' Equity	$ 13,731,000	$ 15,695,000

Eagle-Picher Industries, Inc.

580 Walnut Street
P.O. Box 779
Cincinnati, Ohio 45202
(513) 721-7010

Eagle-Picher Industries, Inc.

Officers: Thomas E. Petry, president & chief executive officer; John W. Painter, exec. v.p.; Jack D. Grinton, group v.p.; James M. Dinan, v.p.; John E. Powers, sr. v.p.; James A. Ralston, v.p. & general counsel; James G. Baird, v.p.; J. Rodman Nall, v.p.; Ernest H. Hirsh, v.p.; David N. Hall, sr. v.p.-finance; Harry A. Neely, treasurer; Corinne M. Paris, secretary; Joshua E. Adams, asst. treasurer; Carroll D. Carlen, v.p. & controller; David W. Matthews, asst. secretary; Marc L. Greenberg, asst. general counsel.

Directors: William D. Atteberry, Paul W. Christensen, Jr., Wickliffe Jones, Daniel W. LeBlond, John W. Painter, Charles S. Mechem, Jr., V. Anderson Coombe, Thomas E. Petry, Sidney J. Weinberg, Jr., Lloyd I. Miller, Richard T. Farmer, Roger L. Howe.

Areas of Work: The Company's electronic activities include the manufacture of special purpose battery systems for electrical vehicles, utility load leveling, and world-wide communications satellites; the manufacture of sophisticated electronic components for aerospace, shipboard, ground-based, and industrial applications; and the production of new crystalline materials for semiconductor and infrared applications.

Divisions:

Electronics Division
Joplin, Missouri
Special purpose batteries; high-precision metal products.

Specialty Materials Division
Quapaw, Oklahoma
Produces high-purity germanium, gallium, lithium, and boron materials for the nuclear and electronic industries.

Acquisitions:

Transicoil Inc.
Worcester, Pennsylvania
Manufactures components and control consisting of motors, torquers and torquer pots, generators and motor generators, synchros and resolvers, servo mechanisms and assemblies; and panels and displays consisting of integrated switch panels, annunciators, and fiber optic displays.

Transfer Agent(s):

AmeriTrust Company National Association of Cleveland
Cleveland, Ohio

Stock Exchange(s): New York, Cincinnati

Ticker Symbol: EPI

Number of Employees:

1987	8,300	1984	8,700
1986	7,900	1983	8,100
1985	8,200		

Sales & Earnings

	Net Sales	Net Income
1987	$ 677,234,000	$ 39,988,000
1986	648,337,000	38,808,000
1985	641,736,000	(119,899,000)
1984	663,929,023	28,142,115
1983	532,652,965	15,348,059

	No. of Com. Shares	Earn. per Share‡
1987	10,662,000	$ 3.70
1986	10,668,000	3.80
1985	9,491,000	—
1984	9,543,000	2.91
1983	9,529,000	1.58

(Loss)
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Basic materials & chemicals	$ 183,900	$ 194,800
Machinery & steel products	219,300	205,200
Transportation products	272,000	248,300
Total	$ 677,200	$ 648,300

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.12	—	—
1986	1.04	—	—
1985	1.04	—	—
1984	1.02	—	—
1983	0.96	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 206,778,000	$ 19.39
1986	179,476,000	16.82
1985	107,702,000	11.35
1984	239,158,247	25.06
1983	221,662,628 ‡	23.26

‡ After allowing for preference stock at a stated value of $33 per share.

Income Account *

Year ended Nov. 30	1987	1986
Net sales	$ 677,234,000	$ 648,337,000
Cost of sales	548,218,000	521,613,000
Expenses	56,299,000	55,202,000
Interest expense	9,209,000	8,758,000
Other income	(3,480,000)	(6,344,000)
Inc. bef. taxes	$ 66,988,000	$ 69,108,000
Income taxes	27,000,000	30,300,000
Net Income	$ 39,988,000	$ 38,808,000

* Includes in Costs and Expenses, Depreciation and Amortization: $23,879,000 in 1987 and $23,738,000 in 1986.

Assets

As of Nov. 30	1987	1986
Cash	$ 63,662,000	$ 78,937,000
Receiv., net	100,899,000	87,799,000
Income taxes receiv.	3,000,000	9,200,000
Due from insur. carriers	12,500,000	12,905,000
* Inventories	87,848,000	75,100,000
Prepaid expenses	32,831,000	10,484,000
Current assets	$ 300,549,000	$ 274,425,000
# Fixed assets	151,253,000	141,050,000
Other assets	40,160,000	19,399,000
Deferred inc. taxes	6,222,000	42,204,000
Total Assets	$ 498,085,000	$ 477,078,000

Liabilities

Long-term debt, curr.	$ 3,004,000	$ 14,956,000
Accts. payable	54,795,000	45,578,000
Accruals	25,148,000	25,118,000
Comp. & empl. benefits	9,949,000	8,346,000
Income taxes	4,921,000	4,930,000
Asbestos reserve	45,000,000	10,000,000
Curr. Liabilities	$ 142,817,000	$ 108,928,000
Long-term debt	89,162,000	$ 94,626,000
Other long-term liabilities	1,101,000	614,000
Asbestos reserve	56,007,000	133,434,000
+ Common stock	13,906,000	13,906,000
Add. paid-in capital	43,200,000	43,295,000
Per. curr. trans.	88,000	(84,000)
Retained earnings	199,979,000	131,978,000
Treasury stock	(10,395,000)	(9,619,000)
Total Liabilities & Shareholders' Equity	$ 498,085,000	$ 477,078,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

% Income bef. Taxes to Sales	9.89	10.66
% Net Income to Sales	5.90	5.99
% Net Income to Equity	19.34	21.62
Sales to Inventories	7.71	8.63
Debt to Equity	0.45	0.59
Working Capital	$ 157,723,000	$ 165,497,000
Current Ratio	2.10	2.52
Shareholders' Equity	$ 206,778,000	$ 179,476,000

Eastman Kodak Company

343 State Street
Rochester, New York 14650
(716) 724-4000

Officers: Colby H. Chandler, chairman of the board & chief executive officer; Kay R. Whitmore, president; J. Phillip Samper, vice chairman; Dennis M. Delee, v.p. & director-corporate commercial affairs; David J. Motz, v.p. & dir.-corp. communications & public affairs; Robert L. Long, v.p. & dir.-corp. planning; Toy F. Reid, exec. v.p. & gen. mgr.-Eastman Chemicals Div.; Leo J. Thomas, sr. v.p. & gen. mgr.-Life Sciences Div.; Cecil D. Quillen, Jr., sr. v.p. & general counsel; Paul L. Smith, sr. v.p. & dir.-finance & adm.; C. Michael Hamilton, treasurer; George D. Lord, v.p. & dir.-financial planning; Julian M. Gordon, general comptroller; William L. Sutton, sr. v.p. & dir.-corp. relations; John R. McCarthy, v.p.-personnel relations; Andrew Donovan, secretary; Edwin F. Przybylowicz, sr. v.p. & dir.-research; William F. Fowble, sr. v.p. & gen. mgr.-mfg.; Frank P. Strong, group v.p. & gen. mgr.-diversified technologies; Lawrence J. Matteos, group v.p. & gen. mgr.-commercial and information systems; Wilbur J. Prezzano, group v.p. & gen. mgr.-photographic products; Cornelius J. Murphy, sr. v.p. & gen. mgr.-customer and marketing support operations; R. Frederick Porter, v.p. & dir.-litigation operations.

Directors: Colby H. Chandler, chairman; Walter A. Fallon, Juanita M. Kreps, Roger E. Anderson, Cecil D. Quillen, Jr., Charles T. Duncan, Toy F. Reid, John G. Smale, William L. Sutton, Kay R. Whitmore, J. Phillip Samper, David S. Saxon, Paul L. Smith, John F. Burlingame, Richard S. Braddock, John J. Phelan, Jr..

Areas of Work: Develops, manufactures and markets still and motion picture cameras and projectors, lenses, microfilming units, and professional photographic equipment; photographic films, papers, plates and chemicals; business equipment and related products, including copier-duplicators; radiographic products; light-sensitive materials for scientific use, positive-working photoresists for fabricating circuit boards, duplicating plates for making negative copies of printed circuits; man-made fibers, industrial chemicals and plastics.

Divisions and Subsidiaries:

Photographic and Information Management Division
Life Sciences Division

Bio-Products Division
Laboratory & Research Products Division
Pharmaceuticals Division
Clinical Products Division
Health Sciences Division
Mass Memory Division

Kodak Park Division
1669 Lake Avenue
Rochester, New York 14650
(716) 458-1000

Kodak Apparatus Division
901 Elmgrove Road
Rochester, New York 14650
(716) 724-4000

Business Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Motion Picture and Audiovisuals Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Consumer Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Graphics Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Photofinishing Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Eastman Technology, Inc.
343 State Street
Rochester, New York 14650
(716) 724-4000

Professional Photography Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Customer Equipment Services Division
800 Lee Road
Rochester, New York 14650
(716) 724-4000

Eastman Chemicals Division
343 State Street
Rochester, New York 14650
(716) 325-2000

Arkansas Eastman Company
P.O. Box 2357
Batesville, Arkansas 72501
(501) 698-1811

Carolina Eastman Company
P.O. Box 1782
Columbia, South Carolina 29202
(803) 794-9200

Tennessee Eastman Kodak
P.O. Box 511
Kingsport, Tennessee 37662
(615) 246-2111

Texas Eastman Company
P.O. Box 7444
Longview, Texas 75601
(214) 757-6611

Eastman Gelatine Corporation
227 Washington Street
Peabody, Massachusetts 01960
(617) 531-1700

Atex, Inc.
Bedford, Massachusetts

Kodak Canada Inc.
3500 Eglinton Avenue West
Toronto, Ontario M6M 1V3 Canada
(416) 766-8233

Kodak Limited
P.O. Box 66
Kodak House, Station Road, Hemel Hempstead
Hertfordshire HP1 1JU England

Kodak-Pathe
8-26 rue Villiot
Paris, Cedex 12 75008 France

Kodak A.G.
Postfach 369
7000 Stuttgart 60, Germany

Kodak (Australasia) Pty. Ltd.
173-3058 Elizabeth Street
Coburg, Victoria, Australia

Kodak Brasileira C.I.L.
Av. Brigadeiro Faria Lima, 1815, 7th Floor
Caixa Postal 225
Sao Paulo 01000 Brazil

Eastman Kodak International Sales Corporation
Torrey Pines Realty Company, Inc.
Garlic Development Corporation
Kodak Programs, Inc.
Cyclotomics, Inc.
Diconix, Inc.
Ektron Applied Imaging, Inc.
Qualin Photofinishing Company
Eastman Chemical Products, Inc.
Holston Defense Corporation
Mustang Pipeline Company
Pinto Pipeline Company of Texas
Kodak International Management Corp.
Kodak Processing Laboratory, Inc.
Eastman Kodak Communications, Inc.
Eastman Chemical International Ltd.
Eastman Chemical Brasileira Ltda.
Eastman Chemical International, A.G.
Ectona Fibres Limited
Kodak Argentina, Ltd.
American Photo, S.A.
Kodak Chilena S.A.F.
Foto Interamericana de Colombia, Ltd.
Kodak Mexicana, Ltd.
Kodak Panama, Ltd.
Kodak Export Limited
Laboratorios Kodak Limitada
Foto Interamericana de Peru, Ltd.
Kodak Caribbean, Limited
Kodak Uruguaya, Ltd.
Foto Interamericana de Venezuela, S.A.

Verbatim Corporation
Manufacturer and marketer of flexible disks for use in computers and word processing systems.

Eikonix Corporation
Designs and manufactures digital image-processing equipment.

Datatape Inc.
Manufactures high-technology, digital & analog recording equipment.

Fox Photo, Inc.
A photofinisher which operates wholesale photo labs and mini labs in 23 states.

Acquisition(s):

American Photographic Group
A wholesale photofinishing company operating in 17 states.

Sterling Drug Inc.
90 Park Avenue
New York, New York 10016
(212) 907-2000
A major pharmaceutical firm.

Transfer Agent(s):

Chase Lincoln First Bank
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Boston, Phila-Balt-Wash, Paris, London, Tokyo

Ticker Symbol: EK

Number of Employees *

1987	124,400	1984	123,900
1986	121,450	1983	125,500
1985	128,950		

* Does not include employees of Sterling Drug Inc.

Sales & Earnings

	Net Sales ($000's)	Net Income ($000's)
1987	$ 13,305,000	$ 1,178,000
1986	11,550,000	374,000
1985	10,631,000	332,000
1984	10,600,000	923,000
1983	10,170,000	965,000

	No. of Com. Shares +	Earn. per Share #
1987	324,100,000	$ 3.52
1986	330,700,000	1.10
1985	330,500,000	0.97
1984	390,000,000	2.54
1983	372,500,000	1.52

+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.71	—	3-for-2
1986	1.63	—	—
1985	1.62	—	3-for-2
1984	1.60	—	—
1983	1.58	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share #
1987	$ 6,013,000	$ 18.55
1986	6,368,000	18.86
1985	6,562,000	19.39
1984	7,137,000	20.39
1983	7,520,000	20.19

Adjusted to reflect stock splits.

Income Account *
($000's)

Year ended	12/27/87	12/28/86
Net sales	$ 13,305,000	$ 11,550,000
Cost of sales	6,004,000	7,613,000
Expenses	3,190,000	2,693,000
Unusual charges	—	520,000
Oper. profit	$ 2,111,000	$ 724,000
Investment income	83,000	129,000
Total	$ 2,194,000	$ 853,000
Interest exp.	181,000	200,000
Other expense	29,000	55,000
Income before taxes	$ 1,984,000	$ 598,000
Income taxes	806,000	224,000
Net income	$ 1,178,000	$ 374,000

* Included in Costs and Expenses, Depreciation and Amortization: $995,000,000 in 1987 and $975,000,000 in 1986.

Eastman Kodak Company

Assets
(000's)

As of	12/27/87	12/28/86
Cash	$ 368,000	$ 145,000
Marketable securities	586,000	468,000
Receiv., net	3,086,000	2,563,000
*Inventories	2,178,000	2,072,000
Deferred inc. taxes	326,000	348,000
Prepaid expenses	151,000	215,000
Current Assets	$ 6,695,000	$ 5,811,000
#Fixed assets	6,663,000	6,276,000
Other assets	1,093,000	815,000
Total Assets	$ 14,451,000	$ 12,902,000

Liabilities
(000's)

Payables	$ 3,549,000	$ 3,440,000
Dividends payable	146,000	142,000
Income & other taxes	380,000	209,000
Curr. Liabilities	$ 4,075,000	$ 3,791,000
Long-term borrowings	2,212,000	911,000
Other liabilities	743,000	603,000
Deferred inc. taxes	1,408,000	1,209,000
+ Common stock	933,000	622,000
Add. paid-in capital	—	314,000
Retained earnings	7,139,000	6,533,000
Treasury stock	(2,059,000)	(1,081,000)
Total Liabilities & Shareholders' Equity	$ 14,451,000	$ 12,902,000

* At cost which is not in excess of market. U.S. inventories at LIFO; foreign at FIFO or average.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.91	5.18
%Net Income to Sales	8.85	3.24
%Net Income to Equity	19.59	5.85
Sales to Inventories	6.11	5.57
Debt to Equity	0.37	0.14
Working Capital*	$ 2,620,000	$ 2,000,000
Current Ratio	1.64	1.53
Shareholders' Equity*	$ 6,013,000	$ 6,388,000

* In thousands of dollars

Eaton Corporation

Eaton Center
1111 Superior Avenue, N.E.
Cleveland, Ohio 44114
(216) 523-5000

Officers: James R. Stover, chairman of the board & chief executive officer; Stephen R. Hardis, vice chairman & chief financial & administrative officer; Alfred M. Rankin, Jr., vice chairman & chief operating officer; William E. Butler, president-Automotive Components Group; Robert W. Gillespie, president-Truck Components Group; Alexander M. Cutler, president-Industrial Group; John M. Carmont, v.p. & treasurer; John D. Evans, v.p.-human resources; Gerald L. Gherlein, v.p. & general counsel; Herbert Hubben, v.p.-international; John W. Hushen, v.p.-government relations; William R. Kissel, v.p.-manufacturing services; Ronald L. Leach, v.p.-accounting; Brock Hattox, v.p.-planning & controller; Warren B. Offutt, v.p.-technical management; Mark O. Hooton, v.p.-automotive marketing; Richard T. Sedler, v.p. & secretary; Floyd M. Wilkerson, v.p.-administration; Marshall Wright, v.p.-corporate affairs.

Directors: James R. Stover*, chairman of the board; Arthur Dole, III, Charles E. Hugel, Furman C. Moseley, Hooper G. Pattillo, Samuel K. Scovil, Neil A. Armstrong, Stephen R. Hardis*, Virginia A. Dwyer, John R. Miller, Alfred M. Rankin, Jr., A. William Reynolds.

* Member of the Executive Committee

Operating Units:

Vehicle Powertrain:

Truck Components:
Mechanical transmissions, drive and trailer axles, brakes, locking differentials, engine valves, hydraulic valve lifters, tire valves, leaf springs, viscous fan drives, power steering pumps.

Off-Highway Vehicle Components Group:
Mechanical and hydrostatic transmissions, forgings, drive axles, brakes, engine valves, hydraulic valve lifters, hydraulic motors.

Passenger Car Components:
Engine valves, hydraulic valve lifters, emission control valves, viscous fan drives, differentials, tire valves.

Electronics and Controls:
Electromechanical and electronic control systems, devices and assemblies; semiconductor wafer fabrication equipment; sensors and human interface devices; programmable controllers; switches; relays; counters; electrical adjustable speed drives; low-voltage power distribution equipment; aerospace power controls; fasteners and thermostats.

Transfer Agent(s):

AmeriTrust Company
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: ETN

	200	200

Number of Employees:

1987	43,000	1984	42,709
1986	43,438	1983	38,883
1985	41,134		

Sales & Earnings

	Net Sales‡ (000's)	Net Income (000's)
1987	$ 3,137,900	$ 201,200
1096	2,799,800	137,600
1985	2,795,500	230,900
1984	2,984,000	254,400
1983	2,321,000	93,311

	No. of Com. Shares	Earn. per Share #
1987	25,158,000	$ 7.16
1986	29,228,000	4.29
1985	32,829,000	7.01
1984	32,580,000	7.05
1983	32,020,359	3.06

‡ Of continuing operations only.
# Based on the monthly average number of shares outstanding during each year.

Revenues By Line of Business
(000's)

	1987	1986
Electronic & controls	$ 1,411,000	$ 1,256,000
Vehicle powertrain	1,727,000	1,504,000
Total	$ 3,138,000	$ 2,760,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.90	—	—
1986	1.60	—	—
1985	1.35	—	—
1984	1.10	—	—
1983	0.80	—	—

Common Stock Equity

	Total Equity†	Equity Per Share
1987	$ 1,066,600,000	$ 42.40
1986	1,244,900,000	42.59
1985	1,383,000,000	42.13
1984	1,188,600,000	36.48
1983	973,341,000	30.40

† After allowing for preferred stock at liquidation values.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,137,900	$ 2,799,800
Cost of sales	2,239,800	1,970,400
Expenses	522,400	531,500
Prov. for discont. oper.	—	74,700
Interest expense	74,800	64,000
Interest income	(13,100)	(30,300)
Other income	(14,300)	(11,400)
Income bef. taxes	$ 328,300	$ 168,700
Income taxes	122,100	56,700
Inc. - cont. oper.	$ 206,200	$ 112,000
Inc. (loss) - discont. oper.	(5,000)	25,600
Net income	$ 201,200	$ 137,600

* Included in Costs and Expenses, Depreciation: $108,300,000 in 1987 and $90,100,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 12,900	$ 11,400
Short-term securities	35,300	179,400
Accts. receiv., net	458,600	422,800
*Inventories	407,100	373,100
Other curr. assets	204,400	165,000
Current Assets	$ 1,118,200	$ 1,151,700
#Fixed assets	847,600	768,900
Other assets	155,900	164,700
Intangibles	271,900	287,200
Net assets - discont. oper.	632,600	561,700
Total Assets	$ 3,026,200	$ 2,933,800

Liabilities
(000's)

Long-term debt, curr.	$ 10,200	14,500
Short-term debt	26,000	16,300
Accts. payable	240,400	190,900
Payrolls & other accruals	73,500	61,000
Taxes	47,000	20,300
Other curr. liab.	228,400	253,300
Curr. Liabilities	$ 625,500	$ 556,300
Long-term debt	794,900	632,000
Other liab.	233,700	217,700
Deferred inc. taxes	296,000	272,300
+Serial pref. stock	200	200
++Common stock	12,600	14,600
Add. paid-in capital	319,300	298,900
Retained earnings	749,100	984,700
For. curr. trans. adj.	(5,100)	(42,800)
Total Liabilities & Shareholders' Equity	$ 3,026,200	$ 2,933,800

* At lower of cost (LIFO) or market; foreign at FIFO.
# Less accumulated depreciation and amortization.
+ $2.50 stated value; $10 cumulative convertible.
++ $0.50 par value.

Statistical Summary

%Net Income to Equity	18.70	10.96
Sales to Inventories	7.71	7.40
Debt to Equity	0.77	0.53
Working Capital	$ 492,700,000	$ 595,400,000
Current Ratio	1.79	2.07
Shareholders' Equity	$ 1,076,100,000	$ 1,255,600,000

Echlin, Inc.

100 Double Beach Road
Branford, Connecticut 06405
(203) 481-5751

Officers: Frederick J. Manchenki, chairman of the board, president & chief exec. officer; Daniel S. Carboni, executive v.p.; John P. Gethin, executive v.p.; Edward D. Toole, Jr., v.p., secretary & general counsel; Richard B. Patterson, v.p.-finance; Charles W. O'Connor, asst. secretary; Richard A. Wiest, treasurer; Robert F. Tobey, v.p.-corp. development; Andrew J. Mazzarella, corp. controller; Early F. Lind, staff v.p.-materials management; Ralph F. Manning, asst. secretary & asst. general counsel; Kenneth T. Flynn, Jr., asst. corp. controller; Joseph A. Onorato, asst. treasurer.

Directors: Frederick J. Manchenki, chairman of the board; William Jaspersen, John E. Echlin, John E. Echlin, Jr., Milton P. DeVane, Eugene J. Muldoon, John F. Gustafson, Phillip S. Myers, John F. Creamer, Jr., Richard C. Curran, William C. Hatcher.

Areas of Work: Manufactures parts and supplies used to maintain or improve the efficiency and safety of motor vehicles including automotive electronic, electro-mechanical, cooling system and fuel system parts. Safety products include hydraulic brake parts, air brake parts, controllers for electric brakes, and additional safety-related products.

Divisions and Subsidiaries:

Ace Canada, Inc.
Toronto, Ontario, Canada

Ace Electric Company, Inc.
Kokomo, Indiana
Livonia, Michigan
Columbus, Kansas

Automotive Controls Corp.
Branford, Connecticut
Independence, Kansas
Chicago, Illinois

Blackstone Manufacturing Company
Chicago, Illinois

Brake Parts Company
Litchfield, Illinois
McHenry, Illinois

Carft Parts Mfg. Co.
Des Plaines, Illinois

Echlin of Puerto Rico, Inc.
Ponce, Puerto Rico

Echlin-Ponce, Inc.
Ponce, Puerto Rico

Friction Materials, Inc.
Lawrence, Massachusetts

Midland Brake, Inc.
Kansas City, Missouri
St. Louis, Missouri
Paris, Tennessee
Iola, Kansas
Owosso, Michigan
Broken Arrow, Oklahoma
Marion, North Carolina

Sensor Engineering Company
Hamden, Connecticut

Tekonsha Engineering Company
Tekonsha, Michigan

Distex Ind. Inc.
Montreal, Quebec, Canada
Milton, Ontario, Canada

ITAPSA, S.A. de C.V. (69%-owned)
Los Reyes La Paz, Mexico

Prattville Mfg., Inc.
Prattville, Alabama

Lipe Corporation
Syracuse, New York

Lipe Limited
Haslingden, England

Graubremse GmbH (70%-owned)
Heidelberg, West Germany
Regensburg, West Germany

Grau Girling Limited (70%-owned)
Redditch, England
Blackburn, England

Quinton Hazell PLC
Nuneaton, England
Redditch, England
Colwyn Bay, Wales
Dublin, Ireland
Lille, France
Milan, Italy

EPE, Inc.
Irvine, California
Fredericksburg, Virginia
Dallas, Texas

BWD Automotive of Puerto Rico, Inc. (70%-owned)
San Juan, Puerto Rico

BWD International
Elmhurst, Illinois

Echlin Charger Manufacturing Company (Pty.) Ltd. (92% owned)
Johannesburg, South Africa

Echlin Mexicana S.A. de C.V. (69%-owned)
Mexico City, Mexico

Echlin de Venezuela, C.A. (50%-owned)
Caracas, Venezuela

Echlin de Brasil, S.A.
Sao Paulo, Brazil

Echlin Australia (Pty.) Ltd.
Melbourne, Australia

Echlin Canada Inc.
Toronto, Canada
Niagara Falls, Ontario, Canada

Ristance Corporation
Mishawaka, Indiana
Manufactures wire and cable products.

Sierra Supply Company
Litchfield, Illinois

BWD Automotive Corporation
Franklin Park, Illinois

Echlin Sales/International
Branford, Connecticut

Pacer Industries, Inc.
Pensacola, Florida
Washington, Missouri

Pacer K.S., Inc.
Ronkonkoma, New York

Brake Systems, Inc.
Stratford, Connecticut
Compton, California
Bellmawr, New Jersey

Continental Hydraulic Hose Corp.
Upper Sandusky, Ohio

Acquisitions:

Ram Products, Inc.
Northvale, New Jersey
Remanufactures automotive fuel injection systems and parts.

United Brake Systems Inc.
Indianapolis, Indiana
Remanufactures heavy duty truck brake shoes.

Transfer Agent(s):

The Connecticut Bank and Trust Company
Hartford, Connecticut

Stock Exchange(s): New York, Pacific

Ticker Symbol: ECH

Number of Employees:

1987	13,500	1984	9,200
1986	13,200	1983	7,800
1985	10,100		

Plant Footage:

1987	5,186,000 sq. ft.	1984	3,400,000
1986	4,768,000	1983	3,280,000
1985	4,644,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,099,703,000	$ 45,634,000
1986	901,890,000	48,844,000
1985	771,390,000	45,603,000
1984	688,971,000	43,820,000
1983	564,497,000	30,732,000

	No. of Com. Shares‡	Earn. per Share‡
1987	52,098,000	$ 0.88
1986	44,123,000	1.11
1985	41,609,000	1.10
1984	41,393,000	1.06
1983	41,072,000	0.75

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.53	—	—
1986	0.47	—	—
1985	0.41	—	2-for-1
1984	0.35	—	—
1983	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 603,469,000	$ 10.88
1986	423,043,000	8.79
1985	289,721,000	6.95
1984	260,855,000	6.28
1983	232,073,000	5.63

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Aug. 31	1987	1986
Net sales	$ 1,099,703	$ 901,090
Cost of sales	790,152	613,606
Expenses	235,095	195,186
Interest expense	11,676	12,335
Interest income	(9,395)	(7,565)
Eq. in loss (earn.) of Raymark	(940)	4,359
Income before taxes	$ 73,015	$ 83,969
Income taxes	27,381	35,125
Net income	$ 45,634	$ 48,844

* Included in Costs and Expenses, Depreciation and Amortization: $29,176,000 in 1987 and $20,836,000 in 1986.

Assets
(000's)

As of Aug. 31	1987	1986
Cash	$ 26,946	$ 11,155
Accts. receiv.	134,782	108,659
* Inventories	350,716	283,608
Other assets	14,977	9,924
Current Assets	$ 527,421	$ 413,346
# Fixed assets	207,030	168,355
Market. secur.	72,547	60,418
Other assets	62,067	43,631
Total Assets	$ 869,065	$ 685,750

Liabilities
(000's)

Notes payable	$ 13,723	$ 3,273
Long-term debt. curr.	8,556	4,293
Accts. payable	54,460	45,180
Accrued payroll	17,260	19,893
Other accruals	51,467	41,774
Income taxes	22,635	30,279
Curr. Liabilities	$ 168,101	$ 144,692
Long-term debt	69,546	93,983
Deferred inc. taxes	27,949	24,032
+ Common stock	55,740	48,391
Add. paid-in capital	313,697	163,662
Retained earnings	236,767	218,690
For. curr. trans. adj.	260	(4,713)
Treasury stock	(2,995)	(2,995)
Total Liabilities & Shareholders' Equity	$ 869,065	$ 685,750

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.64	9.31
%Net Income to Sales	4.15	5.42
%Net Income to Equity	7.56	11.55
Sales to Inventories	3.14	3.18
Debt to Equity	0.15	0.24
Working Capital	$ 359,320,000	$ 268,654,000
Current Ratio	3.14	2.86
Shareholders' Equity	$ 603,469,000	$ 423,043,000

EDO Corporation

14-04 111th Street
College Point, New York 11356-1434
(718) 445-6000

Officers: William R. Ryan, chairman of the board; Gerald Albert, president & *chief exec/ officer*; Michael J. Hegarty, v.p.-finance, secretary & treasurer; Robert L. Richards, v.p.-corp. development; Marvin D. Genser, corp. counsel; Robert E. Nitschke, v.p.-administration; Richard A. Schneider, controller.

Directors: Earl D. Osborn, William R. Ryan, Michael J. Hegarty, Robert A. Lapetina, H. Struve Hensel, James T. Pyle, Richard Rachals, Gerald Albert, James S. Coles, John H. Meyn, Ralph O. Romine, Frank Fariello.

Areas of Work: Produces electronic systems and equipment, electro-mechanical devices and fiber reinforced composites for civil and military aviation, ocean navigation and underwater detection, surveillance and exploration.

Divisions and Subsidiaries:

Government Systems Division
14-04 11th Street
College Point, New York 11356-1434
(718) 445-6000

Washington Office
2001 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 521-5260

Virginia operations
814 Greenbrier Circle
Chesapeake, Virginia 23320

EDO Operations (Israel) Ltd.
Starco Building
Stellas Maris Square
35709 Haifa, Israel
Manufactures shipboard sonar products, such as the variable depth sonar; the helicopter towed hydrofoil sea sled, and other products in the fields of antisubmarine warfare, airborne mine countermeasures systems, aircraft ejection release units, and seaplane floats.

Western Division
2645 South 300 West
Salt Lake City, Utah 84115-2968
(801) 486-7481
Oceanographic and marine navigation instrumentation; sonar doppler navigation equipment; graphic records, piezoelectric ceramics, acoustic devices, underwater video systems and equipment.

Fiber Science Division
P.O. Box 535227
506 North Billy Mitchell Road
Salt Lake City, Utah 84116-5227
(801) 537-1800
Engaged in the filament winding of reinforced plastic composites for commercial aircraft water and waste system tanks, ducting and fitting; the development of hardware for military helicopters and aircraft; plastic products such as chemical tanks, fish farming equipment and molded fiberglass building units.

Barnes Engineering Company
44 Commerce Road
Stamford, Connecticut 06904-4505
(203) 348-5381
Designs and manufactures electro-optical systems, instruments and components used in defense, space and commercial applications.

EDO Almondbury, Ltd.
Dorcester, Dorset, United Kingdom
Mine countermeasure systems.

EDO Canada Limited
Calgary, Alberta, Canada

Transfer Agent(s):

Mellon Securities Trust Company
67 Broad Street
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: EDO

Number of Employees:

1986	1,486	1983	1,417
1985	1,330	1982	1,397
1984	1,442		

Plant Footage:

1986	755,500 sq. ft.	1983	672,000
1985	652,000	1982	899,000
1984	672,000		

Sales & Earnings

	Net Sales +	Net Income
1986	$ 113,184,000	$ 6,328,000
1985	116,152,000	8,061,000
1984	122,877,000	11,835,000
1983	110,550,000	10,067,000
1982	101,794,000	(1,678,000)

	No. of Com. Shares‡	Earn. per Share‡
1986	7,568,000	$ 0.84
1985	8,000,000	1.01
1984	8,520,000	1.38
1983	8,225,000	1.22
1982	7,690,000	—

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1986	1985
Military systems	$ 73,822,000	$ 85,530,000
Marine systems & spec. prod.	39,362,000	30,622,000
Total	$ 113,184,000	$ 116,152,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.28	—	—
1985	0.27	—	—
1984	0.23	—	—
1983	0.19	50%&50%‡	—
1982	0.15	50%	—

+ Adjusted to reflect stock dividends.
‡ Paid Feb. 23, 1984.

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 62,350,000	$ 8.73
1985	58,694,000	8.26
1984	68,962,000	8.49
1983	62,751,000	7.52
1982	22,031,000	3.27

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 113,184,000	$ 116,152,000
Other income	249,000	140,000
Total income	$ 113,433,000	$ 116,292,000
Cost of sales	89,184,000	94,719,000
Expenses	9,804,000	8,055,000
Research & devel.	3,112,000	3,195,000
Pension plans	2,352,000	2,374,000
Interest expense	866,000	465,000
Interest income	(3,659,000)	(6,676,000)
Income before taxes	$ 11,772,000	$ 14,160,000
Income taxes	5,444,000	6,099,000
Net Income	$ 6,328,000	$ 8,061,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,138,000 in 1986 and $3,453,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 74,043,000	$ 66,596,000
Accts. receiv., net	20,281,000	19,486,000
*Inventories	30,061,000	19,804,000
Prepaid expenses	244,000	298,000
Current Assets	$ 124,629,000	$ 106,184,000
#Fixed assets	33,355,000	$ 28,627,000
Intangibles	9,080,000	—
Defer. charges & other assets	6,707,000	4,087,000
Total Assets	$ 173,771,000	$ 138,898,000

Liabilities

Notes payable	$ 677,000	2,149,000
Long-term debt, curr.	644,000	642,000
Accts. payable & accruals	20,473,000	15,154,000
Contract advances & deposits	30,158,000	37,243,000
Income taxes	—	1,655,000
Curr. Liabilities	$ 51,952,000	$ 56,843,000
Long-term debt	38,615,000	4,464,000
Deferred inc. taxes	20,854,000	18,897,000
+Common stock	8,454,000	8,454,000
Add. paid-in capital	32,912,000	33,474,000
Retained earnings	41,762,000	37,444,000
Treasury stock	(20,085,000)	(20,678,000)
Long-term incent. plan	(693,000)	—
Total Liabilities & Shareholders' Equity	$ 173,771,000	$ 138,898,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 per value.

Statistical Summary

%Income bef. Taxes to Sales	10.40	12.19
%Net Income to Sales	5.59	6.94
%Net Income to Equity	10.15	13.73
Sales to Investories	3.77	5.87
Debt to Equity	0.64	0.12
Working Capital	$ 72,677,000	$ 49,341,000
Current Ratio	2.40	1.87
Shareholders' Equity	$ 62,350,000	$ 58,694,000

EECO Incorporated

P.O. Box 659
1601 East Chestnut Avenue
Santa Ana, California 92702
(714) 835-6000

Officers: Robert C. Milo, president & chief exec. officer; Robert B. Bonney, chairman of the board; Seymour A. Schlosser, v.p., chief financial officer & secretary; Robert W. Allen, v.p.-administration; Carl Jeremias, v.p. & president-EECO Computer, Inc.; Edward F. Sidor, v.p.-marketing; Vincent G. Smedes, v.p.-operations; George W. Bates, v.p.-engineering; John C. Roderick, v.p.-business planning & development.

Directors: Robert B. Bonney, chairman; John F. Bishop, Robert C. Milo, Ruel C. Mercure, Jr., J. J. Shelton, William J. Bowers, John R. Stahr.

Areas of Work: Develops and manufactures passenger entertainment controls for airlines; thumbwheel and membrane switches; electronic packaging hardware, programming "software" and panel wiring services, modular socket assemblies and companion card files; punched tape readers; electronic video/audio editing equipment; editing equipment; telecommunications equipment; hotel computer systems.

Divisions and Subsidiaries

The Maxi-Switch Company
5436 West Latham Street
Phoenix, Arizona 85043
(602) 272-5645
Manufactures keyboards for use with computers, communications equipment and electronic cash registers.

Maxi-Switch Keyboard
5436 West Latham Street
Phoenix, Arizona 85043
(602) 272-5645
Manufacture of membrane switch panels.

EECO Computer, Inc.
1441 East Chestnut Avenue
Santa Ana, California 92702
(714) 835-6000
Designs, markets and services computer systems for hotels, resorts and convention centers.

EECO Ltd.
Trafalgar Way Bar Hill
Cambridge CB3 8SQ England
Assembly of Maxi-Switch keyboards for sale in the European market.

EECO Foreign Sales Company, Inc.
Sells company products to foreign customers.

EmELCO S.A. de C.V. (49%-owned)
P.O. Box 6039
Nogales, Arizona 85628
(602) 281-9697
Assembles products for EECO Incorporated and other companies in a Magdalena, Sonora, Mexico, facility.

Components Products Division
Video Products Division

Convergence Corporation
Irvine, California
Provides computerized editing and control systems to the television and professional video communications industry.

Transfer Agent(s):

U.S. Stock Transfer Corp.
1745 Gardena Avenue
2nd Floor
Glendale, California 91204

Stock Exchange(s): American

Ticker Symbol: EEC

Number of Employees:

1987	846	1984	778
1986	880	1983	643
1985	748		

Plant Footage:

1987 ..... 269,000 sq. ft. 1986 288,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 77,728,000	$ 1,526,000
1986	62,583,000	2,385,000
1985	54,315,000	1,621,000
1984	46,418,000	1,244,000
1983	35,284,000	1,055,000

	No. of Com. Shares #	Earn. per Share #
1987	4,046,000	$ 0.38
1986	3,939,000	0.61
1985	3,819,000	0.42
1984	3,855,000	0.32
1983	3,840,235	0.27

Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987 (000's)	%	1986 (000's)	%
Switch prods.	$ 48,528	63 %	$ 32,110	51 %
Air transport prods.	11,871	15	11,053	18
Mini-computer	11,099	14	13,633	22
Video prods.	6,270	8	5,787	9
Total	$ 77,728	100 %	$ 62,583	100 %

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.23	—	3-for-2
1985	0.21	—	—
1984	0.21	—	—
1983	0.19	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 24,818,000	$ 6.13
1986	23,750,000	6.03
1985	21,772,000	5.70
1984	20,535,000	5.33
1983	20,065,000	5.23

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 77,728,000	$ 62,583,000
Cost of sales	49,255,000	37,338,000
Res. and develop.	3,404,000	2,978,000
Expenses	20,436,000	16,790,000
Interest expense	1,940,000	1,080,000
Income before taxes	$ 2,673,000	$ 4,417,000
Income taxes	1,147,000	2,032,000
Net Income	$ 1,526,000	$ 2,385,000

* Included in Costs and Expenses, Depreciation: $3,058,000 in 1987 and $2,478,000 in 1986.

EECO Incorporated

Assets

As of Dec. 31	1987	1986
Cash	$ 1,392,000	$ 1,451,000
Accts. receiv., net	17,392,000	13,800,000
*Inventories	23,745,000	12,662,000
Prepaid expenses	903,000	857,000
Deferred taxes	1,768,000	679,000
Current Assets	$ 45,200,000	$ 29,449,000
#Fixed assets	13,752,000	13,204,000
Intangibles	5,652,000	5,718,000
Other assets	4,668,000	3,624,000
Total Assets	$ 69,272,000	$ 51,995,000

Liabilities

Long-term debt, curr.	$ 781,000	$ 135,000
Accts. payable	8,881,000	3,135,000
Notes payable	15,900,000	7,694,000
Income taxes	846,000	—
Accrued payroll	1,641,000	1,769,000
Other liabilities	2,452,000	2,456,000
Curr. Liabilities	$ 30,501,000	$ 15,189,000
Long-term debt	11,247,000	11,753,000
Deferred inc. taxes	2,706,000	1,303,000
+ Common stock	6,679,000	6,493,000
Retained earnings	17,897,000	17,320,000
Eq. adjust. from for. curr. trans.	242,000	(63,000)
Total Liabilities & Shareholders' Equity	$ 69,272,000	$ 51,995,000

* At lower of average cost or market (net realizable value).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.44	7.06
%Net Income to Sales	1.96	3.81
%Net Income to Equity	6.15	10.04
Sales to Inventories	3.27	4.94
Debt to Equity	0.48	0.50
Working Capital	$ 14,699,000	$ 14,260,000
Current Ratio	1.48	1.94
Shareholders' Equity	$ 24,818,000	$ 23,750,000

EG&G, Inc.

45 William Street
Wellesley, Massachusetts 02181
(617) 237-5100

Officers: John M. Kucharski, chairman, president & chief exec. officer; Dean W. Freed, vice chairman; Donald M. Kerr, exec. v.p.; David J. Beaubien, sr. v.p.; Samuel Rubinovitz, sr. v.p.; John R. Dolan, sr. v.p. & chief financial officer; William T. Barrett, vice president; Philip C. Kautt, vice president; Daniel F. Riley, vice president; Charles M. Williams, vice president; Peter H. Zavattaro, vice president; James O. Zane, vice president; Louis P. Valente, vice president; James R. Dubay, vice president; Richard F. Murphy, vice president; Fred B. Parks, vice president; Donald H. Peters, vice president; Luciano S. Rossi, vice president; Louis J. Williams, vice president; Leo M. Kelly, v.p.-general counsel & clerk; Peter A. Broadbent, treasurer; Richard P. Delio, controller; Peter F. Chapski, dir.-investor relations.

Directors: Bernard J. O'Keefe, Dean W. Freed, Kent F. Hansen, Roderick M. MacKougall, Joseph F. Turley, Robert F. Goldhammer, John B. Gray, G. Robert Tod, John M. Kucharski, William P. Pounds, John L. Thompson.

Areas of Work: The Company manufactures and markets electronic instruments and electronic and mechanical components. It is involved in biomedical, automotive, and energy-related research, services, and equipment. For the government, EG&G participates in a range of special projects for the military, and in long-term engineerings and site-management programs. These programs support the national defense and security, the nation's manned space program, and nuclear and alternative-energy research and development.

Divisions and Subsidiaries:

INSTRUMENTS

EG&G ORTEC
100 Midland Road
P.O. Box C
Oak Ridge, Tennessee 37831-0895
(615) 482-4411
Radiation detectors and associated electronics for nuclear research, radiation-monitoring, materials analysis, and industrial quality control.

EG&G Princeton Applied Research Corporation
7 Roszel Road
P.O. 2565
Princeton, New Jersey 08543-2565
(609) 452-2111
Electronic signal detectors and analyzers for plasma research, fiberoptic measurements, laser diagnostics and quality control in the manufacture of semiconductors and magnetic recording media. Electrochemical instruments for analysis of wastewater, foods and medicine, and corrosion rates. Sensors for liquid chromatography analysis, and communication interfaces for recording research data.

EG&G Geometrics, Inc.
395 Java Drive
P.O. Box 497
Sunnyvale, California 94086
(408) 734-4616
Geophysical survey instrumentation. Specifically, airborne and marine magnetometers, gammaray spectrometers, seismographs and related recording equipment. Airborne surveys for mineral and energy-resource exploration.

EG&G Marine and Atmospheric Products
217 Middlesex Turnpike
Burlington, Massachusetts 01803
(617) 270-9100
Side-scan sonar systems and related instruments for the military and for academic institutions involved in oceanography and geophysics.

EG&G Chandler Engineering Company
7707 East 38th Street
Tulsa, Oklahoma 74145
(918) 627-1740
High-pressure, high-temperature testers for oil well cement and drilling fluids used in energy production. Precision pressure calibration instruments, consistometers, dead weight testers, viscometers and hygrometers.

EG&G Ocean Products
1140 Route 28A
Cataumet, Massachusetts 02534
(617) 563-9317
Oceanography instruments. Specifically, acoustic releases, conductivity-temperature-depth systems, current meters, conductivity-temperature-depth systems, current meters, transponder navigation systems, and laboratory standard equipment for the military, academic institutions, and marine industry.

EG&G Gamma Scientific
3777 Ruffin Road
San Diego, California 92123
(619) 279-8034
Instruments and systems for measuring optical radiation and computer-controlled systems for spectral and spatial analysis of electronic and cathode ray tube (CRT) display. Radiometers, spectroradiometers, photometers, microdensitometers, optical spectrum analyzers.

EG&G Mount Sopris Instruments
675 Industrial Blvd.
P.O. Box 449
Delta, Colorado 81416
(303) 874-5711
Logging instruments for natural resource exploration.

EG&G Biomolecular
4 Tech Circle
Natick, Massachusetts 01760
(617) 650-1180
DNA sequencer instrument that automates biochemical analysis, or sequencing, or deoxyribonucleic acid of living organisms.

COMPONENTS

EG&G Rotron Group
7 Hasbrouck Lane
Woodstock, New York 12498
(914) 679-2401
Fans and blowers for cooling electronic equipment and for industrial applications. Motors and related drive systems for computer peripherals and industrial machinery.

EG&G Torque Systems
36 Arlington Street
Watertown, Massachusetts 02172
(617) 924-6000
Servo motors, tachometers, power amplifiers, and motor controls.

EG&G Fluid Components Technology Group
15 Pioneer Avenue
Warwick, Rhode Island 02888
(401) 781-4700
Seals and bellows devices from EG&G Sealol used in systems involving engines, motors, gearboxes, pumps, and compressors. Applications in aerospace, marine, military, petrochemical, chemical processing, and other industrial markets. Tensioner systems for manway covers in nuclear plants. Solenoid and mechanical valves from EG&G Wright Components for aerospace and defense applications. Precision metal gaskets for jet engines and flexible ducting for the aircraft industry from EG&G Pressure Science. Formed metal components and assemblies for the aircraft industry from EG&G Aerofab. Precision titanium components for the aerospace industry from EG&G Missouri Metals Shaping Co.

EG&G Electron Devices Group

EG&G Electro-Optics Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200
Flashtubes and power supplies for phototypesetters, office copies, laser scribers, and microfilm equipment and for use in stroboscopy, material curing, beaconry and laser-fusion research. Silicon photodiodes and instruments for detecting and measuring light. Instruments and systems to measure optical radiation. Precision timers. Automate light-sensing switches.

EG&G Frequency Products Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200
Precision frequency-control devices for military and some commercial applications. Specifically, rubidium atomic frequency standards, crystals and crystal-based oscillators, precision filers, discriminators, and equalizers.

EG&G Reticon
345 Rotero Avenue
Sunnyvale, California 94046
(408) 738-4266
Signal processing devices for communications, computer, musical instrument, and speech-recognition applications. Modem filters for data communications. Photodiode arrays for optical character recognition and facsimile transmission and image sensors for industrial quality, and process control. Camera sensor systems for industrial automation, robotics, and noncontact measurement inspection, and control.

EG&G Vactec
10900 Page Boulevard
St. Louis, Missouri 63132
(314) 423-4900
Custom, commercial optoelectronic components for street light controls, television brightness controls and slide projectors. Photodiodes used in smoke dectors, cameras and medical and chemical instruments. Sensing devices used in photocopiers, computer peripherals, and industrial controls.

EG&G Alutech, Inc.
132 Sykes Road
Fall River, Massachusetts 02720
(617) 672-2212
Extruded aluminum products, heat sinks for dissipation of heat from electronic components and systems.

EG&G Almond Instruments
1330 East Cypress Street
Covina, California 91724
(818) 967-9521
Power supply and switch mode power units from military and industrial use.

EG&G Frank Hill Associates
100 West 35th Street
Suite 6
National City, California 92050
(619) 425-9841
Heat exchangers and air movers for cooling electronics equipment, primarily for military applications.

CEA Berkleonics
1 Aerovista Park
San Luis Obispo, California 93401
(805) 544-5454
Switching power supplies used with commercial mainframe computers, computer peripherals, microprocessor systems and AC-to-DC constant power sources, and voltage regulators.

EG&G Cirtech
15237 Cherry Street
Shawnee Mission, Kansas 66223
(913) 681-2801
Frequency-control components, including precision filters, discriminators, and equalizers.

EG&G Photon Devices
Salem, Massachusetts
Silicon photodiodes to detect and measure light and other optical radiation.

EG&G Birtcher Industrial Products
4505 North Arden Drive
El Monte, California 91734
(818) 442-2572
Printed circuit board card guides, accessories, and racks and enclosures.

EG&G Wakefield Components
34 & 60 Audubon Road
Wakefield, Massachusetts 01880
(617) 245-5900
Heat exchangers and other heat-transfer units.

CINOX Corporation
4914 Gray Road
Cincinnati, Ohio 45232
(513) 542-5555
Quartz crystals and high-performance crystal-based oscillators for a wide range of government and commercial satellite and telecommunications applications.

EG&G Judson
221 Commerce Drive
Montgomeryville, Pennsylvania 18936
(215) 368-6900
Infrared and fiber-optic components- detectors, sensors, linear arrays, dewar packages, and preamplifiers. Application of infrared materials including germanium, indium antimonide, indium arsenide, and mercury cadmium telluride.

ENVIRONMENTAL AND BIOMEDICAL TESTING SERVICES

EG&G Automobile Research, Inc.
5404 Bandera Road
San Antonio, Texas 78238-1993
(512) 684-2310
Service to the automotive and petroleum industries and to the federal government by means of mobile and stationary testing of passenger cars, trucks, motorcycles, fuels, lubricatns, automotive components, and vehicle emmisions.

EG&G Mason Research Institute, Inc.
57 Union Street
Worcester, Massachusetts 01608
(617) 791-9831
Biomedical research support services. Commercial toxicology and studies in reproductive physiology, anti-cancer agents, and drug abuse. In vivo testing to evalute the effectiveness of products developed for cancer treatment.

EG&G Structural/Kinematics
950 Maplelawn
Troy, Michigan 48084
(313) 643-4622
Computer-aided structural testing of automotive components (fatigue and environmental), design and manufactures mechanical test systems and supporting software.

CUSTOM SERVICES AND SYSTEMS

EG&G Florida, Inc.
412 High Point Drive
Cocoa, Florida 32926
(305) 639-3522
Management of technical operations, administrative services, utilities, facilities, and health and security services at NASA's Kennedy Space Center.

EG&G Washington Analytical Services Center, Inc.
1396 Piccard Drive
Rockville, Maryland 20850
(301) 840-3000
Planning, engineering, management support to U.S. defense, energy, and space programs. Scientific instrumentation and field support on military programs being conducted by the U.S. and by foreign governments. Fire control and guidance systems, software development, shipboard systems development and testing.

EG&G Security Systems
2440 Alamo, S.E.
Albuquerque, New Mexico
(505) 243-2889
Design, engineering and installation of high-technology electronic security systems for government and industrial sites. Management services for risk assessment, avoidance/mitigation analysis, crisis procedures, and training.

EG&G, Inc.
Electronic Components Division
35 Congress Street
Salem, Massachusetts 01970
(617) 745-3200
High-reliability electronic components (thyratrons, sprytrons, krytrons, spark gaps, and over-voltage gaps) and associated assemblies for defense and energy programs.

EG&G Special Products, Inc.
821 Grier Drive
Las Vegas, Nevada 89119
Technical and field support to Department of Defense agencies.

DEPARTMENT OF ENERGY SUPPORT

EG&G Idaho, Inc.
1955 Fremont Street
Idaho Falls, Idaho 83415
(208) 526-0111
Support to nuclear and non-nuclear programs at the Idaho national Engineering Laboratory. Management and operation of facilities for research and development in reactor safety, materials irradiation, fusion safety, and nuclear-waste management.

EG&G Energy Measurements, Inc.
316 East Atlas Circle
Las Vegas, Nevada 89125
(702) 295-5511
Technical and scientific support in nuclear weapons effects testing and in non-nuclear energy programs. Airborne radiation surveillance an dremote sensing.

Reynolds Electrical & Engineering Co., Inc.
2501 Wyandotte Street
P.O. Box 14400
Las Vegas, Nevada 89114
(702) 295-3379
Management and support functions and DOE's Nevada Test Site, and road construction and maintenance, nuclear-waste management, large-diameter and conventional drilling, mining and tunneling, radiation monitoring, medical and health care, communications, occupational safety, fire protection, and dosimetry and fall-out research.

Investments

EG&G Ventures, Inc.
700 East El Camino Real
Suity 270
Mountain View, California 94040
(415) 967-2822
A private business development organization emphasizing venture capital type investments in seeking above-average capital appreciation throughmarketable and non; marketable securities, common and preferred stocks in small technology companies, venture capital limited partnerships, and other business entities.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: EGG

Number of Employees:

1987	23,000	1984	22,000
1986	23,000	1983	19,900
1985	23,000		

Plant Footage:

1987	4,100,000 sq. ft.	1984	3,800,000
1986	N.A.	1983	3,400,800
1985	N.A.		

N.A. - Not Available.

Sales & Earnings x

	Net Sales‡	Net Income
1987	$ 1,247,483,000	$ 55,453,000
1986	1,186,836,000	46,000,000
1985	1,192,941,000	56,812,000
1984	1,112,633,000	54,306,000
1983	938,251,000	45,695,000

	No. of Com. Shares +	Earn. per Share +
1987	27,758,000	$ 2.00
1986	27,633,000	1.66
1985	27,308,000	2.08
1984	N.A.	1.88
1983	N.A.	1.48

N.A. - Not Available
x Restated to include operations of KT Aerofab, Inc., acquired on a pooling of interest basis.
‡ Includes contract revenues.
+ Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1987	1987
Instruments	$ 116,459,000	$ 116,922,000
Components	329,868,000	313,124,000
Environmental & Biomedical service	50,502,000	36,806,000
Custom svcs. & systems	357,833,000	327,441,000
Dept. of energy tech. support	381,851,000	377,982,000
Investments	10,970,000	14,561,000
Total	$ 1,247,483,000	$ 1,186,836,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.56	—	—
1986	0.52	—	—
1985	0.48	—	—
1984	0.40	—	—
1983	0.36	—	—

Common Stock Equity x

	Total Equity	Equity Per Share
1987	$ 271,384,000	$ 9.78
1986	237,373,000	8.59
1985	203,343,000	7.45
1984	148,678,000	—

x Restated.
Based on the weighted average number of common shares outstanding.

EG&G, Inc.

Income Account *
(000's)

Year ended	1/3/88	12/28/86‡
Net sales & contract revenues	$ 1,235,854	$ 1,164,836
Cost of sales	1,005,161	966,565
Expenses	151,404	135,609
Other income	(11,629)	(22,000)
Income before taxes	$ 80,953	$ 74,340
Income taxes	25,500	28,340
Net Income	$ 55,453	$ 46,000

* Included in Costs and Expenses, Depreciation and Amortization: $21,203,000 in 1987 and $16,890,000 in 1986.
‡ Restated.

Assets
(000's)

As of	1/3/88	12/28/86‡
Cash & short-term invest.	$ 32,040	$ 23,278
Accts. receiv., net	169,622	162,621
* Inventories	84,149	74,377
Other curr. assets	22,016	10,194
Current Assets	$ 307,827	$ 270,470
Investments	106,399	92,605
# Fixed assets	52,428	46,622
Other assets	10,633	12,567
Intangibles	38,171	29,760
Total Assets	$ 515,458	$ 452,024

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 59,222	$ 41,885
Accts. payable	46,695	39,916
Accruals	74,502	66,945
Income taxes	17,575	19,538
Curr. Liabilities	$ 197,994	$ 168,284
Long-term debt	21,360	20,921
Deferred inc. taxes	15,277	17,013
Other liabilities	9,443	8,433
+ Common stock	27,788	27,784
Add. paid-in capital	8,974	10,254
Retained earnings	237,430	202,840
Cum. trans. adjust.	(642)	(3,211)
Treasury stock	(2,166)	(294)
Total Liabilities & Shareholders' Equity	$ 515,458	$ 452,024

‡ Restated.
* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.55	6.38
%Net Income to Sales	4.49	3.95
%Net Income to Equity	10.43	19.38
Debt to Equity	0.30	0.26
Working Capital	$ 109,833,000	$ 102,186,000
Current Ratio	1.55	1.61
Shareholders' Equity	$ 271,384,000	$ 237,373,000

E-H International, Inc.

696 East Trimble Road
San Jose, California 95131
(408) 435-2677

Officers: Reginald R. Kearton, chairman, chief executive & financial officer; Kenneth S. Carey, acting president-Mini Computer Technology, Inc. & corporate secretary; John T. Sines, controller & asst. secretary.

Directors: Kenneth S. Carey, Reginald R. Kearton, James P. Roche.

Areas of Work: Through its subsidiary, Mini Computer Technology, designs and manufactures computer peripheral controllers which interface OEM minicomputers and microcomputers to a wide variety of disk and tape drives.

Subsidiary:

Mini Computer Technology, Inc.
696 East Trimble Road
San Jose, California 95131

Transfer Agent(s):

Bank of America
Corporate Agency Division
201 Mission Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	16	1985	N.A.
1986	21	1984	238

Plant Footage:

1987	8,000 sq. ft.	1985	N.A.
1986	8,000	1984	83,950

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income†
1987	$ 1,998,000	$ (493,000)
1986	1,161,000	(2,970,000)
1985	1,808,000	(1,579,000)
1984	2,515,000	2,222,000
1983	2,160,000	(829,000)

	No. of Com. Shares #	Earn. per Share #†
1987	4,302,000	$ —
1986	3,880,000	—
1985	3,243,000	—
1984	3,511,000	0.69
1983	3,154,000	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.
† Including extraordinary gain of $220,000 in 1986.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ (2,186,000) +	$ —
1986	(1,693,000)	—
1985	791,000	0.24
1984	2,358,000	0.67
1983	2,446,000	0.78

(Deficiency)
+ After allowing for preferred stock at stated value.
# Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net revenues	$ 1,899	$ 1,161
Cost of revenues	922	721
Expenses	1,238	2,216
Interest expense	99	195
Loss-cont. oper.	$ (361)	$ (1,971)
Loss discont. oper.	(132)	(1,219)
Net Loss	$ (493)	$ (3,190)
Extraord. gain	—	220
Net Loss & extraord. gain	$ (493)	$ (2,970)

* Included in Costs and Expenses, Depreciation and Amortization: $126,000 in 1987 and $209,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash	$ 34	$ 4
Proc. receiv. on sale of discont. oper.	—	70
Receiv. net	145	115
*Inventories	108	104
Prepaid expenses	13	23
Notes receivable	104	130
Current Assets	$ 404	$ 446
#Fixed assets	149	222
Notes receiv.	—	44
Other assets	37	15
Intangibles	152	182
Total Assets	$ 742	$ 909

Liabilities
(000's)

Bank overdraft	$ 35	$ —
Notes payable & long-term debt, curr.	62	37
Accts. payable	684	480
Accrued payroll	35	34
Accrued expenses	218	204
Curr. Liabilities	$ 1,034	$ 755
Long-term debt	678	708
Net liab. of discont. oper.	362	285
+Preferred stock	854	854
+ +Common stock	5,394	5,394
Accumulated deficit	(7,580)	(7,087)
Total Liabilities & Shareholders' Equity	$ 742	$ 909

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ 10% redeemable convertible.
+ + No par value.

EIP Microwave, Inc.

4300 Campus Drive, Suite 235
Newport Beach, California 92660
(714) 756-8171

Officers: John F. Bishop, chairman of the board & treasurer; Mark K. Howlett, vice chairman of the board; Jeffrey B. Bryant, president; Jonathan W. Clem, v.p.-finance and administration & asst. secretary; Stanley J. Brock, v.p.-sales; Mark D. Roos, v.p.-engineering, research & development; Robert W. Austin, v.p.-operations; Sharon F. Lloyd, secretary.

Directors: John F. Bishop, Mark K. Howlett, J. Bradford Bishop, Robert D. Johnson, John C. Metzger, James J. Shelton, J. Sidney Webb.

Areas of Work: Develops, manufactures and markets electronic test instrumentation, including automatic microwave frequency counters and signal sources, for the defense and telecommunications industries.

Joint Venture:

EIP/Cushman, Inc. (50% owned)

Transfer Agent(s):

First Interstate Bank
Stock Transfer Department
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EIPM (NASDAQ)

Number of Employees:

1987	145	1984	236
1986	N.A.	1983	208
1985	201		

N.A. - Not Available.

Plant Footage:

1987 ..... 51,300 sq. ft.

Sales & Earnings

	Net Sales‡	Net Income‡ +
1987	$ 18,826,000	$ 310,000
1986	20,163,000	361,000
1985	20,293,000	759,000
1984	20,559,000	1,823,000
1983	18,369,000	1,528,000

	No. of Com. Shares†	Earn. per Share # +
1987	2,190,535	$ 0.14
1986	2,183,187	0.16
1985	2,182,339	0.34
1984	2,210,816	0.80
1983	2,363,866	0.66

‡ Of continuing operations only.
+ Including extraordinary gain of $48,000 ($0.02 per share) in 1986.
† Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.12	—	—
1986	0.12	—	—
1985	0.12	—	—
1984	0.10	—	—
1983	0.08	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 6,289,000	$ 2.87
1986	6,217,000	2.85
1985	6,137,000	2.81
1984	6,106,000	2.76
1983	5,218,000	2.30

‡ Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 18,826,000	$ 20,163,000
Cost of sales	9,347,000	10,034,000
Expenses	9,059,000	9,563,000
Interest expense	56,000	188,000
Income before taxes	$ 364,000	$ 378,000
Income taxes	54,000	65,000
Net income	$ 310,000	$ 313,000
Extraordinary gain	—	48,000
Net income & extraord. gain	$ 310,000	$ 361,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,051,000 in 1987 and $911,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 1,425,000	$ 21,000
Accts. receiv., net	2,459,000	4,184,000
*Inventories	3,349,000	3,703,000
Prepaid expenses	133,000	142,000
Current Assets	$ 7,366,000	$ 8,050,000
# Fixed assets	2,828,000	3,160,000
Other assets & investments	239,000	299,000
Total Assets	$ 10,433,000	$ 11,517,000

Liabilities

Short-term debt	$ 83,000	$ 1,150,000
Accounts payable	615,000	562,000
Accruals	994,000	1,253,000
Income taxes	470,000	322,000
Curr. Liabilities	$ 2,162,000	$ 3,287,000
Long-term debt	1,417,000	1,500,000
Deferred income taxes	517,000	447,000
Deferred gain on sale	48,000	66,000
+ Common stock	22,000	777,000
Add. paid-in capital	782,000	—
Retained earnings	5,485,000	5,440,000
Total Liabilities & Shareholders' Equity	$ 10,433,000	$ 11,517,000

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income before Taxes to Sales	1.93	1.87
%Net Income to Sales	1.65	1.55
%Net Income to Equity	4.93	5.03
Sales to Inventories	5.62	5.45
Debt to Equity	0.24	0.43
Working Capital	$ 5,204,000	$ 4,763,000
Current Ratio	3.41	2.45
Shareholders' Equity	$ 6,289,000	$ 6,217,000

Eldec Corporation

16700 13th Avenue West
P.O. Box 100
Lynnwood, Washington 98046-0100
(206) 743-1313

Officers: Max E. Gellert, chairman of the board & chief executive officer; Bruno Strauss, president & chief operating officer; Thomas K. Brown, exec. v.p., chief financial officer & secretary; Harold R. Grimm, sr. v.p.-Power and Sensing Systems Group; Peter R. Perino, sr. v.p. & pres.-Transducers, Inc.; Richard O. Behrens, v.p.-Power Conversion Division; Robert A. Brown, v.p.-Technology and Central Operations; Robert J. Concannon, v.p.-Monitor and Control Division; H. Bruce Faires, v.p.-business development; Phillip H. Lorenzen, v.p. & treasurer; Robert L. Semlow, v.p.-marketing; Richard N. Simmons, v.p.-Sensing Systems Division; John H. Vicklund, v.p.-industrial relations.

Directors: Max E. Gellert, chairman; Thomas K. Brown, Donald W. Close, Richard E. Engebrecht, Robert J. Gellert, Lawrence L. Mayhew, Glenn M. Mueller, Bruno Strauss.

Areas of Work: Custom designs and manufactures electronic and electromechanical products for aerospace, defense and industrial applications. Principal products include proximity sensing systems for commercial and military aircraft, and custom power supplies for U.S. military aircraft.

Divisions:

Power Conversion Division
Monitor and Control Division
Sensing Systems Division

Subsidiary:

Transducers, Inc.
Cerritos, California

Transfer Agent(s):

First Jersey National Bank
One Exchange Place
Jersey City, New Jersey 07302-3953

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELDC (NASDAQ)

Number of Employees:

1987 1,600

Sales & Earnings

	Net Sales	Net Income
1987	$ 99,380,000	$ 5,528,000
1986	84,823,000	4,651,000
1985	69,174,000	2,509,000
1984	71,087,000	3,674,000
1983	67,317,000	4,190,000

	No. of Com. Shares	Earn. per Share‡
1987	5,159,556	$ 1.07
1986	4,413,521	1.05
1985	4,412,996	0.57
1984	4,412,121	0.83
1983	N.A.	0.95

N.A. - Not Available
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 43,101,000	$ 8.35
1986	29,189,000	6.61
1985	24,535,000	5.56
1984	22,024,000	4.99
1983	18,349,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Eldec Corporation

Income Account
(000's)

Year ended	3/29/87	3/30/86
Net sales	$ 99,380	$ 84,823
Cost of sales	53,906	47,766
Expenses:		
Res. & develop.	5,411	4,044
Selling	7,313	5,635
Gen. & adm.	22,432	18,248
Interest expense	1,209	1,369
Interest income	(522)	(217)
Income before taxes	$ 9,631	$ 7,978
Income taxes	4,103	3,325
Net income	$ 5,528	$ 4,653

° Included in Costs and Expenses, Depreciation and Amortization: $2,426,000 in 1987 and $2,016,000 in 1986.

Assets
(000's)

As of	3/29/87	3/30/86
Cash	$ 4,556	$ 2,263
Accts. receiv., net	18,554	16,077
Refundable taxes	—	59
Contract eng. in process	2,652	3,456
°Inventories	21,714	19,200
Other curr. assets	363	246
Current Assets	$ 47,839	$ 41,301
#Fixed assets	27,316	20,063
Total Assets	$ 75,155	$ 61,364

Liabilities
(000's)

Long-term debt, curr.	$ 586	$ 666
Accts. payable	4,419	4,411
Adv. from cust. - uncompleted contracts	1,515	2,313
Accrued compensation	7,911	6,754
Income taxes	2,242	3,109
Other current liabilities	1,867	1,798
Curr. Liabilities	$ 18,540	$ 19,051
Long-term debt	10,222	10,452
Deferred inc. taxes	2,446	1,842
Other liabilities	846	830
+Common stock	258	221
Add. paid-in capital	9,799	1,452
Retained earnings	33,044	27,516
Total Liabilities & Shareholders' Equity	$ 75,155	$ 61,364

° At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.69	9.41
%Net Income to Sales	5.56	5.49
%Net income to Equity	12.83	15.94
Sales to Inventories	4.58	4.42
Debt to Equity	0.25	0.38
Working Capital	$ 29,299,000	$ 22,250,000
Current Ratio	2.58	2.17
Shareholders' Equity	$ 43,101,000	$ 29,189,000

Electro Audio Dynamics, Inc.

98 Cutter Mill Road
Great Neck, New York 11021
(516) 466-5100

Officers: Martin Bader, chairman of the board & chief exec. officer; Robert P. Laino, sr. v.p.-finance; Andrew J. Bernardo, v.p. & controller; John A. Moore, secretary.

Directors: Martin Bader, chairman; Michael Ba[illegible]r; John A. Moore.

Areas of Work: Manufactures electrical products including indoor TV and FM antennas, sound measuring equipment and medical instrumentation.

Divisions and Subsidiaries

Technodyne Inc. (81.5% owned)

American Electromedics Corp. (55% owned)
13 Sagmore Park Road
Hudson, New Hampshire 03051
(617) 263-3986
Manufactures and markets medical instruments, including impedance audiometers (diagnostic instruments used in the detection of ear diseases); precision power supply instruments, and sound measuring devices.

All Channel Products
98 Cutter Mill Road
Great Neck, New York 11021
(516) 482-9393
Produces indoor television and FM antennas and marketed under the trade name 'Rembrandt' as well as under the private name of certain customers.

Action Drug Company, Inc.
New Castle, Delaware
Distributes health and beauty aid products to retailers throughout the country.

Transfer Agent(s):

United States Trust Company of New York
45 Wall Street
New York, New York 10005

J. Henry Schroder Bank & Trust Company
1 State Street
New York, New York 10015

American Stock Transfer Company
New York, New York

Shawmut Worcester County Bank, N.A.

Stock Exchange(s): Boston

Ticker Symbol: EAD

Number of Employees:
1987 ..... 174 1986 65

Plant Footage:
1987 ..... 194,000 sq. ft. 1986 387,000

Sales & Earnings

	Net Sales+	Net Income†
1987	$ 105,309,000	$ (1,139,000)
1986	3,194,000	(8,326,000)
1985	3,786,000	(6,582,000)
1984	3,858,000	169,000
1983	8,226,000	(759,000)

	No. of Com. Shares#	Earn. per Share#†
1987	7,300,147	$ —
1986	4,211,134	—
1985	2,909,557	—
1984	2,714,220	0.05
1983	2,027,628	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $266,000 in 1985, $151,000 ($0.06 per share) in 1984 and $2,151,000 in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity‡	Equity Per Share+
1987	$ (6,400,000)	$ —
1986	(5,793,000)	—
1985	1,465,000	0.48
1984	6,396,000	2.36
1983	5,85[illegible],000	2.89

(Deficiency)
‡ After allowing for preferred stock at par value.
+ Based on the average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended	8/1/87	8/2/86
Net sales	$ 105,309	$ 3,194
Cost of sales	95,251	2,204
Expenses	8,618	3,770
Depreciation	129	75
Interest expense	3,727	2,218
Interest income	(441)	(65)
Eq. in loss on subsid.	330	214
Loss before taxes	$ (2,305)	$ (5,222)
Income taxes	130	69
Minority interest	190	(1,231)
Loss-cont. oper.	$ (2,625)	$ (4,060)
Inc. (loss)-discont. oper.	1,486	(4,266)
Net (Loss)	$ (1,139)	$ (8,326)

Assets
(000's)

As of	8/1/87	8/2/86
Cash	$ 2,307	$ 560
Accts. & notes receiv., net	16,434	1,228
Due from sale of subsid.	231	5,275
°Inventories	23,054	2,003
Prepaid expenses	138	398
Current Assets	$ 42,164	$ 9,464
Notes receiv.	5,000	3,080
Est. realiz. value of discont. oper.	—	1,799
Invest. in unconsol. subsid.	862	—
#Fixed assets	784	1,612
Other assets	595	544
Intangibles	2,575	1,863
Total Assets	$ 51,980	$ 18,353

Liabilities
(000's)

Notes payable	$ —	$ 206
Long-term debt, curr.	39,711	9,393
Accts. payable	11,300	802
Accruals	2,439	923
Curr. Liabilities	$ 53,450	$ 11,324
Long-term debt	1,859	2,550
Notes payable	—	5,782
Sub. conv. deben.	—	4,752
Other liabilities	2,703	2,370
+Preferred stock	368	368
++Common stock	95	1,774
Add. paid-in capital	20,789	18,571
Retained earnings (deficit)	(23,375)	(22,229)
Treasury stock	(3,909)	(3,909)
Total Liabilities & Shareholders' Equity	$ 51,980	$ 18,353

° At lower of cost (weighted average) or market.
Less accumulated depreciation.
+ $100 par value; 8% cumulative convertible.
++ $0.01 par value in 1987; $0.25 in 1986.

Statistical Summary

Sales to Inventories	4.57	1.59
Shareholders' Equity (Deficiency)	$ (6,032,000)	$ (5,425,000)

Electrohome Limited

809 Wellington Street North
Kitchener, Ontario N2G 4J6 Canada
(519) 744-7111

Officers: J. A. Pollock, chairman of the board, president & chief executive officer; W.D. McGregor, v.p.-Electrohome & pres.-CAP Communications Limited; G. Gingerich, chief financial officer & treasurer; H. H. LaPier, v.p.-Electrohome & group v.p.-Motors; W. M. Nobbs, v.p.-Electrohome & group v.p.-Electronics; J. R. Boehmer, dir.-human resources; R. D. Bolden, secretary & asst. treasurer.

Directors: J. A. Pollock*, chairman; D. S. Sykes*, D.H. Frederick, Barbara L. Steele, G.S. Dembroski*, W.A. Moeser, R.J. Collins-Wright*, D.T. Wright, W.A. Bean.

* Member of the Executive Committee

Areas of Work: Manufactures industrial electronics products, including data display monitors, professional color and black-and-white video surveillance monitors, high resolution color monitors, color computer graphics video displays, custom video displays, Earth/satellite receivers, amplifiers, large screen monochrome and color data/graphics video displays, and single- and double-sided printed circuit boards. Other industrial products include subfractional horsepower motors, packaged motor products, and metal stamping and fabricating. Also engaged in television advertising, television commercial production, radio advertising, radio commercial production and the production of "video only" commercials.

Divisions:

Electronics Division
Motor Division

Subsidiaries:

Electrohome Communications Limited
809 Wellington Street North
Kitchener, Ontario, Canada
(519) 744-7111

CAP Communications Limited
864 King Street West
Kitchener, Ontario, Canada
(519) 578-1313

Acquisition:

The Brinkley Motor Products Company
Brinkley, Arkansas
Manufactures AC fractional horsepower motors.

Transfer Agent(s):

Montreal Trust Company (common shares)
Toronto, Montreal & Winnipeg, Canada

National Trust Company Limited (preferred shares)
Toronto, Montreal, Winnipeg & Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: EL

Number of Employees:

1987	1,958	1984	2,269
1986	2,185	1983	2,148
1985	2,190		

Sales & Earnings

	Net Sales†	Net Income #
1987	$ 122,137,000	$ (5,280,000)
1986	125,126,000	(1,872,000)
1985	N.A.	3,988,000
1984	N.A.	1,180,000
1983	N.A.	(3,298,000)

	No. of Com. Share +	Earn. per Share + #
1987	$ 5,430,000	$ —
1986	5,427,000	—
1985	5,409,000	0.73
1984	5,400,000	0.17
1983	5,400,000	—

(Loss)
N.A. - Not available.
+ Based on the weighted average number of Class-X, Class-Y, and common shares outstanding.
# Including extraordinary gains of $1,347,000 ($0.26 per share) in 1985, and $1,350,000 ($0.21 per share) in 1984, and extraordinary loss of $363,000 in 1987.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.10	—	—
1986	0.10	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	$ 26,569,000	$ 4.89
1986	32,444,000	5.98
1985	34,822,000	6.44
1984	31,425,000	5.81
1983	30,784,000	5.71

‡ After allowing for preferred stock at par value.

Income Account
(000's)

Year ended	12/25/87	12/26/86
Net sales	$ 122,137	$ 125,126
Cost of sales & expenses	111,990	113,432
Res. & develop.	5,252	4,797
Depreciation and amortization	3,634	3,353
Interest expense	1,756	1,507
Royalty income	(355)	(662)
CTV spec. assess.	812	—
Inc. (loss) bef. taxes	$ (752)	$ 2,699
Income taxes	3,093	3,193
Loss - cont. oper.	$ (3,845)	$ (494)
Loss - discont. oper.	(1,072)	(1,378)
Net Loss	$ (4,917)	$ (1,872)
Extraord. loss	(363)	—
Net Loss & extraord. loss	$ (5,280)	$ (1,872)

Assets
(000's)

As of	12/25/87	12/26/86
Accts. receiv., net	$ 32,061	$ 21,121
*Inventories	16,710	13,630
Prepaid expenses	3,378	2,540
Recov. inc. taxes	530	—
Net assets-discont. oper.	498	13,460
Current Assets	$ 53,185	$ 50,751
#Fixed assets	24,780	23,309
Deferred income taxes	544	680
Intangibles	1,612	1,477
Deferred foreign exch.	3,638	121
Total Assets	$ 83,559	$ 76,348

Liabilities
(000's)

Long-term debt, curr.	$ 1,919	$ 2,227
Accts. pay. & accruals	19,321	12,871
Bank advances	21,937	11,322
Deferred income	155	158
Prov. for warranty exp.	564	701
Inc. taxes payable	—	222
Net liab. discont. oper.	1,480	4,406
Curr. Liabilities	$ 45,376	$ 32,107
Long-term debt	9,679	9,216
Def. revenue	1,185	1,791
+Preferred stock	750	750
++Class X & Class Y	6,576	6,558
Retained earnings	19,993	25,886
Total Liabilities & Shareholders' Equity	$ 83,559	$ 76,348

* At lower of cost or replacement cost or net realizable value.
# Less accumulated depreciation.
+ $100 par value; 5.75% cumulative.
++ No par value.

Statistical Summary

Sales to Inventories	7.31	9.18
Debt to Equity	0.42	0.34
Working Capital	$ 7,809,000	$ 18,644,000
Current Ratio	1.17	1.58
Shareholders' Equity	$ 27,319,000	$ 33,234,000

Electromagnetic Sciences, Inc.

P.O. Box 7700
660 Engineering Drive, Technology Park
Atlanta, Georgia 30092
(404) 448-5770

Officers: John E. Pippin, chairman of the board & chief executive officer; Thomas E. Sharon, president & chief operating officer; Joseph W. Simon, sr. vice president; William F. Evans, sr. vice president; William K. Alverson, vice president; Bruce R. Savage, vice president; Gordon R. Harrison, vice president; W. Douglas McDowell, vice president; Don T. Scartz, v.p.-finance, treasurer & secretary; F. Lane Mobley, asst. secretary.

Directors: John E. Pippin, Joseph W. Simon, Henry A. Bronner, William L. Davenport, Richard V. Holsinger, Jerry H. Lassiter, John B. Mowell, Thomas E. Sharon, William F. Evans.

Areas of Work: Designs and produces microwave components, microwave subsystems, and radio-linked data terminals for the communications and related industries. These products are sold primarily to manufacturers of communications, radar, electronic countermeasures, surveillance, or similar electronic systems, and to companies using computer-controlled materials handling systems.

Divisions and Subsidiaries:

Gamm-f Corporation
Torrance, California

LXE Division

Electromagnetic Sciences, Inc.

Transfer Agent(s):

Trust Company Bank
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELMG (NASDAQ)

Number of Employees:

1987	860	1986	750

Plant Footage:

1987	299,000 sq. ft.	1985	177,000
1986	277,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 65,172,629	$ 6,806,765
1986	47,952,000	5,478,592
1985	33,344,294	4,291,278
1984	25,258,501	3,397,345
1983	18,545,920	2,664,644

	No. of Com. Shares #	Earn. per Share #
1987	7,309,886	$ 0.93
1986	7,290,754	0.75
1985	7,150,824	0.60
1984	7,050,431	0.48
1983	7,090,085	0.38

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	4-for-3
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 35,544,750	$ 4.86
1986	30,159,778	4.14
1985	24,465,075	3.42
1984	19,815,695	2.81
1983	16,370,535	2.31

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 65,172,629	$ 47,952,305
Cost of sales	40,857,595	30,052,267
Expenses	12,529,072	8,199,151
Interest income	(574,967)	(946,219)
Interest expense	312,344	207,514
Income before taxes	$ 12,047,765	$ 10,439,592
Income taxes	5,241,000	4,961,000
Net income	$ 6,806,765	$ 5,478,592

* Included in Costs and Expenses, Depreciation and Amortization: $2,868,338 in 1987 and $1,985,759 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 3,068,432	$ 3,171,343
Marketable securities	6,700,000	10,287,136
Receiv., net	16,377,782	11,674,148
Accrued int. income	5,233	52,418
*Inventories	2,417,625	1,626,434
Current Assets	$ 28,569,072	$ 24,811,499
#Fixed assets	27,233,037	22,167,144
Other assets	630,635	611,369
Total Assets	$ 56,432,746	$ 47,590,012

Liabilities

Long-term debt, curr.	$ 130,212	$ 114,108
Accts. payable	3,748,290	2,301,075
Accruals	4,250,049	3,523,697
Income taxes	1,396,336	1,079,700
Curr. Liabilities	$ 9,524,887	$ 7,078,580
Long-term debt	8,760,933	8,191,147
Deferred inc. taxes	2,438,217	2,013,217
Other Liabilities	163,957	147,290
+Common stock	698,097	707,826
Add. paid-in capital	9,795,859	11,207,923
Retained earnings	25,050,794	18,244,029
Total Liabilities & Shareholders' Equity	$ 56,432,746	$ 47,590,012

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.49	21.77
%Net Income to Sales	10.44	11.43
%Net Income to Equity	19.15	18.17
Sales to Inventories	26.96	29.48
Debt to Equity	0.25	0.28
Working Capital	$ 19,044,185	$ 17,732,919
Current Ratio	3.00	3.51
Shareholders' Equity	$ 35,544,750	$ 30,159,778

Electronic Associates, Inc.

185 Monmouth Parkway
West Long Branch, New Jersey 07764
(201) 229-1100

Officers: William R. Smart, chairman of the board; Robert G. Finney, president & chief exec. officer; Richard K. Stanislaw, v.p.-finance, treasurer & secretary; James P. Tarlton, v.p.-field service; Otis C. Wright, Jr., v.p.-simulation computers; Gary L. Long, v.p.-contract mfg.

Directors: Robert G. Finney, John L. Helm, Hilliard W. Paige, William R. Smart, Herbert I. Penfold, Kenneth P. Johnson, Fred L. Martineau.

Areas of Work: Develops and manufactures computer systems used in dedicated and general-purpose simulation applications for training and advanced research and development studies. Products and services include computers used for real-time simulation contract manufacturing.

Divisions and Subsidiaries:

EAI-Electronic Associates (Japan), Inc.
9th Mori Building
1-3 Shiba-Atago-cho-, Minato-Ku
Tokyo, Japan 105

Transfer Agent(s):

Manufactures Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: EA

Number of Employees:

1987	451	1984	719
1986	408	1983	952
1985	492		

Plant Footage:

1987	174,000 sq. ft.	1984	174,000
1986	174,000	1983	338,000
1985	174,000		

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 32,556,000	$ 249,000
1986	28,130,000	535,000
1985	33,707,000	1,641,000
1984	38,620,000	(10,508,000)
1983	40,848,000	(12,181,000)

	No. of Com. Shares	Earn. Per Share†#
1987	2,862,640	$ 0.09
1986	2,862,640	0.19
1985	2,845,565	0.58
1984	2,844,565	—
1983	2,838,315	—

(Loss)
+ Of continuing operations; includes income from sales, service and rentals.
† Including extraordinary gain of $1,291,000 ($0.46 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1987	1986	1985	1984
Computers & systems	43%	47%	42%	31%
Field service	30	34	27	21
Utility & energy measure systems	0	0	13	29
Mfg. subcontracts	27	19	18	19
Total	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 8,968,000	$ 3.13
1986	10,433,000	3.64
1985	9,434,000	3.32
1984	(763,000)	—
1983	9,733,000	3.43

(Deficiency)

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales, service & rentals	$ 32,556	$ 28,130
Cost of sales, service & rentals	24,735	20,970
Expenses	7,514	6,335
Interest expense	203	125
Other income	(321)	(305)
Inc. bef. taxes	$ 421	$ 1,005
Income taxes	172	470
Net income	$ 249	$ 535

* Included in Costs and Expenses, Depreciation: $736,000 in 1987 and $638,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 443	$ 1,257
Marketable securities	1,000	800
Receivables, net	9,165	7,300
*Inventories	6,658	5,259
Prepaid expenses	335	494
Current Assets	17,601	15,110
#Fixed assets	2,979	2,457
Other assets	184	330
Total Assets	$ 20,764	$ 17,897

Liabilities
(000's)

Long-term debt, curr.	$ 1,043	$ 531
Notes payable	1,000	—
Accts. payable	1,890	2,023
Accruals	3,875	3,674
Other liabilities	73	47
Curr. Liabilities	$ 7,881	$ 6,275
Long-term debt	3,915	1,189
+ Common stock	2,863	2,863
Add. paid-in capital	5,321	7,035
Retained earnings	784	535
Total Liabilities & Shareholders' Equity	$ 20,764	$ 17,897

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.29	3.57
%Net Income to Sales	0.76	1.90
%Net Income to Equity	2.78	5.13
Sales to Inventories	4.89	5.35
Debt to Equity	0.66	0.16
Working Capital	$ 9,720,000	$ 6,835,000
Current Ratio	2.23	2.41
Shareholders' Equity	$ 8,968,000	$ 10,433,000

Electronic Control Systems, Inc.

Post Office Box 2650
Fairmont, West Virginia 26554
(304) 363-8690

Officers: Michael E. Basile, president; Robert E. Harkins, vice president; Leo F. Modi, secretary and treasurer.

Directors: Michael E. Basile, Leo F. Modi, Robert E. Harkins, Paul L. Layman, William R. Newlin, Paul L. Reardean.

Areas of Work: Manufactures a line of temperature and power controls from a simple control loop to fabrication of complete panel systems, with all necessary instrumentation including controllers, power units, switchgear, alarm functions, computer back-up, recorders, and annunciators engineered and/or custom designed to customer's specifications. Major markets are manufacturers of electric furnaces, electric ovens, synthetic fibers, glass, fiberglass, semi-conductor, plastic extruding and molding machinery.

Subsidiaries:

MiLo Technology, Inc. (83.94%-owned)
Pittsburgh, Pennsylvania
Designs and markets computer interface equipment for use in the control of, and communication in, industrial processes.

Fairmont Building and Investment Company (55%-owned)

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELCS (NASDAQ)

Number of Employees:

1987 ..... 66 1985 85
1986 85

Plant Footage:

1987 ..... 35,500 sq. ft. 1985 35,500
1986 35,500

Sales & Earnings

	Net Sales +	Net Income
1987	$ 3,497,291	$ (242,914)
1986	3,639,327	12,256
1985	4,737,869	266,774
1984	4,001,934	120,043
1983	2,577,040	24,419

	No. of Com. Shares	Earn. per Share #
1987	900,697	$ —
1986	900,711	0.01
1985	892,227	0.28
1984	885,250	0.13
1983	889,310	0.03

(Loss)
+ Includes other operating revenues.
# Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1987	1986	1985	1984
Temp. control devices	35%	38%	43%	32%
SCR power supply devices	46	31	40	45
Alarm systems	12	19	14	23
Spare parts	7	12	3	—
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.05	—	—
1986	0.05	—	—
1985	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,936,730	$ 2.15
1986	2,224,702	2.47
1985	2,244,021	2.52
1984	1,998,761	2.26
1983	1,884,825	2.12

‡ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 3,455,300	$ 3,577,319
Other income	52,886	72,304
Loss on eq. in subsid.	(10,895)	(10,496)
Total income	$ 3,497,291	$ 3,639,327
Cost of sales	2,833,147	2,499,003
Expenses	930,211	1,095,388
Interest expense	46,689	66,227
Loss bef. taxes	$ (312,756)	$ (21,291)
Tax credit	(69,842)	(33,547)
Net Income	$ (242,914)	$ 12,256

* Included in Costs and Expenses, Depreciation and Amortization: $114,110 in 1987 and $94,191 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 124,489	$ 136,448
Marketable securities	199,218	181,683
Accts. receiv., net	517,442	367,750
Income taxes	100,484	110,942
Due from affiliates	61,067	61,067
*Inventories	1,156,387	1,296,356
Prepaid expenses	38,147	51,947
Current Assets	$ 2,187,234	$ 2,306,193
Investments	240,210	251,106
#Fixed assets	402,354	475,784
Intangibles	2,315	4,167
Other assets	43,096	78,700
Total Assets	$ 2,875,209	$ 3,016,950

Liabilities

Notes Payable	$ 576,287	$ 440,886
Accts. payable	206,850	196,863
Inc. taxes payable	—	8,000
Accruals	105,235	80,146
Other liabilities	8,956	6,616
Curr. Liabilities	$ 897,328	$ 732,511
Notes payable	15,728	34,314
Deferred compensation	31,134	31,134
Deferred inc. taxes	(5,711)	(5,711)
+Common stock	98,036	98,036
Add. paid-in capital	1,381,940	1,381,940
Retained earnings	603,542	891,490
Treasury stock	(100,619)	(100,595)
Accts. receiv. from officers	(46,169)	(46,169)
Total Liabilities & Shareholders' Equity	$ 2,875,209	$ 3,016,950

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Sales	—	0.34
%Net Income to Equity	—	0.55
Sales to Inventories	2.99	2.76
Debt to Equity	0.31	0.21
Working Capital	$ 1,289,906	$ 1,473,682
Current Ratio	2.44	3.01
Shareholders' Equity	$ 1,936,730	$ 2,224,702

Electronic Data Systems Corporation

(A wholly owned subsidiary of General Motors Corporation)

7171 Forest Lane
Dallas, Texas 75230
(214) 661-6000

Electronic Data Systems Corporation

Officers: Lester M. Alberthal, Jr., president & chief executive officer; J. Davis Hamlin, sr. v.p. & chief financial officer; Paul J. Chiapparone, senior vice president; Gary J. Fernandes, senior vice president; Malcolm J. Gudis, senior vice president; Jeffrey M. Heller, senior vice president; Dean Linderman, senior vice president; G. Stuart Reeves, senior vice president; Claude K. Chappelear, v.p., general counsel & secretary; Anthony E. Weynand, v.p., comptroller & treasurer; Thomas D. Behne, vice president; Thomas L. Bockholt, vice president; James P. Buchanan, vice president; Bruce E. Heath, vice president; Ronald F. Hudler, vice president; Gilbert E. Hurley, vice president; Claiborne H. Johnson, Jr., vice president; Henry E. Johnston, vice president; De Soto Jordan, vice president; Ross N. Reeves, III, vice president; Glen D. Self, vice president; Robert N. Sharpe, vice president; Frank L. Stoneking, vice president; Thomas D. Streeter, vice president.

Directors: Lester M. Alberthal, Jr., Donald J. Atwood, Robert J. Eaton, Jeffrey M. Heller, William E. Hoglund, Dean Linderman, G. Stuart Reeves, Lloyed E. Reuss, Robert J. Schultz, F. Alan Smith, Roger B. Smith, Robert C. Stempel.

Areas of Work: Designs, installs and operates business information and communications systems.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest*, Pacific*, Philadelphia* *Unlisted trading privileges

Ticker Symbol: GME

Number of Employees:

1987 44,000

Sales & Earnings

	Revenues ('000's)	Net Income ('000's)
1987	$ 4,435,900	$ 323,100
1986	4,379,400	260,900
1985	3,464,700	189,800
1984	947,400	80,700
1983	731,800	65,200

	No. of Com. Shares‡	Earn. per Share‡
1987	121,900,000	2.65
1986	121,900,000	2.13
1985	121,900,000	1.57
1984	120,000,000	0.67
1983	N.A.	0.54

N.A. - Not Available.
‡ Based on GM Class E Common stock outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.52	—	—
1986	0.40	—	—
1985	0.195	—	—
1984	0.17	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity ('000's)	Equity Per Share‡
1987	$ 1,053,500	$ 8.64
1986	798,300	6.55
1985	530,600	4.35
1984	345,500	2.88
1983	280,800	—

‡ Based on GM Class E Common stock outstanding.

Income Account *
('000's)

Year ended Dec. 31	1987	1986
Revenues:		
Systems & other contracts:		
GM & subsid.	$ 2,883,300	$ 3,195,100
Outside customs	1,440,500	1,125,900
Interest & other income	112,100	58,400
Total revenues	$ 4,435,900	$ 4,379,400
Cost of sales	3,461,300	3,482,900
Expenses	444,500	433,400
Income before taxes	$ 530,100	$ 463,100
Income taxes	207,000	202,200
Net Income	$ 323,100	$ 260,900

* Included in Costs and Expenses, Depreciation and Amortization: $329,500,000 in 1987 and $260,000,000 in 1986.

Assets
('000's)

As of Dec. 31	1987	1986
Cash & temp. invest.	$ 505,700	$ 235,300
Marketable securities	459,600	298,300
Accts. receiv., net	309,500	306,300
Accts. receiv.-GM & subsid.	16,400	151,600
*Inventories	64,000	23,700
Prepaid expenses	101,500	63,800
Current Assets	$ 1,536,700	$ 1,079,000
Investments	114,900	137,700
#Fixed assets	1,026,200	992,600
Other assets	280,100	200,300
Total Assets	$ 2,957,900	$ 2,409,600

Liabilities
('000's)

Notes payable	$ 36,200	$ 12,500
Accts. payable	121,300	143,000
Accruals	520,900	393,200
Deferred revenue	189,500	95,500
Income taxes	99,000	37,300
Adv. from GM & subsid.	311,900	189,700
Curr. Liabilities	$ 1,278,800	$ 871,200
Notes payable	23,500	19,800
Adv. from GM & subsid.	505,900	601,900
Deferred income	2,600	4,700
Deferred inc. taxes	93,600	113,700
+Common stock	173,700	143,100
Retained earnings	879,800	655,200
Total Liabilities & Shareholders' Equity	$ 2,957,900	$ 2,409,600

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	11.95	10.57
%Net Income to Revenues	7.28	5.96
%Net Income to Equity	30.67	32.68
Debt to Equity	0.06	0.04
Working Capital	$ 257,900,000	$ 207,800,000
Current Ratio	1.20	1.24
Shareholders' Equity	$ 1,053,500,000	$ 798,300,000

Electronics, Missiles & Communications, Inc.

Susquehanna Street Extension
P.O. Box 68
White Haven, Pennsylvania 18661
(717) 443-9575

Officers: S. Stanley Fischman, president; Robert G. Nash, v.p.; John Saul, v.p.; Perry Spooner, v.p.; H. P. Chalmers, treasurer; Martin D. Cohn, secretary; Kay Krull, asst. secretary.

Directors: Shirley Chalmers, H. P. Chalmers, S. Stanley Fischman, William E. Kirksey, Leonard S. Teven.

Areas of Work: Manufactures television broadcast equipment for commercial, educational and private television systems. Principal products are low and medium power television transmitters for VHF, UHF and microwave television transmission; translators, and down-converters.

Subsidiaries:

Del's Tower Service, Inc.
Tower and antenna erection and repair.

Laser Surgical Systems, Inc.
Manufacture and sale of laser surgical instruments.

Transfer Agent(s):

Harris Savings & Trust Company
311 West Monroe, 11th Floor
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ECIN (NASDAQ)

Number of Employees:

1987	62	1984	80
1986	65	1983	120
1985	65		

Plant Footage:

1987	27,000 sq. ft.	1984	27,000
1986	27,000	1983	27,000
1985	27,000		

Sales & Earnings

	Net Sales	Net Income+
1987	$ 5,540,602	$ (250,300)
1986	7,176,170	550,222
1985	3,821,491	(2,352,432)
1984	3,917,814	(1,929,959)
1983	5,724,753	(991,987)

	No. of Com. Shares	Earn. per Share ++
1987	4,107,767	$ —
1986	4,107,771	0.13
1985	4,108,328	—
1984	2,869,695	—
1983	2,867,712	—

(Loss)
+ Included extraordinary gain of $275,000 ($0.06 per share) in 1986.
++ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 651,682	$ 0.16
1986	901,989	0.22
1985	358,112	0.09
1984	1,473,174	0.51
1983	3,381,848	1.18

Income Account *

Year ended March 31	1987	1986
Net sales	$ 5,540,602	$ 7,176,170
Cost of sales	3,747,383	4,748,118
Expenses	1,634,492	1,611,510
Research & development	64,158	51,526
Other expenses	324,869	214,794
Income (loss) bef. taxes	$ (250,300)	$ 550,222
Income taxes	—	275,000
Net Income (Loss)	$ (250,300)	$ 275,222
Extraord. gain	—	275,000
Net Income (Loss) & extraord. gain	$ (250,300)	$ 550,222

* Included in Costs and Expenses, Depreciation: $172,448 in 1987 and $201,980 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 1,325,133	$ 934,119
Accts. & notes receiv., net	496,269	1,293,278
*Inventories	1,389,000	1,426,500
Prepaid inc. taxes & other expenses	49,543	108,957
Current Assets	$ 3,259,945	$ 3,762,854
#Fixed assets	520,310	684,876
Total Assets	$ 3,780,255	$ 4,447,730

Liabilities

Long-term debt, curr.	$ 277,938	$ 256,533
Oblig. under cap. leases, curr.	62,901	67,284
Accts. payable	359,687	548,841
Accruals	198,037	238,256
Cust. deposits	215,853	131,584
Curr. Liabilities	$ 1,114,416	$ 1,242,818
Long-term debt	1,560,497	1,826,945
Long-term loan from shareholder	425,000	425,000
Oblig. under cap. leases	28,660	50,978
+ Common stock	68,904	68,904
Add. paid-in capital	3,301,909	3,301,909
Ret. earnings (deficit)	(2,701,384)	(2,451,084)
Treasury stock	(17,747)	(17,740)
Total Liabilities & Shareholders' Equity	$ 3,780,255	$ 4,447,730

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.67
%Net Income to Sales	—	3.84
%Net Income to Equity	—	30.51
Sales to Inventories	3.99	5.03
Debt to Equity	3.61	2.91
Working Capital	$ 2,145,529	$ 2,295,036
Current Ratio	2.93	2.56
Shareholders' Equity	$ 651,682	$ 901,989

Electro-Nucleonics, Inc.

350 Passaic Avenue
Fairfield, New Jersey 07066
(201) 227-6700

Officers: Vincent V. Abajian, chairman of the board & chief executive officer; Herbert M. Appleton, president & chief operating officer; Alan M. Fishman, exec. v.p.; Richard M. Mandle, sr. v.p.; Richard Abajian, v.p. & secretary-treasurer; Paul Plunkett, v.p. & controller; Joseph J. Cardillo, v.p.; Nicholas E. Curtiss, v.p. & general counsel; Ernest Maclin, v.p..

Directors: Richard Abajian, Vincent V. Abajian, John J. Astor, Carl Pacifico, Robert Fennell, George T. Maloney, Richard Mandle, Herbert M. Appleton, William V. Beshlian, Rolf Clauson, Staffan Ek, Nolan B. Sommer.

Area of Work: Manufactures the ALTAIRE, FLEX-IGEM, GEMENI, GEMSTAR and GEM PROFILER blood chemistry analyzer systems, research and production-scale liquid ultracentrifuges, diagnostic reagents and test kits; processes purified viruses, antigens and antibodies for research; conducts immunological testing through the VIRGO line of Indirect Fluorescent Antibody (IFA) tests, which consist of tests related to the body's immune response system, including the RIAU-SURE II test for serum hepatitis and the HTLV-III antibodies test for AIDS (acquired immune deficiency syndrome).

Transfer Agent(s):

Continental Stock Transfer & Trust Company
30 Montgomery Street
Jersey City, New Jersey 07302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ENUC (NASDAQ)

Number of Employees:

1987	736	1984	750
1986	700	1983	750
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income +
1987	$ 65,197,000	$ (7,909,000)
1986	62,993,000	1,533,000
1985	56,882,000	1,630,000
1984	45,487,000	(2,363,000)
1983	42,862,000	2,300,000

	No. of Com. Shares	Earn. per Share + #
1987	4,552,597	$ —
1986	3,828,411	0.40
1985	3,808,836	0.43
1984	3,630,722	—
1983	3,830,022	0.67

(Loss)
+ Including extraordinary gains of $161,000 ($0.04 per share) in 1984 and $161,000 ($0.05 per share) in 1983.
# Based on the average number of shares outstanding during each period.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 34,468,000	$ 7.57
1986	31,555,000	8.24
1985	28,867,000	7.58
1984	27,577,000	7.20
1983	30,186,000	7.88

Income Account *

Year ended June 30	1987	1986
Net sales	$ 65,197,000	$ 62,993,000
Cost of sales	43,536,000	41,463,000
Discont. product lines	5,220,000	—
Expenses	24,300,000	19,784,000
Interest expense	691,000	728,000
Other income	(713,000)	(880,000)
Income (loss) before taxes	$ (7,835,000)	$ 1,898,000
Income taxes	74,000	365,000
Net Income (Loss)	$ (7,909,000)	$ 1,533,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,357,000 in 1987 and $3,370,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 4,080,000	$ 1,107,000
Preferred stocks	6,051,000	1,916,000
Accts. receiv., net	15,539,000	13,702,000
*Inventories	12,507,000	17,094,000
Prepaid expenses & other assets	112,000	905,000
Current Assets	$ 38,299,000	$ 34,324,000
Investment securities	232,000	232,000
#Fixed assets	13,621,000	14,018,000
Intangibles	4,234,000	644,000
Other assets	366,000	401,000
Total Assets	$ 56,752,000	$ 49,619,000

Liabilities

Long-term debt, curr.	$ 563,000	$ 1,073,000
Accts. payable	4,634,000	3,074,000
Inc. taxes payable	218,000	302,000
Accruals	3,835,000	2,951,000
Advance under research contract	3,500,000	2,210,000
Curr. Liabilities	$ 12,750,000	$ 9,610,000
Long-term debt	8,551,000	7,298,000
Deferred income	888,000	961,000
Def. inc. taxes	95,000	195,000
+Common stock	114,000	96,000
Add. paid-in capital	37,634,000	27,550,000
Retained earnings (deficit)	(4,400,000)	3,509,000
For. curr. trans. adjust.	1,120,000	400,000
Total Liabilities & Shareholders' Equity	$ 56,752,000	$ 49,619,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.01
%Net Income to Sales	—	2.43
%Net Income to Equity	—	4.86
Sales to Inventories	5.21	3.69
Debt to Equity	0.26	0.27
Working Capital	$ 25,549,000	$ 24,714,000
Current Ratio	3.00	3.57
Shareholders' Equity	$ 34,468,000	$ 31,555,000

Eli Lilly and Company

Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-2000

Officers: Richard D. Wood, chairman of the board, president & chief executive officer; J. B. King, v.p. & general counsel; Vaughn D. Bryson, exec. v.p.; Eurelio M. Cavalier, group v.p., sales-Pharmaceutical Division; Marvin Cave, v.p.-Industrial Relations Division; James M. Cornelius,

v.p.-finance & chief financial officer; Edgar G. Davis, v.p.-Corporate Affairs Division; Earl B. Herr, Jr., exec. v.p.; Irving S. Johnson, v.p.-Lilly Research Laboratories; Joseph C. Cook, v.p.-production planning & corporate services; E. Walter Lange, group v.p.-marketing planning and development, Pharmaceutical Division; Mel Perelman, exec. v.p. & president-Lilly Research Laboratories; Eugene L. Step, exec. v.p. & president-Pharmaceutical Division; John G. Whitney, vice president; W. Leigh Thompson, Jr., vice president; Robert H. Williams, vice president; E. R. Roberts, president-Elanco Products Company; Sidney A. Taurel, president-Eli Lilly International Corporation; Angelo J. Carnaghi, v.p.-Production Operations and Distribution Division; Thomas L. Emmick, v.p.-Biochemical Production and Development Division; Stephen A. Stitle, v.p.-human resources.

Directors: Richard D. Wood*, chairman of the board; Thomas H. Lake, Steven C. Beering, Earl B. Herr, Jr.*, Mel Perelman*, Robert C. Seamans, Jr., Eugene L. Step*, Alva O. Way, J. Clayburn La Force, Jr., Vaughn D. Bryson*, James M. Cornelius*, Randall L. Tobias, James M. Cornelius*, Randall L. Tobias, Karen N. Horn.

* Member of the Executive Committee

Areas of Work: Engaged in the discovery, development, manufacture and sale of products in two principal industries: human health and agriculture. The human health segment includes pharmaceuticals, electronic medical instrument systems, implantable cardiac pacemakers, empty gelatin capsules, packaging products, and bulk chemicals. Pharmaceuticals include analgesics, an antiarthritic agent, antibiotics, antidiabetic agents, hematinics, hormones, oncolytic agents, sedatives, vitamins, and other pharmaceuticals for human use. Electronic medical instrument systems include products for measuring patient temperatures and for administering and monitoring intravenous fluid infusions. The agriculture segment includes agricultural chemicals and animal health products. Agricultural chemicals are principally herbicides for controlling weeds in various crops. Animal health products include a nonhormonal cattle feed additive that improves feed efficiency; various antibiotics for promoting feed efficiency and growth in swine, and anti-coccidial agent for use in broilers and layer replacements, and other products for livestock, poultry, and pet animals.

Electronics Operations:

IVAC Corporation
Campus Point, California
(714) 453-4320
Worldwide manufacturing and marketing of electronic medical instrument systems, including intravenous infusion devices and electronic thermometers.

Cardiac Pacemakers, Inc.
St. Paul, Minnesota
Engaged in the business of designing, developing, manufacturing, and marketing implantable cardiac, external and implantable defibrillators, and cardiac monitors.

Physio-Control Corporation
11811 Willows Road
Redmond, Washington 98052
(206) 883-1181
Manufactures and distributes electronic products used in cardiovascular medicine, including defibrillators/monitors, peritoneal dialysis equipment, blood pressure monitoring devices, ultrasonic Doppler probes, in-vivo oximeters, and vascular implant products.

Advanced Cardiovascular Systems, Inc.
Designs, manufactures and markets coronary angioplasty catheter systems.

Transfer Agent(s):

Eli Lilly and Company
Shareholder Services Dept.
Lilly Corporate Center
Indianapolis, Indiana 46285

Stock Exchange(s): New York, Zurich, Basel, Geneva, Pacific, Toyko

Ticker Symbol: LLY (New York)

Number of Employees:

1987	25,700	1984	28,700
1986	29,100	1983	29,200
1985	28,000		

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 3,643,800	$ 643,700
1986	3,322,500	558,200
1985	2,918,700	517,600
1984	2,785,800	490,200
1983	2,727,000	457,400

	No. of Com. Shares‡	Earn. per Share‡
1987	147,007,000	$ 4.41
1986	144,613,000	3.89
1985	142,847,000	3.62
1984	147,114,000	3.33
1983	150,550,000	3.04

‡ Based on the average number of common shares outstanding and adjusted to reflect stock split.
+ Of continuing operations only.

Revenues by Line of Business
($000's)

	1987	1986
Human Health	$ 2,895,400	$ 2,624,000
Agriculture	748,400	698,500
Total	$ 3,643,800	$ 3,322,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 2.00	—	—
1986	1.80	—	—
1985	1.60	—	2-for-1
1984	1.4875	—	—
1983	1.375	—	—

Common Stock Equity

	Total Equity ($000's)	Equity Per Share‡
1987	$ 3,042,600	$ 20.70
1986	2,739,600	18.94
1985	2,387,700	16.72
1984	2,221,200	15.10
1983	2,121,000	14.09

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,643,800	$ 3,322,500
Cost of sales	1,302,800	1,224,700
Expenses:		
Research & develop.	466,300	420,300
Marketing	656,700	570,700
Gen. adm.	362,400	270,200
Restructuring	271,900	—
Other income	(11,300)	(6,800)
Income before taxes	$ 595,000	$ 843,400
Income taxes	184,500	301,900
Inc.-cont. oper.	$ 410,500	$ 541,500
inc.-discont. oper.	233,200	16,700
Net Income	$ 643,700	$ 558,200

* Included in Costs and Expenses, Depreciation and Amortization: $184,300,000 in 1987 and $170,700,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & secur.	$ 1,030,900	$ 486,000
Accts. receiv., net	650,200	690,900
Other receiv.	281,300	88,200
*Inventories	615,500	694,600
Prepaid exp.	146,200	112,500
Current Assets	$ 2,724,100	$ 2,072,200
Other assets	888,300	996,000
#Fixed assets	1,642,500	1,537,600
Total Assets	$ 5,254,900	$ 4,595,800

Liabilities
($000's)

Loans payable	$ 238,200	$ 230,900
Accts. payable	164,500	144,600
Accrued payroll	203,000	200,700
Dividends payable	80,300	69,500
Other liabilities	435,300	254,600
Income taxes	231,500	68,700
Deferred income taxes	95,400	145,900
Curr. Liabilities	$ 1,448,200	$ 1,114,900
Long-term debt	365,700	395,300
Deferred inc. taxes	297,500	298,400
Other liabilities	100,900	47,600
+Common stock	91,300	91,300
Add. paid-in capital	48,200	181,800
Retained earnings	3,395,500	3,041,200
Curr. trans. adjust.	2,600	(89,100)
Treasury stock	(495,000)	(485,600)
Total Liabilities & Shareholders' Equity	$ 5,254,900	$ 4,595,800

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $0.625 par value.

Statistical Summary

%Net Income to Equity	21.16	20.38
Sales to Inventories	5.92	4.78
Debt to Equity	0.20	0.23
Working Capital	$ 1,275,900,000	$ 957,300,000
Current Ratio	1.88	1.86
Shareholders' Equity	$ 3,042,600,000	$ 2,739,600,000

Emerson Electric Co.

8000 West Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Officers: C. F. Knight, chairman, president & chief executive officer; J. F. Hardymon, vice chairman & chief operating officer; J. J. Adorjan, exec. v.p.; R. W. Staley, exec. v.p.; J. K. Ver Hagen, exec. v.p.; H. F. Faught, sr. v.p.-technology; D. L. Pringle, sr. v.p.-human resources; A. A. Gilbert, v.p.-manpower development; C. W. Groennert, v.p.-financial services; D. N. Farr, v.p.-planning & development; D. R. Perkins, asst. treasurer; C. Hansen, sr. v.p.-secretary & general counsel; C. A. Dill, sr. v.p.; J. C. Rohrbaugh, sr. v.p.-industrial relations; W. J. Galvin, v.p.-finance & controller; W. C. Bousquette, sr. v.p. & chief financial officer; J. F. Bradley, v.p.-corp. sales & procurement; A. S. Dancoff, v.p.-consumer affairs & product safety; J. A. Harmon, v.p.-exec. compensation & administration; P. A. Roberts, v.p.-public affairs; H. J. Yopp, v.p.-tax; W. E. Behrens, v.p.-corp. manufacturing; S. P. Cortinovis, v.p.-international; T. N. Putnam, asst. treasurer; H. M. Smith, asst. secretary.

Directors: W. R. Persons, J. A. Frates*, B. A. Schriever, L. L. Browning, Jr.*, R. D. Potts, Charles F. Knight, Eugene F. Williams, Jr.*, G. A. Lodge, L. J. Conti, V. R. Loucks, Jr., W. M. Van Cleve*, A. A. Busch, III*, J. J. Adorjan*, J. F. Hardymon*, R. B. Horton, R. B. Loynd, J. K. Ver Hagen*, R. W. Staley*.

* Member of the Executive Committee

Areas of Work: Government & Defense Group
Airborne fire control radar systems, airborne radio navigation systems, ammunition storage and feed systems, anechoic chambers, anti-submarine warfare detection & recording systems, automatic test equipment, electronically scanned antennas, magnetic tape recorders, intrusion detection systems, metallic and non-metallic detectors, guidance & control systems, low noise antenna feeds, naval surface armament systems, power supplies, research & development, rocket systems, rocket & missile launching systems, satellite communications & telemetry validation systems & tactical navigation systems & missile antenna development.

Consumer Group
Arc welders, band saws, ceiling systems, console humidifiers, door chimes, drain cleaning equipment, drill presses, electric baseboard heat, electric heating and cooling systems, electrostatic air cleaners, gas cutting & welding equipment, hand tools, hot water dispensers, intercom systems, ladders & scaffolding, lathes, planers and shapers, plastic pipe welders, point source illumination, power chain saws, power plumbing tools, security systems, lighting interconnect systems, monofilament line lawn trimmer, pipe working tools, smoke detectors, ventilation and exhaust systems, waste disposers, hobbyist tools, water fountain valves, woodworking benches and radial saws.

Commercial & Industrial Components and Systems Group
Air conditioning and refrigeration compressor motors, dryers, expansion valves, fan motors, solenoid control valves, appliance electric heating elements and controls, appliance motors, automation systems, belt and chain components & drives, bimetallic control devices, cams and index equipment, controlled speed drives, eddy current controls and drives, electronic variable speed drives, conveyor components, electronic power supplies, fluid flow instrumentation, fluid heat transfer systems, gears, gear motors, heating blower motors and controls, industrial electric heating elements and products, irrigation flowmeter/control systems, liquid level measurement instrumentation, machine tool drives and controls, magnetic flowmeters, mechanical couplings, metal stampings, positive displacement meters, process control instrumentation, sealed terminals, special application motors, speed reducers, thermal limit devices, turbine meters, ultrasonic meters, uninterruptible power systems, vertical pump motors and drives, aviation instrumentation, and utilities equipment and tools.

Divisions and Subsidiaries:

Alco Controls Division
P.O. Box 12700
St. Louis, Missouri 63141
(314) 432-6300

Brooks Instrument Division
407 W. Vine Street
Hatfield, Pennsylvania 19440
(215) 368-2000

Commercial Cam Division
400 N. Ashland
Chicago, Illinois 60622
(312) 243-6900

Day-Brite Lighting Division
1015 S. Green Street
Drawer 1687
Tupelo, Mississippi 38801

Fusite Division
6000 Fernview Avenue
Cincinnati, Ohio 45212
(513) 731-2020

Louisville Ladder Division
1161 Algonquin Parkway
Louisville, Kentucky 40208
(501) 636-2811

Ridge Tool Division
400 Clark Street
Elyria, Ohio 44035
(216) 323-5581

Special Products Division
5657 Campus Parkway
Hazelwood, Missouri 90051

Therm-O-Disc
1320 S. Main Street
Mansfield, Ohio 44907
(419) 756-5911

U.S. Electrical Motors Division
Old Gate Lane
Milford, Connecticut 06460
(203) 878-9311

White-Rodgers Division
9797 Reavis Road
St. Louis, Missouri 62123
(314) 631-9797

Edwin L. Wiegand Division
7500 Thomas Boulevard
Pittsburgh, Pennsylvania 15208
(412) 242-6400

Electronics & Space Division
8100 W. Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Emerson Specialty Motor Division
8100 W. Florissant Avenue
St. Louis, Missouri 63136
(314) 553-2000

Emerson Electric GmbH
Division Gustav Benz
Heerstrasse 111
D7050 Waiblingen, Postfact 1229 West Germany

Emerson Electric Canada Limited
P.O. Box 150, Highway 48
Markham, Ontario, Canada
(416) 297-1030

ACDC Electronics Division
401 Jones Road
Oceanside, California 92054

Emerson Electric Industrial Controls Division
P.O. Box 1679
Santa Ana, California 92702

Harris-Calorific Division
5501 Cass Avenue
Cleveland, Ohio 44102

ENI, Inc.

Emerson Finance Company

SWECO, Inc.

Southwest Mobile Systems Corp.

Western Forge

Vacco Industries

Emerson Contract Division

Xomox

Emerson Japan, Ltd.

Rittenhouse Division

Rosemount Division

McPhilben Lighting Division

Appleton Electric Company

Rantec Division

Hazeltine Corporation
Commack, New York 11725
(516) 462-5100
Designs, develops and manufactures government products consisting of air traffic control equipment; electronic displays for defense and other government purposes, including displays for use in early warning, command and control systems, tactical displays and digital video display systems; antisubmarine warfare equipment, aircraft identification (IFF) systems, modems for communications, microwave landing systems and computer-based training systems.

Branson, Inc.
Produces ultrasonic products for cleaning, metal testing and plastic welding.

Beckman Industrial, Inc.
Manufacturer of electronic components, test equipment and process control instrumentation.

Hurst, Inc.
Manufactures high performance stepper and permanent magnetic motors.

Micro Motion, Inc.
Produces mass flow measurement systems.

Computer Power Systems, Inc.
Manufactures power conditioning systems for computers.

Automatic Switch Company
50-60 Hanover Road
Florham Park, New Jersey 07932
Designs and manufactures industrial solenoid valves and products for the control of fluids and flow of electric power.

Kiowa Corporation
Manufactures electronic motion control products.

Copeland Corporation
Manufactures compressors.

Acquisition(s):

Liebert Corporation
Manufactures environmental control systems for computers.

Transfer Agent(s):

Centerre Trust Company
(Common & Preferred Shares)
510 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York, Midwest

Ticker Symbol: EMR

Number of Employees:

1987	68,700	1984	60,400
1986	60,700	1983	32,500
1985	61,900		

Sales & Earnings *

	Net Sales (000's)	Net Income (000's)
1987	$ 6,170,300	$ 467,200
1986	5,242,400	427,400
1985	4,921,100	416,100
1984	4,587,200	382,800
1983	3,810,100	330,100

	No. of Com. Shares‡	Earn. per Share‡
1987	233,860,000	$ 2.00
1986	233,104,000	1.83
1985	236,385,000	1.76
1984	236,120,000	1.62
1983	235,551,000	1.40

* Restated to include operations of Liebert Corporation, acquired on a pooling of interests basis.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Commercial & industrial	$ 4,229,000	$ 3,375,000
Consumer products	1,263,000	1,291,000
Government & defense	678,000	576,000
Total	$ 6,170,000	$ 5,242,000

Emerson Electric Co.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.97	—	3-for-1
1986	0.92	—	—
1985	0.87	—	—
1984	0.77	—	—
1983	0.70	—	—

+ Adjusted to reflect stock split.

Common Stock Equity *

	Total Equity (000's)	Equity Per Share‡
1987	$ 2,702,500	$ 11.68
1986	2,374,000	10.75
1985	2,222,200	9.85
1984	1,869,200	8.87
1983	1,701,700	8.08

* Restated.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1987	1986‡
Net sales	$ 6,170,300	$ 5,242,400
Cost of sales	4,089,700	3,379,500
Expenses	1,157,700	1,072,300
Interest expense	83,500	53,800
Other expense (income)	28,800	(13,000)
Income before taxes	$ 810,600	$ 749,800
Income taxes	343,400	322,400
Net Income	$ 467,200	$ 427,400

* Included in Costs and Expenses, Depreciation and Amortization: $214,300,000 in 1987 and $167,800,000 in 1986.
‡ Restated.

Assets
(000's)

As of Sept. 30	1987	1986‡
Cash	$ 3,800	$ 8,700
Short-term invest.	126,500	367,300
Accts. receiv., net	999,500	849,100
Cost on long-term contracts	92,400	80,800
*Inventories	1,257,800	1,185,200
Other curr. assets	175,400	134,400
Current Assets	$ 2,655,400	$ 2,625,500
#Fixed assets	1,126,300	936,700
Other assets	1,086,100	450,300
Total Assets	$ 4,867,800	$ 4,012,500

Liabilities
(000's)

Long-term debt. curr.	$ 363,700	$ 185,200
Acct. payable	391,500	292,700
Accruals	487,300	315,700
Income taxes	45,000	87,600
Adv. pay. on contracts	37,300	33,600
Curr. Liabilities	$ 1,324,800	$ 914,800
Long-term debt	553,000	392,900
Other liab.	287,500	203,800
+Common stock	238,200	238,200
Add. paid-in capital	18,400	500
Retained earnings	2,666,600	2,421,100
Cum. trans. adjust.	800	(29,800)
Treasury stock	(221,500)	(129,000)
Total Liabilities & Shareholders' Equity	$ 4,867,800	$ 4,012,500

‡ Restated.
* At lower of cost or market. Majority at standard costs; remainders at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.14	14.30
%Net Income to Sales	7.57	8.15
%Net Income to Equity	17.29	17.09
Sales to Inventories	4.91	4.42
Debt to Equity	0.34	0.23
Working Capital	$ 1,330,600,000	$ 1,710,700,000
Current Ratio	2.00	2.87
Shareholders' Equity	$ 2,702,500,000	$ 2,501,000,000

Emerson Radio Corp.

1 Emerson Lane
North Bergen, New Jersey 07047
(201)854-6600

Officers: William W. Lane, chairman; Stephen L. Lane, president; Donald Dvorkin, exec. v.p. & secretary; Harold Falik, sr. v.p. -finance; Kunio Takei, sr. v.p.-foreign operations; Hachiro Masuda, v.p.-design; Marino Andriani, sr. v.p.-sales; Edward Bohn, treasurer; Edward Beller, v.p.-domestic operations; Toshinori Ishii, v.p.-engineering; Rudolph Malacrida, v.p.-mgmt. info. systems; John R. Bond, v.p.-sales; Joseph DeSiena, v.p.-sales administration.

Directors: William W. Lane, chairman; Stephen L. Lane, Jay M. Haft, John J. Cunningham, Donald Dvorkin, Walter F. Mondale.

Areas of Work: Designs and markets televisions, radios, tape players, video cassette recorders, clock radios, compact stereos, microwave ovens and compact refrigerators. The company's Cardiac Resuscitator Corporation subsidiary designs and manufactures devices which automatically diagnose and treat ventricular fibrillation, the leading cause of cardiac arrest. These products include external pacemakers and automated defibrillator-pacemakers.

Subsidiaries:

Cardiac Resuscitator Corporation (78%-owned)
12244 S.W. Garden Place
Portland, Oregon 97223
(503) 620-8612

Emerson Radio (Hong Kong) Limited
1009-1015 World Shipping Centre, 10th Floor
Harbour City, Phase 1, No. 7 Canton Road
Tsimshatsui, Kowloon, Hong Kong

Emerson Radio Canada, Ltd.
6455 Vipond Drive
Mississauga, Ontario L5T 1J9 Canada

H.H. Scott, Inc.
5601 West Side Avenue
North Bergen, New Jersey 07047
(201) 662-2000
Designs, manufactures, and markets a line of high fidelity audio and video equipment.

H.H. Scott Electronics Ltd.
1009-1015 World Shipping Centre
Harbour City, Phase 1, No. 7 Canton Road
Tsimshatsui, Kowloon, Hong Kong

H.H. Scott Audio Canada Ltd.
6455 Vipond Drive
Mississauga, Ontario, Canada L5T 1J9

Transfer Agent(s):

United Jersey Bank
Hackensack, New Jersey

Stock Exchange(s): New York

Ticker Symbol: EME

Number of Employees:

1987 ..... 813 1986 689

Plant Footage:

1987 ..... 468,000 sq. ft. 1986 468,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 810,057,000	$ 26,606,000
1986	566,272,000	12,907,000
1985	357,463,000	13,254,000
1984	183,029,000	9,084,000
1983	95,051,000	3,133,000

	No. of Com. Shares #	Earn. per Share #
1987	$ 36,458,000	$ 0.73
1986	35,056,000	0.37
1985	34,842,000	0.38
1984	34,482,000	0.26
1983	33,510,000	0.09

Based on the weighted average number of shares oustanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1
1986	—	10%	—
1985	—	10%	—
1984	—	—	5-for-3
1983	—	—	5-for-3

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 96,041,000	$ 2.77
1986	61,447,000	1.75
1985	46,589,000	1.33
1984	32,993,000	0.95
1983	21,523,000	0.64

‡ Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended Mar. 31	1987	1986
Net sales	$ 810,057,000	$ 566,272,000
Cost of sales	715,958,000	502,454,000
Expenses	51,192,000	37,621,000
Interest expense	9,024,000	9,714,000
Gain from sale of Imatron stock	(2,172,000)	(1,810,000)
Income before taxes	$ 36,055,000	$ 18,293,000
Income taxes	9,449,000	5,386,000
Net Income	$ 26,606,000	$ 12,907,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,457,000 in 1987 and $2,150,000 in 1986.

Assets

As of Mar. 31	1987	1986
Cash	$ 4,130,000	$ 7,391,000
Accts. receiv. net	132,358,000	72,391,000
*Inventories	146,437,000	68,163,000
Inc. taxes receiv.	29,208,000	23,051,000
Current Assets	$ 312,133,000	$ 171,536,000
#Fixed assets	6,125,000	4,119,000
Other assets	4,568,000	3,722,000
Total Assets	$ 322,826,000	$ 179,377,000

Liabilities

Notes & accept. payable	$ 119,355,000	$ 45,845,000
Accts. payable & accruals	17,249,000	10,139,000
Income taxes	72,000	6,655,000
Curr. Liabilities	$ 136,676,000	$ 62,639,000
Long-term debt	78,925,000	48,400,000
Deferred inc. taxes	11,184,000	6,891,000
+Common stock	3,635,000	1,768,000
Add. paid-in capital	59,743,000	50,967,000
Retained earnings	35,586,000	12,356,000
Deferred comp.	(2,920,000)	(3,640,000)
Treasury stock	(3,000)	(4,000)
Total Liabilities & Shareholders' Equity	$ 322,826,000	$ 179,377,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.45	3.23
%Net Income to Sales	3.28	2.28
%Net Income to Equity	27.70	21.01
Sales to Inventories	5.53	8.31
Debt to Equity	0.82	0.79
Working Capital	$ 175,457,000	$ 108,897,000
Current Ratio	2.28	2.74
Shareholders' Equity	$ 96,041,000	$ 61,647,000

Emhart Corporation

426 Colt Highway
Farmington, Connecticut 06101
(203) 678-3000

Mailing Address:
P.O. Box 2730
Hartford, Connecticut 06101

Officers: Peter L. Scott, chairman of the board & chief exec. officer; William C. Lichtenfels, president & chief operating officer; Enos H. Arnold, controller; Ralph M. Branca, v.p.-development; John F. Budd, Jr., sr. v.p.-corp. communications; Dean M. Hennessy, sr. v.p. & general counsel; Robert M. Brynes, sr. v.p.-human resources; Leo T. Hinkley, Jr., v.p.-operations staff; Richard L. Cote, v.p. & chief accounting officer; Gilbert O'Neil, v.p.-investor relations; David W. Dandro, v.p.-information systems; Carl A. Horne, v.p. & tax counsel; C. Morgan Hussey, v.p. & secretary; Achim Knust, sr. v.p.-finance; John S. Rydz, v.p.-technology; J. Michael Stepp, treasurer; Raymond A. DeVita, v.p. & group president; Fred M. Hollfelder, v.p. & group president; Richard H. Campbell, v.p. & group president; Herman A. Michelson, v.p. & exec. asst. to the chairman; Wayne Shelton, v.p. & chairman and president-Planning Research Corporation.

Directors: Peter L. Scott*, Richard S. Bodman, William B. Ellis*, James F. English, Jr.*, T. Mitchell Ford*, William C. Lichtenfels, Michael Scott Morton, Wilson Wilde*, Marion S. Kellogg, John M. Toupa, Achim Knust.

* Member of the Executive Committee

Areas of Work: The Company's Electrical/Electronic Group manufacturers film and tantalum electrolytic capacitors, motor run capacitors and audible signal devices. Also produces electro-mechanical timing devices, synchronous motors, electronic assemblies and components; carbon and wire wound controls, and switches; solid state control systems; hydrocarbon detection systems; smoke, gas and burglary detection devices; industrial and commercial fire protection and monitoring systems; equipment for sequencing and inserting or mounting electronic components for printed circuit boards and ceramic substrates; vapor phase soldering systems. Other areas of work include hardware store equipment, shoe machinery and shoe materials, chemicals and fasteners, glass container making machinery, rubber and plastics machinery, metalworking machinery and gear manufacturing machinery.

Subsidiaries:

Esser Sicherheitstechnik, GmbH
Produces fire detection and alarm systems.

Dage Precima International, Limited
Manufactures chip placement machinery and equipment for semiconductor assembly.

Bermarflex S. p. A.
Manufactures insoles for footwear.

Maquinas Imacal Mohrbach, Ltda.
Shoe machinery manufacturer.

MITE Corporation
Manufacturer of highly engineered fasteners; also manufactures time stamps and recorders, precision spindles, document perforators and hydraulic control devices.

Planning Research Corporation
McLean, Virginia
Provides technology-based professional services for information management and delivery systems, including the design, engineering, development, integration and life cycle support of computer-based systems.

Acquisition:

Advanced Technology, Inc.
Reston, Virginia
A computer-oriented professional services company.

Transfer Agent(s):

The Connecticut Bank & Trust Company, N.A.
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): New York, London, Frankfurt

Ticker Symbol: EMH

Number of Employees:

1987	30,306	1984	28,944
1986	34,173	1983	29,502
1985	30,422		

Plant Footage:

1987 ..... 15,791,000 sq. ft.

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1987	$ 2,454,500	$ 106,500
1986	2,094,300	(10,200)
1985	1,775,400	80,500
1984	1,794,500	90,400
1983	1,685,600	84,300

	No. of Com. Shares +	Earn. per Share #
1987	61,681,000	$ 1.70
1986	62,032,000	—
1985	55,392,000	1.45
1984	55,104,000	1.63
1983	54,816,000	1.53

(Loss)
+ Adjusted to reflect stock dividend and stock splits.
# Based on the weighted equivalents outstanding adjusted to reflect stock dividend and stock splits.

Revenues By Line of Business
(000's)

	1987	1986
Components	$ 669,100	$ 651,900
Fastening Systems	606,700	555,800
Machinery	291,100	419,200
Consumer Products	449,300	428,100
Information & Electronic Systems	438,300	39,300
Total	$ 2,454,500	$ 2,094,300

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 0.75	—	2-for-1
1986	0.70	—	—
1985	0.70	—	—
1984	0.64	10%	—
1983	0.60	—	2-for-1

Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 836,000,000	$ 13.55
1986	714,400,000	11.52
1985	606,400,000	10.95
1984	529,500,000	9.61
1983	507,502,000	9.26

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stocks, dividend and stock splits.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 2,454,500	$ 2,094,300
Cost of sales	1,666,800	1,407,900
Expenses	551,500	493,400
Provision for restructuring	—	150,000
Interest expense	46,200	41,700
Other expense	4,400	17,200
Income (loss) bef. taxes	$ 185,600	$ (15,900)
Income taxes (credit)	79,100	(5,700)
Net Income (Loss)	$ 106,500	$ (10,200)

° Included in Costs and Expenses, Depreciation and Amortization: $84,600,000 in 1987 and $78,100,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 15,000	$ 18,600
Short-term invest.	44,600	24,500
Receiv., net	529,100	416,600
°Inventories	352,800	384,900
Def. inc. tax benefits	42,500	39,000
Prepaid expenses	70,700	47,200
Current Assets	$ 1,054,700	$ 930,800
Depreciable assets	432,300	488,300
Intangibles and other assets	542,900	437,600
Total Assets	$ 2,029,900	$ 1,856,700

Liabilities
(000's)

Notes payable	$ 28,100	$ 36,500
Accts. payable	187,300	147,600
Accruals & other liab.	298,600	373,900
Income taxes	19,300	23,200
Curr. Liabilities	$ 533,300	$ 581,200
Long-term debt	536,300	457,000
Unfunded pension liab.	49,100	52,500
Deferred inc. taxes	24,600	19,700
Other liab.	48,200	29,200
+Preferred stock	1,300	1,500
++Common stock	61,700	31,000
Add. paid-in capital	280,400	322,800
Retained earnings	450,800	391,100
Cum. trans. adjust.	44,200	(29,300)
Total Liabilities & Shareholders' Equity	$ 2,029,900	$ 1,856,700

° At lower of cost (LIFO) or market.
+ No par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.56	—
%Net Income to Sales	4.34	—
%Net Income to Equity	12.70	—
Sales to Inventories	6.96	5.44
Debt to Equity	0.67	0.69
Working Capital	$ 521,400,000	$ 349,600,000
Current Ratio	1.98	1.60
Shareholders' Equity	$ 838,400,000	$ 717,100,000

Energy Conversion Devices, Inc.

1675 West Maple Road
Troy, Michigan 48084
(313) 280-1900

Officers: Ralph F. Leach, chairman of the board; Stanford R. Ovshinsky, president & chief exec. officer; Jack T. Conway, vice chairman; Nancy M. Bacon, v.p.-finance & treasurer; Stephen J. Hudgens, v.p.-research & development; Rikuma Ito, v.p.-international market development; Hellmut Fritzsche, v.p.; Iris M. Ovshinsky, v.p.; Lee E. Bailey, secretary & corp. counsel; Subhendu Guha, v.p.-photovoltaics & information.

Directors: Hellmut Fritzsche, Iris M. Ovshinsky, Stanford R. Ovshinsky, Jack T. Conway, Ralph F. Leach, Stanley Stynes, Nancy M. Bacon, Momoko Ito, Edwin O. Reischauer, Takashi Kojima, Robert R. Wilson.

Areas of Work: Develops amorphous materials technology for products in three areas: energy, information and synthetic materials. Applications include photovoltaics, thermoelectrics, batteries, flat-panel displays, optical memories, electrophotographic drums, wear-resistant coatings and X-ray mirrors.

Divisions and Subsidiaries:

Ovonic ThermoElectric Company
ThermOvonics Company, Ltd. (Japan)
Ovonic Imaging Systems, Inc. (60.4%-owned)
Ovonic Synthetic Materials Company, Inc.
Japan-ECD Company, Ltd.
Ovonic Battery Company, Inc.
Sovonics Solar Systems, Inc.

Joint Venture(s):

Quartet Ovonics

Transfer Agent(s):

National Bank of Detroit
Stock Transfer Department
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ENER (NASDAQ)

Number of Employees:

1987	338	1984	393
1986	435	1983	313
1985	460		

Plant Footage:

1987	184,800 sq. ft.	1984	150,050
1986	203,140	1983	120,310
1985	175,810		

Sales & Earnings

	Net Revenues	Net Income
1987	$ 19,564,494	$ (17,925,844)
1986	21,079,580	(27,918,630)
1985	30,110,309	(14,888,486)
1984	29,227,768	(8,848,108)
1983	20,540,709	(5,116,186)

	No. of Com. Shares #	Earn. per Share #
1987	5,196,382	$ —
1986	4,584,557	—
1985	4,356,842	—
1984	4,051,586	—
1983	3,185,404	—

(Loss)
Based on the monthly average number of Class A common and common shares combined.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 14,296,342	$ 2.75
1986	12,081,789	2.64
1985	15,022,200	3.45
1984	25,916,082	6.40
1983	19,267,565	6.05

‡ Based on the monthly average number of Class A common and common shares combined.

Income Account

Year ended June 30	1987	1986
Revenues	$ 19,564,494	$ 21,079,580
Cost of revenues	8,442,196	16,708,464
Cost of prod. sales	3,041,068	2,433,099
Product develop. exp.	8,887,644	13,550,231
Patent expenses	1,496,236	2,060,450
Oper. expenses	10,585,575	8,962,210
Depreciation	4,644,737	3,028,028
Interest expense	1,698,681	555,728
Repurch. of technology	—	1,700,000
Minority interest	(1,305,809)	—
Net Loss	$ (17,925,844)	$ (27,918,630)

Assets

As of June 30	1987	1986
Cash & short-term invest.	$ 18,677,994	$ 17,093,999
Accts. receiv., net	2,616,448	1,867,216
* Inventories	667,081	722,766
Prepaid expenses & other assets	1,453,607	1,029,205
Current Assets	$ 23,415,130	$ 20,713,186
# Fixed assets	21,131,294	29,045,408
Other assets	313,544	501,253
Total Assets	$ 44,859,968	$ 50,259,847

Liabilities

Long-term debt, curr.	$ 2,716,126	$ 1,248,533
Accts. payable	8,035,601	5,690,010
Accrued payroll	662,118	1,213,673
Deferred prod. develop. revenues	1,117,641	1,591,891
Curr. Liabilities	$ 12,531,286	$ 9,744,107
Long-term debt	9,066,652	16,929,868
Long-term deferred rev.	2,290,000	4,230,000
Minority interest	6,675,688	7,274,083
+ Common stock, Class A	2,199	2,199
+ Common stock	52,317	49,506
Add. paid-in capital	119,618,119	99,480,533
Retained earnings (deficit)	(105,376,293)	(87,450,649)
Total Liabilities & Shareholders' Equity	$ 44,859,968	$ 50,259,847

* At lower of cost (moving average) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.82	1.50
Working Capital	$ 10,883,844	$ 10,969,079
Current Ratio	1.87	2.13
Shareholders' Equity	$ 14,296,342	$ 12,081,789

EPSCO, Incorporated

411 Providence Highway
Westwood, Massachusetts 02090
(617) 329-1500

Officers: Wayne P. Coffin, president & chief executive officer; Edward Barton, v.p. & gen. mgr.-R. F. Division; David A. Fulton, president-NEICO Microwave Division; John B. Langley, II, v.p. & gen. mgr.-Microwave Division; Charles J. Dockendorff, v.p. & treasurer; Sidney Werlin, clerk & secretary; Frank Morvac, dir.-manufacturing; Michael Kennedy, controller; Richard D. Posner, v.p. & dir.-programs; Robert Frazier, dir.-sales/marketing; Charles Gentzler, dir.-engineering; Phillip B. Pimental, dir.-manufacturing; Gerald S. Kirkwood, exec. v.p.; Robert E. Rasslow, v.p.-sales/marketing; Vera Babigian, v.p.-systems engineering; George Lapierre, v.p.-manufacturing; Robert Cannistraro, v.p.-Northern Satellite; Edward Greene, Sr., gen. mgr.-Eaton Machine.

Directors: Robert Raymond, chairman; Walter W. Curcio, Richard N. Hokin, Kenneth F. Dietz, Sidney Werlin, James H. Purnesca, Samuel Lebete, Wayne P. Coffin.

Areas of Work: Designs and manufactures RF Microwave systems and components, special test and simulation equipment and navigation systems for both defense and commercial applications.

Divisions:

RF Division
31355 Agoura Road
Westlake Village, California 91361

NEICO Microwave Division
105 South Street
Hopkinton, Massachusetts 01748

Microwave Division
411 Providence Highway
Westwood, Massachusetts 02090

Northern Satellite

Eaton Machine

Transfer Agent(s):

Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EPSC (NASDAQ)

Plant Footage:

1987	N.A.	1984	60,000
1986	85,000 sq. ft.	1983	60,000
1985	85,000		

N. A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 25,660,800	$ 766,900
1986	15,016,400	700,200
1985	12,029,400	550,500
1984	10,313,700	501,000
1983	12,010,300	(1,160,000)

	No. of Com. Shares #	Earn. per Share #
1987	1,454,000	$ 0.53
1986	1,343,600	0.52
1985	1,342,200	0.41
1984	1,342,000	0.37
1983	1,317,500	—

(Loss)
Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 11,969,700	$ 8.23
1986	11,180,300	8.32
1985	9,473,700	7.06
1984	8,919,500	6.65
1983	8,418,500	6.39

Based on the average number of shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 25,660,800	$ 15,016,400
Cost of sales	16,850,300	10,022,000
Expenses	7,133,900	4,025,600
Oper. Income	$ 1,656,600	$ 968,800
Interest income	(4,400)	(167,900)
Interest expense	566,600	127,500
Income before taxes	$ 1,094,400	$ 1,009,200
Income taxes	327,500	309,000
Net Income	$ 766,900	$ 700,200

* Included in Costs and Expenses, Depreciation and Amortization: $1,322,700 in 1987 and $651,100 in 1986.

Assets

As of Dec. 31	1987	1986
Cash and equivalents	$ 390,300	$ 669,700
Accts. & notes receiv., net	3,230,900	2,537,000
Long-term contracts	5,908,600	4,967,700
*Inventories	5,433,400	4,472,500
Prepaid expenses	417,500	221,100
Current Assets	$ 15,380,600	$ 12,868,100
# Fixed Assets	7,172,800	6,961,000
Purchased technology	722,700	792,700
Total Assets	$ 23,276,100	$ 20,622,100

Liabilities

Short-term borrowings	$ —	$ 300,000
Long-term debt, curr.	242,000	365,000
Accts. payable	2,219,900	2,050,400
Accruals	1,186,500	1,246,200
Commissions	458,500	267,300
Curr. Liabilities	$ 4,106,900	$ 4,228,900
Long-term debt	6,412,600	4,654,600
Deferred income taxes	786,900	558,300
+Common stock	1,496,600	1,493,800
Add. paid-in capital	10,362,100	10,342,400
Retained earings (deficit)	200,200	(566,700)
Treasury stock	(89,200)	(89,200)
Total Liabilities & Shareholders' Equity	$ 23,276,100	$ 20,622,100

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.27	6.72
%Net Income to Sales	2.99	4.66
%Net Income to Equity	6.41	6.26
Sales to Inventories	4.72	3.36
Debt to Equity	0.56	0.42
Working Capital	$ 11,273,700	$ 8,639,200
Current Ratio	3.75	3.04
Shareholders' Equity	$ 11,969,700	$ 11,180,300

Ericsson

(Telefonaktiebolaget LM Ericsson)
S-126 25
Stockholm, Sweden

Officers: Hans Werthen, chairman of the board; Jan Wallander, deputy chairman; Peter Wallenberg, deputy chairman; Bjorn Svedberg, president & chief executive officer; Arne Mohlin, executive v.p.; Lars Ramqvist, executive v.p.; Carl Wilhelm Ros, executive v.p. & chief financial officer; Lars Berg, sr. v.p.-cables & president-Ericsson Cables AB; Ulf H. Johansson, sr. v.p.-defense systems; Stig Larsson, sr. v.p.-inform. sys. & president-Ericsson Information Systems AB; Ronny Leidemalm, sr. v.p.-components & president-RAFA AB; Bjorn Linton, sr. v.p.-network engr. & constr. & pres.-Ericsson Network Engineering AB; Ake Lundqvist, sr. v.p.-radio communications & president-Ericsson Radio Systems AB; Jan Stenberg, executive v.p.-public telecommunications; Stephan Almqvist, sr. v.p.-corporate treasury; Lars Edmark, sr. v.p.-corporate market coordination; Lennart Grabe, sr. v.p. & general counsel-corporate legal affairs; Harry Johansson, sr. v.p.-corporate audit; Bo Landin, sr. v.p.-corporate market coordination; Magnus Lemmel, sr. v.p.-corporate market coordination; Gosta Lindberg, sr. v.p.-corporate technology & quality & chief technical officer; Nils Ingvar Lundin, sr. v.p.-corporate relations; Rolf Skillner, sr. v.p.-corporate human resources & organization; Ake Stavling, sr. v.p.-corporate financial control.

Directors: Hans Werthen, chairman; Jan Wallander, Peter Wallenberg, Kjell Brandstrom, Lennart Dahlstrom, Paul Kvamme, Thor Nordmyr, Sven Olving, Sten Rudholm, Sven Agrup, Bjorn Svedberg.

Areas of Work: In the area of Public Telecommunications, the Company develops, produces and installs telecommunications equipment for telecom administrations. Equipment includes telephone exchanges, transmission, telex and data processing equipment. In the area of Information Systems, the Company manufactures products and systems for the transmission of voice and data in private networks. These include communications systems, including large subscriber exchanges, Eripax data networks, modems, small subscriber exchanges, intercom systems and telephone instruments; Data systems, including data terminals, personal computers, small business systems/minicomputers, and bank terminals systems; and office equipment, including printers, typewriters, calculators and office furniture. In the area of Cables, the Company produces power cable, telecommunications cable, and specialty cables. Defense Systems includes five products areas: avionics and missile electronics; defense communications; local and mobile defense systems; control and computer systems; and microwave communications, including radio links and satellite operations. Radio Communications includes mobile telephone and radio systems and personal paging systems. Network Engineering and Construction includes network construction, including planning and construction of telecommunications networks, data networks and telesignaling installations; and signal systems, including signaling and safety systems for rail traffic as well as street and highway signaling systems. Components operations include the development, manufacture and marketing of components and power supplies for the electronics industry. Product areas include microcircuits, power systems, and capacitors and standard components.

Divisions and Subsidiaries:

AB Aulis
Stockholm, Sweden

CAD Development AB
Stockholm, Sweden

ELLEMTEL Utvecklings AB
Stockholm, Sweden

E-P Data AB
Karlskrona, Sweden

Ericsson Cables AB
Sundbyberg, Sweden

Ericsson Fiber Optics AB
Stockholm, Sweden

LM Ericsson Data Services AB
Stockholm, Sweden

Aktiebolaget LM Ericsson Finans
Stockholm, Sweden

Ericsson Information Systems AB
Stockholm, Sweden

Ericsson Information Systems Sverige AB
Stockholm, Sweden

Ericsson Network Engineering AB
Stockholm, Sweden

Ericsson Programatic Sweden AB
Karlstad, Sweden

Ericsson Radio Systems AB
Stockholm, Sweden

Ericsson Radio Systems Sverige AB
Sundbyberg, Sweden

Ericsson Signal Systems AB
Stockholm, Sweden

Erisoft AB
Lulea, Sweden

Facit AB
Sundbyberg, Sweden

Industrigruppen JAS AB
Stockholm, Sweden

Magnetic AB
Stockholm, Sweden

Mellansvenska Elektriska AB
Stockholm, Sweden

John Martenssons Elmaterial AB
Helsingborg, Sweden

Pite Partner AB
Ojebyn, Sweden

RIFA AB
Stockholm, Sweden

Svenska Elgrossist ABSELGA
Stockholm, Sweden

Tockafors Verkstads AB
Tockafors, Sweden

Wolber Import AB
Stockholm, Sweden

Verimation AB
Vastra Frolunda, Sweden

United States Divisions and Subsidiaries:

Ericsson Systems, Inc.
Richardson, Texas

Network Systems
Richardson, Texas

Information Systems
Richardson, Texas

Radio Systems
Richardson, Texas

Ericsson, Inc.
Overland Park, Kansas

Ericsson Development, Inc.
Anaheim, California

The Ericsson Corporation
New York, New York

Facit, Inc.
Merrimack, New Hampshire

RIFA, Inc.
Greenwich, Connecticut

Transfer Agent(s):*

Citibank, N.A.
New York, New York

* American Depositary Receipt

Stock Exchange(s): Stockholm*, London, Paris, Hamburg, Frankfurt am Main, Dusseldorf, Oslo, Geneva, Over-the-Counter. * Class A and Class B shares; all others only Class B.

Ticker Symbol: ERICY (NASDAQ)* * American Depositary Receipt

Number of Employees

1986	72,575	1983	70,783
1985	78,159	1982	66,300
1984	75,116		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1986	Skr31,644,000	Skr563,000
1985	32,496,000	837,000
1984	29,378,000	644,000
1983	25,244,000	N.A.
1982	19,470,000	N.A.

	No. of Com. Shares‡	Earn. per Share‡†
1986	38,011,000	Skr14.96
1985	36,951,000	12.62
1984	36,899,000	30.54
1983	35,331,000	34.46
1982	32,683,000	25.65

Skr-Swedish kronor.
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
† After deducting appropriations.

Revenues By Line of Business

	1986	1985
Public telecommunications	32.6	32.5
Cables	11.4	13.0
Defense systems	8.8	6.6
Radio communications	8.5	7.6
Network engineering & constrac.	7.0	6.2
Information systems	29.0	30.8
Components	2.5	2.6
Other	0.2	0.7
Total	100 %	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	Skr9.00	—	—
1985	9.00	—	—
1984	9.00	—	—
1983	9.00	—	—
1982	7.50	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1986	Skr7,299,000	Skr192.02
1985	6,901,000	186.76
1984	6,560,000	177.78
1983	6,219,000	176.02
1982	3,973,000	121.56

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	Skr31,644,000	Skr32,496,000
Cost of sales	16,665,000	17,595,000
Other revenues	(634,000)	(695,000)
Expenses	12,366,000	12,651,000
Depreciation	1,133,000	1,308,000
Interest expense	1,990,000	2,109,000
Interest income	(810,000)	(1,157,000)
Eq. in earn. of assoc. cos.	(181,000)	(34,000)
Minority interest	204,000	(159,000)
Inc. before appropriations & taxes	Skr911,000	Skr878,000
Appropriations to untaxed reserves	6,000	(371,000)
Income before taxes	Skr905,000	Skr1,249,000
Income taxes	384,000	493,000
Minority interest	(42,000)	(81,000)
Net Income	Skr563,000	Skr837,000

Assets
(000's)

As of Dec. 31	1986	1985
Cash	Skr2,775,000	Skr3,069,000
Accts. receiv., net	9,488,000	10,616,000
*Inventories	9,522,000	10,464,000
Other curr. assets	2,465,000	2,211,000
Current Assets	Skr24,250,000	Skr26,360,000
Deposits rel. to untaxed reserves	174,000	313,000
Notes & accts. receivable	501,000	783,000
Investments in assoc. cos.	796,000	625,000
Other investments	208,000	204,000
Other assets	1,468,000	1,288,000
#Fixed assets	6,835,000	7,549,000
Total Assets	Skr34,232,000	Skr37,122,000

Liabilities
(000's)

Short-term borrowings	Skr2,456,000	Skr5,918,000
Long-term debt, curr.	648,000	760,000
Accts. payable	1,941,000	2,435,000
Advances from customers	2,289,000	2,277,000
Accrued taxes	211,000	257,000
Other current liabilities	5,085,000	4,684,000
Curr. Liabilities	Skr12,630,000	Skr16,331,000
Debentures	2,780,000	2,289,000
Convert. debentures	—	190,000
Pension liabilities	3,105,000	2,741,000
Other liabilities	2,883,000	3,346,000
Untaxed reserves	4,789,000	4,794,000
Minority interest	746,000	530,000
+Common stock	1,908,000	1,848,000
Reserves not avail. for distr.	4,423,000	3,933,000
Cum. trans. adjust.	25,000	38,000
Retained earnings	943,000	1,082,000
Total Liabilities & Shareholders' Equity	Skr34,232,000	Skr37,122,000

* At standard cost.
# Less accumulated depreciation.
+ Skr50 par value.

Statistical Summary
(millions)

%Income bef. Taxes to Sales	2.86	3.84
%Net Income to Sales	1.78	2.58
%Net Income to Equity	7.71	12.13
Sales to Inventories	3.32	3.11
Debt to Equity	0.43	0.97
Working Capital	Skr11,620	Skr10,029
Current Ratio	1.92	1.61
Shareholders' Equity	Skr7,299	Skr6,901

Espey Mfg. & Electronics Corp.

Ballston and Congress Avenues
Saratoga Springs, New York 12866
(518) 584-4100

Officers: Sol Pinsley, president & chief exec. officer; Frieda Pinsley, v.p. & secretary; Herbert Poticher, treasurer & principal financial & accounting officer.

Directors: Albert E. Brain, Henry Brand, Frieda Pinsley, Sol Pinsley.

Areas of Work: Develops, designs, manufactures and markets specialized electronic power supplies, a wide variety of transformers and other types of iron-core components, and electronic systems, principally for military use.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: ESP

Number of Employees

1987	210	1986	239

Plant Footage:

1987	87,000 sq. ft.	1986	87,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 12,243,534	$ 1,176,236
1986	13,806,276	1,726,612
1985	16,400,504	2,929,521
1984	16,423,999	3,043,440
1983	14,951,404	2,700,893

	No. of Com. Shares†	Earn. per Share‡
1987	1,216,902	$ 1.13
1986	1,216,902	1.42
1985	1,216,902	2.41
1984	1,216,902	3.16
1983	1,216,902	2.23

N.A.- Not Available.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985	1984
Electronic power supplies	49 %	57 %	49 %	35 %
Iron-core components	19	24	19	16
Electronic systems	32	19	32	49
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.40	—	—
1984	0.333	—	3-for-1
1983	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 18,724,161	$ 15.39
1986	17,815,856	14.64
1985	16,514,997	13.57
1984	14,012,737	11.52
1983	10,612,258	8.72

‡ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 13,343,534	$ 13,806,276
Cost of sales	10,045,534	9,959,080
Expenses	1,189,167	1,217,677
Interest income	(546,321)	(582,478)
Other income	(61,080)	(41,201)
Income before taxes	$ 2,616,234	$ 3,253,218
Income taxes	1,240,000	1,526,600
Net Income	$ 1,376,234	$ 1,726,618

* Included in Costs and Expenses, Depreciation and Amortization: $341,500 in 1987 and $328,693 in 1986.

Assets

As of June 30	1987	1986
Cash	$1,004,852	$348,800
Marketable securities	8,328,021	6,325,858
Accts. receiv., net	1,265,930	1,565,459
Refundable taxes	426,189	377,984
Other receivables	22,007	14,580
*Inventories	5,825,575	6,435,048
Prepaid expenses	228,560	226,653
Current Assets	$ 17,101,124	$ 15,194,682
Marketable securities	332,421	1,214,452
#Fixed assets	2,975,850	2,872,535
Other assets	5,000	5,000
Total Assets	$ 20,414,395	$ 19,286,669

Liabilities

Accts. payable	$ 532,778	$ 266,518
Accrued salaries	208,229	226,879
Accrued payroll	99,168	186,309
Other accruals	34,809	43,864
Curr. Liabilities	$ 874,983	$ 683,770
Deferred inc. taxes	815,251	787,065
+Common stock	504,979	504,979
Add. paid-in capital	2,772,979	2,772,979
Retained earnings	15,925,436	15,035,963
Treasury stock	(470,454)	(470,454)
Unreal. loss on equity secur.	(8,779)	(27,613)
Total Liabilities & Shareholders' Equity	$ 20,414,395	$ 19,286,669

* At FIFO cost.
# Less accumulated depreciation and amortization.
+ $0.333 par value.

Statistical Summary

%Income bef. Taxes to Sales	19.75	23.56
%Net Income to Sales	10.39	12.51
%Net Income to Equity	7.35	9.69
Sales to Inventories	2.27	2.15
Working Capital	$ 16,226,141	$ 14,510,912
Current Ratio	19.56	22.22
Shareholders' Equity	$ 18,724,161	$ 17,815,856

Esquire Radio & Electronics, Inc.

4100 First Avenue
Brooklyn, New York 11232
(718) 499-0020

Officers: A. Robert Lieberman, chairman of the board & president; Simon Lynn, executive v.p.; Paul Smith, v.p.-engineering; Nicholas Maffei, v.p.-sales; Harvey Lieberman, v.p.-operations; Gilbert Sherr, treasurer; Lloyd Frank, secretary & counsel; Jay M. Lieberman, v.p.-customer services.

Directors: A. Robert Lieberman, chairman; Simon Lynn, Paul Smith, Gertrude Lieberman, Morris Levin.

Areas of Work: Imports and distributes electronic products, principally a line of telecommunications equipment, including telephones, telephone key systems and answering machines.

Subsidiaries:

Tangent Industries, Ltd.
Provides repair and factory refurbishing services.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: EE

Number of Employees:

1987	118	1984	44
1986	63	1983	55
1985	N.A.		

N.A. - Not Available.

Plant Footage:

1987	253,000 sq. ft.	1984	440,000
1986	217,000	1983	480,000
1985	217,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 65,455,011	$ 4,119,629
1986	16,134,871	202,810
1985	1,970,528	(55,042)
1984	11,488,187	851,960
1983	17,567,898	2,261,483

	No. of Com. Sales @	Earn. per Share @+
1987	483,000	$ 8.53
1986	483,000	0.42
1985	483,000	—
1984	483,000	1.76
1983	483,000	4.68

(Loss)
+ Including extraordinary gain of $2,569,459 ($5.32 per share) in 1987.
@ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.72	—	—
1986	0.72	—	—
1985	0.72	—	—
1984	0.72	—	—
1983	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share @
1987	$ 23,679,717	$ 49.03
1986	19,907,848	41.22
1985	20,052,798	41.52
1984	20,455,600	42.35
1983	19,951,400	41.31

@ Based on the weighted average number of shares outstanding.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 64,455,011	$ 16,134,871
Cost of sales	60,281,222	15,386,703
Expenses	1,305,221	1,405,437
Interest income	(1,515,195)	(1,836,111)
Interest expense	263,840	136,498
Unusual items	52,020	691,410
Inc. bef. taxes	$ 2,867,903	$ 348,934
Income taxes	1,317,733	146,124
Net income	$ 1,550,170	$ 202,810
Extraord. gain	2,569,459	—
Net Income & extraord. gain	$ 4,119,629	$ 202,810

* Included in Costs and Expenses, Depreciation and Amortization: $147,877 in 1987 and $237,195 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 402,404	$ 16,779,134
Accts. receiv., net	7,225,392	3,561,832
*Inventories	33,010,000	4,950,800
Deferred inc. taxes	142,535	—
Prepaid expenses	117,018	174,130
Current Assets	$ 40,897,349	$ 25,465,896
#Fixed assets	135,761	191,428
Deferred comp. fund	952,994	865,629
Total Assets	$ 41,986,104	$ 26,502,953

Liabilities

Prov. for claims	$ —	$ 5,539,643
Bank loans pay.	11,740,000	—
Accts. payable & accruals	2,256,561	665,849
Inc. taxes pay.	3,799,103	—
Curr. Liabilities	$ 17,795,664	$ 6,205,492
Deferred comp.	510,725	389,613
+Common stock	65,126	65,126
Add. paid-in capital	640,209	640,209
Retained earnings	24,913,546	21,140,677
Treasury stock	(1,938,164)	(1,938,164)
Total Liabilities & Shareholders' Equity	$ 41,986,104	$ 26,502,953

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.45	2.16
%Net Income to Sales	2.41	1.26
%Net Income to Equity	6.55	1.02
Sales to Inventories	1.95	3.26
Working Capital	$ 23,101,685	$ 19,240,404
Current Ratio	2.30	4.10
Shareholders' Equity	$ 23,679,717	$ 19,907,848

Esterline Corporation

10800 NE 8th Street
Suite 600
Bellevue, Washington 98004
(206) 453-6001

Officers: Carroll M. Martenson, chairman, president & chief executive officer; Wendell P. Hurlbut, exec. v.p.-operations; Robert W. Stevenson, exec. v.p. & chief financial officer; Robert W. Cremin, group vice president; John T. Kane, group vice president; Stephen S. Roberts, group vice president; N. Huntley Holland, v.p.-industrial relations; Harold S. Meden, v.p.-corp. development; F. Victor Thompson, v.p. & controller.

Directors: Carroll M. Martenson, chairman; Robert S. Ames, Lee L. Davenport, Anne E. Dyson, Robert F. Goldhammer, Donald J. Jones, C. Richard Owens, Charles H. Dyson.

Areas of Work: Manufactures products principally in the fields of automation, quality control and instrumentation.

Divisions and Subsidiaries.

Equipment Sales Company, Inc.
150 Westford Road
Tyngsboro, Massachusetts 01879
Produces automated equipment for bareboard testing as well as shorts and opens testing of assembled printed circuit boards.

Hollis Automation, Inc.
15 Charron Avenue
Nashua, New Hampshire 03063
Automated systems for wave soldering and cleaning of printed circuit boards assemblies and related equipment.

W. A. Whitney Corporation
650 Race Street
Rockford, Illinois 61105
(815) 964-6771

W. A. Whitney Italia, S.p.A.
Strada Del Francese 130/9
Turin 10156 Italy
Manufactures automated equipment for sheet metal, plate, and structural steel fabrication.

Excellon Industries, Inc.
24225 Garnier Street
Torrance, California 90509
(213) 352-8000

Excellon Automation
24225 Garnier Street
Torrance, California 90509
(213) 325-8000
Manufactures automated printed circuit board drilling and routing machinery and optical programming systems of such machinery.

Excellon Photonics
3000 Redhill Avenue
Costa Mesa, California 92626
Produces printed board imaging systems.

Excellon International
Dominion Way
Rustington, Littlehampton, West Sussex BN 163 HQ
England
Manufactures automated printed board production machinery, manual printed circuit board drilling and routing machinery.

Excellon Europa GmbH
Justus-von-Liebig-Str. 19
D-6057 Dietzenbach/BRD, West Germany

Talon, Inc.
15209 South Broadway
Gardena, California 90248
(213) 532-1040
Produces tungsten carbide printed circuit board drills and metal cutting tools.

Federal Products Corporation
1144 Eddy Street
Providence, Rhode Island 02901
(401) 781-9300
Produces analog and digital dimensional measurement and inspection instruments for industrial quality control applications.

Federal Gauges, Ltd. (50% owned by Federal Products Corp.)
Brick Knoll Park, Ashley Road
St. Albans
Herts AL1 5PL England

Esterline-Angus Instrument Corporation
1201 Main Street
Indianapolis, Indiana 46224
(317) 244-7611
Manufactures analog and digital recording instruments, analytical process monitoring and control instrumentation.

Scientific Columbus, Inc.
1900 Arlingate Lane
Columbus, Ohio 43228
(614) 294-5671
Products include: Analog and digital electronic meters, transducers, and instruments for monitoring, billing, and controlling electric power.

Auxitrol S.A.
1, Rue d'Anjou, BP241
Asnieres 92603 France

Auxitrol Iberico S.A.
C/Caucho s/n, Poligono-Industrial
Apatado num. 30
Torrejon de Ardoz (Madrid), Spain
Liquid level and pneumatic measuring and control devices; aviation and industrial thermo-couples; industrial alarms; electrical penetration devices for nuclear power plants.

Transfer Agent(s):

Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

The First Jersey National Bank
One Exchange Place
Jersey City, New Jersey 07302

Stock Exchange(s): New York

Ticker Symbol: ESL

Number of Employees:

1987 ..... 3,156 1986 3,130

Plant Footage:

1987 ..... 1,181,400 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 259,661,000	$ (29,306,000)
1986	235,940,000	922,000
1985	254,252,000	2,163,000
1984	260,595,000	10,037,000
1983	187,677,000	7,685,000

	No. of Com. Shares #	Earn. per Share #
1987	8,444,000	$ —
1986	8,444,000	0.11
1985	8,444,000	0.26
1984	8,446,000	2.14
1983	8,446,000	0.91

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Automation	$ 117,689	$ 89,749
Quality control	78,328	84,107
Instrumentation	63,644	62,084
Total	$ 259,661	$ 235,940

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.54	—	—
1985	0.72	—	—
1984	0.66	—	—
1983	0.64	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 73,036,000	$ 8.65
1986	101,073,000	11.97
1985	103,547,000	12.26
1984	106,336,000	12.59
1983	94,961,000	11.24

Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1987	1986
Net sales	$ 259,661	$ 235,940
Cost of sales	175,907	151,166
Expenses	89,318	77,153
Interest expense	5,879	5,322
Prov. for loss on divest.	20,484	—
Income (Loss) before taxes	$ (31,927)	$ 2,299
Income taxes (credit)	(2,621)	1,377
Net Income (Loss)	$ (29,306)	$ 922

* Included in Costs and Expenses, Depreciation and Amortization: $10,936,000 in 1987 and $8,485,000 in 1986.

Assets
(000's)

As of Oct. 31	1987	1986
Cash	$ 9,756	$ 7,410
Accts. & notes receiv., net	59,159	46,157
*Inventories	59,665	64,185
Assets of discont. oper.	1,806	4,536
Prepaid expenses	4,181	3,625
Deferred income taxes	—	2,521
Current Assets	$ 134,587	$ 128,434
#Fixed assets	40,106	45,050
Other assets	4,339	5,246
Intangibles	6,620	23,668
Total Assets	$ 185,652	$ 202,398

Liabilities
(000's)

Notes payable	$ 29,039	$ 27,025
Long-term debt, curr.	6,044	1,989
Accts. payable	22,066	16,250
Accruals	28,597	18,937
Income taxes	766	3,000
Curr. Liabilities	$ 86,512	$ 67,201
Long-term debt	25,252	29,218
Other liabilities	852	4,906
+ Common stock	1,732	1,732
Add. paid-in capital	13,891	13,891
Retained earnings	61,176	90,842
Cumulative translation adjustments	(2,262)	(3,531)
Treasury stock	(1,501)	(1,501)
Total Liabilities & Shareholders' Equity	$ 185,652	$ 202,398

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.97
%Net Income to Sales	—	0.39
%Net Income to Equity	—	0.91
Sales to Inventories	4.35	3.68
Debt to Equity	0.83	0.54
Working Capital	$ 48,075,000	$ 61,233,000
Current Ratio	1.56	1.91
Shareholders' Equity	$ 73,036,000	$ 101,073,000

E-Systems, Inc.

6250 LBJ Freeway
P.O. Box 660248
Dallas, Texas 75266
(214) 661-1000

Officers: David R. Tacke, chairman of the board & chief exec. officer; E. Gene Keiffer, president & chief operating officer; A. Lowell Lawson, exec. v.p.; James W. Crowley, v.p., secretary & general counsel; T. D. Kelly, v.p.-finance & chief financial officer; James W. Pope, v.p. & controller; Joe W. Russell, v.p.-corp. relations; Eaton Adams, Jr., v.p.-strategic planning & development; Harry L. Thurmon, v.p.-new business development; Charles R. Farmer, Jr., v.p. & gen. mgr.-Garland Division; Brian D. Cullen, v.p. & gen. mgr.-Greenville Division; Talbot S. Huff, Jr., v.p. & gen. mgr.-Melpar Division; Robert C. Kroeger, v.p.-quality assurance; Jackson D. Maxey, v.p. & gen. mgr.-ECI Division.

Directors: David R. Tacke, chairman; E. F. Buehring, John W. Dixon, Martin R. Hoffmann, LaVan Griffin, S. Lee King, Francine I. Neff, W. F. Raborn, A. Lowell Lawson, E. Gene Keiffer.

Areas of Work: Engaged in the development and production of command and control systems and equipment primarily for defense applications on a worldwide basis. Complete systems include clear and secure communication systems, large-scale data processing systems, software, data-link terminals, displays, and related antennas. Produces and develops electronic warfare systems and electromagnetic support equipment; intelligence processing, which includes signal processing systems, computer systems, and modeling, and systems studies; intelligence collection, which includes signal collection systems and systems studies; tactical/security electronics which includes jamming and deception systems, electronic countermeasure systems, radar homing and warning systems, fuzing and timing devices, intrusion detection devices, and special-purpose devices. Engaged in the production of tactical radios and military communications systems and equipment, and guidance and navigation systems; also produces information handling and data-display systems, and flight control systems. Also engaged in aircraft overhaul, maintenance and modification.

Divisions and Subsidiaries:

Garland Division
P.O. Box 660023
Dallas, Texas 75266
(214) 272-0515

Melpar Division
7700 Arlington Boulevard
Falls Church, Virginia 22046
(703) 560-5000

Montek Division
2268 South 3270 West
Salt Lake City, Utah 84119
(801) 973-4300

Greenville Division
P.O. Box 1056
Greenville, Texas 75401
(214) 455-3450

Serv-Air, Inc.
P.O. Box 1669
Greenville, Texas 75401
(214) 454-2000

ECI Division
P.O. Box 12248
1501 72nd Street No.
St. Petersburg, Florida 33733
(813) 381-2000

Center for Advanced Planning and Analysis
1 Flint-Hill Office Park
10530 Rosehaven Street, Suite 200
Fairfax, Virginia 22030
(703) 352-0300

Communications Manufacturing Division
P.O. Box 33010
2501 72nd Street North
St. Petersburg, Florida 33733
(813) 381-1151

Transfer Agent(s):

MBank Dallas, N.A.
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): New York, London

Ticker Symbol: ESY

Number of Employees:

1987	15,506	1984	11,984
1986	14,932	1983	11,941
1985	13,405		

Plant Footage:

1987	5,440,000 sq. ft.	1984	5,000,000
1986	5,375,000	1983	5,000,000
1985	5,600,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 1,227,237,000	$ 60,400,000
1986	1,135,072,000	61,553,000
1985	926,753,000	44,982,000
1984	779,678,000	61,109,000
1983	776,969,000	55,246,000

	No. of Comm. Shares†	Earn. per Share‡
1987	30,822,822	$ 1.95
1986	30,420,141	2.00
1985	30,035,797	1.47
1984	29,687,373	2.02
1983	29,314,719	1.82

+ Of continuing operations only.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Electronics warfare	$ 747,936	$ 717,767
Command, control & communications	257,595	233,785
Guidance, control & navigation	61,694	39,329
Aircraft maintenance & modification	160,012	124,191
Total	$ 1,227,237	$ 1,135,072

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.50	—	—
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.44	—	2-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 429,511,000	$ 13.93
1986	376,971,000	12.39
1985	320,989,000	10.69
1984	283,954,000	9.63
1983	238,133,000	8.13

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net Sales	$ 1,227,237	$ 1,135,072
Other income(expense)	(2,697)	10,411
Total Income	$ 1,224,540	$ 1,145,483
Cost of Sales	1,029,293	946,633
Expenses	91,755	84,771
Interest expense	7,314	4,749
Income before taxes	$ 96,178	$ 109,330
Income taxes	35,778	47,777
Net Income	$ 60,400	$ 61,553

* Included in Costs and Expenses, Depreciation and Amortization: $29,775,000 in 1987 and $24,607,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & securities	$ 10,911	$ 5,842
Short-term	570	77,273
Accts. receiv., net	208,915	163,284
Unreimbursed costs & fees	91,816	86,943
Fixed-price contracts	92,860	88,556
Raw materials & purch. parts	9,135	9,848
Prepaid health care	10,500	—
Other assets	7,542	5,701
Def. inc. tax charges	—	3,884
Current Assets	$ 432,249	$ 441,331
# Fixed assets	195,525	170,382
Prepaid pension costs	24,537	15,593
Defer. charges & other assets	13,313	495
Total Assets	$ 665,624	$ 627,801

Liabilities
(000's)

Accts. payable	$ 47,240	$ 46,488
Accruals	99,808	84,865
Income taxes	3,366	233
Curr. Liabilities	$ 150,414	$ 131,586
Long-term debt	49,832	68,494
Deferred items	35,867	50,750
+Common stock	30,823	30,420
Add. paid-in capital	77,990	70,918
Retained earnings	320,698	275,633
Total Liabilities & Shareholders' Equity	$ 665,624	$ 627,801

Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	7.84	9.63
% Net Income to Sales	4.92	5.42
% Net Income to Equity	14.06	16.39
Debt to Equity	0.12	0.18
Working Capital	$ 281,835,000	$ 309,745,000
Current Ratio	2.87	3.35
Shareholders' Equity	$ 429,511,000	$ 376,971,000

Evans & Sutherland Computer Corporation

580 Arapeen Drive
P.O. Box 2700
Salt Lake City, Utah 84108
(801) 582-5847

Officers: David C. Evans, chairman of the board, pres.dent & chief executive officer; Rodney S. Rougelot, v.p. & pres.-Simulation Division; Richard F. Leahy, v.p. & secretary-treasurer; Gary E. Meredith, v.p.; Susan Mickelsen, v.p.; J. Robert Driggs, v.p. & chief financial officer; C. Grant Schultz, controller; Jean Yves Leclerc, pres.-Computer Division; Russell A. Brown, pres.-Interactive Systems Division.

Directors: David C. Evans, chairman; Ivan E. Sutherland, Peter O. Crisp, Rodney S. Rougelot, Stewart Carrell, Henry N. Christiansen.

Areas of Work: Designs, manufactures, markets and services special purpose digital computers and software systems used in various operations which are aided by or require visual presentation of a digital model stored in the computer memory. Applications include pilot training simulators, design engineering work stations, graphics art design work stations and scientific research.

Subsidiaries:

Evans & Sutherland Ltd.
Cambridge, England
Develops, markets and services computer software products for use in geometric mechanical modeling and consulting services related to computer aided design.

Acquisition:

Tripos Associates, Inc.
St. Louis, Missouri
Engaged in software development for molecular modeling.

Transfer Agent(s):

Zions First National Bank, N.A.
One South Main Street
Salt Lake City, Utah 84111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ESCC (NASDAQ)

Number of Employees:

1987	1,350	1984	915
1986	1,200	1983	850
1985	1,000		

Plant Footage:

1987	319,000 sq. ft.	1984	260,000
1986	312,000	1983	260,000
1985	308,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 134,415,000	$ 14,745,000
1986	109,264,000	10,877,000
1985	79,588,000	6,191,000
1984	70,116,000	7,309,000
1983	60,58 .000	10,827,000

	No. of ... Shares #	Earn. per Share #
1987	8,557,742	$ 1.72
1986	8,192,434	1.33
1985	8,638,698	0.72
1984	8,826,367	0.83
1983	8,918,265	1.21

Based on the weighted average number of common shares and common share equivalents outstanding fully diluted.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 94,621,000	$ 11.06
1986	76,664,000	9.36
1985	65,238,000	7.55
1984	70,100,000	7.94
1983	62,031,000	6.96

Based on the weighted average number of common shares and common share equivalents outstanding fully diluted.

Income Account *

Year ended	12/25/87	12/26/86
Net sales	$ 134,415,023	$ 109,264,149
Cost of sales	59,729,864	51,409,692
Expenses	58,142,560	39,653,918
Interest income	(3,774,459)	(1,655,971)
Interest expense	3,344,467	816,137
Other income	(6,918,022)	(746,637)
Minority interest	(4,309)	(865)
Income before taxes	$ 23,894,922	$ 19,785,875
Income taxes	9,150,392	8,908,626
Net Income	$ 14,744,530	$ 10,877,249

* Included in Costs and Expenses, Depreciation and Amortization: $9,945,572 in 1987 and $6,245,950 in 1986.

Assets

As of	12/25/87	12/26/86
Cash & temp. cash invest.	$ 69,188,903	$ 26,080,149
Receivables, net	36,049,179	24,260,214
Costs in exc. of billings	14,656,073	9,402,833
* Inventories	21,679,986	17,214,791
Prepaid expenses	3,414,350	4,379,256
Current Assets	$ 144,988,491	$ 81,337,243
Notes receivable	—	262,019
Investments	4,098,261	5,321,102
# Fixed assets	48,908,440	37,616,992
Other assets	2,664,784	376,644
Total Assets	$ 200,659,976	$ 124,914,000

Liabilities

Notes payable	$ —	$ 723,459
Long-term debt, curr.	678,420	204,152
Accts. payable	5,058,868	3,651,852
Accruals	15,475,927	10,373,271
Billings in exc. of costs	4,272,572	5,218,909
Cust. deposits	4,539,857	4,130,150
Income taxes	2,120,460	4,655,709
Deferred income taxes	6,512,500	10,766,002
Curr. Liabilities	$ 38,658,604	$ 39,723,504
Long-term debt	62,600,633	5,054,116
Deferred income taxes	4,780,205	3,472,113
+ Common stock	1,675,760	1,620,940
Add. paid-in capital	11,738,352	9,485,473
Retained earnings	81,123,361	65,587,379
For. curr. trans. adjust.	129,371	(17,235)
Treasury stock	(46,310)	(12,289)
Total Liabilities & Shareholders' Equity	$ 200,659,976	$ 124,914,000

* Raw materials at lower of weighted average cost or market. Finished foods and work in progress stated at accum. mfg. costs, not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	17.78	18.11
%Net Income to Sales	10.97	9.96
%Net Income to Equity	15.58	14.19
Sales to Inventories	6.20	6.35
Debt to Equity	0.67	0.08
Working Capital	$ 106,329,887	$ 41,613,739
Current Ratio	3.75	2.05
Shareholders' Equity	$ 94,620,534	$ 76,664,267

Exteh Microsystems, Inc.

6935 Hayvenhurst Avenue
Van Nuys, California 91406
(818) 989-2630

Officers: Donald J. Farmer, president & treasurer; James R. Modrall, v.p.-engineering & asst. secretary; Bernard Shearer, secretary.

Directors: Donald J. Farmer, Bernard Shearer, Robert H. Webster.

Area of Work: Designs, manufactures, and sells microfilm duplication products, and distributes microfilm equipment and film.

Transfer Agent(s):

City National Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Number of Employees

1987	31	1985	26
1986	33		

Plant Footage

1987	25,000 sq. ft.	1985	15,300
1986	25,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 3,922,816	$ (150,189)
1986	4,100,297	187,237
1985	3,171,580	138,745
1984	2,489,053	104,889
1983	2,251,198	104,199

	No. of Com. Shares	Earn. per Share +
1987	149,260	$ —
1986	149,260	0.90
1985	149,260	0.66
1984	148,460	0.50
1983	148,460	0.50

(Loss)
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity‡‡	Equity Per Share
1987	$ 1,371,156	$ 9.19
1986	1,523,745	10.21
1985	1,338,908	8.97
1984	1,201,363	8.09
1983	1,098,874	7.40

‡ ‡ After allowing for preferred stock at par value of $100 per share.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 3,922,816	4,100,297
Other income	60,504	30,123
Total Income	$ 3,983,320	$ 4,130,420
Cost of sales	2,538,521	2,409,576
Expenses	1,233,808	1,095,013
Research & develop.	298,083	275,871
Interest expense	63,097	45,723
Income (loss) before taxes	$ (150,189)	$ 304,237
Income taxes	—	117,000
Net Income (Loss)	$ (150,189)	$ 187,237

* Included in Costs and Expenses, Depreciation and Amortization: $75,429 in 1987 and $82,325 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 95,423	$ 130,601
Receiv., net	635,496	599,998
* Inventories	995,190	1,200,041
Prepaid expenses & other assets	51,125	71,049
Refund inc. taxes	28,000	—
Current Assets	$ 1,805,234	$ 2,001,689
# Fixed assets	241,098	243,447
Other assets	17,992	20,076
Total Assets	$ 2,064,324	$ 2,265,212

Liabilities

Notes payable	$ 200,000	$ 20,000
Accts. payable & accruals	148,973	205,300
Accrued payroll	70,800	61,700
Income taxes	38,006	49,467
Long-term debt. curr.	83,333	84,000
Curr. Liabilities	$ 541,112	$ 420,467
Long-term debt	118,056	287,000
+ Preferred stock	34,000	34,000
++ Common stock	10,101	10,101
Add. paid-in capital	3,054,149	3,054,149
Deficit	(1,565,934)	(1,413,345)
Treasury stock	(127,160)	(127,160)
Total Liabilities & Shareholders' Equity	$ 2,064,324	$ 2,265,212

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 8% cumulative convertible.
++ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.42
%Net Income to Sales	—	4.57
%Net Income to Equity	—	12.02
Sales to Inventories	3.94	3.42
Debt to Equity	0.29	0.25
Working Capital	$ 1,264,122	$ 1,581,222
Current Ratio	3.34	4.76
Shareholders' Equity	$ 1,405,156	$ 1,557,745

Fairchild Industries, Inc.

Washington Dulles International Airport
300 West Service Rd., P.O. Box 10803
Chantilly, Virginia 22021
(703) 478-5800

Officers: Emanuel Fthenakis, chairman of the board and chief executive officer; Paul E. Wright, president & chief operating officer; John J. McDowell, sr. v.p. & gen. counsel; Edward M. Murchie, sr. v.p., chief financial officer & treasurer; John D. Jackson, v.p. & secretary; James P. Allen, v.p. & controller; John L. Flynn, v.p. & tax counsel; Harold R. Johnson, v.p.-business development; Richard G. Orr, v.p. & president-Fairchild Industrial Products Co.; Thomas F. Spoehr, v.p. & president-Aerospace Fasteners Division.

Directors: Emanuel Fthenakis*, chairman; Mortimer M. Caplin*, Thomas H. Moorer*, Robert V. Hansberger, R. James Woolsey*, Paul E. Wright*, E. Garrett Bewkes, Jr., Harvey L. Karp, Robert L. May, George Soros.

* Member of the Executive Committee

Area of Work: Space & Defense Electronics products include spacecraft, space subsystems, electronic and mechanical hardware, and technical support; Aerospace Fasteners products include aerospace pins and collars, lock bolts, blind bolts, blind rivets, nuts, special bolts and recessed fasteners; Industrial Products include plastics injection molding tooling and electronic control systems, industrial controls, mechanical transmissions and industrial and process instrumentation, and telecommunications equipment, primarily modems; also provides communications services.

Divisions and Subsidiaries:

Fairchild Republic Company
Conklin Street
Farmingdale, New York 11735
(516) 531-0105
Major airframe subassemblies, manned spacecraft subassemblies and subsystems.

Fairchild Industrial Products Company
1501 Fairchild Drive
Winston-Salem, North Carolina 27105
(919) 767-6010
Pneumatic, electropneumatic and mechanical power controls.

Fairchild Communications & Electronics Company
Sherman Fairchild Technology Center
20301 Century Boulevard
Germantown, Maryland 20874
(301) 428-6000
Communications and avionics equipment.

Fairchild Control Systems Company
1800 Rosecrans Avenue
Manhattan Beach, California 92066
(213) 643-9222
Fluid systems hardware and environmental control systems.

Fairchild Communications Services Co.
Washington Dulles International Airport
P.O. Box 10804
300 West Service Road
Chantilly, Virginia 22021
(703) 478-5980
Telecommunications systems.

Harco
P.O. Box 767
557 South Douglas Street
El Segundo, California 90245
(213) 643-9400
Aerospace locknuts.

Natter Manufacturing Company
P.O. Box 757
9400 Gidley Street
Temple City, California 91780
(213) 686-0202
Precision computer enclosures and telephone booths.

Fairchild Data Corporation
350 North Hayden Road
Scottsdale, Arizona 85257
(602) 949-1155
Satellite modems and other telecommunications equipment.

D-M-E Company
29111 Stephenson Highway
Madison Heights, Michigan 48071
(313) 398-6000
Standard mold bases and components for plastics and die casting industry.

Fairchild Space Company
20301 Century Boulevard
Germantown, Maryland 20874
(301) 428-6000
Spacecraft and space subsystems.

Screwcorp
13001 East Temple Avenue
City of Industry, California 91746
(818) 369-3333

Voi-Shan
8463 Higuera Street
Culver City, California 90232
(213) 202-8200

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia

Ticker Symbol: FEN

Fairchild Industries, Inc.

Number of Employees:

1987	4,877	1984	12,726
1986	11,230	1983	11,949
1985	12,380		

Plant Footage:

1987	N.A.	1986	5,847,969 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 453,832,000	$ 23,071,000
1986	448,834,000	(9,962,000)
1985	407,294,000	(167,095,000)
1984	357,077,000	1,382,000
1983	295,463,000	28,405,000

	No. of Com. Shares	Earn. per Share #†
1987	14,355,101	$ 0.84
1986	14,300,697	—
1985	13,717,988	—
1984	13,505,289	—
1983	13,423,009	1.16

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $13,199,000 ($0.92 per share) in 1987.
# Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Space & defense elec.	$ 122,214	$ 42,726
Aerospace fasteners	181,965	163,085
Industrial prods.	143,597	141,628
Communications services	6,056	1,395
Total	$ 453,832	$ 448,834

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.20	—	—
1985	0.35	—	—
1984	0.80	—	—
1983	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 46,622,000 ‡	$ 3.25
1986	28,873,000	2.02
1985	45,396,000	3.31
1984	222,999,000	16.51
1983	245,306,000	18.28

‡ After allowing for preferred stock at liquidation value.

Income Account °
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 453,832	$ 448,834
Other income (expense)	20,758	(334)
Interest income	7,703	3,871
Total income	$ 482,293	$ 452,371
Cost of sales	340,442	331,614
Expenses	91,996	99,450
Interest expense	26,924	23,904
Income (loss) before taxes	$ 22,933	$ (2,597)
Income taxes	11,442	1,531
Inc. (loss) - cont. oper.	$ 11,491	$ (4,128)
Loss - discont. oper.	(4,372)	(50,783)
Cum. effect of change in acctng. meth.	2,753	44,949
Net Income (Loss)	$ 9,872	$ (9,962)
Extraord. gain	13,199	—
Net Income (Loss) & extraord. gain	$ 23,071	$ (9,962)

° Included in Costs and Expenses, Depreciation and Amortization: $16,373,000 in 1987 and $15,653,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 120,454	$ 81,685
Accts. & notes receiv., net	67,947	59,879
Other receivables	11,576	20,895
° Inventories	97,497	93,284
Prepaid expenses	3,664	3,976
Current Assets	$ 301,138	$ 259,719
# Fixed Assets	83,165	74,084
Intangibles	59,349	59,443
Other assets	18,877	14,868
Net assets-discont. oper.	13,264	103,399
Total Assets	$ 475,793	$ 511,513

Liabilities
(000's)

Long-term debt, curr.	$ 9,049	$ 38,930
Accts. payable	49,225	38,710
Accruals	58,774	59,626
Cust. advances	4,599	2,478
Curr. Liabilities	$ 121,647	$ 139,744
Long-term debt	67,699	110,334
Other debt	43,709	19,463
Other liabilities	76,892	58,477
+ Redeemable pref. stock	108,964	154,622
+ + Preferred stock	10,260	—
+ + + Common stock	144	18,218
Add. paid-in capital	74,726	51,494
Retained earnings (deficit)	(28,144)	(37,362)
Cum. transl. adjust.	1,991	(3,493)
Treasury stock	(2,095)	(4)
Total Liabilities & Shareholders' Equity	$ 475,793	$ 511,513

° Lower of cost or estimated realizable value.
Less accumulated depreciation and amortization.
+ No par value; $3.60 cumulative.
+ + No par value; convertible.
+ + + $1 par value.

Statistical Summary

%Net Income to Equity	17.36	—
Sales to Inventories	4.65	4.81
Debt to Equity	2.12	3.84
Working Capital	$ 179,491,000	$ 119,975,000
Current Ratio	2.48	1.86
Shareholders' Equity	$ 56,882,000	$ 28,873,000

Fansteel Inc.

Number One Tantalum Place
North Chicago, Illinois 60064
(312) 689-4900

Officers: K. R. Garrity, chairman of the board, president & chief exec. officer; W. C. Herchenrider, exec. v.p.-operations; J. H. Fraser, secretary; J. B. Lambert, v.p. & technical director; R. W. McGinnis, v.p. & gen. mgr.-Wellman Dynamics; S. M. Jacobsen, controller; M. J. Mocniak, general counsel & asst. secretary.

Directors: Thomas M. Evans, Richard B. Ogilvie, Robert M. Dreve, Keith R. Garrity, C. J. Queenan, Jr., A. W. Dana, B. B. Evans, C. V. Emory, J. S. Petrik, A. J. Wagner, Jr., T. M. Evans, Jr..

Areas of Work: Manufactures refractory metals and fabricates high technology products for the automotive, appliance, metal working, mining, aerospace, recreational, electronic and chemical industries. Produces tantalum metal sheets, wire foil, and power. Other products lines include tungsten carbide cutting tools, refractory metal mill products, aerospace and aircraft engine components, chemical equipment, electronic materials and commerical castings.

Divisions:

Custom Technologies
Number One Tantalum Place
North Chicago, Illinois 60064
Manufactures high integrity products with particular expertise in large aluminum and magnesium sand castings used in helicopters, gas turbine engines and missile systems; manufactures investment castings and wire forms.

Escast
21 N. Church Street
Addison, Illinois 60101

Escast, Buckeye Plant
101 Park Drive
Waterville, Ohio 43566

Escast, Automated Equipment and Tooling Division
2080 Limbus Avenue
Sarasota, Florida 34243

Washington Manufacturing
800 East 7th Street
P.O. Box 486
Washington, Iowa 52353

Wellman Dynamics
U.S. Route 34
P.O. Box 147
Creston, Iowa 50801

VR/Wesson
Plantsville
389 Marion Avenue
Plantsville, Connecticut 06479

Lexington
Lisle Road
P.O. Box 11399
Lexington, Kentucky 40575

Hydro Carbide
P.O. Box 363
Latrobe, Pennsylvania 15650

Hydro Carbide
P.O. Box 2368
Gulfport, Mississippi 39503

VR/Wesson Industrial Supply
800 Industrial Drive
Beckley, West Virginia 25801

Metals Group
Tantalum, columbium and other special metals; electronic-grade tantalum powder, and wire.

Number One Tantalum Place
North Chicago, Illinois 60064

Muskogee Plant
Number Ten Tantalum Place
Muskogee, Oklahoma 74401

Aerospace
Products and services include special material structures and fabrications primarily for aerospace/aircraft, and forgings.

California Drop Forge
1033 Alhambra Avenue
Los Angeles, California 90012
(213) 221-1134

Precision Sheet Metal
5235 W. 104th Street
Los Angeles, California 90045
(213) 670-1030

International

Interturbine Fansteel B.V.
Industrieterrein Spikweien
Spiktweg 13-5943 Lomm The Netherlands

V Tech-Fansteel, Inc, (51%-owned)
2F Mita Meruhachi Building
1-10, 3-Chome, Mita
Minato-Ku, Tokyo 108, Japan

Transfer Agent(s):

Mellon Bank N.A.

Stock Exchange(s): New York

Ticker Symbol: FNL

Number of Employees:

1987	2,012	1984	1,997
1986	2,050	1983	1,886
1985	2,555		

Sales & Earnings

	Net Sales	Net Income
1987	$ 176,335,385	$ (2,953,988)
1986	210,126,760	2,773,855
1985	208,092,988	7,704,499
1984	180,450,015	11,155,336
1983	153,779,111	8,357,564

	No. of Com. Shares†	Earn. per Share†
1987	8,598,858	$ —
1986	8,598,858	0.32
1985	8,598,858	0.90
1984	8,598,858	1.30
1983	8,599,102	0.97

(Loss)
† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1987	1986
Metal Producers	$ 31,926,098	$ 44,874,537
Industrial Tools	46,166,399	48,044,343
Metal Fabrications	98,242,888	117,207,880
Total	$ 176,335,385	$ 210,126,760

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.60	—	—
1986	0.60	—	—
1985	0.60	—	—
1984	0.60	—	—
1983	0.42	—	3-for-1 & 2-for-1

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 71,057,152	$ 8.26
1986	78,876,378	9.17
1985	80,796,791	9.40
1984	77,916,807	9.06
1983	72,088,455	8.38

† Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 176,335,385	$ 210,126,760
Cost of sales	157,958,403	179,228,079
Expenses	19,943,461	23,608,744
Research & develop.	771,964	1,656,063
Interest expense	523,572	1,831,115
Interest income	(306,972)	(510,521)
Other income	(224,018)	(142,575)
Non-recurring loss	1,254,963	—
Income before taxes	$ 4,985,988	$ 4,455,855
Income taxes (credit)	(2,032,000)	1,682,000
Net Income (Loss)	$ 2,953,988)	$ 2,773,855

* Included in Costs and Expenses, Depreciation: $8,853,476 in 1987 and $10,834,421 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 22,146,478	$ 18,203,453
Accts. receiv., net	25,873,424	30,066,532
Income tax refunds	3,030,000	—
* Inventories	42,408,415	38,308,595
Prepaid expenses	978,487	741,968
Current Assets	$ 94,436,804	$ 87,320,548
# Fixed assets	35,789,932	33,171,643
Other assets	5,066,979	2,248,482
Total Assets	$ 135,293,735	$ 122,740,473

Liabilities

Long-term debt, curr.	$ 4,815,194	$ 133,338
Accts. payable	10,092,121	10,911,313
Accruals	9,354,779	10,665,717
Income taxes	376,446	23,302
Dividends payable	1,289,829	1,289,829
Short-term borrowings	3,480,000	—
Curr. Liabilities	$ 29,408,369	$ 23,043,399
Long-term debt	34,371,214	20,820,696
Minority interest	457,000	—
+ Common stock	21,497,145	21,497,145
Retained earnings	48,723,042	56,836,345
For. curr. trans.	836,965	342,888
Total Liabilities & Shareholders' Equity	$ 135,293,735	$ 122,740,473

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.12
%Net Income to Sales	—	1.32
%Net Income to Equity	—	3.52
%Sales to Inventories	4.16	5.49
Debt to Equity	0.60	0.27
Working Capital	$ 94,436,804	$ 64,277,149
Current Ratio	3.21	3.79
Shareholders' Equity	$ 71,057,152	$ 78,876,378

Federal Signal Corporation

1415 West 22nd Street
Oak Brook, Illinois 60521
(312) 954-2000

Officers: Joseph J. Ross, president & chief exec. officer; Charles R. Campbell, sr. v.p. & chief financial officer; Kim A. Wehrenberg, v.p., general counsel & secretary; Robert W. Racic, v.p. & treasurer; Robert H. Frostbeck, v.p.-corp. services; Richard L. Ritz, controller; Stephen C. Beck, v.p.-corp. development.

Directors: J. Patrick Lannan, Jr., James A. Lovell, Jr., Thomas N. McGowen, Jr., Joseph J. Ross, Walter R. Peirson.

Areas of Work: Company operations are divided into four major groups: Signal, Sign, Tool, and Vehicle. Principal products include sirens, emergency lights, fire alarm systems, security and parking control systems, signs, fire trucks, street sweepers, special vehicle chassis, precision punches and cutting tools.

Divisions and Subsidiaries:

Signal Group

Signal Products
2645 Federal Signal Drive
University Park, Illinois 60466
(312) 534-3400
Warning, signaling and communications products for municipalities and industry.

Autocall
41 East Tucker Avenue
Shelby, Ohio 44875
(419) 347-2400
Fire alarm and evacuation systems.

Federal APD Inc.
24700 Crestview Court
Farmington Hills, Michigan 48018
(313) 477-2700
Parking and access control systems.

CMI, Inc.
P.O. Box 40
Minturn, Colorado 81645
(303) 949-4440
Speed detection radar and blood alcohol analyzers.

Federal Construction Products
2645 Federal Signal Drive
University Park, Illinois 60466
(313) 534-3400
Directional arrow boards, construction light towers and blowers.

Sign Group

Burr Ridge, Illinois
Houston, Texas
Ft. Worth, Texas
Arlington, Texas
Oceanside, California
Knoxville, Tennessee
Daytona Beach, Florida

Custom identification, sign displays and electronic message centers.

Tool Group

Dayton Progress Corporation
500 Progress Road
Dayton, Ohio 45449
(513) 859-5111
Precision punches and die components.

Manchester Tool Company
5142 Manchester Road
Akron, Ohio 44319
(216) 644-8853
Deep grooving tools.

Bassett Rotary Tool Company
710 West Fisher Street
Monticello, Indiana 47960
(219) 583-7166
Carbide cutting tools.

Jamestown Perforators Inc.
1914 Washington Street
Jamestown, New York 14701
(716) 664-7575
Metal punches, dies, and small tooling components.

Vehicle Group

Emergency One, Inc.
1701 S.W. 37th Avenue
Ocala, Florida 32678
(904) 237-1122
Aluminum-bodied fire trucks and rescue vehicles.

Federal Motors, Inc.
3611 S.W. 20th Street
Ocala, Florida 32674
(904) 237-6215
Custom chassis and special vehicles.

Elgin Sweeper Company
1300 West Bartlett Road
Elgin, Illinois 60121
(312) 741-5370
Street sanitation equipment including sweepers and vacuums.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: FSS

Number of Employees:

1987	3,842	1984	3,236
1986	3,388	1983	3,118
1985	3,422		

Plant Footage:

1987 ..... 1,163,000 sq. ft. 1986 979,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 318,200,000	$ 14,900,000
1986	283,500,000	11,800,000
1985	278,300,000	11,700,000
1984	258,700,000	9,400,000
1983	226,000,000	7,100,000

	No. of Com. Shares‡	Earn. per Share‡
1987	9,523,000	$ 1.56
1986	9,448,000	1.25
1985	9,159,000	1.28
1984	9,163,000	1.03
1983	9,236,000	0.77

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues By Line of Business

	1987	1986
Signal	$ 89,707,000	$ 82,394,000
Vehicle	128,667,000	103,766,000
Sign	47,056,000	46,066,000
Tool	52,720,000	51,238,000
Total	$ 318,150,000	$ 283,464,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.73	10%	—
1986	0.73	—	—
1985	0.73	—	—
1984	0.73	—	—
1983	0.73	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 103,200,000	$ 10.84
1986	102,400,000	10.84
1985	91,100,000	9.95
1984	85,300,000	9.31
1983	84,700,000	9.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 318,150	$ 283,464
Cost of sales	209,178	183,872
Expenses	82,879	77,142
Interest expense	2,461	3,181
Other income	(1,252)	(1,233)
Income before taxes	$ 24,884	$ 20,502
Income taxes	10,007	8,700
Net income	$ 14,877	$ 11,802

* Included in Costs and Expenses, Depreciation and Amortization: $5,718,000 in 1987 and $5,405,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 2,355	$ 4,672
Accts. receiv., net	74,776	61,193
*Inventories	55,499	52,466
Prepaid expenses	2,662	2,922
Current Assets	$ 135,292	$ 121,253
#Fixed assets	50,625	42,477
Deferred charges & other assets	26,121	13,659
Total Assets	$ 212,038	$ 177,389

Liabilities
(000's)

Notes payable	$ 27,039	$ —
Long-term debt, curr.	1,417	1,350
Accts. payable	12,619	9,063
Accrued compensation	15,552	12,588
Other accruals	15,325	13,389
Dividends payable	1,665	1,733
Income taxes	5,953	6,596
Curr. Liabilities	$ 79,570	$ 44,719
Long-term debt	20,772	21,922
Deferred inc. taxes	8,457	8,386
+Common stock	9,155	8,664
Add. paid-in capital	77,781	70,321
Retained earnings	16,507	23,606
Deferred stock awards	(1,105)	(432)
For. curr. trans. adjust.	901	203
Total Liabilities & Shareholders' Equity	$ 212,038	$ 177,389

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.82	7.23
%Net Income to Sales	4.68	4.16
%Net Income to Equity	14.41	11.53
Sales to Inventories	5.73	5.40
Debt to Equity	0.48	0.23
Working Capital	$ 55,722,000	$ 76,534,000
Current Ratio	1.70	2.71
Shareholders' Equity	$ 103,239,000	$ 102,362,000

Federated Purchaser, Inc.

50 Lafayette Place
Kenilworth, New Jersey 07033
(201) 272-0505

825 Union Blvd.
Allentown, Pennsylvania 18103
(215) 437-4481

Officers: Arthur C. Kammerman, chairman; Harry J. Fallon, president; Steven J. Jordan, v.p.-sales & marketing; Jane A. Christy, v.p.-operations; Marie Santasiri, secretary; William Hall, treasurer.

Directors: Arthur C. Kammerman, chairman; Edmund L. Hoener, Harry J. Fallon, John Rudder.

Areas of Work: Engaged in the marketing of electronic parts, components and equipment to industrial and retail customers. To its industrial customers the company sells a broad range of products including semi-conductors, wire, transformers, relay systems, capacitors and electronic tubes. The principal products marketed by the company to retail customers are home entertainment equipment including stereo systems, tape recorders, speakers, radios and related accessories. The company markets its retail products through two stores located in Kenilworth, New Jersey, and Allentown, Pennsylvania. Industrial products are marketed directly by Federated's sales personnel from both locations and in the field.

Transfer Agent(s):

The National State Bank
Elizabeth, New Jersey

Stock Exchange(s): Over-the Counter

Ticker Symbol: EFDP (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 5,625,766	$ (28,086)
1986	5,864,255	110,963
1985	6,970,733	216,296
1984	7,305,216	281,654
1983	6,318,917	229,286

	No. of Com. Shares +	Earn. per Share +
1987	1,629,535	$ —
1986	1,720,385	0.06
1985	1,720,053	0.13
1984	1,715,906	0.16
1983	1,709,926	0.13

(Loss)
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.03	—	—
1986	0.06	—	—
1985	0.06	—	5-for-4
1984	0.06	—	—
1983	0.06	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 2,199,943	$ 1.35
1986	2,330,901	1.35
1985	2,342,963	1.36
1984	2,227,764	1.30
1983	2,063,695	1.21

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended October 31	1987	1986
Net sales	$ 5,625,766	$ 5,864,255
Cost of sales	4,313,296	4,411,223
Expenses	1,341,963	1,303,172
Depreciation	70,113	60,402
Other income	(49,879)	(63,705)
Incm (loss) bef. taxes	$ (49,727)	153,163
Income taxes (credit)	(21,640)	42,200
Net income (loss)	$ (28,087)	$ 110,963

Assets

As of October 31	1987	1986
Cash	$ 203,507	$ 44,433
Cert. of deposit	600,000	950,000
Accts. receiv., net	953,611	683,603
*Inventories	655,421	660,770
Prepaid expenses	43,432	54,867
Curre.. Assets	$ 2,455,971	$ 2,393,673
#Fixed assets	150,768	200,018
Other assets	28,100	34,100
Total Assets	$ 2,634,839	$ 2,627,791

Liabilities

Accts. payable	$ 354,419	$ 193,916
Accruals	76,387	94,974
Curr. Liabilities	$ 430,806	$ 288,890
Deferred income taxes	4,090	8,000
+Common stock	171,976	171,976
Add. paid-in capital	1,651,528	1,651,795
Retained earnings	453,724	530,670
Treasury stock	(77,285)	(23,540)
Total Liabilities & Shareholders' Equity	$ 2,634,839	$ 2,627,791

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.61
%Net Income to Sales	—	1.89
%Net Income to Equity	—	4.76
Sales to Inventories	8.58	8.87
Working Capital	$ 2,025,165	$ 2,104,783
Current Ratio	3.36	6.29
Shareholders' Equity	$ 2,199,543	$ 2,330,901

Fifth Dimension Inc.

801 New York Avenue
Trenton, New Jersey 08638
(609) 393-8350

Officers: Sheldon Bitko, president; Alfred R. Senni, exec. v.p. & chief exec. officer; Elaine H. Cain, secretary & treasurer.

Directors: Frederick J. Grunwald, Charles Wohlstetter, Charles Davidoff, Frederick C. Scherer, Lee R. Marks.

Areas of Work: The Company's business falls into three broad groups: manufacture of telemetry equipment, industrial components and glass metal seals. The principal products of the telemetry group include electronic and electromechanical signal commutators, sometimes coupled with analog to digital converters. The primary markets for this type of equipment are the defense and the aerospace industries; secondary markets are the Atomic Energy Commission and other private industries. The principal products of the components group include a family of mercury film switches and relays (sold under the name LOGICALL, or more specifically LC1, LC2 and LC3), sold mostly to industrial users. Other components include tilt switches for military and industrial applications and slip rings used by the military and aerospace manufacturers. Glass-metal seals are hermetic seals which allow electric signals into a chamber without allowing in the outside atmosphere or any contamination. These seals are used in light bulbs, transistors, tubes, relays and a myriad of other components.

Transfer Agents(s):

American Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIVD (NASDAQ)

Number of Employees:

1987	N.A.	1984	53
1986	59	1983	50
1985	57		

Plant Footage:

1987	N.A.	1984	18,000
1986	18,000 sq. ft.	1983	18,000
1985	18,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income+
1987	$ 2,781,565	$ 178,837
1986	2,996,353	194,007
1985	2,589,359	187,911
1984	2,686,616	157,665
1983	1,658,712	153,386

	No. of Com. Shares‡	Earn. per Share‡+
1987	729,122	$ 0.25
1986	729,122	0.27
1985	729,122	0.26
1984	729,122	0.22
1983	692,315	0.22

(Loss)
+ Including extraordinary gain of $42,582 ($0.06 per share) in 1983.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share+
1987	$ 1,192,830	$ 1.64
1986	1,013,993	1.39
1985	819,986	1.12
1984	632,075	0.87
1983	474,410	0.69

+ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 2,781,565	$ 2,996,353
Cost of sales	1,856,599	2,085,959
Expenses	604,084	542,605
Interest expense	29,704	39,461
Other income	(8,117)	(9,825)
Income before taxes	$ 299,295	$ 338,153
Income taxes	120,458	144,146
Net income	$ 178,837	$ 194,007

* Included in Costs and Expenses, Depreciation and Amortization: $74,178 in 1987 and $73,776 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 169,813	$ 153,468
Accts. receiv., net	744,210	821,992
*Inventories	554,447	401,648
Prepaid expenses	36,318	37,337
Current Assets	$ 1,506,788	$ 1,414,445
#Fixed assets	546,763	539,960
Total Assets	$ 2,053,551	$ 1,954,405

Liabilities

Notes payable	$ 73,363	$ 80,464
Accts. payable	51,702	58,937
Accrued compens. & vac.	159,396	130,748
Other accruals	62,875	33,038
Income taxes payable	161,694	71,971
Deferred income taxes	97,752	196,405
Curr. Liabilities	$ 566,782	$ 571,533
Notes payable	252,131	330,979
Deferred income taxes	41,800	47,900
+Common stock	364,936	364,936
Add. paid-in capital	403,663	403,663
Retained earnings	424,559	245,722
Treasury stock	(328)	(328)
Total Liabilities & Shareholders' Equity	$ 2,053,551	$ 1,954,405

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income befor. Taxes to Sales	10.76	11.29
%Net Income to Sales	6.43	6.47
%Net Income to Equity	14.99	19.13
Sales to Inventories	5.02	7.46
Debt to Equity	0.27	0.40
Working Capital	$ 940,006	$ 842,912
Current Ratio	2.66	2.47
Shareholders' Equity	$ 1,192,830	$ 1,013,993

Figgie International Inc.

1000 Virginia Center Parkway
Richmond, Virginia 23295
(804) 264-5600

Officers: Harry E. Figgie, Jr., chairman of the board and chief executive officer; William G. Gilmore, sr. v.p.; James S. Anderson, sr. v.p.-human resources; John M. Fitzpatrick, v.p.-gov't relations; Charles B. Miner, group v.p.; Mike Trbovich, group v.p.; Joseph J. Skadra, v.p. & controller; L. A. Harthun, sr. v.p.-international, general counsel & secretary; Charles C. Rieger, Jr., group v.p.; Woodson S. Carlisle, Jr., v.p. & treasurer; Mary C. Cleary, v.p. & asst. to chairman; Richard A. Foster, v.p.

Directors: Harry E. Figgie, Jr., chairman; Dale S. Coenen, Ewing T. Boles, Alfred V. Gangnon, Walter M. Vannoy, Robert A. Weaver, Jr., Gerald K. Rugger, Russel W. McFall, Harrison Nesbit, II, Hans Ulrich Rinderknecht, Harold B. Scott, Harry E. Figgie, III, John S. Lanahan, F. Rush McKnight, C. B. Robertson, III, A. A. Sommer, Jr.

Areas of Work: Comprised of 40 principal divisions and subsidiaries, Figgie's business can be grouped into five areas: consumer products; fire protection/safety/security; services; technical products; and machinery & allied products.

Divisions and Subsidiaries:

Technical Group

Hartman Electrical Manufacturing
175 North Diamond Street
Mansfield, Ohio 44902
(419) 524-1411
Electrical power switching and solid state controls. Contactors, relays and protective devices.

Hartman Systems
360 Wolf Hill Road
Huntington Station, L.I., New York 11746
(516) 427-7500
Develops and produces militarized cathode ray tube displays for airborne, shipboard, submarine and ground-based applications; weapons control systems for a wide range of military aircraft; and telemetry products for data reception.

Interstate Electronics Corporation
1001 East Ball Road
Anaheim, California 92803
(714) 758-0500
Voice data entry computer terminals; Plasma display terminals; Military command and control display systems; Signal processing systems; Off-shore oil platform data systems; Environmental surveys and services; Instrumentation and missile tracking systems.

Interstate Voice Products
1849 Sequoia Avenue
Orange, California 92668
(714) 937-9010
Speech recognition and speech response products, including chips, boards and complete turnkey systems for commercial, consumer and military markets.

Consumer Group

Figgie Licensing Corporation
Richmond, Virginia 23295
(804) 264-5660
Worldwide trademark licensing of consumer products, principally Fred Perry and Rawlings Sportswear, activewear and hard goods.

Rawlings Sporting Goods
2300 Delmar Boulevard
St. Louis, Missouri 63026
(314) 349-3500
Full line of sports equipment for baseball, football, basketball, soccer, boxing, badminton, golf, hockey, tennis and wrestling. Uniforms, jackets and shoes.

Fred Perry Sportswear (U.K.) Ltd.
Bridport Road
London N18 1SN England
Designer, manufacturer and worldwide marketer of high fashion tennis clothing and sports apparel.

Interstate Engineering
522 East Vermont Avenue
Anaheim, California 92805
(714) 778-5703
Residential smoke detectors and fire alarms. Compact home vacuum cleaners. Wireless IEC Security System. Aluminium and zinc die castings.

Thermometer Corporation of America
567 East Pleasant Street
Springfield, Ohio 45505
(513) 325-0456
Thermometers, hydrometers, humidity and weather instruments. Tru-Temp and Taylor thermometers and cooking instruments.

Sherwood-Drolet Corp. Ltd.
2745 Sherwood Blvd.
Sherbrooke, Quebec J1K 1E1 Canada
(819) 563-2202
Designs, manufactures and distributes Sher-Wood and Chimo hockey sticks, and Chimo clothing.

Figgie Consumer Products Licensing Division
Richmond, Virginia 23295
(804) 264-5735

Fire Protection and Safety

Advance Security
3330 Peachtree Road
Atlanta, Georgia 30305
(404) 231-1210
Security consultation. Uniformed security guards. Fire, safety, security systems and equipment. Industrial and business investigative service. Large area protection.

"Automatic" Sprinkler Corp. of America
P.O. Box 180
Cleveland, Ohio 44147
(216) 526-9900
Sprinkler systems; control valves; sprinkler heads; spray nozzles; 'Rate-of-Rise' and electric detection systems; electronic control panels; alarms; hydraulically calculated and special hazards fire protection systems. Fabrication, inspection and maintenance services; Range Guard fire extinguishing systems.

Badger-Powhatan
P.O. 7146
Charlottesville, Virginia 22906
(804) 973-4361
Portable water, carbon dioxide, and dry chemical fire extinguishers. Halon systems. Range hoods. "Blaze Guard" fire hose and couplings. Brass products for fire protection, industrial and municipal applications.

Scott Aviation
225 Erie Street
Lancaster, New York 14086
(716) 683-5100
Oxygen and air breathing systems, light aircraft accessories. Gas masks and respiratory devices. Gas analyzers and alarms. Air pollution detection and control equipment. Safety and first aid equipment.

Snorkel-Economy
P.O. Box 65-Stockyards Station
St. Joseph, Missouri 64504
(913) 989-4481
Aerial type water delivery systems for fire fighting apparatus, articulated and telescopic booms, extendable ladders and aerial platforms.

Machinery & Allied Products

Consolidated Packaging Machinery
11980 Waldon Avenue
Alden, New York 14004
(716) 937-3361
High-speed automatic capping equipment for bottles, cans and other containers; crimpers; cotton stuffers; scales; bagclosers; gravity paper bag fillers and closers.

Geo. J. Meyer Manufacturing
Charleston, South Carolina 29445
(803) 572-6640
Packaging and bottling equipment. Labeling machinery. Case palletizers. Bottle rinsing and inspection equipment.

Scott Huber Essick
P.O. Box 10263
Charleston, South Carolina 29445
(803) 797-5300
Road-building and construction equipment, Huber motor grader, rollers and maintainers, Scott hydraulic cranes. Smith truck-mounted turbine and tilter concrete mixers.

Kersey/American LaFrance
600 Mountain Lane
Bluefield, Virginia 24605
(703) 326-1121
Battery-powered tractors, scoops, supply cars, coal cars, hydraulic self-unloading cars; battery chargers; batteries and motors for underground coal mining.

Logan Co.
P.O. Box 6107
Louisville, Kentucky 40206
(502) 587-1361
Conveyor equipment and material handling systems. Wire partitions and window guards, folding gates. Spiral stairs and ornamental ironwork. Automated package and parcel sorting systems.

Safway Steel Products
6228 West State Street
Milwaukee, Wisconsin 53213
(414) 258-2700
Steel scaffolding and shoring systems. Portable bleachers. Powered mobile platforms and swing stages.

Figgie Hydraulic Products
1777 Morgantown Avenue
Fairmont, West Virginia 26554
(304) 366-4730
Hydraulic pumps, motors and parts; blowers; hydraulic valves, snow plow rams and precision machine products; custom gears for mining, constructions and hydraulic equipment.

Akron Packaging Machinery
Akron, Ohio 44313
(216) 923-0491
Case packers; uncasers; container dividers; combiners.

Stallman Gear
527 W. Rich Street
Columbus, Ohio 43215
(614) 224-3294
Manufacturer of gear, splined shafts and sprockets supplying the mining machinery, construction equipment, hydraulic gear pump and other machinery markets.

Kline Foundries
P.O. Box 444
Alburtis, Pennsylvania-18011
(215) 966-3966
Gray, ductile and malleable iron castings for transportation, heating, refrigeration, power transmission and construction.

Western Reserve Container
P.O. Box 193
Painesville, Ohio 44077
(216) 946-8464
Corrugated shipping containers; die cut corrugated inserts for product protection; point-of-sale corrugated floor and counter-top displays; protective inserts.

Other Services

Waite Hill Holdings, Inc.
(809) 292-6667
Diversified underwriting.

Waite Hill Assurance Ltd.
Figgie Insurance Company Ltd.
Hamilton 5, Bermuda

Colony Insurance Company
Warwick, Rhode Island 02886
(401) 732-0890
Property/casualty underwriting.

Cardinal Casualty Company
Cleveland, Ohio 44130
(216) 826-0335
Property/casualty underwriting.

Waite Hill Services, Inc.
Richmond, Virginia 23295
(804) 261-7000
Insurance services.

Figgie Acceptance Corporation
Columbus, Ohio 43085
(614) 431-2300
Financing subsidiary.

Figgie Properties, Inc.
Richmond, Virginia 23295
(804) 264-5840
Real estate management and development.

Figgie Natural Resources
Richmond, Virginia 23295
(804) 264-5600
Oil and gas investments.

Figgie Systems Support Division
Richmond, Virginia 23295
(804) 264-5750
Government services, contracting operations, maintenance and logistics services.

Figgie Systems Management Group, Inc.
4420 Sherwin Road
Willoughby, Ohio 44094
(216) 946-9000
Data processing and systems services, facility services; minicomputer hardware and software; CAD/CAM time sharing; microcomputer systems and training.

Hawthorne Aviation
Sandston, Virginia 23150
(804) 222-7256
Fixed base operations.

International Operations Group

Geo. J. Meyer (Australia) Pty. Ltd.
Logan-Feramec Pty. Ltd.
Australia

Figgie do Brasil Industria e Commercio Ltda.

Mojonnier do Brasil Industria e Commercio de Equipamentos Ltda.
Brazil

CASI-RUSSO Europe
France

Figgie International Sports, Ltd. S.A.
Haiti

Rawlings Japan Co., Ltd.
Japan

Geo. J. Meyer Mfg. Canada, Ltd.
Sherwood-Drolet Corp. Ltd.
Thermometer Corporation of Canada Ltd.
Adirondack-Sherwood, Inc.
"Automatic" Sprinkler of Canada, Ltd.
Canada

ASCOA "Automatic" Sprinkler GmbH
Logan Feuerwehr Transportechnik
Germany

Geo. J. Meyer de Mexico S.A. de C.V.
Smith-Emick de Mexico, S.A. de C.V.
Greer-Mexico, S.A. de C.V.
Mojonnier de Mexico, S de R.L. de C.V.
Maquiladora TCA de Juarez, S.A. de C.V.
Mexico

Wilbiston Shirt Company
Fred Perry & Paynes Ltd.
W. Payne & COmpany, Ltd.
Figgie (G.B.) Ltd.
Fred Perry Sportswear (U.K.) Ltd.
Logan Feuerwehr (UK) Ltd.
Fred Perry Sportswear Ltd.
Meyer Dunmore International Ltd.
United Kingdom

Logan Transportteknik AB
Sweden

Figgie de Costa Rica S.A.
Costa Rica

Figgie International (H.K.) Ltd.
Hong Kong

Alfa Costruzioni Meccheniche SpA
Omega SpA, Italy

Figgie Foreign Sales Corp.
U.S. Virgin Islands

Acquisitions

Greer Hydraulics
City of Commerce, California 90040
(213) 725-0110
Hydraulic components and fluid power products.

Computer Applications Systems
Boca Raton, Florida 33487
(305) 997-9660
Software-based security systems, including controlled-access and time and attendance.

Safety Engineering & Supply Co.
Birmingham, Alabama 35201
(205) 942-3631
Distributes safety equipment, including glasses, shoes, and Scott Aviation products.

Safeguard Industrial Corporation
Lemport, Pennsylvania 19533
(215) 926-5232
Distributes safety products for industry, and manufactures air belts.

Alfa Packaging Equipment
Mantova, Italy
Manufactures high-speed labeling equipment for food, pharmaceutical, alcohol, beverage, petroleum and cosmetic products.

S-P Manufacturing
Solon, Ohio 44139
(216) 248-6161
Manufactures chucks and other work-holding products, and pneumatic and hydraulic cylinders for industry.

Transfer Agent(s)

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIGIA and FIGI (NASDAQ)

Number of Employees

1987	16,400	1984	13,300
1986	16,300	1983	12,900
1985	15,970		

Plant Footage

1987 ..... 5,404,260 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 1,022,692,000	$ 49,340,000
1986	919,818,000	42,426,000
1985	803,412,000	29,238,000
1984	720,686,000	17,413,000
1983	643,319,000	21,355,000

	No. of Com. Shares	Earn. per Share #
1987	6,748,071	$ 7.02
1986	7,077,401	6.31
1985	5,941,491	5.03
1984	5,560,481	3.00
1983	5,579,738	3.62

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Consumer	$ 161,211	$ 122,863
Fire Protection/Safety	396,121	369,430
Machinery & Products	230,884	176,847
Technical	230,717	240,819
Services	13,759	9,851
Total	$ 1,022,692	$ 919,818

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.66	—	—
1986	1.49	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 322,608,000	$ 47.81
1986	292,766,000	41.37
1985	218,472,000	36.46
1984	187,231,000 ‡	33.67
1983	179,845,000 ‡	32.23

‡ After allowing for all preferred stock at their stated value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,022,692	$ 919,818
Other income	1,509	10,415
Total income	$ 1,023,751	$ 930,233
Cost of sales	766,391	703,576
Expenses	156,997	134,046
Interest expense	10,705	10,925
Income before taxes	$ 89,658	$ 81,686
Income taxes	40,318	39,260
Net Income	$ 49,340	$ 42,426

* Included in Costs and Expenses, Depreciation and Amortization: $22,231,000 in 1987 and $19,809,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 14,734	$ 11,352
Accts. & notes receiv., net	169,787	152,560
*Inventories	149,397	128,247
Prepaid expenses	8,304	5,415
Marketable securities	9,768	8,308
Current Assets	$ 351,990	$ 305,882
#Plant assets	180,286	174,729
Other assets	126,496	102,346
Leased prop. under cap. leases	4,716	4,988
Total Assets	$ 663,488	$ 587,945

Liabilities
(000's)

Notes payable	$ 17,083	$ 16,430
Cur. maturities of long-term debt	4,537	4,881
Accts. payable	82,751	48,387
Accruals	43,717	48,171
Income taxes	406	2,290
Curr. Liabilities	$ 148,474	$ 120,167
Long-term debt	102,915	92,279
Deferred liabilities	26,091	26,733
Deferred inc. taxes	63,400	56,000
+Common stock:		
Class A	439	437
Class B	220	249
Add. paid-in capital	72,225	73,002
Retained earnings	254,545	230,553
Less unearned compen. rel. to restricted stock pur. plan	(822)	(1,736)
Cumulative translation adjustment	(4,019)	(9,761)
Total Liabilities & Shareholders' Equity	$ 663,488	$ 587,945

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.77	8.88
%Net Income to Sales	4.82	4.61
%Net Income to Equity	15.29	14.49
Sales to Inventories	6.85	7.17
Debt to Equity	0.39	0.39
Working Capital	$ 203,516,000	$ 185,715,000
Current Ratio	2.37	2.55
Shareholders' Equity	$ 322,608,000	$ 292,766,000

Finnigan Corporation

355 River Oaks Parkway
San Jose, California 95134-1991
(408) 433-4800

Officers: T. Z. Chu, chairman of the board & president; Robert E. Finnigan, vice chairman & sr. v.p.; John R. Hearn, exec. v.p.; Henry R. Massey, Jr., general counsel & secretary; Edward J. McGonagle, v.p.-information and administrative systems; Steven R. Wade, v.p., chief financial officer & treasurer; Philip L. Warren, v.p. & gen. mgr.-field operations; Ernest Weber, v.p. & gen. mgr.-Bremen operations; Frank B. Williams, v.p.-human resources; Ronald D. Smith, v.p. & managing dir.-Finnigan MAT Ltd.; David W. Hoyt, corp. controller; Leonard J. Zanesi, asst. treasurer; Brenda E. Webb, asst. secretary.

Directors: T. Z. Chu, chairman of the board; Alexander D. Cross, Robert E. Finnigan, Henry E. Riggs, Roger W. Sant, R.C. Mercure, Jr., Peter H. Spiegel.

Area of Work: Manufactures and sells high-technology products, which include gas chromatography/mass spectrometry analytical instruments, shaft encoders and precision mechanical subsystems for scientific instruments. Products are used in pharmaceutical and biomedical, pollution measurement, forensic science and industrial process control fields.

Subsidiaries:

Finnigan MAT
355 River Oaks Parkway
San Jose, California 95134-1991
(408) 433-4800

Finnigan MAT GmbH
Barkhausenstrasse 2
Postfach Box 14 40 62
D-2800 Bremen 14, Federal Republic of Germany

Finnigan MAT Ltd.
Paradise
Hemel Hempstead, Herts. HP2 4TG United Kingdom

Finnigan MAT Institute
4450 Carver Woods Drive
Cincinnati, Ohio 45242
(513) 891-2100

Finnigan MAT S.a.r.l.
69, Rue de Paris
F-91400 Orsay, France

Finnigan MAT S.a.r.l.
Via Valadier, 37B
00193 Rome, Italy

Finnigan MAT Instruments, inc.
Shiozaki Building
2-7-1 Hirakawa-cho
Chiyoda-Ku, Tokyo, Japan 102

Finnigan MAT China, Inc.
Room 3702, Friendship Hotel
Beijing, People's Republic of China

Finnigan MAT Benelux
Landjuweel 7
3905 PE Veenedaal, The Netherlands

Finnigan MAT AB
Arstaangsvagen 1C, 1
117 43 Stockholm, Sweden

Finnigan MAT AG (Switzerland)
Finnigan MAT, Inc. (Nevada)
Finnigan Domestic International Sales Corporation (California)
Finnigan Properties, Inc. (California)

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FNNG (NASDAQ)

Number of Employees:

1987	958	1984	879
1986	1,005	1983	805
1985	969		

Plant Footage:

1987	379,500 sq. ft.	1984	368,000
1986	368,000	1983	368,000
1985	368,000		

Sales & Earnings

	Revenues +	Net Income†
1987	$ 110,313,000	$ 5,112,000
1986	87,795,000	(1,470,000)
1985	80,591,000	4,408,000
1984	65,093,000	2,629,000
1983	55,063,000	(990,000)

	No. of Com. Shares #	Earn. per Share #†
1987	5,137,000	$ 1.00
1986	4,841,000	—
1985	4,403,000	1.00
1984	4,230,000	0.62
1983	4,165,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $715,000 ($0.14 per share) in 1987, $398,000 ($0.09 per share) in 1985, $771,000 ($0.18 per share) in 1984, and $340,000 in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock-Equity

	Total Equity	Equity Per Share #
1987	$ 48,420,000	$ 9.43
1986	40,913,000	8.45
1985	32,975,000	6.63
1984	22,000,000	4.57
1983	20,080,000	4.82

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Dec. 31	1987	1986
Net Sales	$ 110,313,000	$ 87,795,000
Cost of sales	63,964,000	52,078,000
Expenses	36,558,000	33,326,000
Prov. for early retirement	—	3,200,000
Interest expense	1,796,000	1,641,000
Income (loss) bef. taxes	$ 7,995,000	$ (2,450,000)
Income taxes (credit)	3,998,000	(980,000)
Net Income (Loss)	$ 4,397,000	$ (1,470,000)
Extraordinary gain	715,000	—
Net Income (Loss) & extraord. gain	$ 5,112,000	$ (1,470,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,492,000 in 1987 and $2,813,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 4,672,000	$ 1,342,000
Accts. receiv., net	32,051,000	24,658,000
*Inventories	33,354,000	28,351,000
Deferred tax benefit	2,115,000	1,130,000
Prepaid expenses	801,000	699,000
Current Assets	$ 72,993,000	$ 56,080,000
#Fixed assets	35,545,000	31,967,000
Other assets	1,651,000	1,625,000
Total Assets	$ 110,189,000	$ 89,672,000

Liabilities

Notes payable	$ 4,228,000	$ 4,135,000
Accts. payable	6,415,000	5,270,000
Accrued payroll	5,665,000	5,516,000
Accrued income taxes	1,732,000	658,000
Reserve for warranty	5,433,000	3,623,000
Cust. deposits	6,599,000	6,125,000
Other accruals	3,282,000	2,471,000
Curr. Liabilities	$ 33,354,000	$ 27,798,000
Long-term debt	18,680,000	14,948,000
Deferred employee benefits	5,343,000	3,972,000
Deferred inc. taxes	4,392,000	2,041,000
+Common stock	27,687,000	26,912,000
Accumulated translation adjustments	3,177,000	1,597,000
Retained earnings	17,556,000	12,444,000
Total Liabilities & Shareholders' Equity	$ 110,189,000	$ 89,672,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.25	—
%Net Income to Sales	1.99	—
%Net Income to Equity	9.08	—
Sales to Inventories	1.31	3.10
Debt to Equity	0.47	0.47
Working Capital	$ 39,639,000	$ 28,282,000
Current Ratio	2.19	2.02
Shareholders' Equity	$ 48,420,000	$ 40,913,000

Fischer & Porter Company

County Line Road
Warminster, Pennsylvania 18974
(215) 674-6000

Officers: Jay H. Tolson, chairman of the board & president; Laurence P. Finnegan, Jr., sr. v.p.-finance, chief financial officer & treasurer; David J. Nessim, exec. v.p.; Hubert A. Rietter, sr. v.p.-engineering; Joseph T. DeLago, v.p. & secretary; Geoffrey H. Sayer, exec. v.p.; Edward A. France, Jr., sr. v.p.; Joseph A. Gaudiosi, asst. treasurer; Nathan T. Schelle, v.p.-controller & asst. secretary.

Directors: Jay H. Tolson, chairman; Gloria T. Chisum, David J. Nessim, Louis G.L. Thomas, Ram Charan, Joseph D. Brenner, William L. Mobraaten, Stuart J. Northrup, Richard G. Gilmore.

Area of Work: Designs, engineers, manufactures and sells process control instruments equipment and systems, including maintenance services and replacement parts for the measurement, recording and control of the flow of liquids and gases for municipal and industrial water, waste water, and sewage treatment and distribution; and for industrial process control in the petrochemical, pulp and paper, food, metal, mining, electrical power generation, marine and aerospace industries. Products include flow measurement instruments and instruments of a mechanical, electronic and pneumatic type; analytical instruments and chlorinators; analog, digital and microprocessor-based process controllers and distributed control systems.

Subsidiaries:

Fischer & Porter Pty., Limited
Melbourne, Australia

Fischer & Porter (Canada) Limited
134 Norfinch Drive
P.O. Box 135
Toronto, Ontario, Canada

Fischer & Porter Limited
Salterbeck Trading Estate
Workington, Cumberland, England

OTIC-Fischer & Porter
151 Fis Avenue de la Liberation
Clermont-Ferrand, France

Fischer & Porter GmbH
Postfach 701
34 Goettingen, West Germany

Fischer & Porter Italiana, S.p.A.
Via G. de Vittorio 3072
20099 Sesto San Giovanni
Milan, Italy

Fischer & Porter Research, Inc.
Warminster, Pennsylvania

Fischer & Porter European Operations
Antwerp, Belgium

Fischer & Porter B.V.
Gorinchem, Netherlands

Fischer & Porter Iberica, S.A.
Saturnino Calleja 1
Madrid, Spain

Fischer & Porter Ges.m.b.H.
Vienna, Austria

Fischer & Porter Belgium N.V.
Antwerp, Belgium

Fischer & Porter AB
Stockholm, Sweden

Fischer & Porter Oy
Helsinki, Finland

Fispo, S.A.
Mexico City, Mexico

Transfer Agent(s):

Mellon Bank (East)
Pittsburgh, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: FP

Number of Employees:

1987	2,656	1984	2,909
1986	2,650	1983	3,050
1985	2,753		

Plant Footage:

1987 ..... 1,233,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 200,560,000	$ 3,009,000
1986	176,670,000	2,438,000
1985	170,546,000	5,085,000
1984	158,803,000	4,791,000
1983	165,193,000	583,000

	No. of Com. Shares +	Earn. per Share‡ +
1987	4,625,000	$ 0.55
1986	4,560,000	0.44
1985	4,372,000	1.06
1984	4,304,000	1.01
1983	4,201,000	0.13

‡ Including extraordinary gains of $2,156,000 ($0.50 share) in 1984 and $236,000 ($0.06 per share) in 1983.
+ Based on the monthly weighted average number of common and Class B common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock %plit
1987	—	5%	—
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—

Common Stock Equity

	Total Equity‡	Equity Per Share +
1987	$ 79,072,000	$ 17.11
1986	69,374,000	15.08
1985	60,725,000	13.84
1984	52,001,000	12.10
1983	49,858,000	11.84

‡ After allowing for preferred stock at liquidation value.
+ Adjusted to reflect stock dividends.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 200,560	$ 176,670
Cost of sales	130,723	113,230
Expenses	60,444	54,750
Oper. profit	$ 9,393	$ 8,690
For. exch. gain	(736)	(222)
Interest expense	1,646	1,839
Income before taxes	$ 8,483	$ 7,073
Income taxes	5,474	4,635
Net Income	$ 3,009	$ 2,438

* Included in Costs and Expenses, Depreciation and Amortization: $4,923,000 in 1987 and $4,407,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 10,291	$ 11,773
Receiv., net	55,449	44,832
* Inventories	56,907	51,928
Prepaid expenses	1,934	1,809
Current Assets	$ 124,581	$ 110,342
# Fixed assets	24,661	21,601
Other assets	2,006	2,458
Total Assets	$ 151,248	$ 134,401

Liabilities (000's)

Notes payable	$ 7,279	$ 4,704
Long-term debt, curr.	2,830	2,901
Accts. payable	14,977	14,387
Accruals	6,527	4,747
Accrued payroll	14,627	12,682
Income taxes	2,752	2,500
Curr. Liabilities	$ 48,992	$ 41,921
Long-term debt	5,774	7,860
Other liab.	13,125	10,246
+ Preferred stock	4,285	5,000
++ Common stock	3,913	3,708
++ Class B	488	464
Add. paid-in Capital	51,996	48,781
Retained earnings	19,863	20,549
Cumulative trans. adjustment	2,889	(3,790)
Treasury stock	(77)	(338)
Total Liabilities & Shareholders' Equity	$ 151,248	$ 134,401

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value; 9% convertible.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.23	4.00
%Net Income to Sales	1.50	1.38
%Net Income to Equity	3.61	3.28
Sales to Inventories	3.52	3.40
Debt to Equity	0.19	0.21
Working Capital	$ 75,589,000	$ 68,421,000
Current Ratio	2.54	2.63
Shareholders' Equity	$ 83,357,000	$ 74,374,000

Fleet Aerospace Corporation

P.O. Box 1506
Glendale Avenue & The Queen Elizabeth Way
St. Catherines, Ontario L2R 7J9 Canada
(416) 684-9477

Officers: A. George Dragone, president & chief executive officer; Bruce W. Gowan, v.p.-finance & secretary.

Directors: A. G. Dragone, John M. Marsh, Robert T. Ruggles, Gerald M. Soloway.

Areas of Work: Designs and manufactures components for the aerospace, marine and communications industries. Products include composite bonded and metal-to-metal bonded structural components for commercial and military aircraft, helicopter blades, high-temperature brazed components for jet engines, satellite and radar structures, missile components, specialized anti-submarine defense systems, space engineering and satellite communications.

Divisions:

Fleet Industries Division
P.O. Box 400
Gilmore Road
Ft. Erie, Ontario L2A 5N3 Canada
(416) 871-2100

Techwest Division
7680 River Road
Suite 200
Richmond, British Columbia V6S 1X6 Canada
(604) 273-6336

Subsidiaries:

Fathom Oceanology Limited
Mississauga, Ontario, Canada

Aeronca, Inc.
Middletown, Ohio

SED Systems, Inc.
Saskatoon, Saskatchewan, Canada

H.I. Thompson Canada
Guelph, Ontario, Canada

Fathom Atlantic
Dartmouth, Nova Scotia, Canada

Transfer Agent(s):

Guaranty Trust Company of Canada
Toronto, Canada

Stock Exchange(s): Toronto

Ticker Symbol: FLT

Number of Employees:

1986	1,700	1983	675
1985	1,000	1982	N.A.
1984	650		

N.A. - Not Available.

Fleet Aerospace Corporation

Sales & Earnings

	Net Sales +	Net Income
1986	$ 91,796,000	$ 4,648,000
1985	55,960,000	3,106,000
1984	39,065,000	1,905,000
1983	35,264,000	690,000
1982	34,904,000	290,000

	No. of Com. Shares #	Earn. per Share #
1986	7,068,000	$ 0.66
1985	5,260,000	0.59
1984	5,042,000	0.38
1983	5,042,000	0.14
1982	5,042,000	0.06

+ Includes other income; of continuing operations only.
# Based on the weighted average number of shares common and Class A non-voting shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividends	Stock Dividends	Stock Split
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 55,006,000	$ 7.78
1985	27,183,000	5.17
1984	13,255,000	2.63
1983	11,242,000	2.23
1982	10,552,000	2.09

‡ Based on the weighted average number of common and Class A non-voting shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	$ 91,796,000	$ 55,960,000
Cost of sales	74,255,000	45,029,000
Adm. & gen. expenses	10,135,000	5,824,000
Amort. of goodwill	68,000	—
Interest and debt expense	364,000	613,000
Interest income	(951,000)	(361,000)
Gain on issues of shares by subsid.	—	(122,000)
Income before taxes	$ 7,925,000	$ 4,977,000
Income taxes	3,069,000	1,811,000
Minority interest	208,000	60,000
Net Income	$ 4,648,000	$ 3,106,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,716,000 in 1986 and $865,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	$ 7,982,000	$ 1,794,000
Accts. receiv., net	18,710,000	15,643,000
Proceeds on discont. oper.	3,547,000	—
*Inventories	39,653,000	21,569,000
Mortgage receiv.	85,000	140,000
Long-term receivable, curr.	209,000	468,000
Prepaid expenses	692,000	383,000
Current Assets	$ 70,878,000	$ 39,997,000
Long-term receiv.	450,000	395,000
Investments	5,033,000	2,250,000
#Fixed assets	18,655,000	6,717,000
Goodwill	37,199,000	650,000
Other assets	619,000	64,000
Total Assets	$ 132,834,000	$ 50,073,000

Liabilities

Bank indebtedness	$ 26,194,000	$ 6,832,000
Long-term debt, curr.	3,830,000	754,000
Accts. payable & accruals	24,289,000	9,066,000
Income & other taxes	2,522,000	757,000
Def. inc. taxes	338,000	751,000
Curr. Liabilities	$ 57,173,000	$ 18,160,000
Long-term debt	13,433,000	3,654,000
Deferred inc. taxes	747,000	320,000
Minority interest	962,000	756,000
Preferred shares of subsid.	5,513,000	—
+Common stock	2,408,000	2,436,000
+Class A non-voting stock	35,410,000	11,418,000
Retained earnings	17,188,000	13,329,000
Total Liabilities & Shareholders' Equity	$ 132,834,000	$ 50,073,000

* Work in progress at lower of cost and realizable value; materials and supplies at lower of average cost and replacement cost.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.63	8.89
%Net Income to Sales	5.06	5.55
%Net Income to Equity	8.45	11.43
Debt to Equity	0.79	0.41
Working Capital	$ 13,705,000	$ 21,837,000
Current Ratio	1.24	2.20
Shareholders' Equity	$ 55,006,000	$ 27,183,000

Ford Motor Company

The American Road
P.O. Box 1899
Dearborn, Michigan 48121
(313) 322-3000

Officers: Donald E. Petersen, chairman of the board & chief executive officer; William Clay Ford, vice chairman; Harold A. Poling, vice chairman & chief operating officer; Stanley A. Seneker, exec. v.p. & chief financial officer; Philip E. Benton, pres.-Ford Automotive Group; John A. Betti, diversified products operations; Allan D. Gilmour, international automotive operations; Louis R. Ross, North American automotive operations; Kenneth Whipple, president-Ford Financial Services Group; James K. Bakken, corp. quality; Basil J. Coughlan, sales, Ford of Europe Incorporated; Stuart M. Frey, technical affairs; Edward E. Hagenlocker, gen. mgr.-truck operations; Elliott S. Hall, Washington affairs; L. Lindsey Halsted, Latin American and Asia-Pacific automotive operations; William J. Hayden, manufacturing, Ford of Europe Incorporated; Walter Hayes, vice chairman, Ford of Europe Incorporated; Frederick Z. Herr, product assurance; Max L. Juroseк, car product development; Kenneth K. Kohrs, product development, Ford of Europe Incorporated; Joseph A. Kordick, gen. mgr., Ford Parts and Service Division; Louis E. Lataif, president, Ford of Europe Incorporated; Clinton D. Lauer, purchasing and supply; Mervyn H. Manning, president, Ford Asia-Pacific, Inc.; David N. McCammon, finance & treasurer; John F. McTague, research; Robert P. Moglia, chairman, Ford New Holland, Inc.; Henry R. Nolte, Jr., general counsel; John L. O'Connor, controller; Peter J. Pestillo, employee and external affairs; Helen O. Petrauskas, environmental and safety engineering; Donald B. Rassier, president, Ford Aerospace Corporation; Robert L. Rewey, sales operations; Ross H. Roberts, gen. mgr., Lincoln-Mercury Division; William E. Scollard, manufacturing operations; David W. Scott, external affairs; John J. Telnack, design; Alexander J. Trotman, chairman, Ford of Europe Incorporated; Lewis C. Veraldi, car programs management; Thomas J. Wagner, gen. mgr., Ford Division; David E. Blackwell, pres.-Rouge Steel Company; James A. Courter, secretary; Wayne S. Doran, chairman-Ford Motor Land Development Corporation; Kenneth W. Harrigan, pres.-Ford Motor Company of Canada, Limited; Malcolm S. Macdonald, asst. treasurer; D. Edward Mundell, chairman & chief exec. officer-U.S. Leasing International, Inc.; William E. Odom, chairman-Ford credit and insurance subsidiaries; Frank A. Olson, pres.-Park Ridge Corporation (Hertz); Patrick E. Sharp, asst. treasurer; John M. Rintamaki, asst. secretary; Burton B. Smoller, asst. secretary; Sally W. Stoebler, asst. secretary.

Directors: Donald E. Petersen, chairman; William Clay Ford, Harold A. Poling, Philip E. Benton, Jr., John A. Betti, Philip Caldwell, Colby H. Chandler, Michael E. Dingman, Edsel B. Ford, II, William Clay Ford, Jr., Allan D. Gilmour, Roberto C. Goizueta, Marian S. Heiskell, Irving O. Hockaday, Jr., Drew Lewis, Kenneth H. Olsen, Carl E. Reichardt, Louis R. Ross, Stanley A. Seneker, Clifton R. Wharton, Jr..

Areas of Work: Engaged in the manufacture of cars, trucks, tractors and their parts; also manufactures and sells electronic products, industrial and chemical products, architectural glass, and defense-space products for the government, as well as engaged in finance and insurance operations.

Subsidiaries:

Ford Aerospace Corporation
Detroit, Michigan
Manufactures communications and electronic systems and equipment for industrial and governmental use. Products sold to governmental agencies include communications services, missiles, ammunition, satellites, ground stations, control systems for missiles and air defense systems.

Ford International Capital Corporation
Hamilton, Bermuda

Ford Motor Credit Company (unconsolidated)
Dearborn, Michigan

The American Road Insurance Company (unconsolidated)
Dearborn, Michigan

Ford Leasing Development Company (unconsolidated)
Dearborn, Michigan

Ford Motor Land Development Corporation (unconsolidated)
Dearborn, Michigan

Rouge Steel Company
Ford Electronics and Refrigeration Corporation
Ford International Finance Corporation
Ford International Capital Corporation
Parker Chemical Company
First Nationwide Financial Corporation
First Nationwide Bank
Ford New Holland, Inc.
United States Leasing International, Inc.
Park Ridge Corporation (Hertz)

Ford of Europe, Incorporated
Brentwood, Essex, England

Henry Ford & Son, Limited
Cork, Ireland

Ford Motor Credit Company Limited (unconsolidated)
Brentwood, Essex, England

Ford Motor Company (Belgium) N.V.*
Antwerp, Belgium

Ford Motor Company (Switzerland) S.A.
Zurich, Switzerland

Ford Motor Argentina, S.A.
Buenos Aires, Argentina

Ford Motor Company, S.A. de C.V.
Mexico City, Mexico

Ford Motor de Venezuela S.A.
Valencia, Venezuela

Ford Motor Company of Canada, Limited*
Oakville, Ontario, Canada

Ford Motor Company of Australia Limited
Campbellfield, Australia

Ensite Limited
Windsor, Ontario, Canada

Ford Brasil S.A.*
Sao Bernardo do Campo, Brazil

Ford-Werke AG
Cologne, Germany

Ford Credit Bank AG (unconsolidated)
Cologne, Germany

Ford France S.A.
Rueil-Malmaison, France

Ford Italiana, S.p.A.
Rome, Italy

Ford Motor Company A/S*
Copenhagen, Denmark

Ford Nederland B.V.*
Amsterdam, The Netherlands

Ford Credit S.A. (unconsolidated)
Madrid, Spain

Ford Financiadora S.A. (unconsolidated)
Sao Paulo, Brazil

Ford Motor Company (Japan) Ltd.
Tokyo, Japan

Ford Espana S.A.
Madrid, Spain

Ford Lio Ho Motor Company, Ltd.*
Taipei, Taiwan

Transcon Insurance Limited (unconsolidated)
Hamilton, Bermuda

Ford Asia-Pacific, Inc.
Melbourne, Australia

Ford Motor Company Limited
Brentwood, Essex, England

Ford Motor Company of New Zealand Limited
Lower Hutt, New Zealand

Ford Direct Market Operations, Incorporated
Dearborn, Michigan

Ford Gissa Limited
Canada

Ford Credit N.V.
Belgium

Ford Credit S.p.A.
Italy

Ford Leasing, S.p.A.
Italy

Ford Credit A/S
Denmark

Ford Credit B.V.
The Netherlands

Ford Leasing S.A.
Spain

Ford Credit A.B.
Sweden

Ford Credit S.A.
Switzerland

Mazda Motor Corporation
Japan

* Subsidiaries in which there is an outstanding minority interest.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Bank of America National Trust and Savings Association
Corporate Agency Trust
P.O. Box 37002
San Francisco, California 94137

Continental Illinois National Bank and Trust Company of Chicago
180 North LaSalle Street (sixth floor)
Chicago, Illinois 60601

Manufacturers National Bank of Detroit
100 Renaissance Center
Detroit, Michigan 48243

Montreal Trust Company
P.O. Box 1900, Station B
Montreal, Quebec H3B 3L6 Canada

National Trust Company
4 King Street West
Toronto, Ontario M5H 3W7 Canada

Stock Exchange(s): New York, Midwest, Pacific, Boston, Philadelphia, Toronto, Montreal

Ticker Symbol: F

Number of Employees:

1987	350,300	1984	189,900
1986	382,274	1983	380,100
1985	369,314		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 71,643,400	$ 4,625,200
1986	62,715,800	3,285,100
1985	52,774,400	2,515,400
1984	52,366,400	2,906,800
1983	44,454,600	1,866,900

	No. of Com. Shares‡	Earn. per Share‡
1987	511,000,000	$ 9.05
1986	533,100,000	6.16
1985	553,600,000	4.54
1984	552,400,000	5.26
1983	544,200,000	3.43

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987 (000's)	%	1986 (000's)	%
Automotive	$ 66,527	93 %	$ 58,271	93 %
Non-automotive	5,116	7	4,445	7
Total	$ 71,643	100 %	$ 62,716	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.58	—	2-for-1
1986	1.11	—	3-for-2
1985	0.80	—	—
1984	0.67	—	—
1983	0.17	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1987	$ 18,492,700	$ 36.44
1986	14,859,500	27.68
1985	12,268,600	21.97
1984	9,837,700	17.62
1983	7,545,300	13.74

‡ Adjusted to reflect stock splits.

Income Account (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 71,643,400	$ 62,715,800
Cost of sales	58,495,100	51,866,200
Expenses	3,281,400	3,122,100
Depreciation	1,814,200	1,666,400
Amort. of special tools	1,353,200	1,293,200
Emp. retire. plan	498,300	711,400
Interest income	(425,400)	(195,900)
Eq. in. inc. of subsid.	(753,400)	(816,900)
Income before taxes	$ 7,380,000	$ 5,069,300
Income taxes	2,726,000	1,774,200
Minority interest	28,800	10,000
Net Income	$ 4,625,200	$ 3,285,100

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 5,672,900	$ 3,459,400
Marketable securities	4,424,100	5,093,700
Receiv., net	4,401,600	3,487,800
*Inventories	6,321,300	5,792,600
Other curr. assets	1,161,600	634,500
Current Assets	$ 21,981,500	$ 18,458,000
Eq. in assets of unconsol. subsid.	7,573,900	5,088,400
#Fixed assets	14,033,500	13,200,700
Other assets	1,366,800	1,185,900
Total Assets	$ 44,955,700	$ 37,933,000

Liabilities (000's)

Long-term debt, curr.	$ 79,400	$ 73,900
Short-term debt	1,803,300	1,230,100
Accts. payable	9,188,100	8,298,400
Income taxes	647,600	737,500
Accruals	6,075,000	5,285,700
Curr. Liabilities	$ 17,793,400	$ 15,625,600
Long-term debt	1,751,900	2,137,000
Other liabilities	4,426,500	3,877,000
Deferral inc. taxes	2,354,700	1,328,100
Minority interests	136,500	105,700
+ Common stock	469,800	498,300
+ Class B stock	37,700	38,600
Add. paid-in capital	595,100	605,500
For. curr. trans. adjust.	(672,600)	(430,000)
Retained earnings	16,717,500	14,167,200
Total Liabilities & Shareholders' Equity	$ 44,955,700	$ 37,933,000

* At lower of cost (domestic inventories at LIFO, foreign at FIFO) or market.
# Less accumulated depreciation.
+ $2.00 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.30	8.08
%Net Income to Sales	6.46	5.24
%Net Income to Equity	25.01	22.11
Sales to Inventories	11.33	10.83
Debt to Equity	0.20	0.23
Working Capital	$ 4,188,100,000	$ 2,832,400,000
Current Ratio	1.24	1.18
Shareholders' Equity	$ 18,492,700 *	$ 14,859,500 *

* In thousands of dollars

The Foxboro Company

Bristol Park
Foxboro, Massachusetts 02035
(617) 543-8750

The Foxboro Company

Officers: Earle W. Pitt, chairman of the board; Gary K. Willis, president & chief executive officer; Gerald H. Gleason, vice president; Charles E. Jordan, vice president; Peter F. McCrea, vice president; Michael W. Powell, vice president; Richard J. Kornblum, vice president; Richard L. McAllister, vice president; Charles D. Rice, vice president; Gerald F. Morris, v.p. & treasurer; John C. Fuller, v.p., asst. secretary & clerk; Stephen L. Wilson, controller; Karen L. Ashley, secretary.

Directors: Bristol B. Crocker, Robert F. Jenkins, John Jeppson, II, James R. Nichols, Earle W. Pitt, Paul W. Murrill, G. Richard Westin, Michael R. Corboy, John R. Rockwell, Charles A. McKay, Richard W. Sonnenfeldt, Gary K. Willis, John C. Fuller.

Areas of Work: Designs, manufactures and sells mechanical, pneumatic and electronic products for process and energy control. Products measure such process variables as flow, pressure, temperature and liquid level, and measures the composition of materials being processed.

Divisions and Subsidiaries:

Foxboro/Jordon Inc.
5607 West Douglas Avenue
Milwaukee, Wisconsin
(414) 61-9200

Foxboro Far East Private Ltd.
P.O. Box 52
Farrer Road
Singapore

Foxboro (Malaysia) Sendirian Berhad
130 Jalan Kasah
Medan Damansara
Kuala Lumpur, 23-10, Malaysia

Foxboro-Argentina, S.A.
Avendia R.S. Pena 570
Buenos Aires 33-7585 Argentina

Foxboro Controles, S.A.
P.R. Testing Building
Dr. Mario Julia Industrial Development
Matadero Road
Puerto Nuevo 00920 Puerto Rico
(809) 782-8033

Foxboro Intertrade, Inc.
110 West Tenth Street
Wilmington, Delaware 19801
(617) 543-8750

Foxboro International Limited
Wiggie House
Redhill
Surrey RH1 2HL England

Foxboro Canada, Inc.
707 Dollard Avenue
La Salle, Quebec, Canada
(514) 366-4210

Foxboro-Yoxall
Division of Foxboro Great Britain Ltd.
Redhill
Surrey RH1 2HL England

Foxboro (Nederland) NV
Koningsweg, 30
Soest, Netherlands

Foxboro S.A.
Avena 410 and 410-A
Mexico 8, DF, Mexico

Foxboro, France, S.A.
B.P. 741
95004 Cergy Pontoise Cedex, France

Foxboro, K.K.
7, Kojimachi
Chiyoda-Ku
Tokyo 1048, Japan

Foxboro Italia, SpA
Via Fabio Filzi, 27
Milan, Italy

Foxboro Deutschland GmbH
4000 Dusseldorf 11 West Germany

Foxboro/I.T.C., Inc.
1750 Junction Avenue
San Jose, California
(408) 998-8720

Foxboro Trading, Inc.
100 West Tenth Street
Wilmington, Delaware 19801

Foxboro Intercontinental Ltd.
P.O. Box 3361
Amman, Jordan

Foxboro Analytical Division
Armstrong Road
Plymouth Industrial Park
Plymouth, Massachusetts 02360

151 Woodward Avenue
South Norwalk, Connecticut 06856

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1681
Boston, Massachusetts 02105

Stock Exchange(s): New York, London

Ticker Symbol: FOX

Number of Employees:

1987	6,800	1984	10,250
1986	7,850	1983	10,218
1985	8,700		

Plant Footage:

1987 ..... 2,593,086 sq. ft. 1986 2,692,786

Sales & Earnings

	Net Sales ('000's)	Net Income ('000's)
1987	$ 504,425	$ (96,934)
1986 x	543,986	8,662
1985 x	572,175	(40,881)
1984	515,856	4,272
1983	533,102	7,977

	No. of Com. Shares +	Earn. per Share +
1987	12,314,282	$ —
1986 x	12,336,869	0.70
1985 x	12,353,253	—
1984	12,352,834	0.35
1983	12,346,671	0.65

(Loss)
x Restated to reflect change in accounting for income taxes.
+ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.25	—	—
1985	0.78	—	—
1984	1.04	—	—
1983	1.04	—	—

Common Stock Equity

	Total Equity ('000's)	Equity Per Share‡
1987	$ 188,382	$ 15.30
1986 x	267,448	21.68
1985 x	253,184	20.50
1984	291,985	x 23.64
1983	310,591	25.16

X Restated.
‡ Based on the average number of shares outstanding.

Income Account *
('000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 504,425	$ 543,986
Cost of sales	332,586	334,305
Expenses	204,283	196,119
Restruc. costs	62,685	—
Other income	(6,604)	(8,917)
Other expense	8,909	8,207
Inc. (loss) bef. taxes	$ (97,434)	$ 14,272
Inc. taxes (credit)	(500)	5,610
Net Income (Loss)	$ (96,934)	$ 8,662

* Included in Costs and Expenses, Depreciation and Amortization: $26,565,000 in 1987 and $20,911,000 in 1986.
‡ Restated.

Assets
('000's)

As of Dec. 31	1987	1986‡
Cash	$ 6,815	$ 2,900
Short-term investments	8,005	6,378
Accts. receiv., net	124,824	139,027
Refundable taxes	13,809	14,789
* Inventories	135,925	153,561
Prepaid expenses	8,677	9,506
Current Assets	$ 298,055	$ 326,161
# Fixed assets	116,903	106,793
Other assets	11,792	10,482
Intangibles	1,399	6,286
Total Assets	$ 428,149	$ 449,722

Liabilities
('000's)

Bank loans	$ 47,563	$ 22,797
Long-term debt, curr.	100	200
Accts. payable	22,826	24,299
Accruals	56,150	30,336
Advances	49,070	45,228
Income taxes	2,514	10,685
Curr. Liabilities	$ 178,223	$ 133,545
Long-term debt	5,850	6,000
Other liabilities	3,629	1,545
Deferred inc. taxes	9,179	11,324
Deferred pension costs	42,886	29,860
+ Common stock	12,570	12,570
Add. paid-in capital	71,938	71,916
Cum. trans. adjust	13,472	(4,377)
Retained earnings	97,398	194,332
Treasury stock	(6,996)	(6,993)
Total Liabilities & Shareholders' Equity	$ 428,149	$ 449,722

‡ Restated.
* At lower of cost or market. Domestic inventories at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.62
%Net Income to Sales	—	1.59
%Net Income to Equity	—	3.34
Sales to Inventories	3.71	3.54
Debt to Equity	0.28	0.11
Working Capital	$ 119,832,000	$ 192,616,000
Current Ratio	1.67	2.44
Shareholders' Equity	$ 188,382,000	$ 267,448,000

Franklin Electric Co., Inc.

400 East Spring Street
Bluffton, Indiana 46714
(219) 824-2900

Officers: William H. Lawson, chairman of the board & chief executive officer; William A. Garvey, v.p.-international operations; John B. Lindsay, v.p.-sales & marketing; Donn W. Pfister, v.p.-finance, secretary & treasurer; Louis E. Stasik, v.p.-operations.

Directors: William H. Lawson, chairman; William W. Keefer, N. A. Lamberti, Robert L. Little, Edward J. Schaefer, Patricia Schaefer, August L. Strenter, Gerard E. Veneman.

Areas of Work: Manufactures submersible electric motors and special engineered fractional horsepower motors used by original equipment manufacturers in a wide variety of industrial and consumer products.

Affiliates:

Oil Dynamics, Inc. (50%-owned)
Tulsa, Oklahoma
Submersible oil pumping systems.

Franklin Electric (Aust.) Pty. Ltd. (50%-owned)
Dandenong, Victoria, Australia
Motors and packaging systems.

Franklin Electrica S.A. de C.V. (49%-owned)
Monterrey N.L., Mexico
Manufactures motors.

Transfer Agent(s):

Illinois Stock Transfer Company
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FELE (NASDAQ)

Number of Employees:

1987	1,900

Plant Footage:

1987	1,525,540

Sales & Earnings

	Net Sales	Net Income†
1987	$ 145,412,000	$ 9,478,000
1986 *	130,465,000	7,685,000
1985	179,327,000	(7,170,000)
1984	188,157,000	6,712,000
1983	168,495,000	5,524,000

	No. of Com. Shares‡	Earn. per Share‡
1987	3,702,000	$ 2.56
1986 *	3,694,000	2.08
1985	3,607,000	—
1984	3,724,000	1.80
1983	3,722,000	1.48

(Loss)
* 53 weeks.
† Including extraordinary gains of $1,351,000 ($0.36 per share) in 1987 and $2,211,000 ($0.60 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.56	—	—
1986	0.56	—	—
1985	0.56	—	—
1984	0.56	—	—
1983	0.56	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 62,855,000	$ 16.98
1986	53,966,000	14.61
1985	46,458,000	12.57
1984	56,500,000	15.17
1983	53,745,000	14.44

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	1/2/88	1/3/87
Net sales	$ 145,412	$ 130,465
Cost of sales	111,453	101,753
Expenses	20,277	19,373
Interest expense	760	1,074
Other income	(406)	(250)
Loss on dispos. of facil.	—	1,000
For. curr. loss (gain)	202	(167)
Eq. in earn. of affil.	(1,132)	(1,575)
Income before taxes	$ 14,258	$ 9,257
Income taxes	6,131	3,783
Net Income	$ 8,127	$ 5,474
Extraord. gain	1,351	2,211
Net Income & extraord. gain	$ 9,478	$ 7,685

* Included in Costs and Expenses, Depreciation and Amortization: $3,693,000 in 1987 and $3,343,000 in 1986.

Assets (000's)

As of	1/2/88	1/3/87
Cash	$ 27,184	$ 16,358
Accts. receiv., net	14,448	11,523
Refundable taxes	28	457
*Inventories	14,497	16,240
Other curr. assets	4,915	6,524
Current Assets	$ 61,072	$ 51,102
Investments in affil.	14,383	13,918
#Fixed assets	24,403	23,217
Other assets & deferred charges	294	1,869
Total Assets	$ 100,152	$ 90,106

Liabilities (000's)

Long-term debt, curr.	$ 725	$ 1,008
Short-term borrowings	285	226
Accts. payable	6,911	3,635
Accruals	21,054	21,941
Income taxes	1,486	571
Curr. Liabilities	$ 30,461	$ 27,381
Long-term debt	5,697	8,043
Deferred inc. taxes	1,139	716
+ Common stock	1,918	1,918
Add. paid-in capital	15,902	15,902
Retained earnings	47,416	30,999
Translation adjust.	(228)	(1,926)
Treasury stock	(2,153)	(1,927)
Total Liabilities & Shareholders' Equity	$ 100,152	$ 90,106

* At lower of cost (LIFO) or market; foreign at FIFO.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.81	7.10
%Net Income to Sales	5.59	4.20
%Net Income to Equity	12.93	10.14
Sales to Inventories	10.03	8.03
Debt to Equity	0.11	0.17
Working Capital	$ 30,611,000	$ 23,721,000
Current Ratio	2.00	1.87
Shareholders' Equity	$ 62,855,000	$ 53,966,000

Frequency Electronics, Inc.

55 Charles Lindbergh Boulevard
Mitchel Field, New York 11553
(516) 794-4500

Officers: Martin B. Bloch, chairman & president; John C. Ho, v.p.-research & development; Marvin Meirs, v.p.-engineering; Alfred Vulcan, v.p.-systems engineering; Harry Newman, treasurer & secretary; Markus Hechler, v.p.-manufacturing & asst. secretary; Charles S. Stone, v.p.-low noise development.

Directors: Martin B. Bloch, chairman; John C. Ho, Abraham Lazar, E. John Rosenwald, Jr., Josl Gitsky.

Areas of Work: Operates principally in two industries-frequency and time control products, and microwave integrated circuit components. Operations in the frequency and time control area consist of the research, design and manufacture of systems, instruments and equipment that operate on frequency control. These systems are used in guidance, navigation communications, surveillance and electronic countermeasure and timing systems. Operations in the microwave integrated circuit component industry consist of the design and manufacture of metallized substrates, having application with radar, communications and navigation equipment. Products include quartz crystals, quartz crystal oscillators and discriminators, and cesium beam resonators.

Subsidiaries:

Tek-wave, Inc.
Manufacturer of devices, components and sub-systems for Microwave Integrated Circuit (MIC) applications. Products include hermetic and non-hermetic connectors and circuit frames, metallized substrates and thin film circuit fabrication, and sub-system packages which incorporate these various components.

Brightline Corporation
Designs, develops, and manufactures low noise oscillators, synthesizers, and frequency sources.

Joint Ventures:

Time and Frequency, Ltd.
Israel
Manufactures time and frequency products in Europe and Israel.

Acquisition:

FEI Microwave, Inc.
(formerly TRW Microwave Products Inc.)
825 Stewart Drive
Sunnyvale, California 94086
(408) 732-0880
Manufactures solid state microwave components for military and commercial communications and avionics.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: FEI

Number of Employees:

1987	964	1984	400
1986	500	1983	359
1985	430		

Plant Footage:

1987	262,230 sq. ft.	1984	100,980
1986	101,090	1983	116,035
1985	97,230		

Sales & Earnings

	Net Sales	Net Income
1987	$ 36,003,000	$ 4,762,000
1986	32,034,000	5,086,000
1985	25,008,000	3,996,000
1984	17,188,000	3,110,000
1983	17,169,000	3,039,000

	No. of Com. Shares #	Earn. per Share #
1987	4,953,363	$ 0.96
1986	4,279,087	1.11
1985	4,564,293	0.88
1984	4,577,335	0.68
1983	4,577,652	0.66

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Frequency & time control devices:		
Components	$ 7,417,000	$ 7,520,000
Instruments	25,481,000	11,971,000
Systems	2,503,000	12,125,000
Microwave integrated circ. compon.	602,000	418,000
Total	$ 36,003,000	$ 32,034,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 66,377,000	$ 13.40
1986	41,410,000	9.01
1985	36,254,000	7.94
1984	32,406,000	7.08
1983	29,257,000	6.39

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*

Year ended April 30	1986	1987
Net sales	$ 36,703,000	$ 32,034,000
Cost of Sales	26,191,000	21,605,000
Expenses	3,302,000	2,925,000
Interest & other income	(2,070,000)	(1,408,000)
Income before taxes	$ 8,580,000	$ 8,912,000
Income taxes	3,818,000	3,826,000
Net Income	$ 4,762,000	$ 5,086,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,104,000 in 1987 and $1,023,000 in 1986.

Assets

As of April 30	1987	1986
Cash & cash equiv.	$ 29,393,000	$ 11,092,000
Accts. receiv., net	26,960,000	18,949,000
*Inventories	14,033,000	12,353,000
Prepayment and other	654,000	784,000
Current Assets	$ 71,040,000	$ 43,178,000
#Fixed assets	8,344,000	8,522,000
Other assets	5,264,000	5,838,000
Total Assets	$ 84,648,000	$ 57,038,000

Liabilities

Long-term debt, curr.	$ 646,000	$ 458,000
Accts. payable	2,880,000	1,763,000
Accruals	722,000	962,000
Accrued payroll	1,003,000	937,000
Accrued taxes	131,000	115,000
Income taxes pay.	1,497,0000	1,294,000
Def. inc. taxes	3,728,000	1,705,000
Curr. Liabilities	$ 10,607,000	$ 7,234,000
Long-term debt	5,561,000	6,095,000
Deferred compensation	337,000	296,000
Rent security deposits	72,000	105,000
Deferred taxes payable	1,694,000	1,898,000
+Common stock	5,667,000	4,617,000
Add. paid-in capital	33,922,000	14,773,000
Retained earnings	27,050,000	22,288,000
Treasury stock	(262,000)	(268,000)
Total Liabilities & Shareholders' Equity	$ 84,648,000	$ 57,038,000

* At lower of cost (specific and average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.83	27.82
%Net Income to Sales	13.23	15.88
%Net Income to Equity	7.17	12.28
Sales to Inventories	2.57	2.59
Debt to Equity	0.09	0.16
Working Capital	$ 60,433,000	$ 39,444,000
Current Ratio	6.70	6.45
Shareholders' Equity	$ 66,377,000	$ 41,410,000

Fujitsu Limited

6-1, Marunouchi 1-chome
Chiyoda-ku
Tokyo 100 Japan
(03) 216-3211

Board of Directors: Takuma Yamamoto, president & representative director; Bun-ichi Oguchi, Matami Yasufuku, executive v.p.'s & representative directors; Shoichi Ninomiya, Fusanosuke Kuroseki, Kazuo Watanabe, Mamoru Mitsugi, Yusaku Onaga, Akira Ohguro, executive directors; Masaka Ogi, Mikio Ohtsuki, Tadashi Sekizawa, Mutsuro Umezu, Eigo Kato, managing directors; Seiuemon Inaba, Takeshi Nakao, Sadao Inoue, Hiroyuki Ino, Koichi Nozawa, Hiroshi Oura, Tokio Tatsuta, Toshio Hiraguri, Takuya Maruiwa, Michio Naruto, Ryoichi Sugioka, Yoshinao Hirose, Yoshiro Nakamura, Iwao Katsuki, Yasushi Nakamura, Takeshi Ishida, directors.

Areas of Work: In the area of Data Processing, the Company manufactures a wide range of computers, including medium-, large-, and very-large-scale general-purpose computers, super-computers, minicomputers, business personal computers and small business computers; word processors, advanced computer workstations, artificial intelligence software, and digital facsimile equipment.

In the area of Telecommunications, the Company manufactures digital switching and carrier transmission systems, optical transmission systems, submarine optical fiber cable repeaters, terminals for high-speed digital leased lines and digital microwave systems, corporate communications networks, digital PBXs, packet switching systems, digital modems, amplifiers and receivers for satellite communications, and digital key-phone systems.

Semiconductor products include application specific integrated circuits, including CMOS, ECL, TTL, and Bi-CMOS gate arrays and standard cells that allow more flexible logic design; software for the logic design of gate arrays and standard cells; and integrated circuit (IC) memories. Electronic Components include relays, connectors, keyboards, hybrid ICs, computer printers and color plotters. The Company also manufactures car audio products.

Subsidiaries (Japan):

Fujitsu Laboratories, Ltd.
Shinko Electric Industries Co., Ltd.
Fuji Electrochemical Co., Ltd.
Fujitsu TEN Limited
USAC Electronics Industry Co., Ltd.
Hasegawa Electric Co., Ltd.
Fujitsu Kiden Ltd.
Fujitsu Denso Ltd.
Fujitsu Isotec Limited
Fujitsu Kasei Ltd.
Fujitsu Automation Limited
Fujitsu Yamanashi Electronics Limited
Kyushu Fujitsu Electronics Ltd.
Fujitsu Tohoku Electronics Ltd.
Fujitsu Miyagi Electronics Ltd.
Yamagata Fujitsu Limited
Fujitsu Peripherals Limited
Fujitsu Buhin Limited
Shinano Fujitsu Ltd.
Fujitsu FACOM Information Processing Corporation
Fujitsu Dai-ichi System Engineering Limited
Fujitsu Social Science Laboratory Limited
Fujitsu Distribution Systems Engineering Limited
Fujitsu Microcomputer Systems Limited
Fujitsu Kansai System Engineering Limited
Fujitsu Tokai Systems Engineering Limited
Fujitsu Financial Systems Engineering Limited
Fujitsu Tohoku Systems Engineering Limited
Fujitsu Financial Information Systems Limited
Fujitsu Social Systems Engineering Limited
Fujitsu Dai-ichi Communication Software Limited
Fujitsu Basic Software Corporation
Fujitsu Technosystems Limited
Fujitsu Kyushu System Engineering Limited
Fujitsu Business Sytems Ltd.
Fujitsu System Integration Laboratories Ltd.
Fujitsu VLSI Limited
Fujitsu Office Machines Limited
Fujitsu OA Limited
Fujitsu Supplies Limited
Fujitsu Busho Ltd.
Totalizator Engineering Limited
Fujitsu Documents Service Limited
Tokai Densetsu Ltd.
Fujitsu Automated Printing & Publishing Co., Ltd.
Fujitsu Fudosan Ltd.
Fujitsu Trading Ltd.

Subsidiaries (U.S.A.):

Fujitsu America, Inc.
3055 Orchard Drive
San Jose, California 95134-2017
(408) 432-1300

Fujitsu Business Communications of America, Inc.
3190 Mira Loma Avenue
Anaheim, California 92806
(714) 630-7721

Fujitsu Component of America Inc.
3320 Scott Boulevard
Santa Clara, California 95054-3197
(408) 562-1000

Fujitsu Customer Service of America, Inc.
12670 High Bluff Drive
San Diego, California 92130-2103
(619) 481-4004

Fujitsu GTE Business Systems, Inc.
2411 West 14th Street
Tempe, Arizona 85281
(602) 921-5900

Fujitsu Imaging Systems of America, Inc.
Corporate Drive, Commerce Park
Danbury, Connecticut 06810
(203) 796-5400

Fujitsu Microelectronics, Inc.
3320 Scott Boulevard
Santa Clara, California 95054-3197
(408) 562-1000

Fujitsu Microsystems of America, Inc.
3025 Orchard Parkway
San Jose, California 95134-2017
(408) 434-1160

Fujitsu Systems of America, Inc.
12670 High Bluff Drive
San Diego, California 92130-2103
(619) 481-4004

Stock Exchange(s): Tokyo

Number of Employees

1987 ..... 89,293 1986 84,277

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	¥1,789,417,000	¥ 21,609,000
1986	1,691,826,000	38,926,000
1985	1,562,260,000	89,028,000
1984	1,209,871,000	66,669,000
1983	956,823,000	48,265,000

	No. of Com. Shares	Earn. per Share‡
1987	1,593,307,000	¥ 13.8
1986	1,438,587,000	27.3
1985	1,299,524,000	70.2
1984	1,122,136,000	60.3
1983	1,046,078,000	47.6

¥ Yen
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 8.0	—	—
1986	8.0	—	—
1985	9.0	—	—
1984	7.75	—	—
1983	7.0	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	¥ 680,404,000	¥ 427.04
1986	636,339,000	442.34
1985	608,467,000	468.22
1984	433,387,000	386.22
1983	351,530,000	336.05

Income Account *
(millions)

Year ended Mar. 31	1987	1986
Net sales	¥ 1,789,417	¥ 1,691,826
Cost of sales	1,232,722	1,140,728
Expenses	494,526	466,968
Interest expense	31,502	30,391
Interest income	(7,771)	(8,817)
Dividend income	(1,929)	(1,757)
Other expenses (income)	(7,645)	13,393
Income before taxes	¥ 48,012	¥ 50,920
Income taxes	30,522	22,142
Eq. in inc. of unconsol. subsid.	(5,841)	(11,860)
Minority interests	1,722	1,712
Net Income	¥ 21,609	¥ 38,926

* Included in Costs and Expenses, Depreciation ¥ 140,559,000,000 in 1987 and ¥ 146,339,000,000 in 1986.

Assets
(millions)

As of Mar. 31	1987	1986
Cash	¥ 116,278	¥ 84,251
Time deposits	63,131	61,749
Marketable securities	21,863	14,399
Accts. receiv., net	463,150	417,806
*Inventories	408,718	390,103
Other curr. assets	49,035	39,533
Current Assets	¥ 1,122,175	¥ 1,007,841
Investments	326,899	307,524
#Fixed assets	546,233	554,082
Intangibles	2,880	2,284
Total Assets	¥ 1,998,187	¥ 1,871,731

Liabilities
(millions)

Short-term bank loans	¥ 298,302	¥ 249,468
Long-term debt, curr.	20,793	23,621
Accts. payable	246,990	223,101
Accruals	103,584	100,999
Cust. advances	13,479	14,437
Income taxes	24,029	12,635
Emp. savings deposits	42,904	34,841
Other current liabilities	46,062	51,377
Curr. Liabilities	¥ 796,143	¥ 710,479
Long-term debt	337,660	356,051
Accrued severance indemnities	35,703	32,216
Loss on reparch. of computers	104,376	104,736
Minority interest	43,901	31,910
+Common stock	116,811	102,054
Add. paid-in capital	220,497	196,133
Legal reserve	11,359	10,153
Retained earnings	331,737	327,999
Total Liabilities & Shareholders' Equity	¥ 1,998,187	¥ 1,871,731

* At lower of cost (actual or moving average) or estimated realizable value.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary
(millions)

%Income bef. Taxes to Sales	2.68	3.01
%Net Income to Sales	1.21	2.30
%Net Income to Equity	3.18	6.12
Sales to Inventories	4.38	4.34
Debt to Equity	0.97	0.99
Working Capital	¥ 326,032	¥ 297,362
Current Ratio	1.41	1.42
Shareholders' Equity	¥ 680,404	¥ 636,339

Gandalf Technologies Inc.

130 Colonnade Road South
Nepean, Ontario K2E 7J5 Canada
(613) 723-6500

Officers: Desmond Cunningham, chairman of the board; Colin D. Patterson, vice chairman; James M. Bailey, president & chief executive officer; Alan C. Melkerson, sr. v.p.-sales; Brian R. Hedges, v.p.-operations; Diane F. MacMillan, secretary; Howard J. Gunn, v.p.-marketing; Jan Bartl, v.p.-product development; Gordon W. Gow, v.p.-corporate quality & business development, Gandalf Systems Group; James R. Newell, treasurer.

Directors: Desmond Cunningham, chairman; James M. Bailey, Charles J. Gardner, Donald Gibbs, Brian R. Hedges, David N. Koffsky, Alan C. Melkerson, Colin D. Patterson, Patrick J. Suddick.

Areas of Work: Designs, manufactures, markets and services a broad line of data and voice communications software and hardware products that permit users to communicate between computers from multiple vendors, terminals and other devices in networks ranging from local to wide area. The Company's principal products are network processors, intelligent data switches, transmission devices such as modems and multiplexers, sophisticated communications software including network monitoring, and bridge and gateway products that provide access to other networks and services.

Divisions and Subsidiaries:

Gandalf Data, Inc.
1020 South Noel Avenue
Wheeling, Illinois 60090
(312) 541-6060

Gandalf Digital Communications Limited
19 Kingsland Grange
Woolston, Warrington
Cheshire WA1 4RW United Kingdom
(0925) 818484

Gandalf Europe
Kabelweg 37
1014 BA Amsterdam, The Netherlands
31 20 848835

Gandalf S.A.
1 Boulevard Charles de Gaulle
92700 Colombes, France

Gandalf Nederland B.V.
Kabelweg 37
1014 BA Amsterdam, The Netherlands
31 20 867611

Gandalf Pacific Pty. Ltd.
Chatswood Village
Unit 4, 47 Neridah Street
Chatswood, New South Wales 2067, Australia
61-2-419-5977

Gandalf Systems Group:

Redifacts Factory Information Systems
130 Colonnade Road South
Nepean, Ontario K2E 7J5 Canada
(613) 723-6500

4053 La Vista Road, Suite 180
Tucker, Georgia 30084 U.S.A.
(404) 938-3666

Computer Dispatch Systems
177 Colonnade Road
Nepean, Ontario K2E 7J5 Canada
(613) 226-5400

350 East Dundee Road
Suite 301
Wheeling, Illinois 60090 U.S.A.
(312) 459-6628

Office Information Systems
130 Colonnade Road South
Nepean, Ontario K2E 7J5 Canada
(613) 723-6500

JTL Tower
8610 Towers Crescent Drive, Suite 740
Vienna, Virginia 22180 U.S.A.
(703) 847-6440

Transfer Agent(s):

The Royal Trust Company
Toronto-Dominion Centre
P.O. Box 7500, Sta. A
Toronto, Ontario M5W 1P9 Canada

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081 U.S.A.

Royal Trust Company
Royal Trust House
48/50 Cannon Street
London, EC4N 6LD, United Kingdom

Stock Exchange(s): Toronto, Over-the-Counter

Ticker Symbol: GAN (Toronto); GANDF (NASDAQ)

Gandalf Technologies Inc.

Number of Employees

1987	1,416	1984	1,007
1986	1,361	1983	939
1985	1,180		

Sales & Earnings ‡

	Revenue	Net Income
1987	$ 130,192,000	$ 6,254,000
1986	107,756,000	3,339,000
1985	85,822,000	3,236,000
1984	69,121,000	5,024,000
1983	58,580,000	3,699,000

	No. of Com. Shares‡	Earn. per Share‡
1987	10,034,000	$ 0.62
1986	9,954,000	0.34
1985	9,905,000	0.32
1984	9,854,000	0.51
1983	9,820,000	0.38

‡ In Canadian dollars.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Product revenue	$ 118,715,000	$ 99,531,000
Field service revenue	11,477,000	8,225,000
Total	$ 130,192,000	$ 107,756,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 62,108,000	$ 6.20
1986	54,871,000	5.51
1985	49,958,000	5.04
1984	45,114,000	4.58
1983	40,031,000	4.08

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended July 31	1987	1986
Revenues	$ 130,192	$ 107,756
Cost of sales	59,918	53,628
Expenses:		
Selling & distr.	37,126	29,180
Adm. & gen.	7,904	7,592
Res. & develop.	14,323	13,068
Investment incentives	(2,061)	(2,358)
Financial expenses (income)	29	(240)
Income before taxes	$ 12,953	$ 6,886
Income taxes	5,584	3,218
Minority interest	1,115	329
Net income	$ 6,254	$ 3,339

* Included in Costs and Expenses, Depreciation and Amortization: $5,707,000 in 1987 and $5,002,000 in 1986.

Assets
(000's)

As of July 31	1987	1986
Cash	$ 1,101	$ 468
Short-term deposit certificates	4,397	1,082
Accts. receiv., net	31,126	27,664
Refundable taxes	127	115
*Inventories	23,822	20,051
Prepaid expenses	1,744	831
Deferred inc. taxes	—	823
Current Assets	$ 62,317	$ 51,034
#Fixed assets	31,587	25,537
Net invest. in leases	2,210	1,466
Deferred inc. taxes	1,425	1,423
Other assets	1,375	412
Intangibles	1,076	993
Total Assets	$ 99,990	$ 80,865

Liabilities
(000's)

Bank indebtedness	$ 6,612	$ 4,746
Long-term debt, curr.	1,078	1,353
Accts. payable	4,567	5,436
Accruals	7,624	7,411
Income taxes	1,146	1,188
Deferred income	1,589	1,233
Deferred income taxes	735	—
Curr. Liabilities	$ 23,351	$ 21,567
Long-term debt	13,153	3,951
Minority interest	1,377	476
+Common stock	23,665	23,070
Retained earnings	35,923	29,669
For. curr. trans. adjust.	2,521	2,132
Total Liabilities & Shareholders' Equity	$ 99,990	$ 80,865

* At lower of cost (FIFO) and estimated net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. Taxes to Sales	9.95	6.39
% Net Income to Sales	4.80	3.10
% Net Income to Equity	10.07	6.09
Sales to Inventories	5.47	5.37
Debt to Equity	0.24	0.19
Working Capital	$ 38,966,000	$ 29,467,000
Current Ratio	2.67	2.37
Shareholders' Equity	$ 62,109,000	$ 54,871,000

GAP Instrument Corp.

40 Oser Avenue
Hauppauge, New York 11788
(516) 273-0909

Officers: Alan G. Binnie, chairman and chief executive officer; Joseph J. Langford, president & treasurer; Henry R. Hess, secretary; Henry J. Torti, v.p.

Directors: Alan G. Binnie, chairman; Joseph J. Langford, Fred A. Vernon, Richard M. Goldfrank.

Areas of Work: Manufactures electromechanical and solid-state systems, electronic components and servo mechanisms, and test and simulation equipment for military and commercial purposes.

Transfer Agent(s):

Registrar & Transfer Co.
P.O. Box 436
Jersey City, New Jersey 07303

Stock Exchange(s): Over-the-Counter

Number of Employees

1986	32	1984	31
1985	30	1983	30

Plant Footage

1987	17,000 sq. ft.	1984	27,500
1986	17,000	1983	27,500
1985	17,000		

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 1,586,534	$ 77,426
1986	1,576,376	59,725
1985	1,858,942	101,315
1984	1,535,003	115,251
1983	1,332,566	81,779

	No. of Com. Shares	Earn per Share‡ +
1987	2,034,353	$ 0.04
1986	2,034,353	0.03
1985	2,034,353	0.05
1984	1,614,454	0.07
1983	1,614,454	0.05

‡ Including extraordinary credits of $19,999 ($0.01 per share) in 1984 and $3,750 in 1983.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 366,055	$ 0.18
1986	288,629	0.14
1985	228,904	0.11
1984	(124,251)	—
1983	(239,602)	—

(Deficiency)

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 1,586,534	$ 1,576,376
Cost of sales	979,672	1,013,367
Expenses	478,611	468,856
Interest expense	15,700	9,684
Income before taxes	$ 112,551	$ 84,469
Income taxes	35,125	24,744
Net income	$ 77,426	$ 59,725

* Included in Costs and Expenses, Depreciation: $3,808 in 1987 and $9,910 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 263,409	$ 74,000
Accts. receiv., net	196,662	215,209
*Inventories	263,853	327,002
Prepaid expenses	8,420	11,324
Current Assets	$ 732,544	$ 627,535
Other assets	33,538	34,155
Total Assets	$ 766,082	$ 661,690

Liabilities

Long term debt, curr.	$ 207,325	$ 207,325
Accts. payable	53,508	61,080
Income taxes	24,309	1,671
Accruals	6,912	10,675
Accrued payroll & taxes	43,499	27,836
Due to officer	12,215	—
Curr. Liabilities	$ 347,768	$ 308,587
Deferred salaries	52,239	84,474
+Common stock	203,435	203,435
Add. paid-in capital	2,804,493	2,804,493
Accumulated deficit	(2,641,873)	(2,719,299)
Total Liabilities & Shareholders' Equity	$ 766,082	$ 681,690

* At lower of current cost or market.
\+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.09	5.36
%Net Income to Sales	4.88	3.79
%Net Income to Equity	21.15	20.69
Sales to Investories	6.01	4.82
Debt to Equity	0.57	0.72
Working Capital	$ 384,776	$ 318,948
Current Ratio	2.11	2.03
Shareholders Equity	$ 366,055	$ 288,629

GenCorp

(Formerly the General Tire & Rubber Company)

175 Ghent Road
Fairlawn, Ohio 44313-3300
(216) 869-4200

Officers: A. William Reynolds, chairman & chief exec. officer; Jac' '. Heckel, president & chief operating officer; George W. Leisz, v.p. & pres.-Aerojet General; Pat A. Servodidio, v.p. & president-RKO General; Charles R. Ennis, v.p., secretary & gen. counsel; Josep.. M. Leydon, asst. to chairman-shareholder relations; Robert L. Malcolm, v.p.-human resources; Charles R. Tilden, v.p.-communications; D. Michael Stewart, v.p.-finance and planning & treasurer; Charles N. Nye, v.p.-planning & development; Marvin L. Isles, v.p. & pres.-GenCorp Automotive; James S. Marlen, v.p. & pres.-GenCorp Polymer Products; Russell A. Livigni, v.p. & dir.-research; Edward R. Dye, asst. secretary & asst. general counsel; Frank C. Rote, asst. secretary & chief patent counsel; James S. Hogg, asst. general counsel; William A. Simon, asst. general counsel.

Directors: A. William Reynolds*, chairman; John O'Neil, Lester E. Coleman, James R. Stover, William B. Walsh, James J. Kerley, William F. Spitznagel*, A. J. Moccia, Richard D. DeLauer, Jack L. Heckel, Gerald O'Neil.

* Member of the Executive Committee

Subsidiaries:

RKO General, Inc.
1440 Broadway
New York, New York 10018
(212) 764-7000
Broadcasting operations of 6 FM and 6 AM radio stations and 2 television stations.

Aerojet-General
10300 North Torrey Pines Road
La Jolla, California 92037
(619) 455-8500
Solid rocket and propulsion systems, tactical rocket motors, liquid propellant systems, advanced munition systems, sensor and satellite systems.

GenCorp Automotive
390 Springside Drive
P.O. Box 3545
Akron, Ohio 44309-3545
(216) 668-7000
Molded fiber-reinforced plastics panels for vehicle bodies, vehicle sealing products, vibration control products and soft interior trim material, primarily for the original equipment automotive market.

GenCorp Polymer Products
390 Springside Drive
P.O. Box 3545
Akron, Ohio 44309-3545
(216) 668-7000
Vinyl-coated fabrics, commercial and residential wallcoverings, tennis and racquetball products, latex, plastic films and other plastic and rubber products.

Transfer Agent(s):

Harris Trust Company of New York
(Preference Stock)
New York, New York

GenCorp, Inc.
(Common and Preference Stock)
Akron, Ohio

Morgan Shareholders Services Trust Company
(Common Stock)
New York, New York

Stock Exchange(s): New York, Midwest

Ticker Symbol: GY

Number of Employees:

1987	14,100	1984	27,800
1986	26,700	1983	34,000
1985	27,000		

Sales & Earnings

	Net Sales + ('000's)	Net Income ('000's)
1987	$ 1,619,000	$ 475,000
1986	1,537,000	130,000
1985	1,457,000	75,000
1984	1,248,000	7,000
1983	1,193,000	65,000

	No. of Com. Shares‡	Earn. per Share‡
1987	48,138,812	$ 9.87
1986	67,007,046	1.94
1985	66,941,442	1.12
1984	66,928,000	0.11
1983	72,066,000	0.90

\+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Revenues by Line of Business ('000's)

	1987	1986
Aerospace & Defense	881,000	$ 861,000
Automotive	316,000	306,000
Polymer products	422,000	370,000
Total	$ 1,619,000	$ 1,537,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.50	—	3-for-1
1986	0.50	2%	—
1985	0.50	2%	—
1984	0.50	—	—
1983	0.50	2%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ (97,000,000)	$ —
1986	1,048,000,000	15.64
1985	951,000,000	14.48
1984	910,000,000	14.13
1983	938,000,000	14.57

(Deficiency)
‡ Adjusted to reflect stock dividends.

Income Account ('000's)

Year ended Nov. 30	1987	1986
Net sales	$ 1,619,000	$ 1,537,000
Cost of sales	1,308,000	1,349,000
Expenses	128,000	126,000
Depreciation	58,000	51,000
Interest income	(12,000)	(30,000)
Interest expense	25,000	17,000
Prov. for recapitalization	73,000	7,000
Inc. bef. taxes	$ 39,000	$ 117,000
Income taxes	21,000	48,000
Inc.–cont. oper.	$ 18,000	$ 69,000
Inc.–discont. oper.	457,000	61,000
Net Income	$ 475,000	$ 130,000

Assets ('000's)

As of Nov. 30	1987	1986
Cash & short-term invest.	$ 41,000	$ 192,000
Accts. & notes receiv., net	210,000	196,000
*Inventories	188,000	151,000
Prepaid expenses	51,000	29,000
Net assets-discont. oper.	—	297,000
Current Assets	$ 490,000	$ 865,000
#Fixed assets	442,000	405,000
Investment & other assets	90,000	60,000
Net assets-discont. oper.	86,000	403,000
Total Assets	$ 1,108,000	$ 1,733,000

Liabilities ('000's)

Long-term debt, curr.	$ 31,000	$ 8,000
Accts. payable	117,000	74,000
Other liabilities	224,000	229,000
Income taxes	76,000	101,000
Net liab.-discont. oper.	84,000	—
Curr. Liabilities	$ 532,000	$ 412,000
Long-term debt	473,000	169,000
Deferred credits	200,000	66,000
Deferred inc. taxes	—	38,000
+Common stock	3,000	7,000
Add. paid-in capital	—	269,000
Retained earnings (deficit)	(101,000)	779,000
Cum. curr. trans. adjust.	1,000	(7,000)
Total Liabilities & Shareholders' Equity	$ 1,108,000	$ 1,733,000

* At lower of cost or market. Automotive & polymer prods. at LIFO; aerospace at average cost.
# Less accumulated depreciation.
\+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	12.40
Sales to Investories	8.61	10.18
Debt to Equity	—	0.17
Working Capital	—	$ 453,000,000
Current Ratio	—	2.10
Shareholders' Equity (Deficiency)	$ (97,000,000)	$ 1,048,000,000

General Automation, Inc.

1055 S. East Street
Anaheim, California 92805
(714) 778-4900

General Automation, Inc.

Officers: Leonard N. Mackenzie, chairman of the board, president & chief exec. officer; John D. Murray, exec. v.p., treasurer & chief financial officer; Joseph Allen, v.p.-corporate affairs; Robert D. Bagby, v.p.-field engineering; Rene H. Caron, v.p. & gen. mgr.-GA Systems Group; Irvin Ellis, v.p. & managing dir.-European operations; Glen E. Langham, v.p.-human resources; Douglas J. Tullio, v.p. & gen. mgr.-ZEBRA computers, North America; Dennis H. Nystrom, secretary; James C. Tung, v.p.-business development; Larry D. Womack, controller; Jordan H. Davis, asst. treasurer & asst. secretary.

Directors: Leonard N. Mackenzie, chairman of the board; John B. Conlan, Jr., Dennis H. Nystrom, John D. Murray, William Lucas, John C. Bell, Maynard D. Smith.

Area of Work: Designs, develops, manufactures, and markets business-oriented, multi-user microcomputers and fault-tolerant, self-checking architecture multi-user microcomputers.

Acquisition:

Parallel Computers, Inc.
Santa Cruz, California

Transfer Agent(s):

Bank of America
Corporate Agency Division
55 So. Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GENA (NASDAQ)

Number of Employees:

1987	400	1984	931
1986	370	1983	842
1985	420		

Plant Footage:

1987	120,000 sq. ft.	1985	115,000
1986	115,000	1984	257,000

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 42,825,000	$ 1,637,000
1986 *	29,141,000	2,140,000
1985	52,847,000	(8,029,000)
1984	73,510,000	(3,294,000)
1983	65,718,000	(11,359,000)

	No. of Com. Shares	Earn. per Share +‡
1987	5,453,930	$ 0.33
1986 *	3,296,336	0.74
1985	2,692,930	—
1984	2,685,630	—
1983	2,648,456	—

(Loss)
* 11 months.
‡ Including extraordinary credits of $1,086,000 ($0.21 per share) in 1987, $10,329,000 ($3.29 per share) in 1986, $80,000 in 1984 and $330,000 in 1983.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 10,975,000	$ 2.01
1986	130,000	0.04
1985	(5,344,000)	—
1984	2,786,000	1.04
1983	6,726,000	2.54

(Deficiency)

Income Account *

Year ended June 30	1987	1986 (11 months)
Net sales	$ 42,825,000	$ 29,141,000
Cost of sales	25,830,000	18,861,000
Expenses	15,491,000	13,530,000
Interest expense	418,000	1,683,000
Other expense (income)	(407,000)	869,000
Prov. for discs.	(206,000)	1,687,000
Income (loss) before taxes	$ 1,699,000	$ (7,489,000)
Income taxes	1,148,000	700,000
Net Income (Loss)	$ 551,000	$ (8,189,000)
Extraordinary gain	1,086,000	10,329,000
Net Income (Loss) & extraord. gain	$ 1,637,000	$ 2,140,000

* Included in Costs and Expenses, Depreciation and Amortization: $756,000 in 1987 and $768,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 2,638,000	$ 1,084,000
Accts. receiv., net	13,181,000	6,346,000
* Inventories	8,813,000	6,747,000
Prepaid expenses	801,000	1,079,000
Current Assets	$ 25,433,000	$ 15,256,000
# Fixed assets	3,572,000	2,982,000
Other assets	2,054,000	750,000
Total Assets	$ 31,059,000	$ 18,988,000

Liabilities

Notes payable & long-term debt, curr.	$ 359,000	2,951,000
Accts. payable	6,441,000	4,409,000
Advance from customers	2,072,000	1,461,000
Accrued payroll	1,233,000	1,425,000
Accruals	3,350,000	5,431,000
Income taxes	2,482,000	1,863,000
Curr. Liabilities	$ 15,937,000	$ 17,740,000
Long-term debt	1,094,000	80,000
Accrued inc. taxes	2,070,000	—
Deferred income taxes	163,000	248,000
Deferred income	820,000	790,000
+ Common stock	546,000	330,000
Add. paid-in capital	37,222,000	28,990,000
Deficit	(27,458,000)	(29,095,000)
Translation adjustment	665,000	(95,000)
Total Liabilities & Shareholders' Equity	$ 31,059,000	$ 18,988,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	3.97	—
%Net Income to Sales	1.29	—
%Net Income to Equity	5.02	—
Sales to Inventories	4.86	4.32
Debt to Equity	0.13	—
Working Capital	$ 9,496,000	—
Current Ratio	1.60	—
Shareholders' Equity	$ 10,975,000	$ 130,000

General Binding Corporation

(55.7% owned by Lane Industries, Inc.)

One GBC Plaza
Northbrook, Illinois 60062
(312) 272-3700

Officers: William N. Lane, III, chairman; Rudolph Grua, president & chief exec. officer; Elliott L. Smith, sr. vp.-international; John G. Lindroth, sr. v.p.-domestic sales; Joseph J. LaPorte, v.p.-corporate relations; Edward J. McNulty, v.p. & chief financial officer; Govi C. Reddy, sr. v.p.-operations; Walter M. Hebb, v.p.-marketing; Steven Rubin, v.p., secretary & general counsel; John A. Janes, v.p.-dealer sales.

Directors: Rudolph Grua, Arthur C. Nielsen, Jr., Warren R. Rothwell, Thomas V. Kalebic, William N. Lane, III, Leslie R. Graham, James M. Denny, Robert J. Stucker, .

Area of Work: Engaged in the design, manufacture, and distribution of a broad line of business machines and related supplies which bind, laminate and shred printed materials. Also manufactures and distributes photo identification systems and ring elements for loose-leaf binders.

Divisions and Subsidiaries:

U.S. RingBinder Corp.
New Bedford, Massachusetts

GBC Deutschland GmbH
Koenigsbrunn, West Germany

GBC Australia Pty. Ltd.
Castle Hill, Australia

GBC Canada, Inc.
Don Mills, Ontario, Canada

GBC United Kingdom Limited
Camberley, Surrey, England

GBC France S.A.
Aulnay, France

GBC Nederland B.V.
Hoofddorp, The Netherlands

General Binding Corp. Italia S.p.A.
Tornaco, Italy

GBC Japan K.K.
Noda, Japan

Grupo GBC S.A. de C.V. (Mexico)
Mexico City, Mexico

GBC Schweiz A.G.
Wollerau, Switzerland

GBC New Zealand Ltd.
New Zealand

U.S. Ringbinder (Singapore) Pte Ltd.
Singapore

Marmo, S.A.
Mexico City, Mexico
Processor and distributor of embossed and coated stillboard and paper.

Transfer Agent(s):

Harris Trust and Savings Bank
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GBND (NASDAQ)

Number of Employees:

1987	3,099	1984	2,833
1986	3,049	1983	2,728
1985	3,056		

Plant Footage:

1987 ..... 773,000 sq. ft.

Sales & Earnings

	Net Sales†	Net Income‡
1987	$ 212,005,000	$ 10,873,000
1986	181,385,000	6,030,000
1985	160,048,000	3,606,000
1984	149,994,000	6,403,000
1983	135,326,000	236,000

	No. of Com. Shares #	Earn. per Share‡ +
1987	7,166,480	$ 1.52
1986	7,147,581	0.83
1985	7,355,563	0.49
1984	7,381,046	0.87
1983	7,382,739	0.03

† Of continuing operations only.
‡ Including extraordinary gain of $427,000 ($0.05 per share) in 1983.
# Adjusted to reflect stock split.
+ Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985
Business machine	25 %	23 %	24 %
Related supplies & other products	75	77	76
Total	100 %	100 %	100 %

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.29	—	3-for-2
1986	0.27	—	—
1985	0.24	—	—
1984	0.23	—	—
1983	0.21	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 83,613,000	$ 11.67
1986	71,516,000	10.01
1985	67,511,000	9.18
1984	64,641,000	8.76
1983	61,478,000	8.33

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 212,005	$ 181,385
Cost of sales	108,945	96,674
Expenses	83,809	73,135
Interest expense	1,849	2,729
Other expense (income)	681	(513)
Income before taxes	$ 16,721	$ 9,360
Income taxes	7,122	4,359
Inc.- cont. oper.	$ 9,599	$ 5,001
Inc.-discont. oper.	1,274	1,029
Net Income	$ 10,873	$ 6,030

* Included in Costs and Expenses, Depreciation and Amortization: $5,480,000 in 1987 and $5,034,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 19,052	$ 5,355
Receiv., net	39,404	38,584
*Inventories	35,902	38,392
Prepaid expenses	8,411	8,274
Current Assets	$ 102,769	$ 90,605
#Fixed Assets	36,941	37,469
Other assets	4,659	5,206
Total Assets	$ 144,369	$ 133,280

Liabilities
(000's)

Loans payable	$ 2,989	$ 3,252
Long-term debt, curr.	5,986	916
Accts. payable	15,431	13,266
Accruals	12,673	9,602
Accrued payroll	6,860	6,207
Income taxes	3,141	4,465
Other taxes	2,276	1,902
Curr. Liabilities	$ 49,330	$ 39,610
Long-term debt	5,127	17,029
Other liab.	2,158	1,193
Deferred inc. taxes	4,141	3,932
+Common stock	997	661
Add. paid-in capital	5,490	5,496
Retained earnings	81,904	73,132
Cum. trans. adjust.	1,970	(1,386)
Treasury stock	(6,748)	(6,387)
Total Liabilities & Shareholders' Equity	$ 144,369	$ 133,280

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

%Net Income to Equity	13.00	8.43
Sales to Inventories	5.91	4.72
Debt to Equity	0.17	0.30
Working Capital	$ 53,439,000	$ 50,995,000
Current Ratio	2.08	2.29
Shareholders' Equity	$ 83,613,000	$ 71,516,000

General Ceramics, Inc.

Greenwood Avenue
Haskell, New Jersey 07420
(201) 839-1600

Officers: Melvin Eisenberg, president & chief executive officer; Fedia R. Charvat, v.p. & gen. mgr.-National Beryllia Division; Krishna V. Agnihotri, v.p. & dir. of technology; Robert J. Sinolak, v.p. & gen. mgr.-Ceramic Systems Div.; Harry S. Axt, v.p., secretary, treasurer & chief financial officer; Charles L. Carpenter, v.p. & gen. mgr.-Tekform Products Division; Carolyn M. Gagen, asst. secretary.

Directors: Henry H. Arnhold*, Melvin Eisenberg*, Herman Fialkov, Bruce A. MacNaughton*, Stanford S. Warshawsky, Charles J. Lawson*, Kenneth E. Davis.

* Member of the Executive Committee

Areas of Work: Engaged in the manufacture and sale of ceramic and metal components used for discrete power transistors and diodes, integrated circuit and hybrid circuit devices, electrical insulation, etc.

Divisions:

Ceramic Systems
2780 Coronado Street
Anaheim, California 92806
(714) 630-6108

National Beryllia
Greenwood Avenue
Haskell, New Jersey 07420
(201) 839-1600

Tekform Products
2770 Coronado Street
Anaheim, California 92806
(714) 630-2340

Transfer Agent(s):

Mellon Securities Transfer Services
One Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GCER (NASDAQ)

Number of Employees:

1987	N.A.	1985	N.A.
1986	380	1984	340

Plant Footage:

1987	N.A.	1985	125,000
1986	125,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 30,423,494	$ 3,848,829
1986	25,910,959	3,285,820
1985	23,029,985	2,485,453
1984	12,260,480	1,772,356
1983	10,068,935	1,040,485

	No. of Com. Shares +	Earn. per Share†
1987	3,227,576	$ 1.18
1986	2,806,560	1.13
1985	2,692,238	0.87
1984	2,679,580	0.63
1983	2,644,440	0.37

+ Adjusted to reflect stock splits.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.09	—	—
1986	0.07	—	—
1985	0.05	—	2-for-1
1984	0.04	—	5-for-4
1983	0.02 2/3	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 24,803,064	$ 7.68
1986	14,149,531	5.04
1985	10,573,393	3.93
1984	8,204,382	3.06
1983	6,502,879	2.46

† Adjusted to reflect stock splits.

General Ceramics, Inc.

Income Account

Year ended June 30	1987	1986
Net sales	$ 30,423,494	$ 25,910,959
Cost of sales	18,748,154	15,683,165
Expenses	3,815,004	3,422,473
Depreciation	812,218	679,090
Interest expense	—	53,315
Interest income	(697,711)	(246,904)
Income before taxes	$ 7,545,829	$ 6,319,820
Income taxes	3,697,000	3,034,000
Net Income	$ 3,848,829	$ 3,285,820

Assets

As of June 30	1987	1986
Cash	$ 6,440,354	$ 1,188,302
Marketable securities	5,212,500	1,200,000
Accts. receiv., net	5,054,923	4,576,317
* Inventories	3,157,013	3,013,471
Loan due from officer	311,165	137,186
Prepaid expenses & other current assets	521,086	216,432
Current Assets	$ 20,697,041	$ 10,331,708
#Fixed assets	6,902,031	6,343,742
Defer. charges	—	16,976
Defer. inc. taxes	—	119,900
Total Assets	$ 27,599,072	$ 16,812,326

Liabilities

Long-term debt, curr.	$ —	$ 125,000
Accts. payable	761,594	659,700
Accruals	1,080,173	991,305
Inc. taxes pay.	753,728	699,072
Other curr. liab.	136,413	187,718
Curr. Liabilities	$ 2,731,908	$ 2,662,795
Deferred inc. taxes	64,100	—
+ Common stock	3,240,868	2,812,036
Add. paid-in capital	8,427,028	1,579,108
Retained earnings	13,410,503	9,850,874
Treasury stock	(275,335)	(92,487)
Total Liabilities & Shareholders' Equity	$ 27,599,072	$ 16,812,326

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	24.80	24.39
% Net Income to Sales	12.65	12.68
% Net Income to Equity	15.52	23.22
Sales to Inventories	9.64	8.60
Debt to Equity	—	0.01
Working Capital	$ 17,965,133	$ 7,668,913
Current Ratio	7.58	3.88
Shareholders' Equity	$ 24,803,064	$ 14,149,531

General DataComm Industries, Inc.

Middlebury, Connecticut 06762
(203) 574-1118

Officers: Charles P. Johnson, chairman of the board & chief executive officer; Ross A. Belson, president & chief operating officer; Frederick R. Cronin, v.p.-technology; Robert S. Smith, v.p.-corporate planning; William S. Lawrence, v.p.-finance & chief financial officer; James R. Arcara, v.p.-corporate operations; Dennis J. Nesler, v.p. & treasurer; Howard S. Modlin, secretary; Daniel L. Young, v.p.-marketing; Arthur R. Braun, v.p.-engineering; Paul W. DeLacey, v.p.-mfg. operations; Roger E. Grinstead, v.p.-human resources.

Directors: Charles P. Johnson, chairman; Howard S. Modlin, Frederick R. Cronin, Lee M. Paschall, Howard S. Modlin.

Area of Work: Designs, produces, markets, installs, and services data communications equipment and networks that transmit data via telephone lines, microwave, satellites, fiber optics and other telecommunications media between computers and terminals or other data processing equipment.

Subsidiaries:

General DataComm, Inc.
DataComm Leasing Corporation
DataComm Service Corporation
General DataComm Limited (England)
General DataComm Ltd. (Canada)
General DataComm International Corporation
General DataComm Systems, Inc.
General DataComm Foreign Sales Corporation
GDC Realty Inc.
General DataComm Pty. Limited (Australia)

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: GDC

Number of Employees:

1987	2,640	1984	2,029
1986	2,517	1983	1,469
1985	2,629		

Plant Footage:

1987 ..... 892,000. sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 200,641,000	$ 783,000
1986	178,024,000	3,926,000
1985	183,933,000	10,800,000
1984	145,669,000	11,313,000
1983	85,579,000	3,516,000

	No. of Com. Shares #	Earn. per Share #
1987	15,033,000	$ 0.05
1986	15,335,000	0.26
1985	15,289,000	0.71
1984	14,213,000	0.80
1983	13,926,000	0.25

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 82,739,000	$ 5.50
1986	84,739,000	5.53
1985	81,725,000	5.35
1984	51,139,000	3.60
1983	38,507,000	2.77

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 200,641,000	$ 178,024,000
Cost of sales	112,000,000	107,827,000
Expenses	88,169,000	73,694,000
Inc. of leasing subsid.	(4,098,000)	(2,554,000)
Non-recurring gain	—	(3,975,000)
Interest expense	3,486,000	5,384,000
Gain on Sale of invest.	(530,000)	—
Gain on real est. trans.	—	(3,422,000)
Other income	(472,000)	(408,000)
Income before taxes	$ 2,086,000	$ 1,478,000
Income taxes (credit)	1,303,000	(2,448,000)
Net Income	$ 783,000	$ 3,926,000

* Included in Costs and Expenses, Depreciation and Amortization: $10,574,000 in 1987 and $8,802,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 1,602,000	$ 2,277,000
Accts. receiv., net	38,237,000	39,756,000
*Inventories	56,140,000	55,543,000
Prepaid expenses & other assets	4,057,000	11,814,000
Current Assets	$ 100,036,000	$ 109,390,000
Investments & advances	11,991,000	9,904,000
#Fixed assets	48,984,000	59,137,000
Other assets	1,091,000	7,501,000
Total Assets	$ 162,102,000	$ 185,932,000

Liabilities

Cap. lease oblig., curr.	$ 4,447,000	$ 4,984,000
Accts. payable	6,780,000	10,773,000
Accruals	5,840,000	5,198,000
Inc. taxes payable	1,466,000	2,075,000
Due to subsidiaries	1,016,000	463,000
Other curr. liab.	8,505,000	6,503,000
Curr. Liabilities	$ 28,054,000	$ 29,996,000
Revolv. credit notes	17,817,000	32,537,000
Cap. lease oblig.	8,007,000	13,172,000
Mortgage payable	—	17,868,000
Deferred income	22,064,000	3,214,000
Deferred inc. taxes	2,311,000	2,912,000
Other liabilities	1,110,000	1,494,000
+Common stock	1,538,000	1,538,000
Add. paid-in capital	45,146,000	45,502,000
Retained earnings	41,694,000	40,911,000
Treasury stock	(6,344,000)	(3,113,000)
For. curr. trans. adjust.	705,000	(99,000)
Total Liabilities & Shareholders' Equity	$ 162,102,000	$ 185,932,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.04	-0.83
%Net Income to Sales	0.39	2.21
%Net Income to Equity	0.95	4.63
Sales to Inventories	3.57	3.21
Debt to Equity	0.15	0.21
Working Capital	$ 71,982,000	$ 79,394,000
Current Ratio	3.57	3.65
Shareholders' Equity	$ 82,739,000	$ 84,739,000

General Dynamics Corporation

Pierre Laclede Center
St. Louis, Missouri 63105
(314) 889-8200

Officers: Stanley C. Pace, chairman of the board & chief exec. officer; Oliver C. Boileau, vice chairman; Herbert F. Rogers, president & chief operating officer; Lester Crown, exec. v.p. & chairman-Material Service Corporation; Standley H. Hoch, exec. v.p. & chief financial officer; James R. Mellor, exec. v.p.-Marine, Land Systems & International; Ralph E. Hawes, exec. v.p.-missiles & electronics; Russell W. Meyer, Jr., exec. v.p. & chairman-Cessna Aircraft Company; Melville R. Barlow, v.p. & gen. mgr.-electronics; Michael C. Keal, v.p. & gen. mgr.-valley systems; David J. Wheaton, v.p.-program development & planning; E. Alan Klobuta, corp. secretary; Leonard F. Buchanan, v.p.-technology development & engineering; James J. Cunnane, v.p. & controller; William H. L. Mullins, v.p.-government relations; Sterling V. Starr, v.p. & general manager-Pomona; Alan M. Lovelace, v.p. & general manager-space systems; Robert H. Dunemberg, v.p. & general counsel; Charles A. Anderson, v.p. & gen. mgr.-Fort Worth Division; Arch H. Rambeau, v.p.-human resources; Fritz G. Tovar, v.p. & gen. mgr.-Electric Boat; C. Robert Stoker, v.p. & treasurer; Frederick S. Wood, exec. v.p.-contracts, pricing & international offset; B. Edward Ewing, v.p.-operations; John E. McSweeney, v.p. & gen. mgr.-Convair Division; Robert W. Truzell, v.p. & gen. mgr.-Land Systems; Robert A. Morris, v.p.-communications.

Directors: Stanley C. Pace, chairman; Thomas G. Ayers, Oliver C. Boileau, Lester Crown, Milton Falkoff, Standley H. Hoch, Albert E. Jenner, Jr., Harvey Kapnick, James R. Mellor, Russell W. Meyer, Jr., Herbert F. Rogers, Elliot H. Stein, James S. Crown, David S. Lewis, Allen E. Puckett, Gernard W. Rogers, Cyrus R. Vance.

Areas of Work: Design, engineering and manufacturing of military aircraft, missiles and gun systems, space systems and their related subassemblies and components, as well as the design and production of various defense electronic systems and products; design, engineering and manufacturing of submarines, tanks, land vehicles and support systems, and general aviation aircraft; production of commercial aircraft subassemblies and electric motors, commercial space launch vehicles and services, operation of Maritime Prepositioning Ships; production of building products, lime and the mining of coal.

Divisions:

Convair Division
5001 Kearny Villa Road
San Diego, California 92123
(619) 573-8080

Data Systems Division
12101 Woodcrest Executive Drive
St. Louis, Missouri 63141
(314) 851-8900

Electric Boat Division
75 Eastern Point Road
Groton, Connecticut 06340
(203) 441-1000

Electronics Division
5011 Kearny Villa Road
San Diego, California 92123
(619) 573-6111

Fort Worth Division
General Dynamics Boulevard
Fort Worth, Texas 76101
(817) 777-2000

Land Systems Division
38500 Mound Road
Sterling Heights, Michigan 48310
(313) 825-4000

Pomona Division
1675 West Mission Boulevard
Pomona, California 91766
(714) 868-1000

Space Systems Division
5001 Kearny Villa Road
San Diego, California 92123
(619) 573-8000

Valley Systems Division
11000 East Fourth Street
Rancho Cucamonga, California 91730
(714) 945-7000

Subsidiaries:

American Overseas Marine Corporation
116 East Howard Street
Quincy, Massachusetts 02169
(617) 786-8300

Marblehead Lime Company
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 263-4490

Material Service Corporation
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 372-3600

Freeman United Coal Mining Company
222 N. LaSalle Street
Chicago, Illinois 60601
(312) 263-2800

General Dynamics Services Co.
12101 Woodcrest Executive Drive
St. Louis, Missouri 63141
(314) 851-4050

Cessna Aircraft Company
Mid-Continent Airport
s330 Southwest Boulevard
Wichita, Kansas 67215
(316) 946-6000
Manufacture of general aviation aircraft.

Transfer Agent(s):

General Dynamics Corporation
(common & preferred)
Pierre Laclede Center
St. Louis, Missouri 63105

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: GD

Number of Employees:
(at fiscal year end)

1987	105,300	1984	92,809
1986	105,400	1983	89,300
1985	103,300		

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 9,344,000	$ 437,300
1986	8,892,000	(52,500)
1985	7,952,000	383,300
1984	7,291,300	381,700
1983	6,799,000	286,600

	No. of Com. Shares	Earn. per Share #
1987	41,924,750	$ 10.26
1986	42,926,657	—
1985	42,453,846	9.05
1984	43,206,113	8.08
1983	52,720,817	5.30

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
($000's)

	1987	1986
Gov't aerospace	$ 5,673,500	$ 4,999,700
Marine	1,602,800	1,659,200
Land systems	1,042,900	1,128,300
General aviation	469,400	539,500
Material serv. & resources	462,000	475,600
Other	93,400	89,700
Total	$ 9,344,000	$ 8,892,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	0.93	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,601,000,000	$ 38.19
1986	1,264,000,000	29.45
1985	1,336,000,000	31.46
1984	1,062,100,000	24.58
1983	1,260,600,000	23.91

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 9,344,000	$ 8,892,000
Cost of sales	8,709,500	8,242,800
Cessna Aircraft purch. price write-off	—	430,200
Int. expense	41,400	54,700
Other expense (income)	700	(23,300)
Income before taxes	$ 592,400	$ 197,600
Income taxes	155,100	260,200
Inc. (loss) - cont. oper.	$ 437,300	$ (62,600)
Inc. - discont. oper.	—	10,100
Net Income (Loss)	$ 437,300	$ (52,500)

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $320,500,000 in 1987 and $270,100,000 in 1986.

General Dynamics Corporation

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 178,400	$ 195,300
Accts. receiv., net	386,300	407,200
Gov't contracts in progress	2,041,500	1,540,300
*Inventories	368,200	379,900
Prepaid expenses	59,500	57,200
Assets of discont. oper.	—	66,400
Current Assets	$ 3,033,900	$ 2,646,300
#Fixed assets	1,496,300	1,364,300
Invest. in unconsol. subsid.	183,800	184,100
Other assets	215,900	213,200
Acq. cost of MI Tank Prog.	101,900	144,600
Total Assets	$ 5,031,800	$ 4,552,500

Liabilities
(000's)

Accts. payable	$ 679,800	$ 563,000
Accrued salaries	215,300	256,800
Other accruals	648,100	412,500
Def. income taxes	563,100	1,006,700
Curr. Liabilities	$ 2,106,300	$ 2,239,000
Long-term debt	428,200	432,900
Product liability	167,400	168,400
Deferred inc. taxes	363,700	222,300
Other liabilities	365,200	225,500
+Common stock	55,400	55,400
Add. paid-in capital	24,700	24,700
Retained earnings	2,280,300	1,885,000
Treasury stock	(759,400)	(700,700)
Total Liabilities & Shareholders' Equity	$ 5,031,800	$ 4,552,500

* At lower of average cost or market. Aviation inventories at LIFO.
# Less accumulated depreciation, depletion and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	27.31	—
Sales to Inventories	25.38	23.41
Debt to Equity	0.27	0.34
Working Capital	$ 927,600,000	$ 407,300,000
Current Ratio	1.44	1.18
Shareholders' Equity	$ 1,601,000,000	$ 1,264,400,000

General Electric Canada Inc.

(formerly Canadian General Electric Company Limited)

2300 Meadowvale Boulevard
Mississauga, Ontario L5N 5P9 Canada
(416) 453-1124

(91.9% owned by General Electric Company)

Officers: William R. C. Blundell, chairman & chief executive officer; Robert T. E. Gillespie, exec v.p.; Stephen G. Snyder, v.p. & gen. mgr.-lighting products; Michael N. Davies, v.p., general counsel & secretary; Carl B. Haller, treasurer; D. Peter Donovan, comptroller; Ian A. Bourne, v.p.-finance; Walter R. Fell, v.p. & mgr.-hydro & mining; Terrance W. Sutherland, v.p. & gen. mgr.-materials and technical systems; Harold G. Giles, v.p. & gen. mgr.-corporate human resources; Paul D. Scholfield, v.p. & gen. mgr.-power systems & services; W. David Wrench, v.p. & gen. mgr.-motors & drives; Colin M. Harper, pres. & chief exec. officer-Camco Inc..

Directors: D. Steele Curry, Frank P. Doyle, H. Ian Macdonald, Antoine Turmel, Denis W. Timmis, John A. Urquhart, William R. C. Blundell, Guy St-Germain, Bernd K. Koken, Bernard Lamarre, John D. Opie.

Divisions:

Consumer Division
Manufactures, markets and services television, radios, stereos, kitchen and laundry appliances, room air conditioners, portable electric housewares and lighting products.

Technology Division
Products include aircraft engines, aerospace products, plastics/silicones and specialty materials, medical systems, industrial automation and communications products and services.

Resources and Power Generation Division
Products and services include motors and drives, power systems and services, and oil and gas properties and services.

Subsidiary Companies:

Amalgamated Electric Corporation Limited
Auprocon Limited
Camco Inc.
Canadian General Electric International Limited
Cange Limited
Corod Industries Inc.
Dominion Engineering Company Limited
Genelcom Limited
I.C.S. Construction Ltd.
I.C.S. Ltee
Installations Benjamin Inc.
Shenfer-Townsend Limited
W.L. Stevens Limited

Associated Companies:

Transelectrix Technology Inc.
Valmet-Dominion Inc.

Affiliated Companies:

GE Credit Equipment Finance Inc.
GE Fanuc Automation Canada Inc.
General Electric Canadian Holdings Limited
General Electric Capital Canada Inc.
General Electric Capital Equipment Leasing Inc.
General Electric Capital Real Estate Finance Inc.
RCA Inc.
669399 Ontario Limited

Transfer Agent(s):

National Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: CGET

Number of Employees:

1987	10,425	1984	12,300
1986	11,480	1983	14,657
1985	11,605		

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 1,689,345,000	$ 62,500,000
1986	1,642,350,000	56,300,000
1985	1,493,700,000	52,800,000
1984	1,417,700,000	35,600,000
1983	1,392,800,000	35,000,000

	No. of Com. Shares†	Earn. per Share #
1987	49,072,800	$ 1.27
1986	49,072,800	1.15
1985	49,072,800	1.08
1984	49,072,800	0.73
1983	49,072,800	0.71

‡ Includes sales of products and services.
† Adjusted to reflect stock split.
# Based on the number of common shares outstanding assuming conversion of all cumulative convertible preferred shares adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Technology	$ 406,077,000	$ 378,539,000
Consumer	746,131,000	736,021,000
Resources & Power generation	558,557,000	527,225,000
Eliminations	(21,420,000)	4,565,000
Total	$ 1,689,345,000	$ 1,642,350,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 2.17	—	6-for-1
1986	0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 509,670,000	$ 10.39
1986	465,581,000	9.49
1985	516,840,000	10.53
1984	N.A.	9.86
1983	N.A.	9.53

N.A. - Not Available.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net Sales & Services	$ 1,689,345	$ 1,642,250
Costs of sales & exp.	1,540,590	1,490,892
Depreciation	34,321	39,169
Interest expense	5,207	5,760
Misc. taxes	10,392	10,602
Other income	(24,615)	(17,234)
Income before taxes	$ 123,490	$ 113,161
Income taxes	49,925	46,796
Minority interest	11,075	10,073
Net Income	$ 62,490	$ 56,292

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 91,236	$ 90,016
Receiv., net	340,182	349,631
*Inventories	237,663	310,956
Deferred taxes	21,698	25,180
Current Assets	$ 690,779	$ 775,783
Investments	16,093	8,935
Long-term. receiv.	10,598	12,470
#Fixed assets	255,759	237,773
Oil & gas resource props.	34,550	35,853
Deferred charges & other assets	22,482	18,197
Total Assets	$ 1,030,261	1,089,011

Liabilities (000's)		
Short-term borrowings	$ 27,323	$ 10,270
Accts. payable	123,905	122,613
Progress collections	57,778	61,733
Dividends payable	—	87,922
Taxes payable	19,664	39,888
Other liabilities	161,985	167,936
Curr. Liabilities	$ 390,653	$ 490,362
Long-term borrowings	3,543	10,087
Accruals	26,802	26,084
Minority interest	50,525	41,254
Deferred inc. taxes	49,068	55,643
+Common stock	26,942	26,942
Retained earnings	482,728	438,639
Total Liabilities & Shareholders' Equity	$ 1,030,261	$ 1,089,011

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.31	6.89
%Net Income to Sales	3.70	3.43
%Net Income to Equity	12.26	12.09
Sales to Inventories	7.11	5.28
Debt to Equity	0.06	0.04
Working Capital	$ 300,126,000	$ 285,421,000
Current Ratio	1.77	1.58
Shareholders' Equity	$ 509,670,000	$ 465,581,000

General Electric Company

3135 Easton Turnpike
Fairfield, Connecticut 06431
(203) 373-2431

Officers: John F. Welch, Jr., chairman of the board & chief executive officer; Lawrence A. Bossidy, vice chairman & executive officer; Edward E. Hood, Jr., vice chairman & executive officer; James R. Bunt, corp. exec. v.p.; Paul W. Van Orden, exec. v.p.; Dennis D. Dammerman, sr. v.p.-finance; Jack O. Peiffer, sr. v.p.-exec. management; Frank P. Doyle, sr. v.p.-relations; Walter L. Robb, sr. v.p.-research & development; Benjamin W. Heineman, Jr., sr. v.p., general counsel & secretary; Nigel D. T. Andrews, v.p.-business development & planning; James J. Costello, v.p. & comptroller; Dale F. Frey, v.p. & treasurer, and chairman & pres.-General Electric Investment Corp.; Fred W. Garry, v.p.-engineering & manufacturing; Joseph Handros, v.p. & deputy general counsel; Joyce Hergenhan, v.p.-public relations; James A. Parke, v.p.-audit staff; Phillips S. Peter, v.p.-government relations; Arthur V. Puccini, v.p.-employee relations; Edward J. Skiko, v.p.-information technology.

Directors: John F. Welch, Jr., chairman; Richard T. Baker, Lawrence A. Bossidy, Thornton F. Bradshaw, Charles D. Dickey, Jr., Lawrence E. Fouraker, Henry H. Henley, Jr., Henry L. Hillman, Edward E. Hood, Jr., David C. Jones, Robert E. Mercer, Gertrude G. Michelson, Barbara Scott Preiskel, Lewis T. Preston, Frank H. T. Rhodes, Andrew C. Sigler, William French Smith, Walter B. Wriston.

Area of Work: Aerospace products and services span space sciences, radar systems, electronics and microelectronics, ordnance systems, avionics, computer software, space satellites, and simulation and control systems. Most aerospace sales are to agencies of the United States government, principally the Department of Defense and NASA.

Aircraft engines and replacement parts are manufactured and sold by GE for use in military and commercial aircraft, for use in naval ships and for use as industrial power sources. GE's military engines are used in a wide variety of aircraft that includes fighters, bombers, transports and helicopters. GE also produces jet engines for executive aircraft and regional commuter airlines.

Consumer products include lighting products, which include a wide variety of lamps, incandescent, fluorescent, high-intensity, halogen and specialty as well as wiring devices and quartz products.

The industrial segment includes factory automation products, comprised of electrical and electronic products, including motors and motor-related products, consisting mainly of appliance motors and controls; electrical distribution and circuit protection equipment needed for installation in commercial, industrial and residential building; the GE Supply Company Division, which operates a nationwide network of electrical supply houses, transportation systems, which include diesel-electric and electric locomotives, transit propulsion equipment, motorized wheels for off-highway vehicles, and drilling drives.

The major appliance segment includes both GE and Hotpoint brands of kitchen and laundry equipment, such as refrigerators, ranges, microwave ovens, freezers, dishwashers, clothes washers and dryers, and room air conditioners.

The materials segment includes high-performance engineering plastics, silicones, superabrasives and laminates. This segment also includes Ladd Petroleum Corporation, an oil and natural gas developer and supplier.

The power systems segment provides products for the generation, transmission and distribution of electricity; industrial drives; and related construction, installation, engineering and repair services.

Technical products and services include medical systems and services, communications and information services, and the Calma Company. Medical systems include magnetic resonance (MR) scanners, computer tomography (CT) scanners, x-ray, nuclear imaging, ultrasound, and other diagnostic equipment and supporting services; principal communications operations involve the furnishing of domestic satellite communications services by RCA Americom and the furnishing of international communications services by RCA Globcom; mobile communications products consist mainly of mobile and hand-carried two-way and one-way radio equipment and cellular telephones; the Calma Company designs, manufactures and sells interactive graphics systems for computer-aided design and manufacturing.

GE is also involved in network television through the National Broadcasting Company, and in financial services through the General Electric Credit Corporation, Employers Reinsurance Corporation, and the 80%-owned Kidder, Peabody Group, Inc.

Principal Subsidiaries:

RCA Corporation
RCA American Communications (Americom)
RCA Global Communications (Globcom)

General Electric Financial Services, Inc.
General Electric Credit Corporation
Employers Reinsurance Corporation
Kidder, Peabody Group, Inc. (80% owned)

National Broadcasting Company
GE Computer Service
GE Information Services Company
GE Consulting Services
Calma Company
Ladd Petroleum Corporation

Transfer Agent(s):

The Bank of New York
Church Street Station
P.O. Box 11002
New York, New York 10249-1002

Stock Exchange(s): New York, Midwest*, Pacific*, Paris, Cincinnati, Philadelphia*, Boston, London. *Unlisted trading privileges.

Ticker Symbol: GE

Number of Employees:

1987	302,000	1984	N.A.
1986	359,000	1983	340,000
1985	304,000		

N.A. - Not Available.

Sales & Earnings x

	Net Sales	Net Income‡
1987	$ 40,515,000	$ 2,915,000
1986	36,728,000	2,492,000
1985	29,240,000	2,277,000
1984	28,920,000	2,239,000
1983	27,643,000	2,002,000

	No. of Com. Shares†	Earn. per Share‡†
1987	911,639,000	$ 3.20
1986	912,594,000	2.73
1985	910,762,000	2.50
1984	907,360,000	2.47
1983	909,536,000	2.20

‡ Including extraordinary loss of $62,000,000 ($0.07 per share) in 1987.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business (000's)

	1987	1986
Aerospace	$ 5,262,000	$ 4,318,000
Aircraft engines	6,773,000	5,977,000
Consumer products	5,042,000	4,654,000
Financial services	632,000	585,000
Industrial	4,707,000	4,711,000
Major appliances	4,721,000	4,352,000
Materials	2,751,000	2,331,000
N.B.C.	3,165,000	1,817,000
Power Systems	4,995,000	5,262,000
Technical prods.	3,670,000	3,021,000
Other	85,000	774,000
Eliminations	(1,288,000)	(1,074,000)
Total	$ 40,515,000	$ 36,728,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 1.325	—	2-for-1
1986	1.185	—	—
1985	1.115	—	—
1984	1.025	—	—
1983	0.9375	—	2-for-1

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share†
1987	$ 16,480,000	$ 18.08
1986	15,109,000	16.56
1985	13,671,000	15.01
1984	12,398,000	13.66
1983	11,137,000	12.24

† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales & services	$ 39,315,000	$ 35,211,000
Net earn. of Gen. Elec. fin. serv.	552,000	504,000
Other income	648,000	1,013,000
Total income	$ 40,515,000	$ 36,728,000
Cost of sales	29,657,000	26,187,000
Expense	5,979,000	5,963,000
Other expense	645,000	625,000
Unusual items	1,027,000	261,000
Income before taxes	$ 3,207,000	$ 3,692,000
Income taxes	1,088,000	1,200,000
Net Income	$ 2,119,000	$ 2,492,000
Extraord. loss	(62,000)	—
Cum. effect of accntg. change	858,000	—
Net Income & extraord. loss	$ 2,915,000	$ 2,492,000

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $1,544,000,000 in 1987 and $1,460,000,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 1,834,000	$ 1,698,000
Marketable securities	858,000	221,000
Receiv., net	6,782,000	7,208,000
*Inventories	6,265,000	5,161,000
Current Assets	$ 15,739,000	$ 14,288,000
Funds held for bus. devp.	81,000	397,000
Investments	5,621,000	3,914,000
#Fixed assets	9,255,000	9,841,000
Intangibles	4,430,000	3,581,000
Other assets	3,794,000	2,570,000
Total Assets	$ 38,920,000	$ 34,591,000

Liabilities
(000's)

Notes payable	$ 1,110,000	$ 1,813,000
Accts. payable	2,615,000	2,594,000
Accruals	3,485,000	3,441,000
Prog. collection	3,760,000	2,273,000
Dividends payable	319,200	287,000
Accrued taxes	1,382,000	1,153,000
Curr. liabilities	$ 12,671,000	$ 11,461,000
Long-term debt	4,491,000	4,351,000
Other liabilities	5,088,000	3,481,000
Minority interest	190,000	189,000
+Common stock	584,000	579,000
Add. paid-in capital	878,000	733,000
Retained earnings	15,878,000	14,172,000
Treasury stock	(860,000)	(375,000)
Total Liabilities & Shareholders' Equity	$ 38,920,000	$ 34,591,000

* At LIFO, not in excess of realizable values.
# Less accumulated depreciation.
+ $0.63 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.16	10.49
%Net Income to Sales	5.39	7.08
%Net Income to Equity	12.86	16.49
Debt to Equity	0.34	0.41
Working Capital	$ 3,068,000,000	$ 2,827,000,000
Current Ratio	0.54	1.25
Shareholders' Equity	$ 16,480,000 *	$ 15,109,000 *

* In thousands of dollars.

The General Electric Company, p.l.c.

1 Stanhope Gate
London W1A 1EH, England
01-493 8484

Officers: Lord Weinstock, chairman; M. R. Bates, deputy chairman; K. A. Bray*, gas turbines, diesel engines; J. B. Cronin*, steam turbines, traction; R. J. Davidson, steam turbines, traction; J. D. Gadd*, electrical distribution equipment; C. S. Gaskell, electronic instruments; P. Gillibrand, press and publicity; P. G. Higgins*, overseas operations; K. H. Hodgkinson, Avery Group; O. S. Johnson*, wire and cables; M. Lester, legal; A. J. Lippitt*, export promotion; Dr. I. G. MacBean*, electronics; Hon. Mrs. Sara Morrison, employee relations; J. E. Pateman, defense electronics overseas; P. P. Ralph*, corporate finance; R. G. Reynolds, telecommunications; D. H. Roberts, research and electronic components; A. J. Rogers, finance; J. E. Samson, consumer goods; E. J. Sims*, corporate sales; G. H. Trollope*, industrial relations; Hon. Simon Weinstock, commercial affairs; R. J. Williams, automation and control.

* Member of the Executive Committee

Directors: The Right Hon. James Prior, chairman; M. R. Bates, deputy managing director; Sir Kenneth Bond, vice chairman; Lord Catto, R. J. Davidson, S. Z. de Ferranti, R. H. Grierson, vice chairman; M. Lester, Sir William Rees-Mogg, Hon. Mrs. Sara Morrison, Lord Nelson of Stafford, J. E. Pateman, D. Powell, R. G. Reynolds, D. H. Roberts, joint deputy managing director (technical); A. J. Rogers, P. A. Weiller, Lord Weinstock, managing director; R. J. Williams.

Areas of Work: In the area of Electronic Systems and Components, the Company manufactures electronic warfare equipment, including artillery command and control systems, anti-aircraft turrets, aircraft head up displays, missile seekers, antisubmarine equipment, infra-red warning receivers, and software for Tornado systems and Upholder submarines; small mobile terminals for satellite communications; thermal imagers, high-frequency receivers, automatic cross connection equipment for digital line circuits; engineering workstations, printed circuit board test systems, photoplotters, cathode ray tubes, surge arresters, miniature magnetrons and hybrid integrated circuit packages, variable vacuum capacitors for medical equipment, UHF television klystons and thyristrons, television camera tubes, car aerial systems, and quartz crystal oscillators.

In the area of Telecommunications and Business Systems, the Company manufactures digital exchange equipment, transmission products, including optical fiber systems, microwave radio systems and associated equipment; PABX equipment, telephones, time control and security systems, computer systems and software, optical fiber cable, industrial coding products, plain-paper copiers, continuous forms printers, and electronic publishing systems. The Company also operates a private mobile radio network.

In the area of Automation and Control, the Company manufactures automatic guided vehicles, robots, mine winder drive systems, generation and propulsion systems and dynamic ship positioning systems for sea-going vessels, control towers, industrial microprocessor-based controllers, drives and controls for the automotive industry, a full range of weighing, printing, point-of-sale and computer equipment and systems for retailers, industrial platform scales, indicators and laboratory balances and computer-linked weighing systems, materials testing machines, electronic drum and container liquid filling systems for the petro-chemical industry, protective relays and telecontrol equipment for the railroad industry, electronic relays to protect power transformers, busbars and small generators; building management systems, meters, airbridges, lifting beams, card-operated electronic parking meters, automatic vehicle location systems, traction gears, marine gearboxes, steam and gas turbine generator units, relays and control panels, indigenous disturbance recorders, static distance pro-statis busbar protection equipment, and offset printing products.

Medical equipment includes computer tomography scanners, magnetic resonance imaging equipment, and mobile X-ray systems.

Power Generation equipment includes gas and steam turbine generators, remote handling equipment for active waste, digital control equipment, fishing boat and diesel engines.

In the areas of Electrical Equipment and Consumer Products, the Company manufactures transmission switchgear, including circuit breakers, current transformers, busbars and disconnectors; distribution and power transformers; submarine cables for power and telecommunications, ship wiring cables, cable accessories and a range of cross-linkable compounds for use in cable making and for other industrial applications; propulsion systems, locomotives, a variety of motors, boiler units, current-controlled industrial AC drives, and appliances.

The Company also engages in Distribution and Trading and Research and Development activities.

Divisions and Subsidiaries:

ELECTRONIC SYSTEMS AND COMPONENTS

SYSTEMS

GEC Avionics Ltd. - The Marconi Company Ltd.

Navigation Group
Dynamics Group
Sensors Group
Airborne Radar Group
GEC Avionics Inc., USA
Marconi Command and Control Systems Ltd.
Marconi Defence Systems Ltd.
Marconi Space Systems Ltd.
Marconi Underwater Systems Ltd.
Marconi Radar Systems Ltd.
Marconi Communication Systems Ltd.
Marconi Instruments Ltd.
Essens Ltd.
The Marconi International Marine Co. Ltd.
Canadian Marconi Company (31.6% Ordinary)
Marconi Italiana SpA, Italy
Cincinnati Electronics Corporation, USA
Norsk Marconi A/S, Norway
Yarrow Shipbuilders Ltd.
GEC Australia Ltd. (Electronics Group)

COMPONENTS

Marconi Electronic Devices Ltd.
Circuit Technology Inc., USA
English Electric Valve Co. Ltd.
The M-O Valve Co. Ltd.
EEV Inc., USA
EEV Canada Ltd.
Salford Electrical Instruments Ltd.
GEC Ceramics Ltd

TELECOMMUNICATIONS AND BUSINESS SYSTEMS

GEC Telecommunications Ltd.
Switching Division
Networks Systems Division
Private Systems and Defence Systems Divisions
Telephone Division
GEC Reliance Ltd.
GEC Computers Ltd.
GEC Software Ltd.
Telephone Cables Ltd. (74.5% Ordinary)
A.B. Dick Company, USA
Videojet Systems International Inc.
Scriptomatic Inc., USA
GEC New Zealand Ltd. (Telecommunications Division)

AUTOMATION AND CONTROL

GEC Electrical Projects Ltd.
GEC Industrial Controls Ltd.
GEC Automation Projects Inc., USA
W. & T. Avery Ltd.
Avery-Dunkon Ltd.
Driver Southall Ltd.
Avery Australia Ltd.
Avery New Zealand Ltd.
South African Scale Co. (Pty) Ltd.
Avery-Hardoll Ltd.
PM Services Ltd.
GEC Measurements Ltd.
GEC Meters Ltd.
Satchwell Control Systems Ltd.
GEC Mechanical Handling Ltd.
GEC Traffic Automation Ltd.
GEC Marine & Industrial Gears Ltd.
GEC Australia Ltd. (Automation, Projects and Construction Divisions)
The English Electric Company of India Ltd. (66.7% Ordinary)
(Relays and Control Panels Division)
GEC Composants SA, France

MEDICAL EQUIPMENT

Picker International Inc., USA
Picker International Ltd.

POWER GENERATION

GEC Turbine Generators Ltd.
GEC Energy Systems Ltd.
Ruston Gas Turbines, Ltd.
GEC Diesels Ltd.
Ruston Diesels Ltd.
Paxman Diesels Ltd.
Kelvin Diesels Ltd.
Societe des Moteurs Baudouin SA, France (99.6% Ordinary)
Napier Turbochargers Ltd.
Ruston Gas Turbines Inc., USA
GEC Diesels Inc., Canada
GEC Australia Ltd. (Diesels Division)

ELECTRICAL EQUIPMENT

Power Distribution Group
GEC Switchgear Ltd.
GEC Distribution Switchgear Ltd.
GEC Transmission and Distribution Project Ltd.
Vacuum Interrupters Ltd.
GEC Installation Equipment Ltd.
Vynckier NV, Belgium
GEC Transformers Ltd.
The Micanite & Insulators Company Ltd.
The General Electric Company of India Ltd. (66.7% Ordinary)
The English Electric Company of India Ltd. (66.7% Ordinary)
(Passenger and Switchgear Division)
GEC Australia Ltd. (Heavy Engineering and Industrial Products Division)
Wire & Cables Group
AEI Cables Ltd.
Power Cables
Rubber and Plastic Cables
F.D. Sims Ltd.
Kent Electric Wire Ltd.
Rodco Ltd. (60% Ordinary)
Vactite Ltd.
GEC Traction Ltd.
GEC Transportation Projects Ltd.
GEC-General Signal Ltd. (50% Ordinary)
GEC Large Machines Ltd.
GEC Small Machines Ltd.
The Express Lift Co. Ltd.
Woods of Colchester Ltd.
GEC Engineering (Accrington) Ltd.
GEC Reinforced Plastics Ltd.
GEC Foundries Ltd.
A.G. Hackney & Co. Ltd.
L. H. Marthinusen (Pvt) Ltd., Zimbabwe
GEC (New Zealand) Ltd.
(Industrial Machines and Power Engineering Divisions)

CONSUMER PRODUCTS

Hotpoint Ltd.
GEC (Radio & Television) Ltd.
Redring Electric Ltd.
Cannon Industries Ltd.
GEC-Xpelair Ltd.
OSRAM-GEC Ltd. (Ordinary)

Registrar and Transfer Office:

The General Electric Company, p.l.c.
Coppenhall, Stafford ST18 9BN, England
(0785) 51446

Stock Exchange(s): London

Number of Employees:

1987 ..... 159,579 1986 164,536

Sales & Earnings

	Net Sales (000's)	Net Income† (000's)
1987	£ 5,247,000	£ 435,000
1986	5,253,000	452,300
1985	5,222,000	415,000
1984	4,800,000	411,000
1983	4,626,000	394,000

	No. of Com. Shares‡	Earn. per Share +‡
1987	2,666,430,170	15.8p
1986	2,669,018,702	16.0
1985	N. A.	14.9
1984	N. A.	14.2
1983	N. A.	14.2

N. A. - Not Available.
£ -pound sterling.
p-pence
† Including extraordinary items.
+ Excluding extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Electronic syst. & components	£ 2,016,000	£ 1,949,000
Telecommunications & bus. sys.	749,000	773,000
Automation & control	457,000	444,000
Medical equip.	398,000	420,000
Power generation	594,000	638,000
Electrical equip.	723,000	770,000
Consumer prods.	387,000	331,000
Distribution & trading	202,000	209,000
Other	105,000	128,000
Assoc. cos.	308,000	307,000
Total	£ 5,939,000	£ 5,969,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	5.30p	—	—
1986	4.30	—	—
1985	4.00	—	—
1984	3.45	—	—
1983	3.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1987	£ 2,895,000	108.6p
1986	2,614,000	97.9
1985	2,389,000	—
1984	2,239,000	—
1983	2,098,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Mar. 31	1987	1986
Net sales	£ 5,247,300	£ 5,252,600
Increase in stocks	164,950	73,300
Work capitalized	27,300	22,800
Other income	36,400	34,700
Total income	£ 5,475,900	£ 5,383,400
Cost of sales	2,066,600	2,012,500
Staff costs	1,768,300	1,715,500
Depreciation	213,000	196,600
Rent exp.	21,300	21,700
Auditors' exp.	3,500	3,300
Other charges	909,400	925,900
Share of profits of assoc. cos.	(14,100)	(11,300)
Inc. from invest.	(1,500)	(500)
Interest expense	14,800	13,800
Interest income	(175,800)	(194,700)
Income bef. taxes	£ 668,400	£ 700,600
Income taxes	235,900	265,200
Minority interests	12,200	8,000
Net income	£ 420,300	£ 427,400
Extraord. gain	14,700	25,500
Net income & extraord. gain	£ 435,000	$ 452,900

Assets
(000's)

As of Mar. 31	1987	1986
Cash	£ 1,414,400	£ 1,187,200
Investments	403,300	436,100
Accts. receiv., net	1,433,600	1,352,900
*Stocks	1,335,200	1,274,800
Current Assets	£ 4,586,500	£ 4,251,000
Investments	109,100	91,000
#Fixed assets	828,100	809,100
Total Assets	£ 5,523,700	£ 5,151,100

Liabilities
(000's)

Debenture loans	£ 3,000	£ 8,600
Long-term debt, curr.	81,800	91,400
Payments received	326,600	347,900
Accts. payable	684,600	643,200
Other creditors	77,500	91,000
Amts. owed to assoc. cos.	25,300	29,600
Accruals & deferred inc.	218,900	199,300
Income taxes	209,300	162,300
Other taxes	107,500	100,300
Proposed dividend	101,300	77,300
Curr. Liabilities	£ 1,835,800	£ 1,750,900
Debenture loans	44,100	54,200
Long-term debt	6,300	5,000
Payment received	78,400	59,100
Trade creditors	5,600	13,900
Minority interest	87,800	80,700
Deferred income	20,700	14,000
Deferred inc. taxes	96,700	105,200
Other liabilities	453,700	454,800
+Common stock	133,300	133,300
Add. paid-in cpaital	9,300	8,800
Reserves	4,000	4,000
Profit & loss accts.	2,748,000	2,467,600
Total Liabilities & Shareholders' Equity	$ 5,523,700	£ 5,151,100

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ 5p par value.

The General Electric Company, p.l.c.

Statistical Summary

%Income bef. Taxes to Sales	12.74	13.34
%Net Income to Sales	8.01	8.14
%Net Income to Equity	14.52	16.35
Sales to Inventories	3.93	4.12
Debt to Equity	0.05	0.06
Working Capital	£2,750,700,000	£2,500,100,000
Current Ratio	2.50	2.43
Shareholders' Equity	£2,894,600,000	£2,613,700,000

General Instrument Corporation

Executive Offices:

767 Fifth Avenue
New York, New York 10153-0082
(212) 207-6200

Administrative Offices:
125 Chubb Avenue
Lyndhurst, New Jersey 07071
(201) 507-3000

Officers: Frank G. Hickey, chairman and chief executive officer; George E. Saffol, president & chief operating officer; John A. DeVries, sr. v.p.; Rein Narma, exec. v.p.-corp. development; Frank M. Drendel, exec. v.p.; Frederick Shuh, sr. v.p.; Christopher F. Sutphin, v.p.; Richard M. Hoffman, v.p., general counsel & secretary; Gerard G. Johnson, v.p.-finance & chief financial officer; Edward R. Kearney, v.p.-investor relations & communications; Stephen A. Davidson, v.p.-personnel & organization; Roger L. Heffernan, v.p.-mfg.; Thomas C. DeFazio, v.p. & controller; Richard S. Friedland, v.p. & treasurer; Harold M. Krisbergh, v.p.; Gary S. Stein, v.p.

Directors: Martin C. Barell*, John C. Archibald, Thomas L. Kempner*, Moses Shapiro*, R. S. Rosenbloom, R. N. Rosett, Frank G. Hickey*, Joe B. Cordell, Jacob E. Goldman, Frank M. Drendel, George E. Saffol, Harold Rapaport.

* Member of the Executive Committee

Areas of Work: The Company's major business segments are Broadband Communications, Data Systems and Component Products. Broadband Communications offers a variety of products and services for the cable television industry including active and passive electronics, subscriber terminals, coaxial cable used in CATV systems, encryption/decryption equipment for the scrambling and descrambling of satellite television programming, and other broadband communications products, trial broadband communications. The primary products and services of Data Systems are data processing systems and services for the wagering industry and military electronic systems. Component Products include power supplies, relays, and discrete semiconductors.

Divisions and Subsidiaries:

Component Products

Clare Division
Chicago, Illinois (Headquarters)
Guadalajara, Mexico
Taipei, Taiwan
Tongeren, Belgium

Computer Products Division
Juarez, Mexico (Headquarters)
El Paso, Texas
Taipei, Taiwan

Power Semiconductor Division
Hicksville, New York (Headquarters)
Taipei, Taiwan

Broadband Communications

Jerrold Distribution Systems Division
Hatboro, Pennsylvania (Headquarters)
Nogales, Mexico; Tuscon, Arizona
Slough, England
Toronto, Ontario, Canada

Jerrold Subscriber Systems Division
Hatboro, Pennsylvania (Headquarters)
Taipei, Taiwan

TOCOM Division
Dallas, Texas (Headquarters)
Matamoros, Mexico

Comm/Scope Division
Hickory, North Carolina (Headquarters)
Catawba, North Carolina

VideoCipher Division
San Diego, California (Headquarters)
Hickory, North Carolina
Barceloneta, Puerto Rico

Data Systems

Worldwide Wagering
Hunt Valley, Maryland Headquarters
(Headquarters)

AmTote Division
Hunt Valley, Maryland

Lottery Division
Hunt Valley, Maryland

Government Systems Division
Hicksville, New York (Headquarters)
Westwood, Massachusetts
Fairfield, New Jersey
Norfolk, Virginia

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: GRL

Number of Employees:

1988 ..... 15,400 1987 16,300

Plant Footage:

1988 ..... 2,508,800 sq. ft. 1987 2,828,500

Sales & Earnings

	Revenues† (000's)	Net Income† (000's)
1988	$ 1,155,460	$ 66,220
1987	787,862	(80,377)
1986	612,400	(66,543)
1985	727,985	(9,600)
1984	680,753	16,030

	No. of Com. Shares #	Earn. per Share #
1988	32,886,000	$ 2.01
1987	32,255,000	—
1986	32,105,000	—
1985	31,851,000	—
1984	31,065,000	1.16

(Loss)
† Of continuing operations only.
# Based on the weighted average number of common shares outstanding.

Revenues by Line of Business
(000's)

	1988	1987
Broadband Comm.	$ 763,941	$ 401,898
Data Systems	134,909	154,862
Component Products	256,610	231,102
Total	$ 1,155,460	$ 787,862

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.25	—	—
1987	0.25	—	—
1986	0.25	—	—
1985	0.50	—	—
1984	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 590,992,000	$ 16.45
1987	467,522,000	14.35
1986	550,387,999	16.98
1985	615,911,750	19.01
1984	629,267,887	19.97

Income Accounts

Year ended Feb. 28	1988	1987
Revenues	$ 1,155,460,000	$ 787,862,000
Cost of sales & services	856,595,000	600,072,000
Expenses	192,064,000	156,982,000
Invest. income	(12,376,000)	(8,610,000)
Interest expense	15,618,000	7,694,000
Other expense (income)	(4,361,000)	1,840,000
Inc. bef. taxes	$ 107,920,000	$ 29,684,000
Income tax	41,700,000	11,200,000
Inc. - cont. oper.	$ 66,220,000	$ 18,484,000
Loss - discont. oper.	—	(98,861,000)
Net Income (Loss)	$ 66,220,000	$ (80,377,000)

* Included in Costs and Expenses, Depreciation and Amortization: $71,895,000 in 1988 and $50,628,000 in 1987.

Assets

As of Feb. 28	1988	1987
Cash & temp. invest.	$ 257,663,000	$ 16,697,000
Accts. receiv., net	168,200,000	194,935,000
*Inventories	117,940,000	112,685,000
Assets of discont. oper.	27,348,000	24,324,000
Deferred inc. taxes	23,194,000	15,096,000
Prepaid expenses	9,106,000	10,763,000
Current Assets	$ 603,351,000	$ 443,900,000
Investments, advances & receivables	37,606,000	36,794,000
#Fixed assets	206,842,000	204,242,000
Other assets	136,811,000	136,344,000
Intangibles	55,460,000	68,183,000
Assets held for sale	53,463,000	50,838,000
Total Assets	$ 1,093,613,000	$ 940,291,000

Liabilities

Accounts payable	$ 103,954,000	$ 92,724,000
Long-term debt	—	2,178,000
Accruals	205,356,000	166,310,000
Short-term borrowings	—	9,250,000
Income taxes	11,084,000	—
Curr. Liabilities	$ 320,394,000	$ 270,462,000
Long-term debt	175,000,000	183,200,000
Deferred income taxes	34,845,000	7,336,000
Other liabilities	12,382,000	11,771,000
+ Common stock	33,488,000	32,575,000
Add. paid-in capital	230,075,000	209,183,000
Cum. trans. adjust.	1,468,000	(1,871,000)
Emp. notes for stock purch.	(2,145,000)	(2,603,000)
Retained earnings	288,103,000	230,240,000
Total Liabilities & Shareholders' Equity	$ 1,093,613,000	$ 940,291,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.34	—
%Net Income to Sales	5.73	—
%Net Income to Equity	12.02	—
Debt to Equity	0.32	0.40
Working Capital	$ 282,957,000	$ 173,438,000
Current Ratio	1.88	1.64
Shareholders' Equity	$ 550,992,000	$ 467,522,000

General Kinetics Incorporated

12900 Parklawn Drive
Rockville, Maryland 20852-1775
(301) 881-2044

Officers: Stephen P. Goldman, chairman; Louis R. Schap, president & chief exec. officer; Stanley J. Sarnowski, v.p.-finance & treasurer; Hubert W. Brous, v.p.-marketing & sales; Ann K. Pugh, secretary.

Directors: David L. Cohn, Stanley J. Sarnowski, Louis R. Schap, Stephen P. Goldman, John B. Gunter, Thomas L. Herb, S. Goran Stackig, Steven A. Rogers.

Areas of Work: Manufactures, sells and rents magnetic tape equipment; engaged in the development of secure communications equipment and encryption devices; also manufactures electronic enclosures, sheet metal components, and food testing and processing systems.

Divisions:

GKI Media Division
12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044
Provides equipment and service for testing, winding, degaussing and certifying magnetic tape (including high-density tape) and other magnetic media.

Allo Metal Products Division
668 North Sheridan Street
Johnstown, Pennsylvania 15906
(814) 255-6891
Designs, manufactures, and sells specialty metal products such as environmental enclosures and rack mounting systems for the installation of communications electronics.

DEBSA Division
Chesapeake, Virginia

110 Sunray Drive
Johnstown, Pennsylvania 15905
(814) 255-6891

Numerifab Division
11205 Satellite Boulevard
Orlando, Florida 32821

Subsidiaries:

Food Technology Corporation
12300 Parklawn Drive
Rockville, Maryland 20852
(301) 881-2044
Manufactures testing, quality-control and automated processing equipment for the food and related industries.

Acquisition:

Cryptek, Inc.
Engaged in developing secure communications equipment and encryption devices to for the TEMPEST marketplace.

Transfer Agent(s):

Maryland National Bank
B&O Building, 4th floor
Baltimore & Charles Streets
Baltimore, Maryland 21202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GKIE (NASDAQ)

Number of Employees:

1987	200	1984	162
1986	202	1983	203
1985	201		

Plant Footage:

1987	N.A.	1984	100,000
1986	100,000 sq. ft.	1983	100,000
1985	100,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 10,430,235	$ 564,278
1986	10,402,570	520,275
1985	10,030,744	955,228
1984	8,004,766	(52,126)
1983	7,091,154	(251,296)

	No. of Com. Shares	Earn. per Share #‡
1987	911,927	$ 0.62
1986	930,427	0.57
1985	869,427	1.13
1984	800,439	—
1983	802,559	—

(Loss)
‡ Including extraordinary gain of $155,099 ($0.18 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,362,119	$ 3.69
1986	2,868,441	3.08
1985	2,322,306	2.67
1984	1,351,972	1.68
1983	1,406,227	1.75

Income Account *

Year ended May 31	1987	1986
Net sales	$ 10,430,235	$ 10,402,570
Cost of sales	7,468,329	7,602,694
Expenses	1,670,813	1,695,223
Interest expense	108,767	154,364
Other expense	105,314	115,517
Inc. bef. taxes	$ 1,077,012	$ 1,034,772
Income taxes	512,734	514,097
Net income	$ 564,278	$ 520,275

* Included in Costs and Expenses, Depreciation and Amortization: $250,582 in 1987 and $261,379 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 803,346	$ 412,068
Accts. receiv., trade	1,885,324	1,795,390
*Inventories	1,427,584	1,594,366
Prepaid expenses & other receiv.	44,431	45,601
Current Assets	$ 4,160,685	$ 4,499,778
#Fixed assets	1,706,130	1,288,485
Deposits	13,291	18,696
Cash value of life ins.	35,212	73,890
Bond issue	47,724	50,363
Total Assets	$ 5,963,042	$ 5,921,212

Liabilities

Notes payable	$ 215,802	$ 221,302
Accts. payable	527,046	483,999
Accruals	151,004	86,590
Accrued payroll	146,055	115,354
Inc. taxes pay.	69,284	—
Accrued vacations	192,739	179,522
Accrued payroll taxes	79,883	72,267
Deposits on contracts	6,327	34,165
Curr. Liabilities	$ 1,337,940	$ 1,193,199
Notes payable	994,553	1,639,876
Accrued vacations	143,761	112,743
Other liab.	124,669	106,953
+Common stock	275,436	273,061
Add. paid-in capital	1,201,767	1,196,042
Retained earnings	2,166,162	1,601,884
Treasury stock	(281,546)	(271,546)
Total Liabilities & Shareholders' Equity	$ 5,963,042	$ 5,921,212

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.33	9.95
%Net Income to Sales	5.41	5.00
%Net Income to Equity	16.78	18.14
Sales to Inventories	7.31	6.52
Debt to Equity	0.36	0.65
Working Capital	$ 2,822,745	$ 3,295,579
Current Ratio	3.11	3.76
Shareholders' Equity	$ 3,362,119	$ 2,868,441

General Microwave Corporation

5500 New Horizons Boulevard
Amityville, New York 11701
(516) 226-8900

Officers: Frederick Zisau, chairman of the board; Sherman A. Rinkel, president; Bernard Grand, v.p.-engineering; Howard Cohen, v.p.-manufacturing; Moe Wind, sr. v.p., treasurer & asst. secretary; Joe P. Schindler, v.p.-marketing; Michael Stolzar, secretary & asst. treasurer; Elieser Jacobsohn, v.p. & gen. mgr.-General Microwave Israel (1967) Ltd.; Michael Lion, pres.-General Microcircuits Corporation.

Directors: Frederick Zisau, chairman; Winton Charlop, Sherman A. Rinkel, Moe Wind, Edmond D. Franco, Leo C. Cunniff, Arthur D. Friedman.

Areas of Work: The Company produces and sells microwave measuring and control component devices for use in radar systems and in point-to-point communication as used in aircraft, air traffic control, missiles and telephone and telemetry systems, as well as its own line of precision measuring and testing equipment for use in laboratories and production lines by manufacturers of microwave components and systems.

Division:

Microwave Division
Amityville, New York
Develops and manufactures PIN diode products, RF power measuring equipment, and radiation detectors.

Subsidiaries:

Micro-El Patent Corporation
Wilmington, Delaware

General Microwave Foreign Sales Corporation
Amityville, New York

General Microwave Israel Corporation
Jerusalem, Israel

General Microwave Corporation

General Microcircuits Corp. (70% owned)
Billerica, Massachusetts
Development and manufacture of high reliability hybrid circuits and thin-film resistor networks, largely for military applications.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Wall Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: GMW

Number of Employees:

1987	351	1985	270
1986	N.A.	1984	210

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 20,769,012	$ 888,648
1987	20,496,812	817,593
1986	16,003,097	1,414,757
1985	13,480,960	1,620,832
1984	11,875,928	1,341,098

	No. of Com. Shares‡	Earn. per Share‡
1988	1,444,645	$ 0.62
1987	1,485,989	0.55
1986	1,474,980	0.96
1985	1,472,737	1.10
1984	1,318,741	1.02

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.10	—	—
1986	0.10	5% & 5%	—
1985	0.10	—	—
1984	0.09	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 14,359,940	$ 9.94
1987	14,175,974	9.54
1986	13,453,393	9.12
1985	12,008,744	8.15
1984	10,490,819	7.96

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Feb. 28	1988	1987
Net sales	$ 20,769,012	$ 20,496,812
Cost of sales	13,401,209	13,859,781
Expenses	5,590,644	4,907,562
Interest expense	593,421	491,086
Other income	(180,710)	(219,210)
Income before taxes	$ 1,364,448	$ 1,457,393
Income taxes	475,800	639,800
Net income	$ 888,648	$ 817,593

* Included in Costs and Expenses, Depreciation and Amortization: $1,201,572 in 1988 and $1,013,383 in 1987.

Assets

As of Feb. 28	1988	1987
Cash and cash equivalent	$ 533,523	$ 495,983
Accts. receiv., net	6,215,372	6,816,553
*Inventories	5,180,875	4,437,016
Prepaid expenses	1,039,057	1,000,385
Refund, inc. taxes	186,104	523,447
Current Assets	$ 13,154,931	$ 13,273,384
#Fixed assets	9,708,364	9,539,912
Other assets	3,495,214	3,780,184
Total Assets	$ 26,358,510	$ 26,593,480

Liabilities

Notes payable	$ 1,651,895	$ 2,142,099
Long-term debt, curr.	300,000	300,000
Accts. payable	811,937	728,839
Accruals	819,251	1,093,599
Deferred income tax	446,053	502,000
Curr. Liabilities	$ 4,029,136	$ 4,766,497
Long-term debt	7,275,000	7,175,000
Deferred credits	677,157	436,710
Other liab.	17,277	15,943
Minority interest	—	23,356
+Capital stock	15,863	15,641
Add. paid-in capital	9,053,950	8,935,802
Retained earnings	6,287,982	5,399,334
Unrealized loss	(81,500)	—
Treasury stock	(916,355)	(174,803)
Total Liabilities & Shareholders' Equity	$ 26,358,510	$ 26,593,480

* At cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.57	7.11
%Net Income to Sales	4.28	3.99
%Net Income to Equity	6.19	5.77
Sales to Inventories	4.01	4.54
Debt to Equity	0.64	0.68
Working Capital	$ 9,125,795	$ 8,506,887
Current Ratio	3.26	2.78
Shareholders' Equity	$ 14,359,940	$ 14,175,974

General Motors Corporation

3044 West Grand Boulevard
Detroit, Michigan 48202
(313) 556-5000

General Motors Building
767 Fifth Avenue
New York, New York 10153
(212) 486-5000

Officers: Roger B. Smith, chairman & chief executive officer; Robert C. Stempel, president & chief operating officer; Donald J. Atwood, vice chairman; Elmer W. Johnson, exec. v.p.-legal, operating & public affairs staffs; Lloyd E. Reuss, exec. v.p.-North American automotive operations; F. Alan Smith, exec. v.p.-finance & chief financial officer; Edward P. Czapor, v.p. & Quality and Reliability & Service Parts Operations Group; John D. Dibblink, v.p.-Chassis and Transmission Components Group; Robert J. Eaton, v.p.-Technical Staffs Group; William E. Hoglund, v.p.-Buick, Oldsmobile, Cadillac Group; Charles Kalko, v.p.-Truck & Bus Group; E. Michael Mutchler, v.p.-Body and Engine Components Group; Robert T. O'Connell, v.p.-Finance Group; Robert J. Schultz, v.p.-Chevrolet, Pontiac, GM of Canada Group; W. Blair Thompson, v.p.-Automotive Components Groups; Marina V.N. Whitman, v.p.-Public Affairs Staffs Group; Betsy Aacker-Johnson, v.p.-environmental activities staff; J. T. Battenberg, III, v.p.-product manager-Flint Automotive Division, Buick, Oldsmobile, Cadillac; W. Gordon Bines, Jr., v.p. & chief investment funds officer; Barton Brown, v.p.-Asian, African, and international export operations; Robert D. Burger, v.p. & gen. mgr.-Chevrolet Motor Division; David D. Campbell, v.p. & group dir.-operations, Chevrolet, Pontiac, GM of Canada Group; Patrick J. Colotta, v.p. & group dir.-truck & bus operations; Gary W. Dickinson, v.p. & group dir.-engineering, Chevrolet, Pontiac, GM of Canada Group; George C. Eads, v.p.-economics staff & chief economist; Robert A. Frosch, v.p.-research laboratories; John O. Gretenberger, v.p. & gen. mgr.-Cadillac Motor Car Division; Ronald H. Hass, v.p.-current engineering and manufacturing services staff; Donald E. Hackworth, v.p. & product mgr.-Lansing Automotive Division, Buick, Oldsmobile, Cadillac; James D. Johnston, v.p.-industry-government relations; Charles M. Jordan, v.p.-design staff; William W. Lane, v.p. & gen. mgr.-Oldsmobile Division; †Richard G. LeFauve, v.p. & president-Saturn Corporation; J. Michael Losh, v.p. & gen. mgr.-Pontiac Motor Division; John W. McNulty, v.p.-public relations staff; Edward H. Mertz, v.p. & gen. mgr.-Buick Motor Division; John G. Middlebrook, v.p.-marketing and product planning staff; Claude N. Moore, v.p.-customer sales and service staff; Arvin F. Mueller, v.p.-advanced engineering staff; Donald A. Pain, v.p.-materials management staff; George A. Peapples, president & gen. mgr.-General Motors of Canada Ltd.; Harry J. Pearce, v.p. & general counsel; Roy S. Roberts, v.p.-personnel administration and development staff; John F. Smith, Jr., v.p. & president-General Motors Europe; Robert B. Stone, v.p. & managing dir.-General Motors do Brasil S.A.; Clifford J. Vaughan, v.p. & gen. mgr.-Electro-Motive Division; Alfred S. Warren, Jr., v.p.-industrial relations staff; James P. Wates, Jr., v.p.-Latin American operations; Paul H. Zalecki, v.p., associate general counsel & secretary; Leon J. Kraus, v.p. & treasurer; John E. Rhame, v.p. & comptroller.

Directors: Robert B. Smith, chairman; Anne L. Armstrong, Donald J. Atwood, James H. Evans, Walter A. Fallon, Charles T. Fisher, III, Marvin L. Goldberger, John J. Horan, Elmer W. Johnson, Thomas A. Murphy, Edmund T. Pratt, Jr., Lloyd E. Reuss, James D. Robinson, III, John G. Smale, F. Alan Smith, Robert C. Stempel, Leon H. Sullivan, Dennis Weatherstone, Thomas H. Wyman.

Areas of Work: Operations are classified into three segments: automotive products, defense products, and other nonautomotive products. The automotive segment consists of the design, manufacture, assembly and sale of automobiles, trucks and related parts and accessories. The defense products segment includes military vehicles, radar and weapon control systems, guided missile systems, and defense satellites. The other nonautomotive products segment consists of the design, installation and operation of business information and telecommunication systems, as well as the design, development and manufacture of locomotives; engines for drilling, marine and stationary applications; commercial satellites; and specialized automated production and test equipment.

Electronic and Related Divisions:

AC Spark Plug
Flint, Michigan
Spark plugs; oil filters; instrument panels; fuel pumps; fuel filter; air cleaners; emission control systems; cruise control systems.

Delco Electronics
Kokomo, Indiana
Automotive electronics; entertainment systems; heater-air conditioning controls; military electronics; semiconductor devices; analog and digital systems; integrated circuits.

Delco Systems Operations
Santa Barbara, California
Military electronics; navigation and control systems and components for aircraft, defense, spacecraft, and commercial vehicles

Delco Moraine
Dayton, Ohio
Automotive brake systems; engine bearings; powdered metal products; automatic transmission components.

Harrison Radiator
Lockport, New York
Car and truck radiators, defrosters, heaters, thermostats and air-conditioners; heat exchangers.

Packard Electric
Warren, Ohio
Automotive, appliance, marine and farm equipment, wiring systems and components; fiber optics; magnetic wire.

Delco Products
Dayton, Ohio
Shock absorbers; windshield wiper systems; energy-actuators; bumper devices; automotive electric motors and actuators; fan clutches; emission control devices; industrial and hermetic motors and generators.

Delco Remy
Anderson, Indiana
Starting, generating and ignition systems switches; vacuum controls; batteries for passenger cars, trucks, buses, farm tractors and off-highway equipment.

Electronic Data Systems Corporation
Development of computer software that controls automated manufacturing systems; integration and updating of information management and telecommunication systems; military personnel identification and tracking systems.

Fisher Guide
Anderson, Indiana
Car, truck and tractor lamps; mirrors, finished die castings; molded plastic parts; lighting controls; stampings.

Rochester Products
Rochester, New York
Carburetors; steel tubing; cigarette lighters; locks, keys; emission control devices; diverter valves; fuel injectors; hydraulic and mechanical valve lifters; jet fuel nozzles; cold formed precision parts.

G.M. Hughes Electronics Corporation
Provides a broad array of advanced electronic components and systems to the automotive, military and space industries. Some of these are weapons control systems, radar systems, commercial and military communications satellites, automated manufacturing and test equipment, weapon delivery systems, large-scale integrated circuits, image sensing, storage and display devices.

Stock Transfer Offices:

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

National Trust Company Limited
21 King Street, East
Toronto, Ontario M5C 1B3 Canada

National Trust Company Limited
1350 Sherbrooke Street, West
Montreal, Quebec H3G 1J1 Canada

Stock Exchange(s): New York, Boston, Cincinnati, Midwest, Philadelphia, Pacific, Montreal, Toronto, Tokyo

Ticker Symbol: GM

Number of Employees:

1987	813,000	1984	748,000
1986	876,000	1983	691,000
1985**	811,000		

** Figure excludes G. M. Hughes Electronics Corporation.

Sales & Earnings

	Net Sales ('000's)	Net Income ('000's)
1987	$ 101,781,900	$ 3,550,900
1986	102,813,700	2,944,700
1985	96,371,700	3,999,000
1984	83,889,900	4,516,500
1983	74,581,600	3,730,200

	No. of Com. Shares +	Earn. per Share‡ +
1987	312,654,018	$ 10.06
1986	319,383,830	8.21
1985	318,853,315	12.28
1984	317,504,133	14.27
1983	315,711,299	11.84

+ Based on the $1 2/3 par value common stock.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
('000's)

Automotive prods.	$ 89,818,400	$ 90,740,200
Defense prods.	7,985,400	7,760,800
Other non-auto prods.	3,978,100	4,312,700
Total	$ 101,781,900	$ 102,813,700

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 5.00	—	—
1986	5.00	—	—
1985	5.00	—	—
1984	4.75	—	—
1983	2.80	—	—

Common Stock Equity

	Total Equity‡ ('000's)	Equity Per Share
1987	$ 32,988,700	$ 89.09
1986	30,443,600	83.09
1985	29,274,000	79.13
1984	23,958,700	72.16
1983	20,483,000	64.88

‡ After allowing for preferred stock at stated value.

Income Account
('000's)

Year ended Dec. 31	1987	1986
Net sales	$ 101,781,900	$ 102,813,700
Cost of sales	87,204,400	89,198,300
Expenses	5,896,100	5,590,800
Depreciation & amortization	6,112,000	6,393,700
Other income	(1,066,700)	(983,100)
Interest expense	1,630,700	953,700
Income bef. taxes	$ 2,005,400	$ 1,460,300
Tax credit	(59,900)	(300,300)
Minority interest	(1,485,600)	(1,184,100)
Net Income	$ 3,550,900	$ 2,944,700

Assets
('000's)

As of Dec. 31	1987	1986
Cash	$ 431,900	$ 150,700
Securities & deposits	4,274,500	3,868,100
Accts. & notes receiv., net	22,194,100	11,304,300
*Inventories	7,939,700	7,235,100
Contracts in process	1,756,000	1,590,600
Prepaid expenses	3,175,300	2,619,600
Current Assets	$ 39,771,500	$ 26,768,400
Eq. in assets of nonconsol. subsid.	7,977,000	7,232,300
Other invest. & assets	2,446,600	2,498,700
#Fixed assets	28,833,400	27,582,700
‖Other assets	3,207,000	2,793,700
Intangibles	5,186,400	5,717,200
Total Assets	$ 87,421,900	$ 72,593,000

Liabilities
('000's)

Accts. drafts and taxes payable	$ 7,087,800	$ 6,368,000
Accruals	15,185,700	13,416,900
Loans payable	2,878,700	2,730,100
Inc. taxes payable	376,000	333,160
Curr. Liabilities	$ 25,528,200	$ 22,848,100
Long-term debt	3,949,300	4,007,300
Payable to GMAC	13,981,000	5,900,000
Capitalized leases	364,100	318,000
Other liabilities	8,229,400	6,991,700
Deferred credits	2,144,800	2,599,900
+Preferred stock	234,400	234,400
+++Preference stock	2,000	—
++Common stock	521,100	532,300
+++Class E Common stock	5,200	5,400
+++Class H Common stock	6,500	6,600
Add. paid-in capital	6,764,600	6,332,600
Retained earnings	25,771,700	23,888,700
For. curr. trans.	(80,400)	(322,000)
Total Liabilities & Shareholders' Equity	$ 87,421,900	$ 72,593,000

* At lower of cost (domestic inventories at LIFO; foreign and GMHE at FIFO or average) or market.
# Less accumulated depreciation.
‡ Less accumulated amortization.
+ No par value, $100 stated value.
++ $1 2/3 par value.
+++ $0.10 par value.

Statistical Summary

%Income before Taxes to Sales	1.97	1.42
Net Income to Sales	3.49	2.86
%Net Income to Equity	10.69	9.60
Sales to Inventories	12.82	14.21
Debt to Equity	0.37	0.14
Working Capital ('000's)	$ 14,243,300	$ 3,920,300
Current Ratio	1.56	1.17
Shareholders' Equity ('000's)	$ 33,225,100	$ 30,678,000

General Signal Corporation

High Ridge Park
Box 10010
Stamford, Connecticut 06904
(203) 357-8800

Officers: David T. Kimball, chairman & chief executive officer; John E. Halter, sr. vice president-operations; Joel S. Friedman, sr. v.p.-operations; Peter A. Laing, sr. v.p.-operations; Edgar J. Smith, Jr., v.p., secretary & general counsel; Theodore J. Wiedemann, sr. v.p.-administration; J. Robert Hipps, v.p. & controller; Michael R. Jacomin, v.p. & treasurer; Erwin Kantor, v.p.-taxes; George Falconer, v.p.-human resources; Nino J. Fernandez, v.p.-investor relations.

Directors: Nathan R. Owen*, John P. Horgan*, Reginald H. Jones*, David T. Kimball*, Ralph E. Bailey, N. Bruce Hannay, Robert A. Plane, Ronald E. Ferguson, John R. Selby, Roland W. Schmitt.

* Member of the Executive Committee

Electronic Controls & Systems
Products include equipment for each major segment of semiconductor manufacture, from crystal growing furnaces, and wafer polishers, through deposition and spin-brake equipment, wafer steppers, washer and dicing systems, to testing and packaging equipment. For the telecommunications industry, products include voice, data, digital microwave radio, and fiber optic signal processing and transmission equipment, test and measurement systems, central office power sources, and land-based mobile radio systems. For the process industries, products include computer-directed central control system, distributed control systems, electronic instrumentation, and electronically

controlled feeders and scales. Products for electric utilities include management systems, coal metering equipment, boiler and scrubber controls, and remote-controlled radioactive-waste handling systems. For railroad systems, products include highly engineered systems and controls, including cab, wayside and centralized traffic control components and systems and push-button interlocking controls. For bus mass transit, products include central control systems and electronic fareboxes. For civil and defense air traffic control and nagivation, included are radar nagivation, identification and ground weather monitoring systems. Shipboard communication systems and propulsion controls are provided to the marine industry; power conditioning equipment is produced for numerous markets to safeguard vital or sensitive electronic equipment.

Electrical Controls & Equipment

Products for the construction market include such electrical controls and components for power distribution as transformer and switchgear, fire protection and building signaling systems, electric metering equipment, and automatic time recording and parking lot control systems. For the cogeneration and refining fields, self-contained unitized powerhouses are manufactured. Hazardous-location power distribution equipment is produced for the petroleum industry, and heat processing equipment is manufactured for the primary and fabricated metals and electronics industries.

Fluid Controls & Equipment

Products include specialty, telemetry, and supervisory control systems, valves and actuators, mechanical mixers, and aerators; centrifugal, turbine, high-vacuum, and wastewater pumps; instruments for measuring pressure, flow, and temperature; biological and waste-treatment systems; specialty air pollution control equipment; and corrosion control materials manufactured for the chemical, petrochemical, petroleum, food and beverage, primary and fabricated metals, pulp and paper, industrial and municipal water and waste-water processing, agriculture and construction industries. For the railroad industry, pneumatic and hydraulic braking systems and related controls are manufactured. Such control products as hydraulic gear pumps and directional control valves, piston pumps and motors, hydrostatic transmissions, advanced fluid power systems, and cold-forged components for vehicular steering and suspension are manufactured for the heavy-duty mobile construction, aerospace and defense, mining, materials-handling, agricultural, auto and truck markets.

Divisions and Subsidiaries:

Axel Electronics
Jamaica, New York

General Railway Signal
Rochester, New York

Henschel
Newburyport, Massachusetts

Edwards
Farmington, Connecticut

O-Z Gedney
Terryville, Connecticut

Kinney Vacuum
Canton, Massachusetts

DeZurik
Sartell, Minnesota

March Instrument Company
Skokie, Illinois

Mixing Equipment Company
Rochester, New York

Metal Forge
Columbus, Ohio

GS Electric
Carlisle, Pennsylvania

New York Air Brake
Watertown, New York

Kayex
Rochester, New York

Stock Equipment Company
Chagrin Falls, Ohio

Advanced Mechanization, Inc.
Horsham, Pennsylvania

General Signal Thinfilm Company
Fremont, California

Leeds & Northrup Instruments
Leeds & Northrup International
Leeds & Northrup Systems
all at:
North Wales, Pennsylvania

Celicote
Berea, Ohio

Semiconductor Systems, Inc.
San Jose, California

Telecommunications Techeology, Inc.
Milpitas, California

Aurora Pump
North Aurora, Illinois

Dynapower/Stratopower
Watertown, New York

Dowzer Electric
Mt. Vernon, Illinois

Hevi-Duty Electric
Goldsboro, North Carolina

Lindberg
Chicago, Illinois

Nelson Electric
Tulsa, Oklahoma

Sola Electric
Elk Grove Village, Illinois

Xynetics
Santa Clara, California

Tau-tron
Westford, Massachusetts

Ultratech Stepper
Santa Clara, California

Dielectric Communications
Raymond, Maine

Drytek
Wilmington, Massachusetts

Karkar Electronics
San Francisco, California

Telenex
Mt. Laurel, New Jersey

Acquisition:

GCA Corporation

Designs, manufactures and markets highly automated capital equipment to integrated circuit manufacturers, and manufactures and markets related precision optical systems and lenses.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: GSX

Number of Employees:

1987	19,126	1984	24,129
1986	20,180	1983	23,530
1985	22,312		

Sales & Earnings

	Net Sales ($000's)	Net Income ($000's)
1987	$ 1,603,026	$ 69,378
1986	1,583,368	74,622
1985	1,800,878	49,267
1984	1,786,883	108,510
1983	1,574,948	89,698

	No. of Com. Shares #	Earn. per Share #
1987	28,239,000	$ 2.46
1986	28,730,000	2.60
1985	28,706,000	1.72
1984	28,568,000	3.80
1983	28,414,000	3.16

Based on the weighted average number of shares outstanding.

Revenues By Line of Business
($000's)

	1987	1986
Process Controls	$ 657,080	$ 659,119
Technology industries	308,927	310,913
Electrical Controls	350,563	332,829
Transportation Controls	286,456	280,507
Total	$ 1,603,026	$ 1,583,368

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.80	—	—
1986	1.80	—	—
1985	1.80	—	—
1984	1.71	—	—
1983	1.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 907,151,000	$ 32.12
1986	927,354,000	32.28
1985	903,989,000	31.49
1984	901,703,000	31.56
1983	845,972,000	29.77

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,603,026	$ 1,583,368
Cost of sales & exp.	1,151,503	1,178,564
Expenses	356,022	348,656
Interest income	(9,384)	(9,422)
Interest expense	8,023	12,023
Income before taxes	$ 96,862	$ 117,547
Income taxes	27,484	42,925
Net Income	$ 69,378	$ 74,622

* Included in Costs and Expenses, Depreciation and Amortization: $60,623,000 in 1986 and $54,969,000 in 1985.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cert. of deposit	$ 82,929	$ 113,416
Short-term invest.	13,060	10,318
Accts. receiv., net	330,816	296,305
Contracts in progress	49,951	66,640
*Inventories	343,064	360,382
Prepaid expenses	47,928	40,197
Current Assets	$ 867,748	$ 887,258
#Fixed assets	310,647	345,557
Intangibles	165,079	180,827
Other assets	53,923	44,464
Total Assets	$ 1,397,397	$ 1,458,106

Liabilities
(000's)

Short-term borrowing	$ 7,039	$ 8,379
Accts. payable	105,825	94,786
Accruals	133,022	154,261
Income taxes	— 81,092	93,559
Curr. Liabilities	$ 326,978	$ 350,985
Long-term debt	110,452	124,270
Other liabilities	14,373	14,599
Deferred income taxes	38,443	40,898
+Common stock	40,692	40,527
Add. paid-in capital	236,818	229,227
Retained earnings	731,000	712,323
Foreign currency translation adj.	(12,662)	(25,247)
Treasury stock	(88,697)	(29,476)
Total Liabilities & Shareholders' Equity	$ 1,397,397	$ 1,458,106

* At lower of cost (LIFO or standard costs that approximate average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.04	7.42
%Net Income to Sale	4.33	4.71
%Net Income to Equity	7.65	8.05
Sales to Inventories	4.67	4.39
Debt to Equity	0.13	0.14
Working Capital	$ 540,770,000	$ 536,273,000
Current Ratio	2.65	2.53
Shareholders' Equity	$ 907,151,000	$ 927,356,000

Genicom Corporation

Corporate Drive
Waynesboro, Virginia 22980
(703) 949-1000

Officers: Don E. Ackerman, chairman; Curtis W. Powell, president & chief exec. officer; John V. Harker, exec. v.p.; Michael L. Nargi, Jr., sr. v.p.-operations; Robert C. Bowen, v.p. & chief financial officer; W. Douglas Drumheller, v.p.-manufacturing, components; Charles A. Ford, v.p.-relay operations; James Jaffrey, v.p.-int'l sales & marketing; Jay H. Jarrott, v.p.-engineering; Craig J. Ringuette, v.p.-marketing; Raymond A. Rosewall, v.p.-quality assurance operations; Edwin V. Bresse, v.p.-human resources; Raymond D. Stapleton, v.p.-field service operations; James B. Towell, v.p.-North & South American sales.

Directors: Don E. Ackerman, chairman; Curtis W. Powell, Bruce K. Anderson, John V. Harker.

Areas of Work: Designs, manufactures and markets a wide range of medium to high performance computer printers for general business applications. Also produces hermetically sealed electromechanical relays used in aerospace, defense, automatic test equipment and other applications which require high product quality and reliability.

Subsidiaries:

Datacom de Mexico, S.A. de C.V.
Reynosa, Mexico

Genicom International Ltd.
Farnborough, England

Genicom Canada, Inc.
Toronto, Canada

Genicom Ltd.
Farnborough, England

Genicom S.A.
Velizy, France

Genicom S.p.A.
Milan, Italy

Genicom GmbH
Eschborn, West Germany

Genicom (Australia) Pty. Ltd.
Chatswood, Australia

Transfer Agent(s):

Sovran Bank, N.A.
Eighth & Main Streets
Suite 325
Richmond, Virginia 23219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GECM (NASDAQ)

Number of Employees:

1987 ..... 3,587 1986 2,507

Plant Footage:

1987 ..... 887,000 sq. ft. 1986 688,000

Sales & Earnings

	Revenues	Net Income
1987*	$ 302,151,000	$ 12,555,000
1986	157,463,000	8,608,000
1985	126,456,000	1,805,000
1984	136,661,000	6,090,000

	No. of Com. Shares‡	Earn. per Share‡
1987*	11,555,000	$ 1.09
1986	10,414,000	0.83
1985	9,246,000	0.20
1984	6,962,000	0.89

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Printer sales	$ 190,173,000	$ 93,221,000
Customer service rel. activities	94,761,000	44,263,000
Relay sales	17,217,000	19,979,000
Total	$ 302,151,000	$ 157,463,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-3

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 58,510,000	$ 5.06
1986	45,664,000	4.38
1985	18,735,000	2.03
1984	15,135,000	2.21

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*
(000's)

Year ended	1/3/88 (53 weeks)	12/28/86
Sales of products	$ 268,141	$ 137,671
Lease & service	34,010	19,792
Total income	$ 302,151	$ 157,463
Cost of revenues	208,123	103,222
Selling, gen. & adm. exp.	48,054	29,095
Eng., research & product develop. exp.	14,931	6,138
Interest expense	11,866	2,997
Income before taxes	$ 19,177	$ 16,011
Income taxes	8,640	7,403
Cum. effect of change in accntg. meth.	(2,018)	—
Net Income	$ 12,555	$ 8,608

* Included in Costs and Expenses, Depreciation and Amortization: $12,262,000 in 1987 and $6,206,000 in 1986.

Assets
(000's)

As of	1/3/88	12/28/86
Cash	$ 5,909	$ 2,588
Accts. receiv., net	72,874	31,221
*Inventories	80,854	36,006
Prepaid expenses	3,805	2,145
Current Assets	$ 163,442	$ 71,960
#Fixed assets	42,789	25,696
Goodwill	13,460	—
Other assets	8,837	134
Total Assets	$ 228,528	$ 97,790

Liabilities
(000's)

Long-term debt, curr.	$ 2,963	$ 4,400
Accts. payable & accruals	47,708	23,657
Income taxes	615	2,031
Deferred income	6,295	2,271
Curr. Liabilities	$ 57,581	$ 32,159
Long-term debt	106,035	16,621
Deferred inc. taxes	6,402	3,346
+ Common stock	115	100
Add. paid-in capital	29,606	29,330
Retained earnings	28,789	16,234
Total Liabilities & Shareholder's Equity	$ 228,528	$ 97,790

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.15	11.63
%Net Income to Sales	4.68	6.25
%Net Income to Equity	21.46	18.85
Sales to Inventories	3.32	3.82
Debt to Equity	1.86	0.46
Working Capital	$ 105,861,000	$ 39,801,000
Current Ratio	2.84	2.24
Shareholders' Equity	$ 58,510,000	$ 45,664,000

Genisco Technology Corporation

18435 Susana Road
Rancho Dominguez, California 90221
(213) 537-4750

Officers: Phillip G. Halamandaris, president & chief exec. officer; Richard P. Shively, v.p. & president-Peripheral Systems Division; John A. Calfas, secretary; David A. Phippe, asst. secretary.

Directors: Alan J. Brown, Donn L. Williams, Walter E. Lotz, Jr., Wendell B. Sell, Phillip G. Halamandaris, Robert N. Parker.

Area of Work: Manufactures computer memory products, computer graphics displays, and electronic components for the aerospace, military, energy, telecommunications, process control and other computer-based industries.

Divisions:

Electronics Division
18435 Susana Road
Rancho Dominguez, California 90221
(213) 537-4750

Manufactures Eldema indicator lights, EMI filter products, transducers and rotating test equipment; performs electromagnetic interference testing.

Peripheral Systems Division
10874 Hope Street
Cypress, California 90630
(714) 220-0720

Manufactures ruggedized cartridge tape and disk peripherals and computer graphics and imaging display systems.

Subsidiaries:

Genisco Computers Corporation
3545 Cadillac Avenue
Costa Mesa, California 92626
(714) 556-4916

Genisco Computers GmbH
Genisco Computers Ltd.

Transfer Agent(s):

Security Pacific National Bank
561 South Spring Street
Los Angeles, California 90054

Stock Exchange(s): American

Ticker Symbol: GES

Number of Employees:

1987	388	1984	422
1986	456	1983	445
1985	446		

Plant Footage:

1987	178,000 sq. ft.	1984	240,000
1986	226,000	1983	240,000
1985	240,000		

Sales & Earnings

	Net Sales†	Net Income
1987	$ 38,910,516	$ (2,143,240)
1986	40,264,576	292,844
1985	36,467,502	139,396
1984	33,900,971	(1,017,198)
1983	30,196,167	1,006,762

	No. of Com. Shares	Earn. per Share #‡
1987	2,671,766	$ —
1986	2,669,406	0.11
1985	2,667,391	0.05
1984	2,657,941	—
1983	2,638,969	0.40

(Loss)
† Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Computer graphic displays	$ 25,700	$ 26,683
Electronics	13,044	13,451
Other income	167	131
Total	$ 38,911	$ 40,265

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 13,798,930	$ 5.16
1986	15,804,600	5.92
1985	15,472,601	5.80
1984	15,272,306	5.75
1983	16,311,859	6.18

+ Adjusted to reflect stock split.

Income Account*

Year ended Sept. 30		
Net sales	$ 38,910,516	$ 40,264,576
Cost of sales	29,796,782	28,406,254
Expenses	8,823,881	10,634,129
Interest expense	682,526	766,660
Contract termination costs	1,840,772	—
Restructure costs	156,000	—
Income (loss) before taxes	$ (2,389,445)	$ 457,533
Income taxes (credit)	(246,205)	164,689
Net income (loss)	$ (2,143,240)	$ 292,844

* Included in Costs and Expenses, Depreciation and Amortization: $1,694,999 in 1987 and $1,892,447 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 45,580	$ 605,647
Short-term invest.	—	1,000,000
Accts. receiv, net	11,093,789	11,764,319
Income taxes receiv.	221,741	32,927
°Inventories	9,927,766	8,707,174
Prepaid expenses	813,971	695,293
Property held for sale	1,180,578	—
Current Assets	$ 23,283,425	$ 22,805,360
#Fixed assets	3,368,167	4,947,335
Other assets	2,562,765	2,346,893
Total Assets	$ 29,214,357	$ 30,099,588

Liabilities

Long-term debt, curr.	$ 5,905,009	$ 691,351
Accts. payable	4,292,055	3,014,862
Accruals	712,195	617,722
Accrued payroll	1,906,633	2,028,695
Accrued contract costs	1,700,000	—
Curr. Liabilities	$ 14,515,892	$ 6,352,630
Long-term debt	309,980	7,230,156
Deferred income taxes	589,555	712,202
+Common stock	1,506,507	1,505,327
Add. paid-in capital	9,697,074	9,686,979
Retained earnings	2,442,903	4,586,143
Currency trans. adj.	152,446	26,151
Total Liabilities & Shareholders' Equity	$ 29,214,357	$ 30,099,588

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.14
%Net Income to Sales	—	0.73
%Net Income to Equity	—	1.85
Sales to Inventories	3.92	4.62
Debt to Equity	0.45	0.50
Working Capital	$ 8,767,533	$ 16,452,730
Current Ratio	1.60	3.59
Shareholders' Equity	$ 13,798,930	$ 15,804,600

GenRad, Inc.

300 Baker Avenue
Concord, Massachusetts 01742
(617) 369-4400

Officers: William R. Thurston, chairman of the board; Robert E. Anderson, president & chief exec. officer; Constantine J. Lahanas, sr. v.p.-corp. development & secretary; Charles E. Peters, Jr., sr. v.p. & chief financial officer; Richard J. Faubert, v.p.-product development; James T. Lynch, v.p.-human resources; Eric L. Mudama, v.p. & gen. mgr.-Arizona operations; Richard C. Tippett, v.p.-operations; D. Wayne Peters, treasurer; Vincent L. Carolan, controller; Arthur W. Winterhalter, v.p.-marketing & sales.

Directors: William R. Thurston, chairman; Robert E. Anderson, Paul Penfield, Jr., Earl W. Pitt, William G. Scheerer, Wilson Wilde, James H. Wright.

Area of Work: Manufactures test equipment for the electronic equipment, mechanical equipment and semiconductor industries. The company's computer-based test systems are used by electronics manufacturers to test printed circuit boards and isolate faults down to the individual component level. Electronic component test instruments indicate whether capacitors, resistors, inductors, or integrated circuits are functioning properly. Digital signal processors analyze structures and machinery. Acoustic instrumentation products analyze and measure noise, and are widely used to test compliance with industrial and environmental noise regulations.

Divisions:

Electronic Manufacturing Test Products
Concord, Massachusetts
Bolton, Massachusetts
Phoenix, Arizona

Structural Test Products
Milpitas, California

Design Automation Products
Fareham, Hants, U.K.
Cheadle, Cheshire, U.K.

Subsidiaries:

GenRad Ltd.
Ontario, Canada

GenRad Ltd.
Maidenhead, Berkshire, United Kingdom

GenRad
Paris, France

GenRad GmbH
Munich, Germany

GenRad SpA
Milan, Italy

GenRad (Schweiz) AG
Zurich, Switzerland

GenRad Benelux B.V.
Eindhoven, The Netherlands

Joint Ventures

Tel-GenRad, Ltd.
Nirasaki, Japan

Transfer Agent(s):

Bank of Boston
Stockholder Services Division
Box 1865
Boston, Massachusetts 02105-1865

Stock Exchange(s): New York

Ticker Symbol: GEN

Number of Employees:

1987	2,113	1984	3,404
1986	2,240	1983	3,059
1985	2,867		

Plant Footage:

1987	680,000 sq. ft.	1985	680,000
1986	612,000		

Sales & Earnings

	Net Sales†	Net Income
1987	193,771,000	$ (37,045,000)
1986	177,059,000	(29,895,000)
1985	186,462,000	(52,254,000)
1984	228,184,000	10,990,000
1983	210,617,000	19,630,000

	No. of Com. Shares +	Earn. per Share +
1987	16,455,000	$ —
1986	16,255,000	—
1985	16,062,000	—
1984	16,253,000	0.68
1983	15,758,000	1.25

(Loss)
† Includes service revenues; of continuing operations only.
+ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 72,939,000	$ 4.40
1986	105,654,000	6.45
1985	132,414,000	8.22
1984	181,941,000	11.47
1983	170,145,000	10.93

Income Account *
(000's)

Year ended	1/2/88	1/3/87
Net sales & service revenues	$ 193,771	$ 177,059
Cost of sales & services	91,472	87,726
Expenses	91,622	102,632
Interest expense	6,739	6,364
Interest income	(1,554)	(970)
Reorganization expense	2,000	4,435
Other expense (income)	306	(4,521)
Inc. (loss) bef. taxes	$ 3,186	$ (18,607)
Income taxes	1,106	750
Inc. (loss)-cont. oper.	$ 2,080	$ (19,357)
Loss discont.-oper.	(39,125)	(10,538)
Net Loss	$ (37,045)	$ (29,895)

* Included in Costs and Expenses, Depreciation and Amortization: $15,439,000 in 1987 and $13,449,000 in 1986.

Assets
(000's)

As of	1/2/88	1/3/87
Cash	$ 18,855	$ 19,202
Accts. receiv., net	52,467	52,972
*Inventories	34,603	51,970
Refund inc. tax benefits	—	1,167
Other curr. assets	3,778	4,451
Net assets discont. oper.	5,394	—
Current Assets	$ 115,097	$ 129,762
#Fixed assets	82,111	78,846
Property held for sale	—	8,285
Other assets	4,892	5,986
Total Assets	$ 202,100	$ 222,879

Liabilities
(000's)

Notes payable	$ 13,923	$ 11,927
Long-term debt, curr.	1,118	1,369
Accts. payable	10,082	8,761
Accruals	22,055	23,905
Income taxes	1,548	1,591
Costs-discont. oper.	5,937	—
Curr. Liabilities	$ 54,683	$ 47,553
Long-term debt	58,978	59,675
Deferred inc. taxes	1,861	1,433
Accrued pensions	9,659	8,564
Costs-discont. oper.	4,000	—
+Common stock	16,587	16,391
Add. paid-in capital	99,511	98,275
Retained earnings (deficit)	(42,730)	(5,685)
Foreign curr. trans. adj.	(429)	(3,327)
Total Liabilities & Shareholders' Equity	$ 202,100	$ 222,879

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales Inventories	5.80	3.41
Debt to Equity	1.01	0.69
Working Capital	$ 60,434,000	$ 82,209,000
Current Ratio	2.11	2.73
Shareholders' Equity	$ 72,939,000	$ 105,654,600

George Risk Industries, Inc.

GRI Plaza
Kimball, Nebraska 69145
(308) 235-4645

Officers: George Risk, chairman, chief exec. officer & president; Mary Ann Brothers, exec. v.p. & gen. mgr.; Dan Douglas, v.p.-manufacturing; Ken Risk, treasurer & secretary; Donna Debowey, asst. secretary; Eileen M. Risk, asst. secretary.

Directors: George Risk, chairman; Ken Risk, Jerry Anderson, William Batterton, Roy Bowling, .

Areas of Work: Manufactures high technology computer keyboards for the military and Federal Aviation Administration (FAA), intelligent pay telephones and electronic security products.

Subsidiaries:

Richlen Corporation
GRI Research and Development Laboratories, Inc.
GRI Telemark Corp.

Transfer Agent(s):

George Risk Industries, Inc.
Kimball, Nebraska

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RISKA (NASDAQ)

Sales & Earnings

	Net Sales	Net Income†
1987	$ 2,809,654	$ (607,794)
1986	2,683,106	(362,946)
1985	1,911,150	133,525
1984	2,001,177	318,969
1983	1,647,630	123,019

	No. of Com. Shares‡	Earn. per Share†‡
1987	6,234,888	$ —
1986	6,234,888	—
1985	6,234,888	0.02
1984	6,234,888	0.05
1983	5,527,305	0.02

(Loss)
† Including extraordinary gain of $5,024 in 1984 and extraordinary loss of $78,154 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 52,912	$ 0.01
1986	665,403	0.11
1985	1,225,195	0.20
1984	1,100,907	0.18
1983	841,197	0.15

† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

George Risk Industries, Inc.

Income Account *

Year ended Apr. 30	1987	1986
Net sales	$ 2,809,654	$ 2,683,106
Cost of sales	1,517,396	1,400,746
Res. & develop. income	—	(2,853)
Oper. expenses	1,084,101	925,366
Interest expense	32,487	30,157
Interest income	(132,036)	(319,195)
Prof. for doubtful accts.	926,942	1,346,882
Other expenses	21,844	9,946
Loss before taxes	$ (661,080)	$ (727,943)
Tax credit	(5,288)	(79,632)
Minority interest	(27,998)	(85,365)
Net Loss	$ 607,794	$ (562,946)

* Included in Costs and Expenses, Depreciation and Amortization: $63,855 in 1987 and $68,393 in 1986.

Assets

As of Apr. 30	1987	1986
Cash	$ 150,895	$ 28,984
Accts. receiv., net	396,075	324,136
Factors' reserves	9,133	9,442
Escrow funds	10,000	10,000
* Inventories	361,071	290,106
Prepaid expenses	1,162	19,040
Current Assets	$ 926,336	$ 681,708
# Fixed assets	209,338	229,256
Other assets	3,314	842,769
Total Assets	$ 1,138,988	$ 1,753,733

Liabilities

Notes payable	$ 344,724	$ 232,526
Long-term debt, curr.	66,117	75,303
Accts. payable	106,189	131,433
Accruals	120,751	105,952
Curr. Liabilities	$ 637,781	$ 545,214
Long-term debt	151,751	218,772
Minority interest	39,544	67,344
+ Preferred stock	257,000	257,000
++ Common stock		
Class A	658,238	658,238
Class B	83,910	83,910
Add. paid-in capital	1,428,563	1,433,260
Accum. deficit	(2,065,239)	(1,457,445)
Treasury deficit	(52,560)	(52,560)
Total Liabilities & Shareholders' Equity	$ 1,138,988	$ 1,753,733

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
++ $0.10 par value.

Statistical Summary

Sales to Inventories	7.78	9.25
Debt to Equity	1.82	0.57
Working Capital	$ 288,555	$ 136,494
Current Ratio	1.45	1.25
Shareholders' Equity	$ 309,912	$ 922,403

Geotel, Inc.

25 Davids Drive
Hauppauge, New York 11788
(516) 436-7230

Officers: Robert J. Sanator, president & chief exec. officer; Joseph E. Link, v.p., chief financial officer & secretary; William J. Waymack, assistant secretary.

Directors: Herman Fialkov, Benjamin V. Wright, Jr., Eugene F. Murphy, Richard L. Geiger, Robert J. Sanator, Bernard Schuldroik, Geoffrey W. Crowley.

Divisions:

Flight Research Division
5210 Charles City Road
Richmond, Virginia 23231
(804) 222-0163

Manufactures precision photo-instrumentation equipment and analog-to-digital converters. The photo-instrumentation products include systems for industrial and banking surveillance, aerial mapping, CRT and radar recordings, time lapse photographic instruments, photo-logging systems, as well as industrial viewers and projectors. Analog-to-digital instrumentation includes encoders that convert analog output into digital signals that can be fed directly into computers or printers. Applications include weighing scales, pipeline flow meters and aggregate batch mixing equipment.

Telemet Division
25 Davids Drive
Hauppauge, New York 11788

Designs, manufactures and sells solid-state video and audio signal processing, testing and switching instrumentation. Communication equipment manufactured by the Company includes video distribution amplifiers, multi-function test sets, test signal generators, differential phase and gain systems, sideband analyzers, modulators, precision demodulators, chroma keyers, routing switchers, video transmission cable equalizing for both short and long haul, and fiber optic transmission and receiver links.

Subsidiary:

Test Technology, Incorporated
25 Davids Drive
Hauppauge, New York 11788

Engaged in the development of automatic test systems application software and related products for the military and industry.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GETE (NASDAQ)

Number of Employees:

1987	83	1984	85
1986	98	1983	84
1985	N.A.		

Plant Footage:

1987	54,500 sq. ft.	1984	110,000
1986	78,350	1983	110,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 5,374,000	$ 306,802
1986	4,594,000	(1,050,027)
1985	2,705,000	812,813
1984	3,260,000	236,182
1983	3,432,000	256,014

	No. of Com. Shares	Earn. per Share‡
1987	3,726,486	$ 0.08
1986	3,731,919	—
1985	3,525,176	0.24
1984	3,025,176	0.08
1983	3,025,176	0.08

(Loss)
+ Of continuing operations only.
‡ Based on the number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 4,300,440	$ 1.15
1986	4,004,075	1.07
1985	4,731,488	1.34
1984	3,618,675	1.13
1983	3,282,693	1.05

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 5,374,021	$ 4,593,899
Cost of sales	3,428,665	3,318,694
Expenses	2,353,257	1,947,206
Interest expense	194,373	84,799
Other income	(1,186,184)	(52,342)
Interest income	(51,892)	(74,776)
Loss on unauthorized transactions	50,000	946,347
Income (loss) before taxes	$ 661,802	$ (1,576,027)
Income taxes (credit)	335,000	(526,000)
Net Income (Loss)	$ 306,802	$ (1,050,027)

* Included in Costs and Expenses, Depreciation and Amortization $162,881 in 1987 and $119,612 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	496,676	1,455,466
Due from stock brokerage firm	—	369,707
Accts. receiv., net	596,296	662,677
Costs in exc. of billings on contracts	408,757	110,791
Notes receivable	258,327	—
* Inventories	1,129,379	1,085,439
Tax refunds receiv.	334,717	546,234
Deferred income taxes	100,000	—
Prepaid expenses	1,098,254	181,611
Current Assets	$ 4,422,406	$ 4,411,915
# Fixed assets	449,713	1,118,668
Other assets	765,076	723,034
Total Assets	$ 5,637,195	$ 6,253,617

Liabilities

Note payable	$ 800,000	400,000
Long-term debt, curr.	38,107	122,631
Accts. payable	104,582	317,443
Accrued expenses	494,877	562,364
Income taxes	287,189	489
Curr. Liabilities	$ 1,324,755	$ 1,402,927
Long-term debt	—	834,615
Deferred inc. taxes	12,000	12,000
+ Common stock	373,192	373,918
Add. paid-in capital	4,230,880	4,230,154
Retained earnings (deficit)	(293,195)	(599,997)
Treasury stock	(10,437)	—
Total Liabilities & Shareholders' Equity	$ 5,637,195	$ 6,253,617

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	11.94	—
% Net Income to Sales	5.71	—
% Net Income to Equity	7.13	4.23
Sales to Inventories	4.76	0.24
Debt to Equity	0.10	0.34
Working Capital	$ 3,097,651	$ 3,008,988
Current Ratio	3.34	3.14
Shareholders' Equity	$ 4,300,440	$ 4,004,075

Gerber Scientific, Inc.

83 Gerber Road West
South Windsor, Connecticut 06074
(203) 644-1551

P.O. Box 305
Hartford, Connecticut 06141

Officers: H. Joseph Gerber, president; Stanley Leven, sr. v.p.-general counsel & secretary; David J. Logan, sr. v.p.-engineering; Robert J. Maerz, sr. v.p.-marketing & operations; George M. Gentile, sr. v.p.-finance & treasurer.

Directors: H. Joseph Gerber, Stanley Leven, Belmont Towbin, Stanley Simon, Roger B. McCormick.

Areas of Worth Specialism in the design, manufacture, sale and service of computer-aided design and computer-aided manufacturing (CAD/CAM) products in computer-controlled drafting and photoplotting, low-cost interactive design, computerized market making, material nesting, cutting and handling, sophisticated turnkey interactive graphic production systems which integrate several design and manufacturing processes, and microprocessor-controlled production systems. Gerber automation systems are used by a wide range of industries, including aerospace, apparel, automotive, electronics, metalworking, printing, graphic arts, sign-making and optical lens manufacturing.

Subsidiaries:

The Gerber Scientific Instrument Company
83 Gerber Road West
South Windsor, Connecticut 06074
(203) 644-1551
Designs and manufactures task-oriented, turnkey interactive systems which are used in high precision drafting and photoplotting. These computer-controlled systems are used to automate the production of critical engineering drawings and artwork and other documentation for printed circuit boards and film page layouts for the graphic arts industry.

Gerber Garment Technology, Inc.
24 Industrial Park Road
Tolland, Connecticut
(203) 871-8082
Designs and manufactures CAD/CAM systems for the layout and cutting of flexible materials such as fabrics, textiles, leather, vinyls, plastics, fiberglass and advanced composite materials. The computer-aided design (CAD) systems automate sizing and arranging of pattern pieces to maximize material usage. The computer-aided manufacturing systems use the data generated by the design systems to cut the materials. The computer-controlled material handling system for the apparel industry delivers sequentially fabricated apparel parts between sewing room operators.

Gerber Systems Technology, Inc.
625 Sullivan Avenue
South Windsor, Connecticut 06074
(203) 282-1478
Manufactures interactive design and data management systems used in computer-aided design and manufacturing (CAD/CAM) for a wide range of mechanical, electronic and manufacturing applications.

Gerber Scientific-Europe, S.A.
Boulevard du Souverain
100 BTE 2
Brussels B-1170 Belgium

Gerber Scientific-U.K. Limited
Unit 8B Intec Two
Wade Road
Basingstoke, Hampshire R624 England

Gerber Scientific GmbH
Oskar-Maurer Strasse 15
D-8045 Ismaning
Munich, West Germany

Gerber Scientific Italia S.R.L.
Centro Commerciale
20090 Noverasco Di Opera
Milano, Italy

Gerber Scientific France S.A.R.L.
19, Avenue LeonGambetta
Montrouge F-92120 France

Gerber Scientific Scandinavia A.B.
P.O. Box 4080
Solna S17104 Sweden

Gerber Scientific Leasing, Inc.
P.O. Box 305
Hartford, Connecticut 06141

Gerber Scientific Products, Inc.
151 Batson Drive
Manchester, Connecticut 06040
(203) 643-1515
Designs and manufactures low-cost microprocessor controlled production systems principally for the sign-making, graphic arts, and optical lens manufacturing industries.

Affiliates:

Boston Digital Corporation (21.2% owned)
Hollison, Massachusetts
Manufactures numerically controlled machine tools.

Beta Engineering and Development, Ltd. (37% owned)
P.O. Box 98
Beer Sheeva, Israel
Designs, manufactures and markets CAD/CAM systems for sewing and decorative stitching. Also manufactures intrusion detection systems for industry and government use.

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Hartford, Connecticut 06115

Stock Exchange(s): New York

Ticker Symbol: GRB

Number of Employees:

1987	1,900	1985	1,800
1986	1,700	1984	1,750

Plant Footage:

1987	934,000 sq. ft.	1984	578,000
1986	877,000	1983	543,000
1985	764,000		

Sales & Earnings

	Revenues	Net Income
1987	$ 223,854,000	$ 21,057,000
1986	191,786,000	18,190,000
1985	224,158,000	25,059,000
1984	173,593,000	14,677,000
1983	117,247,000	4,517,000

	No. of Com. Shares‡	Earn. per Share‡
1987	26,054,000	$ 0.81
1986	25,988,000	0.70
1985	25,938,000	0.97
1984	23,245,000	0.63
1983	21,394,000	0.21

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.08	—	3-for-2
1986	0.08	—	—
1985	0.067	—	3-for-2
1984	0.049	—	3-for-2
1983	0.035	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 161,120,000	$ 6.18
1986	141,479,000	5.44
1985	122,440,000	4.72
1984	99,315,000	4.27
1983	42,163,000	1.97

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended April 30	1987	1986
Prod. sales	$ 182,044,000	$ 154,848,000
Service	41,810,000	36,938,000
Total revenues	$ 223,854,000	$ 191,786,000
Cost of sales	111,427,000	91,206,000
Expenses	79,578,000	72,470,000
Interest expense	2,064,000	3,461,000
Other income	(3,438,000)	(4,925,000)
Income before taxes	$ 34,223,000	$ 29,594,000
Income taxes	13,300,000	11,500,000
Minority interest	(134,000)	(96,000)
Net income	$ 21,057,000	$ 18,190,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,599,000 in 1987 and $6,263,000 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 48,365,000	$ 55,653,000
Accts. receiv., net	54,912,000	57,569,000
*Inventories	73,786,000	65,311,000
Prepaid expenses	432,000	562,000
Current Assets	$ 177,495,000	$ 179,095,000
#Fixed assets	41,096,000	36,131,000
Investments	3,231,000	3,656,000
Other assets & intangibles	12,678,000	12,297,000
Total Assets	$ 234,500,000	$ 231,179,000

Liabilities

Notes payable	$ 4,411,000	$ 1,031,000
Long-term debt, curr.	1,458,000	1,731,000
Accts. payable	14,626,000	12,965,000
Accruals	14,779,000	15,580,000
Accrued payroll	4,595,000	3,232,000
Income taxes	10,260,000	13,455,000
Advance payments	4,475,000	5,705,000
Curr. Liabilities	$ 54,604,000	$ 53,699,000
Long-term debt	12,647,000	30,455,000
Deferred inc. taxes	6,129,000	4,228,000
Minority interest	—	1,328,000
+Common stock	17,285,000	17,241,000
Add. paid-in capital	41,426,000	41,080,000
Retained earnings	101,004,000	82,018,000
Cum. trans. adjust.	1,405,000	1,140,000
Total Liabilities & Shareholders' Equity	$ 234,500,000	$ 231,179,000

* At lower of average cost (which approximates FIFO) or market.
# Less accumulated depreciation.
+ $1 per value.

Statistical Summary

%Income bef. Taxes to Revenues	15.29	15.43
%Net Income to Revenues	9.41	9.48
%Net Income to Equity	13.07	12.86
Debt to Equity	0.11	0.23
Working Capital	$ 122,891,000	$ 125,406,022
Current Ratio	3.25	3.34
Shareholders' Equity	$ 161,120,000	$ 141,479,000

Gleason Corporation

30 Corporate Woods
P.O. Box 22856
Rochester, New York 14692-2856
(716) 272-6000

Officers: James S. Gleason, president & chairman of the board; Albert W. Moore, exec. v.p.-operations; Derrell S. Lynch, sr. v.p.-finance & administration; John B. Kodweis, v.p.-human resources; Edward C. Berlinski, treasurer; Morton A. Polster, secretary & corporate counsel; Ralph E. Harper, asst. secretary & asst. corporate counsel; James E. Thomas, controller.

Directors: James S. Gleason, chairman; Julian W. Arwater, Robert W. Bjork, William Balderston, III, Albert W. Moore, Robert A. Sherman, Derrell S. Lynch, Donald D. Lennon, Paul W. MacAvoy.

Area of Work: Produces a line of precision machines and associated tooling to customer specifications and needs. Provides equipment and technology for the production of bevel gears, Curvic couplings, automated machining and testing systems and other components for mechanical power transmission systems. Also performs contract manufacturing of parts and sub-assemblies molds, dies and fresnel lenses for a variety of industrial customers.

Divisions:

Alliance Metal Stamping and Fabricating
Rochester, New York

Hackett Precision Company
Nashville, Tennessee

The Gleason Works
Rochester, New York

The Gleason Works, S.A.
Baudour, Belgium

Gleason Works, Ltd.
Plymouth, England

Gleason Corporation Sales
Southfield, Michigan

Gleason Stuttgart
Stuttgart, Germany

Gleason Milano
Milan, Italy

Gleason Power Systems Division
Rochester, New York
Baudour, Belgium

Pennsylvania Pressed Metals, Inc.
Emporium, Pennsylvania

Alliance Carolina Tool & Mold Division
Arden, North Carolina

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Rochester, New York 14603

Alliance Precision Plastics

Stock Exchange(s): New York

Ticker Symbol: GLE

Number of Employees:

1987	3,033	1984	4,105
1986	3,408	1983	3,879
1985	3,874		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 229,451,000	$ (1,325,000)
1986	252,185,000	347,000
1985	228,641,000	782,000
1984	213,869,000	(655,000)
1983	163,509,000	(7,471,000)

	No. of Com. Shares	Earn. per Share #
1987	5,745,380	$ —
1986	5,712,614	0.06
1985	5,693,937	0.14
1984	5,683,800	—
1983	5,683,800	—

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 96,858,000	$ 16.86
1986	94,118,000	16.48
1985	92,775,000	16.29
1984	90,105,000	15.85
1983	92,885,000	16.34

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 229,451,000	$ 252,185,000
Cost of sales	176,120,000	188,793,000
Expenses	49,747,000	57,940,000
Interest expense	1,646,000	2,909,000
Other expense (income)	633,000	(1,082,000)
Minority interest	—	178,000
Restructuring charges	5,530,000	3,193,000
Inc. (loss) bef. taxes	$ (4,225,000)	$ 174,000
Income taxes (credit)	51,000	(173,000)
Cum. effect of change in acctg month.	(2,951,000)	—
Net Income	$ (1,325,000)	$ 347,000

* Included in Costs and Expenses, Depreciation and Amortization: $17,187,000 in 1987 and $14,699,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 6,999,000	$ 2,077,000
Accts. receiv., net	44,299,000	55,191,000
*Inventories	21,952,000	24,793,000
Prepaid expenses	6,520,000	5,067,000
Current Assets	$ 79,770,000	$ 87,128,000
#Fixed assets	81,764,000	75,964,000
Other assets & def. charges	5,879,000	8,936,000
Total Assets	$ 167,413,000	$ 172,028,000

Liabilities

Notes payable	$ 2,236,000	$ 3,298,000
Long-term debt, curr.	3,516,000	3,712,000
Accts. payable	18,462,000	15,848,000
Deferred revenue	1,805,000	2,910,000
Accrued payroll	9,645,000	9,899,000
Retirement plan	522,000	1,554,000
Income taxes	1,140,000	1,390,000
Other curr. liab.	7,892,000	5,024,000
Curr. Liabilities	$ 45,218,000	$ 43,635,000
Accrued empl. benefits	4,088,000	2,597,000
Long-term debt	16,585,000	26,193,000
Oblig. to purch. a patent	2,714,000	3,535,000
Minority interest	1,950,000	1,950,000
+Common stock	5,757,000	5,726,000
Add'l. paid-in capital	12,083,000	11,732,000
Retained earnings	82,091,000	83,416,000
Currency trans. adjust.	(1,123,000)	(4,806,000)
Oblig. to deliver comm. stock	(1,950,000)	(1,950,000)
Total Liabilities & Shareholders' Equity	$ 167,413,000	$ 172,028,000

* At cost (LIFO) which is less than current market value for parent co. Subsidiaries are at lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.07
%Net Income to Sales	—	0.14
%Net Income to Equity	—	0.37
Sales to Inventories	10.45	10.17
Debt to Equity	0.17	0.28
Working Capital	$ 34,552,000	$ 43,493,000
Current Ratio	1.76	2.00
Shareholders' Equity	$ 96,858,000	$ 94,118,000

Gould Inc.

10 Gould Center
Rolling Meadows, Illinois 60008
(312) 640-4000

Officers: James F. McDonald, chairman of the board & chief executive officer; John E. Jones, exec. v.p.-industrial automation systems; Harry A. Caunter, exec. v.p.-instrumentation/automation systems & defense; Charles M. Brennan, III, sr. v.p., chief financial officer & treasurer; Richard L. Williams, III, sr. v.p.-administration & general counsel; George W. Welsh, v.p.-corporate development; C. David Ferguson, exec. v.p.-materials and components; C. Shelton James, exec. v.p.-information systems; Peter R. Strong, group v.p.-test & measurement; Jerry W. Gaskin, v.p. & controller; Nancy R. Jack, v.p. & secretary; James E. Forrest, v.p.-strategic planning; Lawrence K. Brown, v.p.-tax.

Directors: James F. McDonald*, chairman; Jordan J. Baruch, Daniel J. Donahue*, W. John Driscoll*, William F. Glavin, Frank L. Hereford, Jr., Keith R. Potter*, Louis H. Roddis, Jr., John P. Schroder, A. A. Sommer, Jr., Richard J. Hanschen, Charles M. Zweman, III, Richard L. Williams, III.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and markets computers and electronics-based systems, product and components for key high-growth worldwide markets: information systems, industrial automation, instrument systems, defense systems, semiconductors and other electronic components.

Divisions and Subsidiaries:

Electronic Systems:
These products include information systems: 32-bit mini-computer and computer-based image processing and display systems; computer-integrated industrial automation systems; ruggedized industrial computers (including cell and programmable controllers), man-machine interface systems, industrial local-area data communication networks and single and multiple-axis motion control systems.

Imaging & Graphics
Fremont, California
Manufactures a broad line of digital imaging and graphics systems used in publishing, remote sensing, CAD, CAM, and animated graphics.

Motion Control
2701 North Green Bay Road
Racine, Wisconsin 53404
(414) 637-6591
Manufactures and distributes high performance motion control systems.

Micro Bond Technologies, Inc.
Produces of interconnect devices and beam tape for tape-automated bonding of semiconductors.

Industrial Controls Division
Measurement Systems Division

International Cybernetics Corporation
Pittsburgh, Pennsylvania
Manufacturer of advanced computerized controls for factory and machine automation.

Computer Systems Division
Fort Lauderdale, Florida
(305) 587-2900
Produces digital minicomputers for research, industrial process and control, for generation and distribution of electrical power and for exploration and development of new fuel and energy sources.

Federal Systems Division
Fairfax, Virginia

Industrial Automation Systems
North Andover, Massachusetts
Applications software, cell controllers, computer systems, flexible automation controllers, industrial local area networks, intelligent motion-control devices, I/O modules, machine vision systems, man-machine interfaces, programmable controllers, servo-drive systems, workstations.

Instrument Systems:
These include test and measurement instrumentation: logic analyzers, recording systems and digital storage oscilloscopes.

Design & Test Systems Division
Cupertino, California

Recording Systems Division
Cleveland, Ohio

Electronic Components:
Components and materials for the electronics industry include application-specific MOS/VLSI (metal-oxide silicon/very-large-scale-integration) integrated circuits, electrolytic copper foil and circuit protection devices.

Micro Power Products Division
Gould AMI
Dexcel Division
Circuit Protection Division

Foil Division
17000 St. Clair Avenue
Cleveland, Ohio 44110
(216) 481-7200

Acquisition:

Septor Electronics Corporation
El Paso, Texas
Manufacturer transfer line automation systems used in metalworking and machining applications.

Transfer Agent(s):

Morgan Guaranty Trust of New York
23 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Midwest

Ticker Symbol: GLD

Number of Employees:

1987	10,126	1984	19,603
1986	10,613	1983	20,651
1985	18,605		

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 933,400	$ (95,600)
1986	908,800	(101,800)
1985	923,200	(175,700)
1984	920,800	17,800
1983	808,200	64,100

	No. of Com. Shares	Earn. per Share‡
1987	44,901,000	$ —
1986	44,553,000	—
1985	44,358,000	—
1984	43,639,000	0.40
1983	44,705,000	1.42

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding.

Revenues By Line of Business
($000's)

	1987	1986
Electronic systems	$ 462,300	$ 480,100
Instrument systems	111,200	102,300
Electronic components	399,900	325,100
General corp.	—	1,300
Total	$ 933,400	$ 908,800

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.34	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	1.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 477,100,000	$ 10.63
1986	557,700,000	12.52
1985	674,000,000	15.19
1984	854,700,000	19.59
1983	885,100,000	19.80

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net revenues	$ 933,400	$ 908,800
Cost of sales	531,400	497,900
Expenses	373,800	373,600
Interest income	(1,400)	(6,500)
Other income	(18,600)	(13,300)
Inc. bef. taxes	$ 48,200	$ 57,100
Income taxes	23,200	22,900
Inc. cont. oper.	$ 25,000	$ 34,600
Loss - disc. oper.	(120,600)	(136,400)
Net Loss	$ (95,600)	$ (101,800)

* Included in Costs and Expenses, Depreciation: $70,700,000 in 1987 and $61,900,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & marketable secur.	$ 1,100	$ 11,900
Accts. receiv., net	178,500	167,600
*Inventories	157,300	148,900
Other curr. assets	89,500	88,800
Net assets of discont. oper.	164,400	214,700
Current Assets	$ 590,800	$ 631,900
Investments	60,700	87,200
Other assets	79,000	59,900
@Fixed assets	326,600	347,500
Net assets of discont. oper.	72,600	70,800
Intangibles	73,100	67,800
Total Assets	$ 1,182,800	$ 1,265,100

Liabilities
($000's)

Notes payable & long-term debt, curr.	$ 45,100	$ 64,100
Accts. payable	74,700	70,100
Accrued payroll	28,300	26,800
Accrued interest	14,400	15,200
Accruals	93,100	75,900
Income taxes	31,300	14,700
Curr. Liabilities	$ 286,900	$ 266,800
Long-term debt	303,100	326,400
Deferred inc. taxes	61,400	60,200
Other liab.	54,300	54,000
+ Common stock	187,100	187,100
Add. paid-in capital	250,400	253,200
Retained earnings	110,700	206,300
Treasury stock	(48,400)	(58,800)
Trans. adjust.	(22,700)	(30,100)
Total Liabilities & Shareholders' Equity	$ 1,182,800	$ 1,265,700

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation.
+ $4 par value.

Statistical Summary

Sales to Inventories	5.93	6.10
Debt to Equity	0.73	0.70
Working Capital	$ 303,900,000	$ 365,100,000
Current Ratio	2.06	2.37
Shareholders' Equity	$ 477,100,000	$ 557,700,000

W. W. Grainger, Inc.

5500 West Howard Street
Skokie, Illinois 60077
(312) 982-9000

W. W. Grainger, Inc.

Officers: David W. Grainger, chairman; Wiley N. Caldwell, president; James M. Baisley, v.p. & gen. counsel; David K. Barth, v.p.-planning & development; Edward C. Bowler, v.p.-information services; Donald E. Bielinski, v.p. & controller; Lee J. Flory, v.p. & secretary; Jere D. Pluno, vice chairman; Neal Ormond, III, v.p.-human resources; Robert D. Pappano, v.p. & treasurer; Richard D. Quast, v.p.-real estate.

Directors: David W. Grainger, chairman; George R. Baker, Wiley N. Caldwell, Kingman Douglass, Edward W. Duffy, Robert E. Elberson, Jere D. Pluno, Wilbur H. Gantz, James D. Slavik, Harold Byron Smith, Jr., Fred L. Turner.

Areas of Work: Nationwide distributor of equipment, components, and supplies to the commercial, industrial and contractor markets. Through its Dayton Industries Division, produces fans, blowers, air compressors, and sump pumps.

Divisions:

Dayton Industries Division
Northbrook, Illinois
Lenexa, Kansas

Specialty Products Division
Buffalo Grove, Illinois

Distribution Group
Chicago, Illinois
Kansas City, Missouri

Transfer Agent(s):

The First National Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Midwest

Ticker Symbol: GWW

Number of Employees:

1987	6,258	1984	4,905
1986	5,578	1983	4,583
1985	5,195		

Plant Footage:

1987	328,000 sq. ft.	1986	328,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 1,320,797,000	$ 90,506,000
1986	1,159,595,000	86,112,000
1985	1,091,590,000	71,775,000
1984	1,022,526,000	68,942,000
1983	848,462,000	51,744,000

	No. of Com. Shares‡	Earn. per Share‡
1987	28,843,674	$ 3.14
1986	29,118,125	2.96
1985	29,047,970	2.47
1984	28,990,432	2.38
1983	28,943,644	1.79

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.78	—	—
1986	0.71	—	—
1985	0.665	—	—
1984	0.615	—	—
1983	0.595	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 581,213,000	$ 20.15
1986	582,091,000	19.99
1985	518,234,000	17.84
1984	463,874,000	16.00
1983	411,936,000	14.23

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,320,797	$ 1,159,595
Cost of sales	870,968	773,161
Expenses	292,472	257,061
Interest expense	2,725	2,869
Interest income	(7,395)	(9,718)
Other income	(462)	(4,414)
Income before taxes	$ 162,489	$ 140,636
Income taxes	71,983	45,858
Income from cont. oper.	$ 90,506	$ 74,798
Income from discont. oper.	—	11,314
Net Income	$ 90,506	$ 86,112

* Included in Costs and Expenses, Depreciation and Amortization: $22,667,000 in 1987 and $19,277,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 48,403	$ 180,517
Marketable securities	10,000	—
Accts. receiv., net	150,302	130,635
*Inventories	342,218	261,149
Prepaid expenses	4,036	2,212
Deferred inc. tax benefits	19,276	8,136
Current Assets	$ 574,225	$ 582,649
#Fixed assets	250,510	227,847
Other assets	7,332	9,466
Total Assets	$ 832,067	$ 819,962

Liabilities
(000's)

Long-term debt, curr.	$ 35,700	$ 20,544
Accts. payable	94,309	94,338
Accrued profit-sharing	19,138	16,582
Other accruals	37,073	35,467
Income taxes	14,676	11,468
Curr. Liabilities	$ 200,896	$ 178,399
Long-term debt	7,012	22,633
Deferred inc. taxes	42,946	36,839
+ Common stock	27,712	28,897
Add. paid-in capital	34,467	32,612
Retained earnings	519,034	520,582
Total Liabilities & Shareholders' Equity	$ 832,067	$ 819,962

* At lower of cost (LIFO) or market.
# Less accumulated depreciation or amortization.
+$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.30	—
%Net Income to Sales	6.85	—
%Net Income to Equity	15.57	14.79
Sales to Inventories	3.86	4.44
Debt to Equity	0.07	0.07
Working Capital	$ 373,329,000	$ 404,250,000
Current Ratio	2.86	3.27
Shareholders' Equity	$ 581,213,000	$ 582,091,000

Graphic Scanning Corp.

329 Alfred Avenue
Teaneck, New Jersey 07666
(201) 837-5100

Officers: Joel R. Packer, chairman of the board & acting chief exec. officer; William S. Wheatley, Jr., president & chief administrative officer; Jay A. Duier, v.p.-chief financial officer & asst. secretary; Richard Sherwin, chief operating officer; Ronald P. Vicari, v.p.-engineering; Arnold S. Jacobs, secretary.

Directors: Joel R. Packer, chairman; Martin Beck, Arnold S. Jacobs, Howard Mescon, John A. Morgan, Daniel Rubin, Robert P. Shapiro, James R. Buehler, Stephen R. Petschek.

Business Activities: The Company provides specialized data and message processing and record and data communications services; operates radio paging, two-way mobile radio telephone and other related services; and sells communications systems and related devices. Through its 76.4% owned subsidiary, Switchco, Inc., the Company is engaged in the design, development and manufacture of complex, computer-based, software and hardware controlled communications switching systems.

Divisions and Subsidiaries:

Graphnet, Inc.
329 Alfred Avenue
Teaneck, New Jersey
Operates a computer controlled record and data communications network throughout the entire U.S.

Digital Paging Systems, Inc.

Radio Paging Division
1 Mergenthaler Drive
Plainview, New York 11803

Securities Services Division
11 Broadway
New York, New York 10004

GSC Systems Development Corp.
3660 Maguire Boulevard
Suite 200
Orlando, Florida 32803

Radio Relay Corp.-Delaware

Switchco, Inc.

Spectrum Communications & Electronics Corp.
62 Bethpage Road
Hicksville, New York 11801
Designs, develops, manufactures and markets radio paging terminals, voice message storage and retrieval equipment and telephone answering equipment.

Time and Space Processing, Inc.
3410 Central Expressway
Santa Clara, California 95051
Designs, develops, manufactures and markets narrow band voice digitizers.

Digital Mobile Communications, Inc.
England
Radio paging and VHF paging services.

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GSCC (NASDAQ)

Number of Employees:

1987	1,600	1984	N.A.
1986	1,700	1983	2,034
1985	1,602		

Plant Footage:

1987	68,000 sq. ft.	1984	N.A.
1986	93,000	1983	108,000
1985	93,000		

N. A. - Not Available.

Sales & Earnings

	Revenues	Net Income†
1987	$ 115,152,000	$ 75,727,000
1986	120,757,000	(49,877,000)
1985	121,916,000	(11,907,000)
1984	117,847,000	(25,285,000)
1983	89,656,000	(20,325,000)

	No. of Com. Shares #	Earn. per Share #†
1987	48,333,000	$ 1.73
1986	37,744,481	—
1985	35,795,508	—
1984	34,018,637	—
1983	33,968,384	—

(Loss)
† Including extraordinary gain of $23,781,000 ($0.58 per share) in 1987.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 47,720,000	$ 0.99
1986	6,304,965	0.17
1985	44,151,535	1.29
1984	42,718,021	1.26
1983	66,894,302	1.97

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account

Year ended June 30	1987	1986
Net sales & services	$ 115,152,000	$ 120,756,790
Cost of sales	56,661,000	62,412,608
Expenses:	59,138,000	61,925,260
Depreciation & amortization	23,706,000	22,614,226
Interest expense	11,299,000	13,193,825
Res. & develop.	3,008,000	1,673,356
Eq. in losses of mobile commun.	2,514,000	4,151,886
Gain on sales of bus. ist.	(140,884,000)	(7,292,590)
Interest income	(4,366,000)	(1,540,833)
Proxy contest exp.	—	7,500,000
Prov. for write-down of assets	7,468,000	7,484,099
Prov. for litigation settle.	9,000,000	—
Other income	(396,000)	(2,929,007)
Income (loss) bef. taxes	$ 88,004,000	$ (48,436,040)
Income taxes	36,058,000	1,441,000
Net Income (Loss)	$ 51,946,000	$ (49,877,040)
Extraord. gain	23,781,000	—
Net Income (Loss) & extraord. gain	$ 75,727,000	$ (49,877,040)

Assets

As of June 30	1987	1986
Cash	$ 6,042,000	$ 12,309,708
Comm. paper	23,858,000	3,744,501
Accts. receiv., net	11,914,000	17,817,269
Receiv. from sales of mobile comm.	24,614,000	102,060
*Inventories	7,223,000	4,847,184
Taxes	2,222,000	3,734,483
Other current assets	1,739,000	1,203,029
Current Assets	$ 77,612,000	$ 43,758,234
#Fixed assets	64,526,000	69,560,946
Other assets	59,995,000	69,556,928
Total Assets	$ 202,133,000	$ 182,876,108

Liabilities

Notes payable	$ —	$ 3,200,000
Long-term debt. curr. outstanding	3,102,000	6,467,870
Accts. payable and accruals	40,934,000	34,789,210
Deposit on pending bus. sale	10,479,000	—
Income taxes	1,475,000	1,284,138
Curr. Liabilities	$ 55,990,000	$ 45,741,218
Long-term debt	85,264,000	115,793,715
Other liabilities	2,139,000	2,782,210
Minority interest	1,937,000	3,170,816
+Redeem. preferred stock	9,083,000	9,083,184
+ +Common stock	404,000	398,103
Add. paid-in capital	102,396,000	99,171,434
Deficit	(16,685,000)	(91,286,535)
Treasury stock	(37,723,000)	—
Deferred comp.	(672,000)	(1,978,037)
Total Liabilities & Shareholders' Equity	$ 202,133,000	$ 182,876,108

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value; 11.25% convertible.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	76.42	—
%Net Income to Sales	45.11	—
%Net Income to Equity	108.86	—
Debt to Equity	1.85	—
Working Capital	$ 21,622,000	—
Current Ratio	1.39	—
Shareholders' Equity	$ 47,720,000	$ 6,304,965

Grumman Corporation

1111 Stewart Avenue
Bethpage, New York 11714
(516) 575-0574

Officers: John C. Bierwirth, chairman of the board; John O'Brien, president & chief exec. officer; Robert G. Freese, vice chairman-finance & treasurer; George L. Brown, v.p.-Washington Relations & EEO; Natale P. Busi, v.p. & controller; John J. Carroll, v.p.-community affairs; Howard J. Dunn, Jr., v.p.-audit; Thomas L. Genovese, v.p. & general counsel; Weyman B. Jones, v.p.-public affairs; Robert W. Bradshaw, v.p. & secretary; Daniel F. Huebner, vice chairman-development; Richard A. Schueing, v.p. & deputy dir.-corp. technology; George E. Kinnear, II, sr. v.p.-Washington Operations; David L. Walsh, v.p.-marketing; Dean G. Cassell, v.p.-product integrity & environmental protection; Steven Dely, v.p. & asst. to the president; Dana E. McGee, v.p.-congressional liaison; Thomas J. McGrath, v.p.-aircraft modification and subcontracts; Edward B. Jacobs, asst. treasurer; William R. Parmentier, Jr., asst. treasurer; William Wachino, Jr., asst. treasurer; Evelyn Capelluto, asst. secretary.

Directors: John C. Bierwirth*, chairman; Kenneth S. Axelson, Ellis L. Phillips, Jr.*, Archie E. Albright*, Robert G. Freese, Lucy W. Benson, John T. Sargent, Orville L. Freeman, Edward W. Brooke, Renso L. Caporali, Victor Hao Li, John O'Brien, Dan F. Huebner, David L. Luke, III*.

* Member of the Executive Committee

Areas of Work: Manufactures military aircraft, spacecraft, commercial aircraft components and subassemblies, sophisticated electronics for aircraft, computerized test equipment and other defense-related products such as airborne surveillance systems, boat and truck bodies, fire apparatus and buses. Also provides services in the field of computer programming.

Divisions:

Aircraft Systems Division
Aerostructures Division
Allied Division
Corporate Services Division
Data Systems Division
Electronics Systems Division
Melbourne Systems Division
St. Augustine Division
Space Station Program Support Division
Space Systems Division
Technical Services Division

Subsidiaries:

Grumman Aerospace Corporation
Grumman Allied Industries, Inc.
Grumman Data Systems Corporation
Grumman Ventures, Inc.
Grumman (Singapore) Pte. Ltd.
Grumman Credit Corporation
Grumman International, Inc.
Paumanock Development Corporation

Tachonics Corporation
Plainsboro, New Jersey
Designs and manufactures integrated circuits using gallium arsenide.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, Boston

Ticker Symbol: GQ

Number of Employees:

1987	33,700	1984	30,866
1986	32,400	1983	28,800
1985	32,177		

Plant Footage:

1987	14,487,000 sq. ft.	1986	13,914,000

Sales & Earnings

	Net Sales *	Net Income
1987	$ 3,375,260,000	$ 35,650,000
1986	3,501,911,000	78,690,000
1985	3,098,865,000	81,535,000
1984	2,603,639,000	108,418,000
1983	2,254,778,000	110,746,000

	No. of Com. Shares +	Earn. per Share #*
1987	32,664,916	$ 0.94
1986	32,603,690	2.32
1985	29,146,887	2.65
1984	28,616,065	3.62
1983	28,146,531	3.82

* Including other income; of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Aerospace	$ 2,481,915	$ 2,835,254
Electronics systems	636,732	482,601
Special vehicles	250,450	161,472
Information and other svcs.	452,702	457,542
Corp. items & eliminations	(446,539)	(434,958)
Total	$ 3,375,260	$ 3,501,911

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	1.00	—	—
1985	1.00	—	—
1984	0.925	—	—
1983	0.85	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	$ 727,414,000	$ 22.27
1986	721,882,000	22.14
1985	603,354,000	20.70
1984	543,611,000	19.00
1983	452,402,000	16.07

‡ After allowing for preferred stock at stated value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,325,062	$ 3,440,125
Other income	50,198	61,786
Total income	$ 3,375,260	$ 3,501,911
Cost of sales	3,122,535	3,159,086
Expenses	152,804	176,304
Interest expense	58,871	48,611
Income before taxes	$ 41,050	$ 117,190
Income taxes	14,000	38,500
Inc. - cont. oper.	$ 27,050	$ 78,690
Loss - discont. oper.	(26,400)	—
Cum. effect of change in accntg. meth.	35,000	—
Net Income	$ 35,650	$ 78,690

* Included in Costs and Expenses, Depreciation and Amortization: $103,593,000 in 1987 and $81,400,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 36,349	$ 33,976
Cert. of deposit	101,295	95,263
Accts. receiv., net	573,689	577,192
*Inventories	765,439	576,415
Prepaid expenses	43,816	22,542
Current Assets	$ 1,520,588	$ 1,305,388
Contracts receiv.	70,473	70,600
#Fixed assets	592,441	521,503
Invest. & other assets	71,067	66,179
Total Assets	$ 2,254,569	$ 1,963,670

Liabilities
(000's)

Long-term debt, curr.	$ 131,809	$ 59,808
Accts. payable	207,259	192,809
Accruals	64,962	72,715
Def. inc. taxes	73,492	149,080
Prog. payments & customer deposits	31,093	34,660
Other liabilities	149,092	115,157
Curr. Liabilities	$ 657,707	$ 634,229
Long-term debt	643,198	420,974
Def. inc. taxes	114,107	123,220
Other liab.	69,555	28,402
+ Preferred stock Redeemable	42,500	44,870
Non-redeemable	88	93
+ Common stock	310,826	308,473
Treasury stock	(1,158)	(1,033)
Restricted stock	(24,864)	(30,209)
Retained earnings	442,610	444,651
Total Liabilities & Shareholders' Equity	$ 2,254,569	$ 1,963,670

* At lower of cost (average, FIFO and LIFO) or realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.41
%Net Income to Sales	—	2.29
%Net Income to Equity	4.90	10.90
Sales to Inventories	4.34	5.97
Debt to Equity	1.07	0.67
Working Capital	$ 862,881,000	$ 681,159,000
Current Ratio	2.31	2.09
Shareholders' Equity	$ 727,502,000	$ 721,975,000

GTE Corporation

One Stamford Forum
Stamford, Connecticut 06904
(203) 965-2000

Officers: Theodore F. Brophy, chairman & chief exec. officer; James L. Johnson, president & chief operating officer; James L. Broadhead, sr. v.p. & president-GTE Telephone Operations; Edward C. Schmultz, sr. v.p.-external affairs & gen. counsel; Allan L. Rayfield, sr. v.p. & president-GTE products and systems; Charles R. Lee, sr. v.p.-finance & planning; Edward C. MacEwen, v.p.-corporate communications; Bruce Carswell, sr. v.p.-human resources & administration; Samuel F. Shawhan, v.p.-government affairs; Claude A. Burleson, v.p.-taxes; Stephen E. Frank, v.p. & controller; James Murphy, v.p. & treasurer; Timothy P. Murphy, v.p.-investor relations & financial adm.; John C. Redmond, v.p.-research & engineering & pres.-GTE Laboratories; Marianne Drost, corp. secretary; Donald A. Mitchell, v.p.-planning & development; D. Otis Wolkins, v.p.-quality services.

Directors: James R. Barker, Theodore F. Brophy, T. Justin Moore, Jr., Sandra O. Moose, Gordon T. Wallis*, Richard W. Jones, John H. Page*, James W. Walter, James L. Broadhead, Allen L. Rayfield, James L. Johnson, Edwin L. Artzt, Edward H. Budd*, James L. Ketelsen*, Russell E. Palmer*, Robert D. Storey, George V. Grune, Roger W. Stone.

* Member of the Executive Committee

Areas of Work: GTE has three core businesses: telecommunications, lighting products and precision materials. In telecommunications, the corporation provides local telephone service in portions of 31 states, two Canadian provinces and the Dominican Republic. Long-distance telephone service is offered through U.S. Sprint and specialized telecommunication services through GTE Telecom. Telecommunications systems and services and Sylvania lighting products and precision materials are marketed in the United States and 40 other countries.

Divisions:

GTE Telephone Operating Group
Stamford, Connecticut

Telephone Companies
Provides local telephone service to communities in 31 states, British Columbia, Quebec, the Dominican Republic, and the northern Mariana Islands in the Pacific Ocean. Also sells or leases phones and terminals.

GTE Directories
Sells Yellow Pages advertising and publishes telephone directories.

GTE Mobilnet
Provides cellular mobile radio telephone service.

GTE Spacenet
Operates a nationwide satellite communications system.

GTE Telecom
Comprised of three operating units: GTE Airfone, which provides air-to-ground telephone services for passengers on commerical airlines; GTE Telecom's Communications Management Division, which provides telecommunications services to government, defense and business customers; and GTE TeleMessenger, which provides a computer-based voice messaging service.

GTE Products and Systems Group
Stamford, Connecticut

GTE Consumer Communications Products
Markets residential and small office products such as single-line telephones, answering machines, data equipment, work stations and peripherals.

GTE Communication Systems
Supplies lines of communications equipment, systems and support services, including digital switching and PABX systems.

GTE Government Systems
Reconnaissance systems; command, control communications and intelligence systems; tactical communication systems; electronic defense systems; communications switching and information systems.

GTE Lighting Products
Danvers, Massachusetts
Manufactures more than 6,000 types of Sylvania lamps. Also produces lighting products, lamp fixtures and related products.

GTE Precision Materials
Danvers, Massachusetts
Manufactures metal, plastic and ceramic materials, parts and components; specialty and refractory metals; high-purity chemicals and electronic assemblies.

Other Sectors:

US Sprint (50% owned)
Operates the third largest long-distance telephone system in the U.S., and provides telephone services to 70 countries.

GTE Laboratories
Conducts basic and applied research in communications, lighting and precision materials technologies.

Transfer Agents(s):

GTE Shareholder Services Incorporated
P.O. Box 37
North Quincy, Massachusetts 02171

GTE Shareholder Services Incorporated
50 Broadway
New York, New York 10004

State Street Bank and Trust Company
P.O. Box 5003
Boston, Massachusetts 02107

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam, Basel, Geneva, Lausanne, Zurich, Paris

Ticker Symbol: GTE

Number of Employees:

1987	161,000	1984	178,000
1986	160,000	1983	179,000
1985	175,000		

Sales & Earnings
(000's)

	Revenues & Sales‡	Net Income
1987	$ 15,421,030	$ 1,118,817
1986	15,111,528	1,184,312
1985	14,371,699	(161,091)
1984	13,247,731	1,125,118
1983	12,963,918	955,604

	No. of Com. Shares #	Earn. per Share #
1987	329,171,000	$ 3.29
1986	326,309,000	3.53
1985	312,455,000	—
1984	294,849,000	3.70
1983	278,100,000	3.33

(Loss)
‡ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 2.48	—	—
1986	2.20	—	3-for-2
1985	2.08	—	—
1984	2.03	—	—
1983	1.97	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity + (000's)	Equity Per Share‡
1987	$ 7,759,259	$ 23.83
1986	7,663,121	23.22
1985	6,830,195	21.69
1984	7,374,000	24.07
1983	6,461,000	22.59

+ After allowing for no par preferred stock at stated value and $50 par value preferred stock at par.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues and Sales:		
Telephone oper.	$ 11,794,379	$ 11,278,347
Other oper.	3,626,651	3,833,181
Total Income	$ 15,421,030	$ 15,111,528
Costs & expenses:		
Telephone oper.	8,930,398	8,335,389
Other oper.	3,328,967	3,538,091
Interest expense	836,133	778,390
Eq. in loss of U.S. Sprint	577,451	285,718
Bus. restruc. inc.	(130,669)	(92,813)
Other expense	115,800	176,142
Income bef. taxes	$ 1,751,950	$ 2,090,611
Income taxes	633,133	906,299
Net Income	$ 1,118,817	$ 1,184,312

* Included in Costs and Expenses, Depreciation: $2,473,652,000 in 1987 and $2,305,128,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & t...p. invest.	$ 170,841	$ 226,088
Receiv., net	2,419,766	2,121,992
*Inventories	1,283,801	1,225,524
Deferred tax benefits	245,977	353,697
Other assets	214,692	289,776
Current Assets	$ 4,335,077	$ 4,217,077
#Fixed assets	22,001,991	21,128,146
Investments & other assets	2,408,134	2,056,578
Total Assets	$ 28,745,202	$ 27,401,801

Liabilities
(000's)

Short-term oblig.	$ 837,067	$ 736,665
Accts. payable	1,430,558	1,181,767
Accrued business repositioning costs	312,654	472,743
Accrued taxes	483,097	652,079
Advance billings	221,098	245,119
Dividends payable	247,831	229,615
Other curr. liab.	1,078,693	1,117,094
Curr. Liabilities	$ 4,610,998	$ 4,634,882
Long-term debt	9,587,338	8,980,682
Reserves & deferred credits	5,149,128	4,909,841
+ Mand. redempt. pref. stock	313,866	358,257
No par preferred stock	529,929	276,167
+Preferred stock	14,101	15,986
++Common stock	34,055	33,146
Add. paid-in capital	4,769,391	4,457,642
For. curr. trans. adjust.	(83,685)	(141,069)
Retained earnings	3,637,926	3,372,738
Treasury stock	(598,428)	(59,336)
Minority interest in. eq. of subsid.	780,583	732,865
Total Liabilities & Shareholders' Equity	$ 28,745,202	$ 27,401,801

* At lower of cost (average or LIFO) or market.
# Less accumulated depreciation.
+ $50 par value.
++ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Total Income	11.36	13.83
%Net Income to Total Income	7.26	7.84
%Net Income to Equity	13.47	15.02
Debt to Equity	1.26	1.22
Shareholders' Equity	$ 8,303,289,000	$ 7,885,274,000

GTI Corporation

(38%-owned by Allied Electronic Corporation, Inc., a South African company)

9191 Towne Centre Drive
Suite 310
San Diego, California 92122
(619) 578-3111

Officers: James K. La Fleur, chairman of the board, president & chief exec. officer; John C. Brittain, v.p.; Remo A. Ionni, v.p.; Ronald Lust, v.p.-finance & treasurer; Richard C. Roesler, v.p., controller & secretary.

Directors: James K. La Fleur, chairman; William S. Ivans, Alvin H. Wineman, Jr., Ronald Lust, John C. Brittain, Remo A. Ionni, J. Christian Lingle, William S. McCarroll.

Areas of Work: Manufactures a variety of electronic and electronic component parts, circuit boards and processing equipment. Principal products include glass-to-metal seals, welded metal leads, rolled pins, die stamped, etched flexible and etched rigid circuit boards, and electronic component processing equipment.

Divisions:

Circuits Division
P.O. Box 217
Leesburg, Indiana 46538
(219) 453-3261
Manufactures die stamped printed circuits with its major markets being the automotive industry.

Electronics Division
R.D. 2, P.O. Box 2096
Hadley, Pennsylvania 16130
(412) 253-3161
Produces a line of two and three piece welded leads and filaments, straight cut lead and rolled pins, intricate metal forms, headed and formed leads, semiconductor leads, wire welds, welded cap and assemblies and lamp leads.

GTI - Ireland, Ltd.
Industrial Estates
Abbeyfeale
County Limerick, Republic of Ireland
Manufactures two piece welded diode leads.

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: GTI

Number of Employees:

1987	N.A.	1984	N.A.
1986	343	1983	405
1985	283		

N. A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 20,698,000	$ 1,213,000
1986	16,372,000	(3,639,000)
1985	16,920,000	(679,000)
1984	24,107,000	410,000
1983	17,091,000	19,000

	No. of Com. Shares	Earn. per Share†
1987	5,638,775	$ 0.23
1986	3,461,775	—
1985	3,486,727	--
1984	3,500,867	0.12
1983	3,699,867	0.01

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1987	1986
Electronic & elec. components	$ 14,552,000	$ 9,339,000
Circuit boards	6,146,000	7,033,000
Total	$ 20,698,000	$ 16,372,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 16,944,000	$ 3.00
1986	7,020,000	2.03
1985	10,341,000	2.99
1984	10,571,000	3.02
1983	10,356,000	2.96

GTI Corporation

Income Account *

Year ended Dec. 31	1987	1986
Net revenues	$ 20,698,000	$ 16,372,000
Cost of revenues	15,410,000	11,749,000
Expenses	4,553,000	3,646,000
Other expense (income)	173,000	(141,000)
Interest expense	132,000	298,000
Interest income	(396,000)	(184,000)
Gain on pension plan term.	(445,000)	—
Income bef. taxes	$ 1,271,000	$ 1,004,000
Income taxes	655,000	589,000
Eq. in earn. of affil.	(118,000)	—
Inc. (loss)-cont. oper.	$ 734,000	$ 415,000
Inc. (loss)-discont. oper.	479,000	(4,054,000)
Net Income (Loss)	$ 1,213,000	$ (3,639,000)

* Included in Costs and Expenses, Depreciation and Amortization: $839,000 in 1987 and $953,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 6,402,000	$ 169,000
Receiv., net	2,673,000	1,944,000
Receiv. from term. pens. plan	712,000	—
Income taxes receiv.	—	394,000
*Inventories	2,263,000	2,107,000
Prepaid expenses	158,000	175,000
Current Assets	$ 12,208,000	$ 4,789,000
#Fixed assets	4,556,000	4,357,000
Investments	1,500,000	1,500,000
Invest. in affil.	2,618,000	—
Total Assets	$ 20,882,000	$ 10,646,000

Liabilities

Long-term debt, curr.	$ 280,000	$ —
Accts. payable	1,116,000	915,000
Accruals	1,901,000	1,018,000
Accrued inc. taxes	97,000	—
Curr. Liabilities	$ 3,394,000	$ 1,933,000
Long-term debt	291,000	1,272,000
Other liabilities	253,000	421,000
+Common stock	226,000	140,000
Add. paid-in capital	17,045,000	8,993,000
Retained earnings (def.)	(1,329,000)	(2,542,000)
Treasury stock	—	(85,000)
Cum. trans. adj.	1,002,000	514,000
Total Liabilities & Shareholders' Equity	$ 20,882,000	$ 10,646,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.04 par value.

Statistical Summary

Sales to Inventories	9.15	8.03
Debt to Equity	0.03	0.18
Working Capital	$ 8,814,000	$ 2,856,000
Current Ratio	3.60	2.48
Shareholders' Equity	$ 16,944,000	$ 7,030,000

Hadco Corporation

10 Manor Parkway
Salem, New Hampshire 03079
(603) 898-8000

Officers: Horace H. Irvine, II, chairman; Jon F. Kropper, president & chief exec. officer; William P. Meehan, v.p.-finance & chief financial officer; Donald J. Pucci, vice president; Joseph R. Schaefer, vice president; Dana R. Schofield, vice president; Patrick Sweeney, vice president; Noel Greiner, vice president; Sheila J. Ladenseck, vice president; Andrew E. Lietz, v.p.-sales; Leonard I. Major, treasurer; Rodney P. DeRego, v.p. & controller; James C. Hamilton, clerk.

Directors: Horace H. Irvine, II, chairman of the board; Jon F. Kropper, David F. Hawkins, J. Stanley Hill, John O. Irvine, William P. Meehan, Robert F. Collings, Frank W. Haydu, III, Oliver O. Ward, Cornelius A. Ferris.

Areas of Work: Manufactures multilayer and dense two-sided printed circuits which it markets to the computer, telecommunications, and other electronic industry segments.

Divisions:

Sales & Marketing
Salem, New Hampshire

Backplane Division
Salem, New Hampshire

Derry Division
Derry, New Hampshire

Owego Division
Owego, New York

Tech Center One
Salem, New Hampshire

Tech Center Two
Watsonville, California

Subsidiary:

Circuit Image Industries, Inc.
Hudson, New Hampshire

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDCO (NASDAQ)

Number of Employees:

1987	1,526	1985	1,215
1986	1,322	1984	2,126

Plant Footage:

1987	261,000 sq. ft.	1985	310,000
1986	261,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 124,255,000	$ 2,596,000
1986	98,358,000	(9,698,000)
1985	86,665,000	342,000
1984	124,776,000	7,506,000
1983	72,903,000	3,131,000

	No. of Com. Shares‡	Earn. per Share‡
1987	12,053,423	$ 0.22
1986	9,008,678	—
1985	11,056,808	0.03
1984	10,948,695	0.69
1983	9,115,367	0.34

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 35,184,000	$ 2.92
1986	32,137,000	3.57
1985	41,631,000	3.77
1984	40,318,000	3.68
1983	19,950,000	2.17

† After allowing for preferred stock at liquidation value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account* (000's)

Year ended	10/31/87	10/25/86
Net sales	$ 124,255	$ 98,358
Cost of sales	103,328	86,175
Expenses	15,039	15,098
Interest income	(585)	(894)
Interest expense	1,837	1,984
Income (loss) before taxes	$ 4,636	$ (4,005)
Income taxes (credit)	2,040	(1,819)
Income(loss) cont. oper.	$ 2,596	$ (2,186)
Loss discont. oper.	—	(7,512)
Net Income (Loss)	$ 2,596	$ (9,698)

* Included in Costs and Expenses, Depreciation and Amortization: $9,683,000 in 1987 and $8,024,000 in 1986.

Assets (000's)

As of	10/31/87	10/25/86
Cash & short-term invest.	$ 11,873	$ 6,821
Accts. receiv., net	14,660	11,782
Note receivable	—	750
Refundable taxes	—	3,509
*Inventories	9,456	6,859
Prepaid expenses	832	572
Current Assets	$ 36,821	$ 30,293
#Fixed assets	33,816	37,900
Other assets	736	1,045
Total Assets	$ 71,373	$ 69,238

Liabilities (000's)

Long-term debt & cap. lease oblig., curr.	$ 5,101	$ 6,403
Accts. payable	10,330	7,633
Accrued payroll	3,599	2,436
Other accruals	2,353	3,051
Income taxes	212	40
Curr. Liabilities	$ 21,595	$ 19,563
Long-term debt & cap. lease oblig.	13,995	16,745
Deferred inc. taxes	597	791
+Preferred stock	2	2
++Common stock	451	450
Add. paid-in capital	20,686	19,385
Deferred compensation	(3,267)	(2,416)
Retained earnings	17,343	14,747
Note receivable for stock issued	(29)	(29)
Total Liabilities & Shareholders' Equity	$ 71,373	$ 69,238

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.10 dividend, noncumulative.
++ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.73	—
%Net Income to Sales	2.09	—
%Net Income to Equity	7.38	0.03
Sales to Inventories	13.14	14.34
Debt to Equity	0.54	0.72
Working Capital	$ 15,226,000	$ 10,730,000
Current Ratio	1.71	1.55
Shareholders' Equity	$ 35,186,000	$ 32,139,000

Halliburton Company

3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-3391
(214) 978-2600

Officers: Thomas H. Cruikshank, president & chief exec. officer; Dale P. Jones, exec. v.p.-oil field services; Lester L. Coleman, exec. v.p.-finance & corp. development; Guy T. Marcus, v.p.-investor relations; C. Robert Fielder, treasurer; Robert M. Kennedy, v.p.-legal; Jack R. Skinner, v.p.-taxes; Don P. Woosley, v.p.-corp. development; James R. Flow, controller; Susan S. Keith, secretary.

Directors: Anne L. Armstrong, Thomas H. Cruikshank, James W. Glanville, Guy T. McBride, Jr., E.L. Williamson, Edwin L. Cox, T. Louis Austin, Jr., Robert L. Crandall, F. James McDonald, The Rt. Hon. Lord Clitheroe .

Divisions and Subsidiaries:

Oil Field Services and Products

Halliburton Services
P.O. Drawer 1431
Duncan, Oklahoma 73536
Oil field services and products.

Otis Engineering Corporation
P.O. Box 819052
Dallas, Texas 75381
Specialized equipment and services for the completion, production and control of oil and gas wells.

FreightMaster
P.O. Box 40555
Fort Worth, Texas 76140
Hydraulic cushioning devices and maintenance services for the railroad industry.

Welex
P.O. Box 42800
Houston, Texas 77242
Electric well logging and jet perforating services for the petroleum industry.

Halliburton Resource Management
P.O. Box 1411
Dallas, Texas 75221
Renting equipment for compression, gas processing and production.

Geophysical Service, Inc. (60%-owned)
P.O. Box 655621
Dallas, Texas 75265-5621
Geophysical contracting services.

Jet Research Center, Inc.
P.O. Box 246
Arlington, Texas 76004
Explosive products and services for petroleum, marine and defense/aerospace industries.

Vann Systems
P.O. Box 4449
Houston, Texas 77210
Provides tubing-conveyed systems for completing and perforating oil and gas well and sand control services.

Industrial Engineering/Construction Services

Brown & Root, Inc.
P.O. Box 3
Houston, Texas 77001
Engineering and construction services.

Brown & Root U.S.A., Inc.
P.O. Box 3
Houston, Texas 77001

Brown & Root International, Inc.
P.O. Box 3
Houston, Texas 77001

NUS Corporation
910 Clopper Road
Gaithersburg, Maryland 20878
Engineering and environmental consulting services for industry, utilities and government.

Enterprise Building Corporation
P.O. Box 42600
St. Petersburg, Florida 33742

Taylor International Inc.
4100 Clinton Drive
Houston, Texas 77020
International undersea engineering, construction and salvage operations.

Insurance Services

Highlands Insurance Company
600 Jefferson Street
Houston, Texas 77002
Casualty, property, surety, and marine insurance.

Life Insurance Company of the Southwest
1300 West Mockingbird Lane
Dallas, Texas 75247
Life, health and accident insurance.

Health Economics Corporation
1300 West Mockingbird Lane
Dallas, Texas 75247
Health care cost containment services.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Central Trust Company
P.O. Box 38
1 First Canadian Place
Toronto, Ontario M5X 1G4 Canada

First RepublicBank Dallas, N.A.
Corporate Trust
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York, London, Toronto, Zurich, Geneva, Basel, Lausanne, Toronto.

Ticker Symbol: HAL

Number of Employees:

1987	48,600	1984	68,000
1986	46,909	1983	73,165
1985	65,000		

Sales & Earnings

	Net Revenues ($000's)	Net Income† ($000's)
1987	$ 3,367,980	$ 48,090
1986	3,509,439	(515,214)
1985	4,778,695	(339,276)
1984	5,445,719	329,595
1983	5,522,178	275,815

	No. of Com. Shares‡	Earn. per Share‡†
1987	105,891,000	$ 0.45
1986	106,121,000	—
1985	108,647,000	—
1984	114,855,000	2.87
1983	118,250,000	2.33

(Loss)
† Including extraordinary losses of $368,012,000 ($2.85 per share) in 1985 and $39,023,000 ($0.33 per share) in 1983.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business

	1987 ($000's)	1986 ($000's)
Oil field services and products	$ 1,549,188	$ 1,797,725
Industrial engineering/ construction services	1,498,924	1,342,840
Marine engineering/ construction services	319,868	368,874
Total	$ 1,367,980	$ 3,509,439

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	1.20	—	—
1985	1.80	—	—
1984	1.80	—	—
1983	1.65	—	—

Common Stock Equity

	Total Equity ($000's)	Equity Per Share
1987	$ 2,081,549	$ 19.66
1986	2,150,172	20.30
1985	2,857,854	26.30
1984	3,384,191	31.19
1983	3,571,527	30.18

Income Account * ($000's)

Year ended Dec. 31	1987	1986
Net revenues	$ 3,367,980	$ 3,509,439
Cost of sales	3,170,777	3,917,404
Expenses	174,501	186,727
Interest expense	61,576	77,103
Interest income	(63,157)	(66,551)
Other income	(1,444)	(8,877)
Income (loss) bef. taxes	$ 25,727	$ (596,367)
Income taxes	16,914	(37,442)
Income of unconsol. cos.	(37,018)	(40,398)
Minority interest	(2,259)	(3,313)
Net Income (Loss)	$ 48,090	$ (515,214)

* Included in Costs and Expenses, Depreciation: $213,548,000 in 1987 and $280,734,000 in 1986.

Assets ($000's)

As of Dec. 31	1987	1986
Cash	$ 513,809	$ 444,967
Short-term securities	53,454	68,427
Accts. & notes receiv., net	825,031	735,950
Uncompleted contracts	109,213	61,475
Refundable income taxes	75,390	104,565
*Inventories	228,416	265,118
Current Assets	$ 1,785,273	$ 1,680,502
Equity in & adv. to related comp.	373,101	356,461
Advances & receiv. from joint ventures	153,223	185,892
#Fixed assets	865,324	1,025,762
Other assets	93,679	79,411
Total Assets	$ 3,270,600	$ 3,328,028

Halliburton Company

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 31,535	$ 35,298
Accts. payable	264,225	192,139
Advance billings	150,293	108,385
Income taxes	10,039	75,554
Employee benefit fund	5,682	1,925
Other liab.	334,036	329,515
Curr. Liabilities	$ 795,810	$ 742,816
Long-term debt	197,981	241,075
Minority interest	11,873	11,311
Deferred inc. taxes	183,387	182,654
+ Common stock	297,974	297,629
Add. paid-in capital	134,550	127,329
Retained earnings	2,064,274	2,122,057
Treasury stock	(415,349)	(396,843)
Total Liabilities & Shareholders' Equity	$ 3,270,600	$ 3,328,028

° At cost which is not in excess of market.
Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Revenues	0.76	—
%Net Income to Revenues	1.43	—
%Net Income to Equity	2.31	—
Debt to Equity	0.11	0.13
Working Capital	$ 989,463,000	$ 937,686,000
Current Ratio	2.24	2.26
Shareholders' Equity	$ 2,081,549,000	$ 2,150,172,000

Hamilton Digital Controls, Inc.

2118 Beechgrove Place
Utica, New York 13501
(315) 797-2370

Officers: Edward Zacaroli, chairman of the board & secretary; Robert I. Trachtenberg, president & chief exec. officer; Ralph M. Risley, treasurer, v.p.-finance & asst. secretary.

Directors: Edward Zacaroli, Eugene J. Hickey, Hal Julian, Charles Gaetano.

Areas of Work: Engaged in the design and manufacture of magnetic recording heads for use by original equipment manufacturers of computer systems and related peripheral equipment.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	125	1984	166
1986	108	1983	253
1985	212		

Plant Footage:

1987	49,000 sq. ft.	1984	49,000
1986	49,000	1983	49,000
1985	49,000		

Sales & Earnings

	Net Sales +	Net Income +†
1987	$ 4,296,907	$ 105,777
1986	3,412,911	(670,599)
1985	5,225,436	(636,317)
1984	4,507,173	(1,772,440)
1983	7,599,223	(480,283)

	No. of Com. Shares #	Earn. per Share #†
1987	1,704,860	$ 0.06
1986	1,673,390	—
1985	1,353,727	—
1984	1,350,552	—
1983	1,350,552	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $28,000 ($0.02 per share) in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ (480,184)	$ —
1986	(590,461)	—
1985	69,714	0.05
1984	469,840	0.35
1983	2,242,280	1.66

(Deficiency)
† Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account °

Year ended April 30	1987	1986
Net sales	4,296,907	$ 3,412,911
Cost of sales	3,102,788	2,916,401
Expenses	699,705	733,789
Interest expense	388,637	433,280
Income (loss) bef. Taxes	$ 105,777	$ (670,559)
Income taxes	28,000	—
Net Income (Loss)	$ 77,777	$ (670,559)
Extraord. gain	28,000	—
Net Income (Loss) & extraord gain	$ 105,777	$ (670,559)

° Included in Costs and Expenses, Depreciation and Amortization: $262,343 in 1987 and $272,329 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 57,349	$ 14,605
Market investments	36,156	24,559
Receiv., net	608,783	468,190
° Inventories	1,421,007	1,522,952
Prepaid expenses	48,959	52,189
Current Assets	$ 2,172,254	$ 2,082,495
#Fixed assets	1,942,867	2,149,189
Other assets	48,510	70,475
Total Assets	$ 4,163,631	$ 4,302,159

Liabilities

	1987	1986
Notes payable	$ 834,754	$ 747,823
Long-term debt, curr.	238,745	287,672
Accounts payable	324,407	647,449
Accruals	215,049	236,573
Curr. Liabilities	$ 1,602,955	$ 1,919,517
Long-term debt	2,935,860	2,913,102
Long-term liab.	105,000	60,000
+ Common stock	42,830	42,330
Add. paid-in capital	2,333,256	2,329,256
Retained earnings (deficit)	(2,856,270)	(2,962,047)
Total Liabilities & Shareholders' Equity	$ 4,163,631	$ 4,302,159

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.02 1/2 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.46	—
%Net Income to Sales	1.61	—
Sales to Inventories	3.02	2.24
Working Capital	$ 569,299	$ 162,978
Current Ratio	1.36	1.08
Shareholders' Equity (Deficiency)	$ (480,184)	$ (590,461)

Hanson Plc

1 Grosvenor Place
London SW1X 7JH England
(01) 245-1245

Directors: Lord Hanson, chairman; D. N. Rosling, vice chairman; B.A. Hellings, A. Hagdrup, M.G. Taylor, A.G.L. Alexander, C.G.F. Harding, J.H. Pattinson, D.C. Bonham, Gordon Booth, Sir, E.D. Collins, H.G. Ashton, D. H. Clarke, associate director; A. R. Cotton, associate director; P. J. Harper, associate director; J. C. Miller, associate director; R. S. Fulford, associate director; Y. M. Newbold, secretary.

Areas of Work: Through its subsidiaries in the United Kingdom and United States, the Company manufactures portable electronic typewriters and word processors, incandescent and fluorescent lighting fixtures, jacuzzis, hydraulic cranes, automotive heaters and air-conditioning systems, domestic credit gas meters, living flame gas fires and gas fired wall heaters, wiring accessories and circuit breakers, dry cell batteries; moulded components, custom machined parts, and powdered metals and specialty materials, all for the automotive industry; production equipment for the oil and gas industries, cement, textile products, footwear, tobacco, bricks, lumber, wood windows and doors, garden and industrial tools, office furniture, metal snap fasteners, paper forms and supplies, pre-engineered metal buildings, food products, and titanium dioxide, a white pigment used in manufacture of a variety of products. The Company also operates Allders Department Stores in the United Kingdom, 194 Ground Round restaurants in the United States, and duty- and tax-free shops at airports in Canada and Australia.

Subsidiaries:

CONSUMER-U.K.

Imperial Tobacco Limited
P.O. Box 244
Hartcliffe BS99 7UJ Bristol
(0272) 781111
Cigarettes, cigars, pipe and hand-rolling tobacco.

British Ever Ready Limited
93 Burleigh Gardens
Southgate, London N14 5AQ
(01) 882-8661
Dry cell batteries.

Alkiers Limited
84 Southampton Road
Eastleigh, Hants
(0703) 644599
Operates department stores and duty- and tax-free shops.

CONSUMER-U.S.A.

Carisbrook Industries Inc. (Yarn)
1114 Avenue of the Americas
New York, New York 10036
(212) 398-1180
Yarns, soft furnishings and apparel.

Carisbrook Industries Inc. (Fabric)
1185 Avenue of the Americas
New York, New York 10036
(212) 536-0200
Specialty fabrics and textile finishing machinery.

Smith Corona Corporation
65 Locust Avenue
New Canaan, Connecticut 06840
(203) 972-1671
Portable typewriters and word processors.

Endicott Johnson Corporation
1100 East Main Street
Endicott, New York 13760
(607) 757-4000
Manufactures and retails a wide range of footwear.

BUILDING PRODUCTS-U.K.

London Brick Company Limited
Marston Road, Marston Morteyne
Bedford MK43 OPP England
(0525) 405858
Fletton bricks.

Butterley Brick Limited
Wellington Street
Ripley, Derby DE5 3DZ
(0773) 570570
Non-fletton bricks.

BUILDING PRODUCTS-U.S.A.

USI Lighting Inc.
1251 Doolittle Drive
San Leandro, California 94577
(415) 562-3500
Fluorescent and incandescent lighting products.

Kaiser Cement Corporation
300 Lakeside Dr.
Oakland, California 94612
(415) 271-2000
Cement and aggregate products.

Hanson Building Products
Camden and Broadway Avenues
Parkersburg, West Virginia 26101
(304) 424-3000
Windows, building materials, garden and industrial hand tools.

INDUSTRIAL-U.K.

Lindustries Limited
Southgate House
Stevenage, Herts SG1 1HG
(0438) 365461
Electrical, automotive, engineering and gas products.

SLD/Barbour Campbell
Southgate House
Stevenage, Herts SG1 1HG
(0438) 728387
Textile products and construction services.

INDUSTRIAL-U.S.A.

Office Group America
114 Churchill Avenue, N.W.
Lenda, Alabama 35094
(205) 699-5181
Office Furniture.

Allied Paper Products Inc.
2 Prestige Place, Suite 360
Miamisburg, Ohio 45342
(513) 439-2669
Paper products.

SCM Chemicals Inc.
7 Saint Paul Street, Suite 1010
Baltimore, Maryland 21202
(301) 783-1120
Pigments and related chemicals.

SCM Chemicals Limited (UK)
P.O. Box 26, Grimsby
South Humberside DN37 8DP
(0469) 571000
Pigments.

FOOD-U.K.

Imperial Foods Limited
22 Stewartby Way
Stewartby, Bedford MK43 9LZ
(0234) 768633
Process foods, sauces, confectionery and health products.

FOOD-U.S.A.

Hygrade Food Products Corporation
26877 Northwestern Highway, Suite 400
Southfield, Michigan 48034
(313) 355-1100
Processed meats.

Durkee Foods Corporation
925 Euclid Avenue
Cleveland, Ohio 44115
(216) 344-8500
Industrial foods and spices and food services.

Ground Round Inc.
541 Main Street
South Weymouth, Mississippi 02910-1898
(617) 331-7005
Family restaurants.

Acquisitions(s):

Kidde, Inc.
Park 80 West Plaza Two
Box 5555
Saddle Brook, New Jersey 07662
(201) 368-9000
Consumer and recreation products include Pregrass lighting fixtures, Farberware cookware and electric appliances, Spartus clocks, Rexair home cleaning systems, Tucker plastic housewares, Jacuzzi whirlpool baths, spas and water systems, Spaulding and Kirn architectural lighting products, Ertl diecast miniature vehicle toys and plastic model kits, Bear archery and camping equipment, Universal physical conditioning equipment, PGA/Tommy Armour golf clubs and accessories, and Valley pool tables.

Security and protection equipment include Kidde and Pyrewel fire protection, Kidde Automated Systems engineered security and energy management systems, and Globe Security uniformed guard services. Industrial and commercial products and services include Weber aircraft interior equipment, Jade robotics and semiconductor industry products, Grove mobile hydraulic cranes, Craig electronic equipment shelters, Garden State Tanning automotive leather, Theurer truck trailers, Victory Temporary Services and Professional Nurses Bureau temporary help, and New Jersey Office Supply, Bayless, Scott Rice and Knox-Martin office equipment, supplies and forms.

Transfer Agent(s)*:

Citibank, N.A.
153 East 53rd Street
New York, New York 10043
* American Depository Receipt.

Stock Exchange(s): London, New York*, Zurich, Basel, Geneva, Paris

Ticker Symbol: HAN (New York)* *Trades as an American Depository Receipt (ADR). Each ADR represent 5 Hanson ordinary shares.

Number of Employees:

1987 120,000

Sales & Earnings

	Net Sales (000's)	Net Income†+ (000's)
1987	£ 6,682,000	£ 741,000
1986	4,312,000	464,000
1985	2,674,000	253,000
1984	2,382,000	149,000
1983	1,484,000	91,000

	No. of Com. Shares‡	Earn. per Share†‡ #
1987	3,577,232,668	14.0p
1986	N.A.	10.7
1985	N.A.	7.9
1984	N.A.	5.7
1983	N.A.	3.5

£ - pound sterling
N. A. - Not Available.
† Before taxes.
+ Including extraordinary gain of £ 5,000,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
# Fully diluted.

Revenues By Line of Business (000's)

	1987	1986
U.K.:		
Consumer	£ 3,370,000	£ 1,614,000
Bldg. products	246,000	239,000
Industrial	387,000	310,000
Food	623,000	289,000
U.S.A.:		
Consumer	528,000	530,000
Bldg products	900,000	423,000
Industrial	620,000	522,000
Food	408,000	339,000
Discontinued operations	—	66,000
Total	£ 6,682,000	£ 4,312,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	4.40p	—	—
1986	3.19	—	—

Common Stock Equity

	Total Equity (000's)	Equity‡ Per Share
1987	£ 1,879,000	52.5p
1986	1,503,000	—
1985	1,125,000	—
1984	411,000	—
1983	429,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account (000's)

Year ended Sept. 30		1987		1986
Net sales	£	6,482,000	£	4,312,000
Changes in inventories		12,000		71,000
Raw materials		4,343,000		2,413,000
Employment costs		911,000		740,000
Depreciation		105,000		73,000
Other charges		767,000		592,000
Share of profits of rel. cos.		(7,000)		(5,000)
Interest expense		300,000		250,000
Interest income		(390,000)		(286,000)
Income before taxes	£	741,000	£	464,000
Income taxes		169,000		104,000
Net Income	£	572,000	£	360,000
Extraord. gain		—		5,000
Net Income & extraord. gain	£	572,000	£	365,000

Assets (000's)

As of Sept. 30		1987		1986
Cash	£	2,980,000	£	1,623,000
*Stocks		832,000		913,000
Debtors		1,123,000		960,000
Listed investments		79,000		123,000
Assets under contract for sale		—		1,932,000
Current Assets	£	5,014,000	£	5,551,000
Investments		178,000		40,000
#Fixed assets		1,183,000		1,074,000
Total Assets	£	6,375,000	£	6,665,000

Liabilities (000's)

Debenture loans	£	109,000	£	246,000
Bank loans & overdrafts		574,000		941,000
Trade creditors		353,000		379,000
Other creditors		935,000		839,000
Dividends		112,000		81,500
Curr. Liabilities	£	2,083,000	£	2,486,000
Convertible loans		1,073,000		1,075,000
Debenture loans		256,000		281,000
Bank loans		398,000		616,000
Provisions for liabilities		686,000		619,000
+Preferred stock		149,000		149,000
++Common stock		894,000		665,000
Add. paid-in capital		25,000		244,000
Revaluation reserve		17,000		13,000
Retained earnings		794,000		517,000
Total Liabilities & Shareholders' Equity	£	6,375,000	£	6,665,000

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ 25p per value.
++ £ 1 per value; 5.75% convertible, cumulative, redeemable.

Statistical Summary

% Income bef. Taxes to Sales	11.09	10.76
% Net Income to Sales	8.56	8.35
% Net Income to Equity	30.44	22.67
Sales to Inventories	8.03	4.72
Debt to Equity	1.28	1.99
Working Capital	£2,931,000,000	£3,065,00[illegible]0
Current Ratio	2.41	2.[illegible]3
Shareholders' Equity	£1,879,000,000	£1,584,000,000

Harris Corporation

1025 W. NASA Boulevard
Melbourne, Florida 32919
(407) 727-9100

Officers: Joseph A. Boyd, chairman; John T. Hartley, Jr., president & chief exec. officer; Frank J. Lovis, sr. v.p. & sector executive; Jon E. Cornell, sr. v.p. & sector executive; James R. Oyler, sr. v.p. & sector executive; Guy W. Neumann, sr. v.p & sector executive; Bryan R. Roub, sr. v.p.-finance; Robert E. Sullivan, sr. v.p.-administration; David S. Wasserman, v.p.-taxes; Donald P. Wright, v.p. & general counsel; Herbert N. McCauley, v.p.-information management; Raymond J. Oglethorpe, v.p.-marketing; Fayette Brown, III, v.p.-corp. development; Ricardo A. Diaz, v.p.-manufacturing programs; Nick E. Heldreth, v.p.-human resources; John A. Hubner, v.p. and controller; Robert W. Fay, treasurer; O.W. Hudson, secretary.

Directors: Joseph A. Boyd*, chairman of the board; Ralph D. DeNunzio*, C. Jackson Grayson, Jr., J.T. Hartley*, Lester E. Coleman, Walter F. Raab, David C. Scott*, James W. Wilcock, George I. Meisel, Gene W. Milner.

* Member of the Executive Committee

Areas of Work: Designs, manufactures, installs and maintains equipment and systems for the communication and information processing industry. Products include satellite communications systems, radio and TV transmitters, two-way radios, data terminals and controllers, microwave transmission systems, digital PABX system, medium-scale computers, utility control systems, integrated circuits, automated testing equipment, newspaper editing and composing systems, printing presses and binding equipment.

Divisions and Subsidiaries:

Information Systems Sector

Controls and Composition
407 John Rodes Boulevard
Melbourne, Florida 32901
(305) 242-5000
Electronic systems and terminals for news editing and advertising preparation, computerized phototypesetters, hot-metal linecasters, photo discs and type matrices, utility, pipeline, railroad and industrial control systems; data acquisition and processing equipment.

Computer Systems
2101 Cypress Creek Road
Fort Lauderdale, Florida 33309
(305) 974-1700
High-performance super-minicomputers, super-microcomputers, engineering workstations, peripherals and applications software.

Data Communications
16001 Dallas Parkway
P.O. Box 3599
Dallas, Texas 75248
(214) 386-2000
Sells and services a broad range of information management systems to the largest financial, retail, manufacturing, utility and government enterprises in the United States.

Digital Telephone Systems
One Digital Drive
Novato, California 94948
(415) 472-2500
Digital telephone and PBX systems for business and industrial firms and telephone companies.

Information Systems International
1025 W. NASA Boulevard
Melbourne, Florida 32919
(305) 727-9100
International sales, service and support of Harris Information Systems Sector products.

Scientific Calculations, Inc.
Fishers, New York
Develops software and electrical CAD/CAM systems.

Communications Sector

Broadcast
3200 Wissman Lane
Quincy, Illinois 62305
(217) 222-8200
Radio and TV transmitters, studio equipment, automation systems and antennas, color TV cameras, video links, digital video systems.

Business Communication Systems
Melbourne, Florida
Business communication systems incorporating satellite, packet-switched, microwave, lightwave, PBX and network-switch equipment, and planning, installation, operation and maintenance services.

Dracon
809 Calle Plano
Camarillo, California 93010
(805) 987-9511
Power supplies, equipment racks, and other auxiliary telephone equipment; voicepaging systems; telephone lineman's test instruments and tools.

Farinon
1691 Bayport Avenue
San Carlos, California 94070
(415) 594-3000
Farinon Electric: Microwave radios and multiplexers for voice, video and data communications systems. Farinon Video: Microwave studio transmitter links and electronic news-gathering links for broadcast and cable TV systems.

RF Systems
1680 University Avenue
Rochester, New York 14610
(716) 244-5830
Long range and short range two-way radio equipment and systems, mobile and fixed-base, for commercial, industrial, government and military applications.

Long Range Radio
Rochester, New York
HF, VHF and UHF radio equipment and systems for military and commercial users.

Semiconductor Sector

Semiconductor Products
Palm Bay, Florida
Standard data sheet and semicustom integrated circuits for commercial and government markets.

Harris Microwave Semiconductor
Milpitas, California
Gallium arsenide microwave devices and integrated circuits; hybrid microwave amplifiers.

Custom Integrated Circuits
Palm Bay, Florida
Analog and digital custom and semicustom LSI/VLSI circuits.

Matra-Harris Semiconducteurs, S.A. (45% owned)
B.P. 942
44075 Nates CEDEX France
Standard and semicustom CMOS and NMOS integrated circuits.

Government Systems Sector

Government Communication Systems
Palm Bay, Florida
Terrestrial Communication systems/networks for command, control and intelligence systems for the Department of Defense and other government agencies.

Government Information Systems
P.O. Box 9800
Melbourne, Florida 32902
(305) 676-6300
Ground-based custom system and software designed to collect, store, retrieve, process, analyze, display and distribute information of all types.

Government Support Systems
Syosset, New York 11791
(516) 364-0400
Computer-controlled electronic test, maintenance, logistic and simulation systems for military aircraft, ships and ground vehicles.

Government Aerospace Systems
Palm Bay, Florida
Custom command, control, communication and intelligence aerospace systems for Department of Defense and NASA.

Government Electronic Systems
Palm Bay, Florida
Major programs for U.S. government agencies utilizing state-of-the-art communications and information processing technologies.

Lanier Business Products Sector

Lanier Business Systems
1700 Chantilly Drive, N.E.
Atlanta, Georgia 30324
(404) 329-8000
Office-automation systems and software packages for stand-alone, workgroup and vertical-market business applications.

Lanier Voice Products
1700 Chantilly Drive, N.E.
Atlanta, Georgia 30324
(404) 329-8000
Portable, desktop, small work-group and centralized dictation products, business telephone systems and small private branch exchanges.

Harris/3M Document Products, Inc. (50% owned)
2300 Parklake Drive, N.E.
P.O. Box 105667
Atlanta, Georgia 30348
(404) 496-9500
Worldwide marketing, sales and service of copiers and facsimile machines.

Transfer Agent(s):

The AmeriTrust Company N.A.
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia

Ticker Symbol: HRS

Number of Employees:

1987	24,300	1984	30,000
1986	26,700	1983	22,000
1985	31,000		

Sales & Earnings

	Revenues +	Net Income
1987	$2,079,000,000	$ 84,502,000
1986	2,216,600,000	59,609,000
1985	2,281,220,000	80,287,000
1984	1,995,802,000	80,410,000
1983	1,809,302,000	69,374,000

	No. of Com. Shares #	Earn. per Share #
1987	41,206,000	$ 2.05
1986	40,255,000	1.48
1985	40,198,000	2.00
1984	39,817,000	2.02
1983	39,330,000	1.76

+ Includes sales, rental and services.
# Based on the average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Information syst.	328,200,000	286,000,000
Lanier	309,500,000	428,500,000
Communications	363,900,000	381,900,000
Semiconductor	284,700,000	292,000,000
Gov't syst.	792,700,000	828,200,000
Total	$2,079,000,000	$2,216,600,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.88	—	—
1986	0.80	—	—
1985	0.88	—	—
1984	0.88	—	—
1983	0.88	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 984,271,000	$ 23.66
1986	900,841,000	22.37
1985	867,484,000	21.56
1984	818,091,000	20.48
1983	761,266,000	19.28

Income Account * (000's)

Year ended June 30	1987	1986
Revenues	$ 2,078,964	$ 2,216,636
Other income	10,447	9,447
Equity income	23,833	12,681
Total revenues	$ 2,113,244	$ 2,238,764
Cost of revenues	1,362,954	1,488,646
Expenses	510,000	654,829
Other expense (income)	(2,259)	12,374
Interest expense	19,551	22,199
Income before taxes	$ 122,398	$ 60,716
Income taxes	37,896	1,107
Net income	$ 84,502	$ 59,609

* Included in Costs and Expenses, Depreciation: $139,755,000 in 1987 and $134,773,000 in 1986.

Assets (000's)

As of June 30	1987	1986
Cash	$ 88,159	$ 98,435
Short-term securities	87,297	9,426
Accts. & notes receiv., net	376,478	381,175
Unbilled costs	267,779	272,964
* Inventories	263,049	279,910
Current Assets	$ 1,082,762	$ 1,041,910
Rental equip.	52,478	62,281
# Fixed assets	466,829	498,483
Other assets	194,338	190,486
Total Assets	$ 1,796,407	$ 1,793,160

Liabilities (000's)

Short-term debt	$ 11,977	$ 27,194
Accts. payable	121,607	116,585
Compensation & accruals	104,466	100,977
Advance payments	61,222	72,833
Income taxes	136,332	98,206
Other accruals	50,661	53,445
Unearned leasing & serv. inc.	72,921	80,490
Curr. Liabilities	$ 559,186	$ 549,748
Deferred inc. taxes	106,961	159,984
Long-term debt:		
7 1/4% Debens.	16,050	31,050
11 1/2% Debens.	110,930	125,000
Other debt	18,989	26,537
+ Common stock	41,683	40,328
Add. paid-in capital	163,152	137,708
Retained earnings	776,078	727,516
Cum. trans. adj.	3,574	(4,497)
Treasury stock	(216)	(214)
Total Liabilities & Shareholders' Equity	$ 1,796,407	$ 1,793,160

* At lower of cost (average and FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	5.89	2.74
% Net Income to Sales	4.06	2.69
% Net Income to Equity	8.59	6.62
Debt to Equity	0.16	0.23
Working Capital	$ 523,576,000	$ 492,162,000
Current Ratio	1.94	1.90
Shareholders' Equity	$ 984,271,000	$ 900,841,000

Harvey Hubbell, Incorporated

584 Derby Milford Road
Orange, Connecticut 06477
(203) 799-1100

Officers: G. J. Ratcliffe, chairman of the board, president & chief executive officer; Vincent R. Petrecca, exec. v.p.; Harry B. Rowell, Jr., exec. v.p.; Roger M. Search, v.p.-personnel; Vincent J. Meads, v.p.-international; D. G. McNamara, v.p.-accounting and information resources; Robert A. McRoberts, v.p.-finance; James H. Biggart, Jr., treasurer; Edward C. Cormier, v.p.-development & planning; Richard W. Davies, general counsel & secretary; William A. Finnell, asst. treasurer; Thomas J. Geiger, asst. treasurer.

Directors: Robert N. Flint, G. J. Ratcliffe, Charles A. McKee, Robert W. Dixon, Andrew McNally, IV, Horace G. McDonell, H. Justin Davidson, John M. Hennie.

Divisions and Subsidiaries:

Wiring Device Division
State Street & Bostwick Avenue
Bridgeport, Connecticut 06602
(203) 333-1181
Electrical wiring devices, ground fault circuit interruptors, medical power centers, floor boxes; marine and corrosion resistant products; hospital and medical special purpose products.

Hubbell Plastics, Inc.
Prospect Drive
Newton, Connecticut 06470
(203) 426-2555
Custom-molded plastic parts for electrical/electronics, appliance, hardware, recreation, packaging and automotive markets.

Kellems Division
Route One, Lord's Hill
Stonington, Connecticut 06378
(203) 535-1250
Mechanical holding devices for cable, rope, hose, and flexible conduit for utility, contractor, and industrial markets.

Lighting Division
Christiansburg, Virginia
Anaheim, California
Moultrie, Georgia
Martin, Tennessee
Outdoor and indoor area lighting, landscape and hazardous-location lighting for commercial buildings, stadiums, gymnasiums, industrial plants, and residential use; underwater and reflecting pool lighting.

Hubbell Industrial Controls, Inc.
30 Edwards Street
Madison, Ohio 44057
(216) 428-1161
Heavy-duty electrical and electronic control equipment for industrial markets.

Pulsecom Division
Herndon, Virginia
(703) 820-0652
Manufactures electronic products related to the transmission and control of data, teleprinter, voice and television signals.

Hubbell Hermetic Refrigeration, Inc.
Phoenix, Arizona
Remanufacture of refrigeration and air conditioning compressors.

Harvey Hubbell, Incorporated

The Kerite Company
49 Day Street
Seymour, Connecticut 06483
(203) 888-2591
Proprietary insulated wire and cable for railroads, electric utilities, and industrial markets.

Raco, Inc.
South Bend, Indiana
Fogelsville, Pennsylvania
Manufactures steel and plastic boxes for electrical connections at outlet, switch, and junction locations; fittings for electrical wiring systems.

The Ohio Brass Company
Wadsworth, Ohio
Aiken, South Carolina
Polymer and ceramic insulators, surge arresters, transit and industrial haulage system components.

Hubbell Canada, Inc.
870 Brock Road South
Pickering, Ontario, Canada
(416) 839-1139
Manufacture and assembly of wiring devices, mesh grips, lighting fixtures, industrial controls.

Harvey Hubbell Ltd.
Kempston, Bedfordshire, England
Manufacture and assembly of fuse switches, contactors, timers, lighting fixtures, motor controls.

Killark Electric Manufacturing Company
St. Louis & Louisiana, Missouri
Sparta, Illinois
Standard and specialized wiring devices, lighting fixtures, fittings, and enclosures.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
New York, New York 10001

Stock Exchange(s): American

Ticker Symbols: HUB.A & HUB.B

Number of Employees:

1987	5,211	1984	5,170
1986	5,603	1983	5,671
1985	5,766		

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 581,087,000	$ 62,529,000
1986	558,810,000	54,468,000
1985	521,136,000	47,742,000
1984	467,133,000	42,001,000
1983	422,375,000	32,585,000

	No. of Comm. Shares #	Earn. per Share #
1987	26,008,000	$ 2.39
1986	25,353,000	2.12
1985	24,363,000	1.91
1984	23,726,000	1.69
1983	23,280,000	1.30

‡ Of continuing operations.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.96	—	—
1986	0.82	—	—
1985	0.74	—	2-for-1
1984	0.67	—	—
1983	0.61	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 354,443,000	$ 13.82
1986	334,376,000	12.69
1985	280,907,000	11.47
1984	246,262,000	10.41
1983	230,678,000	9.50

† Adjusted to reflect stock split.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 581,087	$ 558,810
Cost of sales	385,172	376,561
Expenses	106,180	100,277
Interest expense	644	524
Interest income	(9,230)	(6,817)
Other expense (income)	67	(234)
Eq. in earn. of subsid.	(999)	(1,551)
Income before taxes	$ 99,253	$ 90,030
Income taxes	36,724	35,562
Net income	$ 62,529	$ 54,468

* Included in Costs and Expenses, Depreciation and Amortization: $14,101,000 in 1987 and $13,659,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & temp. invest.	$ 61,416	$ 53,046
Accts. receiv., net	67,268	69,269
*Inventories	106,470	106,213
Prepaid expenses & other assets	25,932	19,415
Current Assets	$ 261,086	$ 247,923
#Fixed assets	100,309	99,111
Other assets	107,596	86,134
Total Assets	$ 468,991	$ 433,168

Liabilities (000's)

Accts. payable	$ 25,246	$ 20,017
Accrued salaries	9,949	9,580
Accrued income taxes	14,425	14,488
Accrued taxes	4,270	4,522
Dividends payable	6,467	5,495
Accrued liabilities	20,429	22,288
Curr. Liabilities	$ 80,786	$ 76,390
Deferred income taxes	11,776	10,234
Long-term debt	8,270	8,576
Non-current liabilities	8,873	7,440
+Redeemable pref. stock	2,793	6,152
++Common stock:		
Class A	31,533	32,369
Class B	96,657	95,419
Add. paid-in capital	576	8,537
Retained earnings	230,231	192,718
Loss on investments	(1,892)	—
Cum. trans. adj.	(2,662)	(4,667)
Total Liabilities & Shareholders' Equity	$ 468,991	$ 433,168

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation & amortization.
+ No par value.
++ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	17.08	16.11
%Net Income to Sales	10.76	9.75
%Net Income to Equity	17.64	16.79
Sales to Inventories	5.46	5.26
Debt to Equity	0.02	0.03
Working Capital	$ 180,300,000	$ 171,533,000
Current Ratio	3.23	3.25
Shareholders' Equity	$ 354,443,000	$ 334,376,000

Hathaway Corporation

350 Interlocken Parkway
Suite 200
Broomfield, Colorado 80020
(303) 460-1500

Officers: Eugene E. Prince, chairman of the board, president & chief exec. officer; A. J. Hintze, vice chairman; Richard D. Smith, v.p.-finance, asst. secretary, treasurer & chief financial officer; Richard G. Snow, Jr., secretary & corp. counsel; Herbert G. Frances, asst. treasurer & corp. controller; James D. Campbell, v.p. & pres.-Systems Group; Ronald J. Kupferman, v.p. & pres.-Global Software, Inc.; Grant D. Hammell, v.p. & pres.-Components Group; Frederick G. Dilger, v.p. & exec. v.p.-Global Software, Inc..

Directors: A. J. Hintze, Bruce B. Brundage, Eugene E. Prince, Marvin J. Fein, Harold Y. Simpson.

Areas of Work: Designs, produces and markets computer software, electro-mechanical components, electronic systems and instrumentation for world markets. In addition, the Company provides leasing of small ticket office automation equipment primarily for the Colorado market.

Divisions and Subsidiaries:

Motor Products Division
Owasso, Oklahoma

Hathaway Systems Corporation

Hathaway/Denver
Denver, Colorado

Data Capture Technology
Tulsa, Oklahoma

Hathaway Peripherals Hong Kong Ltd.
Hong Kong

Global Software, Inc.
Raleigh, North Carolina

Beta Products, Inc.
Dallas, Texas

Inlab, Inc.
Broomfield, Colorado

Computer Optical Products, Inc.
Chatsworth, California

Systems Northwest, Inc.
Seattle, Washington

First Colorado Leasing Corp.
Denver, Colorado

Transfer Agent(s):

Bank of America, N.T. & S.A.
Corporate Agency Service Center #9511
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbols: HATH (NASDAQ)

Number of Employees:

1987	N.A.	1984	400
1986	485	1983	273
1985	609		

Plant Footage:

1987	N.A.	1984	113,751
1986	221,582 sq. ft.	1983	85,000
1985	167,951		

N.A. - Not Available

Sales & Earnings

	Net Sales†	Net Income
1987	$ 45,751,000	$ 1,296,000
1986	42,004,000	58,000
1985	36,449,000	4,025,000
1984	17,589,000	2,120,000
1983	17,262,000	1,802,000

	No. of Com. Shares ‡	Earn. per Share
1987	3,882,744	$ 0.34
1986	3,764,530	0.02
1985	3,564,331	1.11
1984	2,313,153	0.80
1983	2,257,406	0.51

† Of continuing operations only.
‡ Adjusted to reflect stock splits.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 0.10	—	—
1986	0.20	—	—
1985	0.133	—	3-for-2
1984	0.120	—	—
1983	0.073	—	2-for-1

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 14,471,000	$ 3.73
1986	13,426,000	3.57
1985	12,662,000	3.55
1984	8,797,000	2.54
1983	6,537,000	1.93

+ Adjusted to reflect stock splits.

Income Account *

Year ended	6/30/87	6/30/86
Net sales	$ 45,751,000	$ 42,004,000
Cost of sales	14,555,000	18,881,000
Expenses	27,569,000	21,974,000
Interest exp.	1,074,000	1,021,000
Inc. from unconsol. subsid.	(194,000)	(172,000)
Other expense	826,000	952,000
Income (loss) bef. taxes	$ 1,921,000	$ (652,000)
Income taxes (credit)	625,000	(710,000)
Net Income	$ 1,296,000	$ 58,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,009,000 in 1987 and $3,155,000 in 1986.

Assets

As of	6/30/87	6/30/86
Cash	$ 3,420,000	$ 177,000
Marketable securities	413,000	310,000
Receiv., net	11,171,000	7,527,000
*Inventories	4,917,000	4,755,000
Income tax refund	416,000	1,081,000
Prepaid expenses	915,000	780,000
Current Assets	$ 21,332,000	$ 14,630,000
#Fixed assets	12,613,000	13,353,000
Investments	3,106,000	2,838,000
Intangibles	2,926,000	3,169,000
Other assets	1,918,000	1,749,000
Total Assets	$ 41,893,000	$ 35,739,000

Liabilities

Notes payable	$ 557,000	$ 1,647,000
Long-term debt, curr.	1,129,000	1,983,000
Accts. payable	2,406,000	1,758,000
Accruals	4,220,000	2,757,000
Warranty reserve	328,000	263,000
Curr. Liabilities	$ 8,640,000	$ 8,408,000
Long-term debt	12,990,000	9,376,000
Def. software serv. inc.	1,621,000	242,000
Deferred inc. taxes	4,082,000	4,192,000
Deferred gain on sale	23,000	63,000
Minority interest	66,000	32,000
+Common stock	100,000	100,000
Add. paid-in capital	5,908,000	5,335,000
Retained earnings	8,561,000	8,040,000
Treasury stock	(98,000)	(49,000)
Total Liabilities & Shareholders' Equity	$ 41,893,000	$ 35,739,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.20	—
%Net Income to Sales	2.83	0.14
%Net Income to Equity	8.96	0.43
Sales to Inventories	9.30	8.83
Debt to Equity	1.01	0.97
Working Capital	$ 12,692,000	$ 6,222,000
Current Ratio	2.47	1.74
Shareholders' Equity	$ 14,471,000	$ 13,426,000

HCC Industries

16311 Ventura Boulevard
Suite 1180
Encino, California 91436-2146
(818) 995-4131

Officers: Jack Goldfarb, chairman of the board; Andrew Goldfarb, chief exec. officer & president; Michael Pelta, vice chairman; Albert J. Berger, chief operating officer; Christopher H. Bateman, chief financial officer; Alan W. Wong, v.p.; William J. Onderdonk, v.p.; Fredric Horowitz, secretary; Eugene E. Harrison, asst. secretary.

Directors: Jack Goldfarb, chairman; Michael Pelta, Andrew Goldfarb, Robert Goldstein, Eugene E. Harrison, Jerry A. Grundhofer.

Areas of Work: Designs, manufactures and markets precision, hermetically sealed electronic connection devices for aerospace and military electronics, oil and gas, medical electronics and test measurement industries.

Subsidiaries:

Hermetic Seal Corporation
4232 Temple City Boulevard
Rosemead, California 91770

HCC Industries International
Beavers House
Victoria Road
Swindon, Wiltshire, United Kingdom

Glassmal Products, Inc.
485 Oberlin Avenue
Lakewood, New Jersey 08701

Sealtron, Inc.
9705 Reading Road
Cincinnati, Ohio 45215

Hermetite Corp.
100 Ladge Drive
Avon, Massachusetts 02322
Produces hermetically sealed microelectronic packages.

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HCCI (NASDAQ)

Number of Employees:

1987	880	1984	790
1986	933	1983	912
1985	790		

Plant Footage:

1987	168,400 sq. ft.	1984	275,000
1986	276,000	1983	275,000
1985	276,000		

Sales & Earnings

	Net Sales†	Net Income +
1987	$ 35,552,000	$ (2,375,000)
1986	32,554,000	10,000
1985	25,262,000	1,039,000
1984	18,827,000	1,148,000
1983	11,177,000	1,122,000

	No. of Com. Shares	Earn. per Share‡
1987	1,775,700	$ —
1986	1,775,700	0.01
1985	1,773,200	0.57
1984	1,911,200	0.60
1983	1,910,200	0.59

† Of continuing operations only.
(Loss)
+ Including extraordinary loss of $326,000 ($0.18 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.06	—	—
1986	0.06	—	—
1985	0.06	—	—
1984	0.06	—	—
1983	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 8,851,000	$ 4.98
1986	11,332,000	6.38
1985	11,405,000	6.24
1984	11,556,000	6.05
1983	10,512,000	5.50

Income Account *

Year ended	3/28/87	3/29/86
Net sales	$ 35,552,000	$ 32,554,000
Cost of sales	26,623,000	22,367,000
Expenses	8,344,000	7,089,000
Interest expense	(305,000)	(537,000)
Eq. in loss of unconsol. subsid.	61,000	77,000
Interest expense	2,102,000	1,990,000
Prov. for loss on sale of prod. line	450,000	—
Income (loss) before taxes	$ (1,723,000)	$ 1,568,000
Income taxes (credit)	(695,000)	775,000
Inc. (loss) - cont. oper.	$ (1,028,000)	$ 793,000
Loss - discont. oper.	(1,347,000)	(783,000)
Net Income (Loss)	$ (2,375,000)	$ 10,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,065,000 in 1987 and $908,000 in 1986.

Assets

As of	3/28/87	3/29/86
Cash	$ 6,620	$ 1,548,000
Treasury bills	—	4,500,000
Accts. receiv., net	4,365	7,356,000
*Inventories	4,054	7,114,000
Net assets - prod. line held for sale	1,722	—
Net assets - discont. oper.	714	—
Notes receiv.	355	475,000
Current Assets	$ 17,830	$ 20,993,000
#Fixed assets	6,653	9,342,000
Other assets	8,012	8,522,000
Total Assets	$ 32,495	$ 38,857,000

Liabilities

Accts. payable	$ 1,528,000	$ 3,270,000
Accruals	4,157,000	4,867,000
Curr. Liabilities	$ 5,685,000	$ 8,137,000
Long-term debt	15,997,000	16,635,000
Adv. from unconsol. subsid.	1,962,000	2,753,000
+ Common stock	178,000	2,810,000
Add. in paid-in capital	2,632,000	—
Retained earnings	6,041,000	8,522,000
Total Liabilities & Shareholders' Equity	$ 32,495,000	$ 38,857,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value; no par value in 1986.

Statistical Summary

%Net Income to Equity	—	0.09
Sales to Inventories	8.77	4.58
Debt to Equity	1.81	1.47
Working Capital	$ 12,145,000	$ 12,856,000
Current Ratio	3.14	2.58
Shareholders' Equity	$ 8,851,000	$ 11,332,000

Healthdyne, Inc.

1850 Parkway Place
Marietta, Georgia 30067
(404) 423-4500

Officers: Parker H. Petit, chairman of the board & chief exec. officer; J. Terry Dewberry, president & chief operating officer; J. Brent Burkey, sr. v.p., general counsel & corporate secretary; Donald R. Millard, v.p.-finance & chief financial officer; Yvonne V. Scoggins, v.p., controller, treasurer & asst. secretary.

Directors: Parker H. Petit, chairman of the board; J. Terry Dewberry, Brian D. Hogg, W. Scott James, J. Paul Yokubinas, William J. Gresham, Jr., Alexander H. Lorch, Carl E. Sanders, Morris S. Worden.

Areas of Work: The Company is a diversified medical products manufacturer and health care services company. The Company designs, manufactures and markets a line of high-technology devices for the home health care and hospital markets. In the service area, the Company is a provider of home health care support for technology-related therapies and certain hospital equipment services.

Transfer Agent(s):

Trust Company Bank
Stock Transfer Dept.
P.O. Box 4625
Atlanta, Georgia 30302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HDYN (NASDAQ)

Sales & Earnings

	Revenues	Net Income†
1987	$ 76,443,000	$ (5,500,000)
1986	108,654,000	(21,258,000)
1985	128,080,000	938,000
1984	138,210,000	(35,207,000)
1983	133,237,000	5,289,000

	No. of Com. Shares‡	Earn. per Share‡
1987	14,745,000	$ —
1986	14,517,000	—
1985	14,475,000	0.07
1984	14,199,000	—
1983	13,770,000	0.38

(Loss)
† Including extraordinary gain of $235,000 ($0.01 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 73,410,000	$ 4.98
1986	79,287,000	5.46
1985	100,617,000	6.95
1984	99,558,000	7.01
1983	134,851,000	9.79

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 76,443	$ 108,654
Cost of revenues	40,197	60,609
Expenses	42,581	54,560
Prov. for losses on solid businesses	—	8,500
Interest income	(2,327)	(1,035)
Interest expense	511	3,026
Loss on litigation settle.	350	1,040
Other expense	449	2,577
Loss bef. taxes	$ (5,325)	$ (20,623)
Income taxes	175	635
Net Loss	$ (5,500)	$ (21,258)

* Included in Costs and Expenses, Depreciation and Amortization: $4,823,000 in 1987 and $7,127,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & market. secur.	$ 7,692	$ 15,350
Accts. receiv., net	23,397	19,519
Notes receivable	1,178	268
Other receivables	1,621	1,877
*Inventories	5,657	7,419
Prepaid expenses	1,222	808
Assets held for sale	2,381	2,311
Other curr. assets	59	328
Current Assets	$ 43,207	$ 47,880
Invest.-sales-type leases	271	509
Market. secur.	9,866	8,305
#Fixed assets	15,098	13,458
Notes receivable	1,250	5,598
Invest.-affil cos.	5,755	7,724
Other assets	660	607
Intangibles	20,363	18,958
Total Assets	$ 96,470	$ 103,039

Liabilities
(000's)

Long-term debt, curr.	$ 634	$ 531
Accts. payable	3,536	4,093
Accruals	5,029	6,536
Curr. Liabilities	$ 9,199	$ 11,160
Long-term debt	175	691
Other liabilities	7,461	5,691
Convert. subord. debens.	3,207	3,192
+Redeem. pref. stock	3,018	3,018
+Common stock	148	146
Add. paid-in capital	126,855	126,462
Retained earnings (deficit)	(52,431)	(46,931)
Unreal. loss on Eq. secur.	(772)	—
Treasury stock	(390)	(390)
Total Liabilities & Shareholders' Equity	$ 96,470	$ 103,039

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.01	0.02
Working Capital	$ 34,008,000	$ 44,785,000
Current Ratio	4.70	5.01
Shareholders' Equity	$ 73,410,000	$ 79,287,000

HEI Inc.

P.O. Box 5000
1495 Steiger Lake Lane
Victoria, Minnesota 55386
(612) 443-2500

Officers: Robert Pitel, president & chief executive officer; Clark Horn, v.p.-operations; Dale Nordquist, v.p.-sales; Lyman E. Wakefield, Jr., secretary.

Directors: Robert Pitel, William R. Franta, Alan K. Ruvelson, Lyman E. Wakefield, Jr..

Areas of Work: Manufactures electronic components and systems which convert light into electronic signals through hybrid circuitry - a sophisticated electronic assembly process which allows for miniaturization of circuit elements. Products include custom hybrid circuits, optical scanners for gaming, education and government, light pens for computer-aided design and interactive video tasks, optical switches and assemblies for typesetting systems, computer peripherals and industrial equipment.

Divisions:

Hybrid Electronics Divisions
Scanning Products Division
Light Sensing Products Division

Transfer Agent(s):

Norwest Bank, Minneapolis, N.A.
P.O. Box 738
161 North Concord Exchange
South St. Paul, Minnesota 55075-0738

Stock Exchange(s): Over-the- Counter

Ticker Symbol: HEII (NASDAQ)

Number of Employees:

1987	120	1985	191
1986	138	1984	229

Plant Footage:

1987 ..... 34,600 sq. ft.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 6,430,643	$ 25,321
1986	7,174,524	(2,922,420)
1985	6,835,501	(874,109)
1984	9,410,956	596,418
1983	8,514,430	705,269

	No. of Com. Shares‡	Ears. per† Share‡
1987	1,421,695	$ 0.02
1986	1,420,708	—
1985	1,420,027	—
1984	1,432,098	0.42
1983	1,423,775	0.50

(Loss)
† Including extraordinary gain of $8,000 ($0.01 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	20%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,458,193	$ 1.73
1986	2,430,856	1.71
1985	5,390,519	3.77
1984	6,221,258	4.34
1983	5,606,575	3.94

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Aug. 31	1987	1986
Net sales	$ 6,430,643	$ 7,174,524
Cost of sales	3,975,250	7,049,469
Expenses	2,336,178	3,371,227
Interest expense	263,545	290,249
Interest income	(169,651)	(84,001)
Income (loss) before taxes	$ 25,321	$ (3,452,420)
Income taxes (credit)	8,000	(530,000)
Net income (loss)	$ 17,321	$ (2,922,420)
Extraord. gain	8,000	—
Net income (Loss) & extraord. gain	$ (2,922,420)	$ 25,321

* Included in Costs and Expenses, Depreciation and Amortization: $427,067 in 1987 and $637,262 in 1986.

Assets

As of Aug. 31	1987	1986
Cash & temp. invest.	$ 30,114	$ 17,385
Accts. receiv., net	918,518	920,109
Refundable taxes	—	461,323
* Inventories	1,921,528	2,378,454
Prepaid expenses	83,229	63,860
Current Assets	$ 2,953,389	$ 3,841,131
#Fixed assets	2,123,900	2,826,492
Other assets	50,337	52,190
Total Assets	$ 5,127,226	$ 6,719,813

Liabilities

Note payable	$ —	$ 451,000
Long-term debt, curr.	295,600	167,925
Accts. payable	273,454	855,107
Accruals	444,530	$ 571,638
Curr. Liabilities	$ 1,013,584	$ 2,045,670
Long-term debt	1,655,449	2,243,287
+Common stock	71,158	71,068
Add. paid-in capital	4,101,149	4,099,223
Retained earnings (deficit)	(1,714,114)	(1,739,435)
Total Liabilities & Shareholders' Equity	$ 5,127,226	$ 6,719,813

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

% Income bef. Taxes to Sales	0.39	—
% Net Income to Sales	0.27	—
% Net Income to Equity	0.70	—
Sales to Inventories	3.35	3.02
Debt to Equity	0.79	0.99
Working Capital	$ 1,939,805	$ 1,795,461
Current Ratio	2.91	1.88
Shareholders' Equity	$ 2,458,193	$ 2,430,856

Heico Corporation

3000 Taft Street
Hollywood, Florida 33021
(305) 987-6101

Officers: Chester A. Warner, chairman, president & chief exec. officer; Thomas S. Irwin, sr. v.p., treasurer & group exec.-finance & administration; Alexander Nagy, sr. v.p. & group exec.-metallurgical sciences; Robert E. Surtees, sr. v.p. & group exec.-laboratory sciences; Lawrence H. Wheeler, controller & asst. treasurer; Catherine A. Maus, secretary; Elizabeth R. Letendre, asst. secretary.

Directors: Chester A. Warner, chairman of the board; Jacob T. Carwile, Carl A. Jacobson, Alan Schriesheim, Vladimir Haensel, Herbert C. Gwinn, Paul F. Manieri, John P. McCullough, George C. Pimentel.

Areas of Work: Engaged in two principal business segments: laboratory products and engine products and services. Germfree Laboratories Incorporated, NAPCO Scientific Company and Hotpack Corporation, wholly owned subsidiaries, design and manufacture controlled environment and biological safety equipment for use in clinical, educational, government and industrial scientific laboratories. Jet Avion Corportion, a wholly owned subsidiary, is engaged in the manufacture of parts for gas turbine engines, primarily jet aircraft engines and also provides custom brazing and heat treating services.

Divisions and Subsidiaries:

Jet Avion Corporation
3000 Taft Street
Hollywood, Florida 33021
(305) 987-6101

NAPCO Scientific Company
20210 S.W. Teton
Tualatin, Oregon 97062
(503) 692-4686

Hotpack Corporation
10940 Dutton Road
Philadelphia, Pennsylvania 19154
(215) 824-1700

Acquisition:

Germfree Laborstories Incorporated
7435 N.W. 41st Street
Miami, Florida 33166
(305) 592-1780

Manufactures laminar flow biological safety cabinets, glove boxes and isolators, isolation cages and laminar flow animal stations, and air incinerators.

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
Portland, Oregon

Mellon Securities Trust Co.
Fort Lee, New Jersey

Stock Exchange(s): American

Ticker Symbol: HEI

Number of Employees:

1987	500	1985	400
1986	500		

Plant Footage:

1987	336,000 sq. ft.	1985	296,000
1986	336,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 46,870,000	$ 7,612,000
1986	47,346,000	6,330,000
1985	32,313,000	2,701,000
1984	27,530,000	2,614,000
1983	22,034,000	1,806,000

	No. of Com. Shares‡	Ears. per Share‡
1987	2,110,746	$ 3.61
1986	1,762,495	3.59
1985	1,586,402	1.70
1984	2,428,769	1.08
1983	2,877,872	0.63

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Heico Corporation

Revenues by Line of Business

	1987	1986
Engine prods. & serv.	$ 30,518,000	$ 31,686,000
Laboratory prods.	16,352,000	15,660,000
Total	$ 46,870,000	$ 47,346,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.10	—	—
1986	0.10	—	—
1985	0.10	—	—
1984	0.10	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 38,099,000	$ 18.05
1986	17,991,000	10.21
1985	11,466,000	7.23
1984	8,925,000	3.67
1983	18,832,000	6.54

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Oct. 31	1987	1986
Net sales & services	$ 46,870,000	$ 47,346,000
Cost of sales	26,205,000	26,155,000
Expenses	8,719,000	8,587,000
Interest expense	745,000	1,279,000
Other income	(1,609,000)	(634,000)
Income before taxes	$ 12,810,000	$ 11,963,000
Income taxes	5,198,000	5,633,000
Net income	$ 7,612,000	$ 6,330,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,605,000 in 1987 and $1,151,000 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 1,636,000	$ 245,000
Short-term invest.	9,752,000	2,745,000
Accts. receiv., net	6,113,000	7,256,000
*Inventories	14,235,000	12,960,000
Prepaid expenses	373,000	356,000
Deferred inc. taxes	619,000	433,000
Current Assets	$ 32,728,000	$ 23,995,000
#Fixed assets	12,475,000	12,070,000
Other assets	435,000	230,000
Intangibles	3,692,000	2,460,000
Total Assets	$ 49,330,000	$ 38,755,000

Liabilities

Long-term debt, curr.	$ 331,000	$ 1,395,000
Accts. payable	1,281,000	2,746,000
Accruals	3,304,000	2,819,000
Income taxes	475,000	1,034,000
Curr. Liabilities	$ 5,291,000	$ 7,994,000
Long-term debt	5,128,000	12,229,000
Deferred inc. taxes	812,000	541,000
+Common stock	481,000	481,000
Add. paid-in capital	14,574,000	5,403,000
Retained earnings	32,293,000	24,869,000
Treasury stock	(7,403,000)	(11,332,000)
Note receiv.-invest. plan	(1,846,000)	(1,436,000)
Total Liabilities & Shareholders' Equity	$ 49,330,000	$ 38,755,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.16 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	27.33	25.27
%Net Income to Sales	16.24	13.37
%Net Income to Equity	19.98	35.18
Sales to Investories	3.29	3.65
Debt to Equity	0.14	0.76
Working Capital	$ 27,437,000	$ 16,001,000
Current Ratio	6.19	3.00
Shareholders' Equity	$ 38,099,000	$ 17,991,000

Hewlett-Packard Company

3000 Hanover Street
Palo Alto, California 94304
(415) 857-1501

Officers: David Packard, chairman of the board; John A. Young, pres. & chief exec. officer; Dean O. Morton, exec. v.p. & chief operating officer; William E. Terry, exec. vice president; Richard C. Alberding, exec. vice president; John L. Doyle, exec. v.p.; Douglas C. Chance, exec. v.p.-business systems; Lewis E. Platt, exec. v.p.-technical systems; Alfred P. Oliverio, sr. v.p.-marketing; James L. Arthur, sr. v.p. & director-U.S. Field Operations; S.T. Jack Brigham, III, v.p.-adm. & gen. counsel; Harold E. Edmondson, v.p. & dir.-corp. mfg.; Franco Mariotti, v.p. & dir.-European operations; Richard A. Hackborn, v.p. & gen. mgr.-Peripherals; Alan D. Bickell, v.p. & dir.-Intercontinental operations; Joel S. Birnbaum, v.p. & gen. mgr.-Information Technology Group; William F. Craven, v.p. & gen. mgr.-Components Group; William G. Parzybok, Jr., v.p. & gen. mgr.-Engineering & Manufacturing Systems Group; Robert P. Wayman, sr. v.p. & chief fin. officer; George F. Newman, Jr., treasurer; Dieter Hoehn, v.p. & gen. mgr.-Analytical Group; Richard W. Anderson, v.p & gen. mgr.-Microwave and Communications Group; Benjamin L. Holmes, v.p. & gen. mgr.-Medical Products Group; Charles W. Richion, v.p.-U.S. sales operations; D. Craig Nordlund, secretary & associate gen. counsel; Raymond W. Cookingham, controller; Ann O. Baskins, asst. secretary & corp. counsel.

Directors: David Packard, chairman; William R. Hewlett, William E. Terry, Robert J. Glaser, Antonie T. Knoppers, John A. Young, James D. Hodgson, Dean O. Morton, John B. Fery, Harold J. Haynes, Shirley M. Hufstedler, George A. Keyworth, II, T. A. Wilson, Paul F. Miller, Jr., Hicks B. Waldron, David Woodley Packard, Donald E. Petersen, Walter B. Hewlett.

Areas of Work: Through the instrument and components groups, manufactures electronic test and measurement products. These products include microwave semiconductors, light emitting diodes and fiber optic components, logic analyzers, voltmeters, frequency analyzers, power supplies, board testers, plotters, recorders, oscilloscopes, counters, frequency sources, network and signal analyzers, signal generators, automated test equipment, distance measurement instruments, component measurement equipment and microprocessor development systems. Computer and personal computation groups manufacture electronic data products. These products include small to medium scale computer systems for business, scientific and industrial applications, desktop computers, personal computers, personal scientific and business programmable calculators, data terminals, printers and disk and tape memories. The medical products group manufactures medical electronic equipment. These products include continuous monitoring systems for critical care patients, medical data management systems, fetal monitors, electrocardiographs and related interpretive and stress systems, cardiac catheterization laboratory systems, blood gas measuring instruments, ultrasonic imaging systems, cardiac defibrillators and hospital supplies. Products of the analytical instrumentation group include gas chromatographs, liquid chromatographs, mass spectrometers combined with chromatographs, spectrophotometers, laboratory automation systems and integrators.

Divisions and Subsidiaries:

COMPONENTS GROUP

Microwave Semiconductor Division
350 West Trimble Road
San Jose, California 95131
(408) 263-7500
RF (radio frequency) and microwave diodes, microwave transistors, microwave components; bar-code entry products.

Optoelectronics Division
640 Page Mill Road
Palo Alto, California 94304
(415) 857-6201
Alphanumeric and LED displays, lamps, light bars and linear arrays.

Optical Communications Division
640 Page Mill Road
Palo Alto, California 94304
(415) 857-1501
Fiber-optic and optocouplers.

Southeast Asia Operation
Hewlitt-Packard Malaysia
Phase I, Bayan Lepas Free Trade Zone
Penang, Malaysia
Semiconductor devices; computer memories.

SYSTEMS GROUP

Fort Collins Systems Division
3404 East Harmony Road
Fort Collins, Colorado 80525
(303) 226-3800
Advanced, 32-bit, desktop computers, computers controllers, systems and peripheral equipment for science and engineering.

Boblingen Engineering Operation
Hewlett-Packard GmbH
Federal Republic of Germany
Mechanical computer-aided design software.

Boblingen Computer Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany

Colorado Springs Division
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
(303) 598-1900
General-purpose and high-performance oscilloscopes, including automatic waveform measurement; cathode-ray tube displays; logic analyzers.

Lake Stevens Instrument Division
6330 Marine Drive
Marysville, Washington 98270
(206) 335-2000
Synthesizers and low-frequency spectrum and network analyzers for communications and electronics equipment; waveform generators and dynamic analyzers for electromechanical and mechanical systems.

Fort Collins Engineering Operation
3404 East Harmony Road
Fort Collins, Colorado 80525
(303) 226-3800
Personal technical computer software.

Logic Design Operation
Centennial Annex D-2
Colorado Springs, Colorado 80907-0617
CAD/CAM system design.

Logic Systems Division
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
Logic-development systems for microprocessor and digital products.

ELECTRONIC INSTRUMENTS GROUP

Boblingen Instrument Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Logic signal sources and data generators; plotters and microprocessor development systems.

Colorado Springs Tech Center
1900 Garden of the Gods Road
Colorado Springs, Colorado 80901
(303) 598-1900
Analog and digital thick film hybrids for all HP divisions.

YHP Instrument Division
Yokogawa-Hewlett-Packard, Ltd.
9-1, Takakura, Cho
Hachioji-Shi
Toyko 192, Japan
Component and semiconductor measuring instruments and systems (ICR meters, impedance analyzers, semiconductor parameter test systems) for worldwide sales and a variety of other products for the Japanese market.

Loveland Tech Center
815 Fourteenth Street, S.W.
Loveland, Colorado 80537
(303) 667-5000
Analog and digital multimeters, computer-controlled instrument systems (data-loggers, data acquisition systems, components-test instrumentation).

New Jersey Division
150 Green Pond Road
Rockaway, New Jersey 07866
(201) 627-6400
Regulated direct current laboratory and industrial power supplies, OEM (original-equipment manufacturer) modular power supplies, digitally controlled power sources, automatic-test and control-system components.

Santa Clara Division
5301 Stevens Creek Boulevard
Santa Clara, California 95050
(408) 246-4300
Electronic counters, digital IC (integrated circuit) testers, microprocessor servicing and training products, waveform recorders (transient analyzers or digital oscilloscopes), digital printers, atomic frequency and time standards, laser measurement systems, temperature and pressure measurement systems.

Santa Clara Tech Center
5301 Stevens Creek Boulevard
Santa Clara, California 95050
(408) 246-4300
Integrated circuits, and standard and custom parts, for HP's instrument divisions.

YHP Computer Operation*
Yokogawa-Hewlett-Packard, Ltd.
9-1, Takakura-Cho
Hachioji-Shi
Tokyo 192, Japan
* Part of YHP Instrument Division

MICROWAVE AND COMMUNICATIONS INSTRUMENT GROUP

Colorado Telecommunications Division
5060 Centennial Boulevard
Colorado Springs, Colorado 80933
(303) 593-8700
Transmission-test instruments for testing digital and analog parameters of voice and data channels; data-communication network test equipment (protocol analyzers and digital and analog test instruments).

Queensferry Telecommunications Division
Hewlett-Packard Ltd.
South Queensferry
West Lothian EH30 9TG Scotland
Dedicated test and measuring instruments and systems for telecommunications in the areas of microwave radio, FDM (frequency division multiplex), voice/data, PCM/TDM (pulse code modulation/time-division multiplex); transmission-impairment measuring sets and sweep oscillators.

Queensferry Microwave Operation
South Queensferry
West Lothian EH30 9TG Scotland
Products for mobile communications, RF (radio frequency) communications, and cellular radio.

Stanford Park Division
1501 Page Mill Road
Palto Alto, California
(415) 857-1500
Microwave signal generators and synthesizers; noise-figure meters; power meters; coaxial and waveguide measuring equipment.

Spokane Division
1620 Signal Drive TAF C-34
Spokane, Washington 99220
(509) 922-6001
RF (radio frequency) signal generators and synthesizers, RF measuring receivers and RF transceiver test equipment.

Signal Analysis Division
1212 Valley House Drive
Rohnert Park, California 94928
(707) 525-1400
Radio-frequency and microwave spectrum analyzers and related signal analysis equipment.

Network Measurements Division
1400 Fountain Grove Parkway
Santa Rosa, California 95404
(707) 525-1400
RF (radio frequency) and microwave-network analyzers (vector and scalar); sweep oscillators and synthesized sweep-signal generators.

Microwave Technology Division
1400 Fountain Grove Parkway
Santa Rosa, California 95404
(707) 525-1400
High frequency transistors and diodes, SAW (surface-acoustical-wave) devices, YIG (ytrium-iron-garnet) spheres; integrated circuits, thick and thin film circuits and microwave packages, all for HP divisions.

INFORMATION NETWORK GROUP

Roseville Networks Division
8000 Foothills Blvd.
Roseville, California 95678
(916) 786-8000
Measurement and control automation products, HP computer I/O (input/output) cards and data communications products.

Information Networks Division
19420 Homestead Road
Cupertino, California 95014
(408) 725-8111
Data-communications hardware and software; business software tools to speed program development; automation systems and software for the 'interactive office.'

Colorado Networks Operations
700 71st Avenue
Greeley, Colorado 80631
(303) 356-9301
Software and hardware to connect computer products.

Grenoble Networks Division
Hewlett-Packard France
5 Rue Raymond Chanas
F-38320 Eybens, France
Industrial terminals and low-cost terminals, personal computers; data-communications hardware and software.

BUSINESS SYSTEMS GROUP

Computer Systems Division
19447 Pruneride Avenue
Cupertino, California 95014
(408) 725-8111
Business computer systems for interactive, on-line processing, data processing, data-base management and distributed data processing.

CSY Roseville Operation
8010 Foothills Boulevard
Roseville, California 95678
(916) 786-8000
Business computer systems for interactive, on-line data processing, data base management and distributed data processing.

Office Productivity Division
Hewlett-Packard Ltd.
Nine Mile Ride
Easthampstead
Wokingham, Berkshire, England
Office-systems software and support for business computer systems.

Financial Systems Operation
370 West Trimble Road
San Jose, California 95131
(408) 263-7500
Software for HP business computers.

Information Resources Operation
7995 E. Prentice
Englewood, Colorado 80111
(303) 773-1992
Software for marketing and distributing organizations.

Guadalajara Computer Operation
Monte Morelos 299
Frac, Loma Bonita
Guadalajara, Talisco 45060 Mexico
(532) 622-0250
Business computers and software.

Boblingen General Systems Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Programmable desktop-computer systems and peripheral equipment for European scientific and industrial applications.

Administrative Productivity Division
370 West Trimble Road
San Jose, California 95131
Administrative and applications software, including distribution and financial.

Administrative Productivity Operation*
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Financial applications software.
*Part of Administrative Productivity Division.

INFORMATION TECHNOLOGY GROUP

Cupertino IC Division
11000 Wolfe Road
Cupertino, California 95014
Custom integrated circuits for HP computers, peripherals, and instruments.

Fort Collins IC Division
3403 East Harmony Road
Fort Collins, Colorado 80525

Information Technology Group
Northwest IC Division
1020 N.E. Circle Boulevard
Corvallis, Oregon 97330

COMPUTER PERIPHERALS GROUP

Boise Division
11311 Chinden Boulevard
Boise, Idaho 83707
(208) 376-6000
Impact and non-impact system line printers.

Disc Memory Division
11411 Chinden Boulevard
Boise, Idaho 83707
(208) 376-6000
Disc memory products and associated microprocessor-implemented controllers for computer systems.

Greeley Division
700 71st Avenueny Road
Greeley, Colorado 80631
(303) 356-9301
Flexible mass-storage devices; magnetic tape drives; local networking and data-communication products.

Vancouver Division
18110 S.E. 34th Street
Vancouver, Washington 98706
Word-processing, thermal, multi-purpose data-processing printers.

Computer Peripherals Bristol Division
Great Western Business Park
North Road
Yate, Bristol BS17, England
Middle-range mass storage products.

San Diego Division
16399 W. Bernardo Drive
San Diego, California 92127
(714) 487-4100
Digitizers, graphic tablets, instrumentation tape recorders, graphic plotters, recorder supplies, and X-Y, strip chart and oscillographic recorders.

PERSONAL COMPUTER GROUP

Handheld Computer and Calculator Operation
1010 N.E. Circle Boulevard
Corvallis, Oregon 97330
(503) 757-2000
Calculators for science and business; portable and handheld computers.

Hewlett-Packard Company

Portable Computer Division
1010 N.E. Circle Boulevard
Corvallis, Oregon 97330
(503) 757-2000
Personal computer systems and handheld computers and calculators.

Hewlett-Packard Do Brasil
Rua Joao Sulinski, 681
13100-Campinas, Sao Paulo Brazil
Scientific and business calculators and personal computers.

Hewlett-Packard Singapore Pte. Ltd.
1150 Depot Road Singapore 0410
Personal, scientific and business calculators.

Roseville Terminals Division
3625 Cincinnati Avenue
Rocklin, California 95677
(916) 786-8000
Data terminals.

Personal Office Computer Division
978 East Arques
Sunnyvale, California 94086
(408) 735-1550
Small computers for the business market; interactive, microprocessor-implemented alphanumeric and graphics CRT (cathode-ray tube) terminals for data processing and communications.

Grenoble Personal Computer Division
Hewlett-Packard France
5 Rue Raymond Chanas
F-38320 Eybens, France
Industrial terminals and low-cost terminals.

Hewlett-Packard Puerto Rico
Highway 459 KM 1
Montana Industrial Park
Aguadilla 00603 Puerto Rico
Interactive, microprocessor implemented alphanumeric and graphics CRT (cathode-ray tube) terminals.

Personal Software Division
3410 Central Expressway
Santa Clara, California
(408) 725-8111
Software for personal computers; computer-aided work software and common user interfaces for portable computers, terminals and workstations.

Personal Computer Group Operation
11000 Wolfe Road
Cupertino, California 95014

Personal Computer Distribution Operation
Sunnyvale, California
Manages worldwide distribution of HP personal computers and related peripherals, software, supplies and accessories.

ANALYTICAL GROUP

Avondale Division
Route 41 & Starr Road
Avondale, Pennsylvania 19311
(215) 268-2281
Gas and liquid chromatographs,, automatic liquid samplers, digital integrators, analytical laboratory-data systems, chromatography columns and consumables.

Scientific Instruments Division
1601 California Avenue
Palo Alto, California
(415) 857-1501
Gas chromatograph/mass spectrometers, GC/MS data systems, UV-visible diode-array spectrophotometers.

Waldbronn Division
Hewlett-Packard GmbH
P.O. Box 1280
D-7517
Waldbronn, Federal Republic of Germany
Liquid chromatographs, gas chromatographs and analytical laboratory-data systems; liquid chromatograph detectors.

Analytical Supplies Operation
Route 41 & Starr Road
Avondale, Pennsylvania 19311
High quality gas and liquid chromatograph columns; also, distributes general supplies for the laboratory.

Laboratory Automation Systems Operation
Route 41 and Starr Road
Avondale, Pennsylvania 19311
Software and hardware to improve laboratory productivity and information management.

ENGINEERING & MANUFACTURING SYSTEMS GROUP

Data Systems Division
11000 Wolfe Road
Cupertino, California 95014
(408) 257-7000
Technical real-time computers and computer systems for factory automation, manufacturing and OEM (original equipment manufacturer) applications.

Manufacturing Productivity Division
370 West Trimble Road
San Jose, California 95131
(408) 263-7500
Software systems for manufacturing organizations, including manufacturing-application financial systems.

Manufacturing Test Division
815 Fourteenth Street S.W.
Loveland, Colorado 80537
(303) 667-5000
Analog and digital circuit-board testers.

Loveland Instrument Division
815 Fourteenth Street, S.W.
Loveland, Colorado 80537
(303) 667-500
Analog and digital multimeters, computer-controlled instrument systems (data-loggers, data acquisition systems, components-test instrumentation).

Advanced Manufacturing Systems Operation
370 West Trimble Road
San Jose, California 95131
Computer integrated manufacturing (CIM) systems; factory automation application software products.

Panacom Automation Operation
24 Lexington Road
Waterloo, Ontario N2J323 Canada

Semiconductor Productivity Network Operation
370 West Trimble Road
San Jose, California 95131
Technical and product marketing, sales support and product development for computer-aided manufacturing systems for semiconductor manufacturers.

MEDICAL PRODUCTS GROUP

Andover Division
3000 Minuteman Road
Andover, Massachusetts 01810
(617) 687-1501
Diagnostic instruments including electrocardiographs, cardiac stress-testing systems, physiological amplifiers and graphic recorders, computerized ECG data-management systems, computerized cardiac catheterization laboratory and ultrasound-imaging systems.

Boblingen Medical Division
Hewlett-Packard GmbH
Herrenbergerstrasse 130
D-7030 Boblingen, Federal Republic of Germany
Fetal/neonatal-monitoring systems and instruments for surgical recovery-room monitoring; critical-care monitoring systems and computerized arrhythmia monitoring systems.

McMinnville Division
1700 South Baker
McMinnville, Oregon 97128
(503) 472-5101
X-ray and electron-beam systems for industrial applications and cardiac resuscitation systems such as defibrillators, monitors and recorders.

Waltham Division
175 Wyman Street
Waltham, Massachusetts 02254
(617) 890-6300
Critical-care monitoring systems for adults, computerized arrhythmia systems for adults, computerized arrhythmia monitoring systems with recall and edit capabilities, physiological transducers, patient-monitoring recorders, computerized patient data-management systems, and hospital information systems.

Health Care Productivity Operation
3000 Minuteman Road
Andover, Massachusetts 01810
Hospital information systems.

Medical Supplies Center
3000 Minuteman Road
Andover, Massachusetts 01810
Stethoscopes, electrolytes, disposable ECG (electrocardiogram) monitoring electrodes, blood-pressure transducers and disposable transducer domes, chart papers, disposable pressure kits.

CORPORATE MARKETING

Computer Support Division
19310 Pruneridge
Sunnyvale, California 95014
(408) 996-9383
Installation, servicing and custom support for HP computer systems.

Financing and Remarketing Division
Cupertino, California
Marketing and administration for all product leasing and for resale of computers.

Computer Supplies Operation
1326 Kifer Road
Sunnyvale, California 94086
(408) 738-8856
Computer accessories, supplies, software and furniture for all HP computers.

Test and Measurement Products

Instrument Support Division
690 E. Middlefield Road
Mountain View, California 94042
(415) 969-0880
Bench service, on-site service and repairs, and systems engineering for HP instrument products.

Corporate Parts Center
333 Logue Avenue
Mountain View, California 94042
Replacement parts, exchange modules and supplies.

Instrument Products Operation
1320 Kifer Road
Sunnyvale, California 94086
Low-priced instrumentation products and accessories.

Transfer Agent(s):

Harris Trust and Savings Bank
Corporate Trust Operations Division
P.O. Box 755
Chicago, Illinois 60690

Stock Exchange(s): New York, Pacific

Ticker Symbol: HWP

Number of Employees:

1987	82,000	1984	82,000
1986	82,000	1983	72,000
1985	84,000		

Plant Footage:

1987	30,000,000 sq. ft.	1985	26,715,840
1986	28,500,000		

Sales & Earnings

	Net Sales ('000's)	Net Income ('000's)
1987	$ 8,090,000	$ 644,000
1986	7,102,000	516,000
1985	6,305,000	489,000
1984	6,044,000	665,000
1983	4,710,000	432,000

	No. of Com. Shares†	Earn. per Share‡
1987	257,000,000	$ 2.50
1986	256,000,000	2.02
1985	257,000,000	1.91
1984	256,000,000	2.59
1983	255,000,000	1.69

† Adjusted to reflect stock split.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
('000's)

	1987	1986
Measurement, design, mfg. & mfg. equip. & syst.	$ 3,256,000	$ 2,995,000
Peripherals & subcon't prods.	2,099,000	1,761,000
Serv. for equip., syst. & Peripherals	1,540,000	1,323,000
Medical elec. equip & serv.	618,000	513,000
Analytical instrumentation & serv.	388,000	303,000
Elec. components	229,000	207,000
Total	$ 8,090,000	$ 7,102,000

Common Stock

	Cash Dividend ÷	Stock Dividend	Stock Split
1987	$ 0.23	—	—
1986	0.22	—	—
1985	0.22	—	—
1984	0.19	—	—
1983	0.1575	—	2-for-1

÷ Adjusted to reflect stock split.

Common Stock Equity
('000's)

	Total Equity	Equity Per Share‡
1987	$ 5,022,000	$ 19.54
1986	4,374,000	17.09
1985	3,982,000	15.49
1984	3,565,000	13.85
1983	2,887,000	11.32

‡ Adjusted to reflect stock split.

Income Account *
('000's)

Year ended Oct. 31	1987	1986
Net sales	$ 8,090,000	$ 7,102,000
Cost of sales	3,785,000	3,353,000
Expenses:		
Res. & develop.	901,000	824,000
Mktng. & selling	1,612,000	1,397,000
Adm. & gen.	830,000	748,000
Income before taxes	$ 962,000	$ 780,000
Income taxes	318,000	264,000
Net Income	$ 644,000	$ 516,000

* Included in Costs and Expenses, Depreciation and Amortization: $343,000,000 in 1987 and $321,000,000 in 1986.

Assets
('000's)

As of Oct. 31	1987	1986
Cash & cash investments	$ 2,646,000	$ 1,372,000
Accts. receiv., net	1,569,000	1,344,000
*Inventories	1,117,000	981,000
Other curr. assets	167,000	117,000
Current Assets	$ 5,490,000	$ 3,814,000
#Fixed assets	2,328,000	2,236,000
Other assets	315,000	237,000
Total Assets	$ 8,133,000	$ 6,287,000

Liabilities
('000's)

Notes payable	$ 979,000	$ 229,000
Accts. payable	364,000	285,000
Empl. compensation	488,000	395,000
Accrued taxes	229,000	164,000
Deferred revenues	150,000	117,000
Deferred taxes	196,000	98,000
Other accruals	331,000	230,000
Curr. Liabilities	$ 2,735,000	$ 1,518,000
Long-term debt	88,000	110,000
Deferred empl. benefits	134,000	134,000
Deferred inc. taxes	154,000	151,000
+Common stock & add. paid-in capital	776,000	712,000
Retained earnings	4,246,000	$ 3,662,000
Total Liabilities & Shareholders' Equity	$ 8,133,000	$ 6,287,000

* At standard cost, (which approximates FIFO) not in excess of market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	11.89	10.98
%Net Income to Sales	7.96	7.27
%Net Income to Equity	12.82	11.80
Sales to Inventories	7.24	7.24
Debt to Equity	0.21	0.08
Working Capital	$ 2,755,000,000	$ 2,296,000,000
Current Ratio	2.01	2.51
Shareholders' Equity	$ 5,022,000,000	$ 4,374,000,000

The Hickok Electrical Instrument Company

10514 Dupont Avenue
Cleveland, Ohio 44108
(216) 541-8060

Officers: Robert D. Hickok, chairman & president; Robert L. Purcell, executive vice president; Robert L. Bauman, vice president; Michael Miller, secretary.

Directors: Robert D. Hickok, chairman; Thomas H. Barton, H. Bruce Boal, Max J. Lerner, George S. Lockwood, Jr., Robert L. Purcell, Harry J. Fallon, Robert L. Bauman.

Areas of Work: Develops, manufactures, and markets high technology precision indicating instruments, education and electronic test equipment. Also develops and markets scientific and vocational training programs. Owns and operates a vocational training institute. The indicating instruments and meters produced by the company are used in the aircraft industry, laboratory research, and electronic maintenance.

Subsidiaries:

Supreme Electronics Corp.
1714-16 Carrollton
Greenwood, Mississippi 38930
(601) 453-6212
Electronic test equipment, specialized measuring devices and indicating instruments.

Hickok Teaching Systems, Inc.
Cleveland, Ohio
Systems to assist in the teaching of the science and vocational school training equipment.

Hickok Technical Institute
2012 West 25th Street
Cleveland, Ohio 44113
(216) 696-2626
Private technical school for teaching vocational skills.

Transfer Agent(s):

The Huntington National Bank
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987 202

Plant Footage:

1987 ..... 102,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 8,898,908	$ 466,531
1986	6,748,585	(323,416)
1985	7,476,975	71,397
1984	7,690,787	(87,559)
1983	7,108,836	(159,719)

	No. of Com. Shares ÷	Earn. per Share†÷
1987	603,051	$ 0.77
1986	603,082	—
1985	604,634	0.12
1984	605,427	—
1983	605,427	—

(Loss)
† Including extraordinary gains of $203,000 ($0.33 per share) in 1987, $14,700 ($0.03 per share) in 1985, and extraordinary loss of $182,166 ($0.30 per share) in 1984.
÷ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,230,544	$ 3.70
1986	1,764,196	2.93
1985	2,087,612	3.45
1984	2,019,840	3.34
1983	2,107,399	3.48

‡ Based on the average number of shares outstanding.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 8,898,908	$ 6,748,585
Cost of sales	5,001,865	3,967,954
Prod. develop.	714,569	571,736
Expenses	2,481,507	2,287,554
Interest expense	234,436	244,757
Income (loss) bef. taxes	$ 466,531	$ (323,416)
Income taxes	203,000	—
Net Income (Loss)	$ 263,531	$ (323,416)
Extraord. gain	203,000	—
Net Income (Loss) & extraord. gain	$ 466,531	$ (323,416)

* Included in Costs and Expenses, Depreciation: $110,513 in 1987 and $97,975 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 338,563	$ 251,093
Accts. receiv., net	1,753,516	1,463,966
*Inventories	2,173,229	2,134,047
Prepaid expenses	4,053	35,299
Current Assets	$ 4,269,361	$ 3,884,405
Cash value of life insurance	74,117	68,999
#Fixed assets	629,489	574,628
Prepaid rent & other deposits	4,153	5,656
Accounts receiv.	137,024	137,024
Total Assets	$ 5,114,144	$ 4,660,712

Liabilities

Notes payable	$ 1,347,000	$ 1,434,000
Long-term debt, curr.	97,505	105,418
Accts. payable	556,115	547,585
Accruals	553,061	403,364
Curr. Liabilities	$ 2,553,681	$ 2,490,367
Long-term debt	329,919	416,149
+Common stock		
Class A	357,129	357,262
Class B	245,820	245,820
Add. paid-in capital	1,269,138	1,269,188
Retained earnings (def.)	358,457	(108,074)
Total Liabilities & Shareholders' Equity	$ 5,114,144	$ 4,660,712

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.24	—
%Net Income to *[illegible]	2.96	—
%Net Income to Equity	11.81	—
Sales to Inventories	4.09	3.02
Debt to Equity	0.80	1.10
Working Capital	$ 1,715,680	$ 1,394,038
Current Ratio	1.67	1.56
Shareholders' Equity	$ 2,230,544	$ 1,764,196

High Voltage Engineering Corporation

(The Company is privately held)

South Bedford Street
Burlington, Massachusetts 01803
(617) 272-1313

Officers: Pascal Levesque, chairman of the board, president & chief executive officer; Robert O. Swanson, v.p. & treasurer; Gordon R. Hamilton, Jr., v.p.-industrial relations; William J. Flanagan, Jr., v.p.-corporate; Donald R. Reilly, general counsel & clerk; Irene A. Doyle, asst. clerk.

Directors: Pascal Levesque, chairman; Milton P. Brown, Ernest F. Stockwell, Jr., Samuel Goldblith, William R. Dickson.

Areas of Work: Manufacturer of plastic insulation products, electrical connectors, switches, wire and cable, builders' instruments, particle accelerators and electron processing systems and scientific equipment, optical surveying and alignment instruments, hardness test equipment for metals and rubber, battery motive connectors, high current control systems and instrumentation for measurement of AC & DC current, primarily to the electrical and electronics industries.

Divisions and Subsidiaries:

Anacon/Waters Division
Marlboro, Massachusetts

Anacon (Instruments) Ltd.
Maidenhead, England

Anderson Power Products Company
Boston, Massachusetts

Specialty Connector Co., Inc.
Franklin, Indiana

Culver-Stearns Manufacturing Company
Worcester, Massachusetts

Carbolon Division
Sterling, Massachusetts

Natvar Division
Clayton, North Carolina

Berger Instruments Division
Boston, Massachusetts

Shore Instruments & Mfg. Co., Inc.
Jamaica, New York

Judd Wire Division
Turner Falls, Massachusetts

Beam Parts and Services Division
Burlington, Massachusetts

Halmar Electronics, Inc.
Columbus, Ohio

HIVEC B.V.

High Voltage Engineering Europa B.V.
Electronized Chemicals Europa B.V.
Amersfoort, The Netherlands
HIVEC (Ireland)
Fermoy, Ireland

Uesaka Precision Plastics Co., Inc.
Danvers, Massachusetts
Produces industrial and medical plastics.

Datcon Instrument Company
East Petersburg, Pennsylvania
Manufactures gauges and other instruments which measure speed, elapsed time, pressure and other operating characteristics, particularly for off-highway vehicles.

General Eastern Instruments Corporation
Watertown, Massachusetts
Manufactures humidity measurement instruments.

Number of Employees:

1986 ..... 1,516 1985 1,467

Plant Footage:

1986 ..... 1,067,300 sq. ft. 1985 1,163,200

Sales & Earnings

	Net Sales‡	Net Income†
1986	$ 96,211,000	$ 3,128,000
1985	83,756,000	5,809,000
1984	90,928,000	6,931,000
1983	75,069,000	1,035,000
1982	76,429,000	1,758,000

	No. of Com. Shares +	Earn. per Share ++
1986	5,049,699	$ 0.62
1985	5,187,175	1.12
1984	5,285,677	1.31
1983	5,956,319	0.17
1982	6,148,203	0.29

‡ Of continuing operations only.
† Including extraordinary loss of $152,000 ($0.03 per share) in 1983.
+ Based on the weighted average number of shares outstanding.

Revenues by Line of Business

	1986	1985
Electrical components	$ 37,097,000	$ 26,127,000
Plastics	18,955,000	17,150,000
Industrial instruments	41,399,000	30,479,000
Total	$ 98,011,000	$ 83,756,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.17	—	—
1985	0.17	—	—
1984	0.15	—	—
1983	0.15	—	—
1982	0.15	—	—

Common Stockholder Equity

	Total Equity	Equity Per Share‡
1986	$ 59,971,000	$ 11.88
1985	56,498,000	10.89
1984	52,170,000	9.87
1983	51,467,000	8.64
1982	59,020,000	9.60

‡ Based on the weighted average number of shares outstanding.

Income Account * (000's)

Year ended	12/27/86	12/28/85
Net sales	$ 98,011	$ 83,756
Cost of sales	71,348	61,537
Expenses	17,701	14,877
Interest expense	629	322
Other income	(228)	(182)
Gain on sale of assets	—	(4,387)
Income before taxes	$ 8,561	$ 11,589
Income taxes	3,977	5,881
Inc.-cont. oper.	$ 4,584	$ 5,708
Inc. (loss)-discont. oper.	(1,456)	21
Net Income	$ 3,128	$ 5,809

* Included in Costs and Expenses, Depreciation and Amortization: $2,953,000 in 1986 and $2,631,000 in 1985.

Assets (000's)

Year ended	12/27/86	12/28/85
Cash	$ 5,680	$ 2,792
Marketable securities	4,909	4,909
Accts. receiv., net	16,170	13,236
Unbilled part. of work	1,173	2,396
*Inventories	26,834	22,813
Prepaid expenses	1,075	894
Net assets of discont. oper.	2,986	4,935
Current Assets	$ 58,827	$ 51,871
Long-term notes receiv.	12,360	12,272
#Fixed assets	24,610	19,467
Other assets	637	660
Investments	1,750	750
Intangibles	6,628	282
Total Assets	$ 104,712	$ 85,302

Liabilities (000's)

Notes payable	$ 13,800	$ 4,435
Long-term debt, curr.	2,692	919
Accts. payable	4,356	3,763
Advance payments	1,938	1,682
Income taxes	427	457
Accrued pension exp.	753	619
Other accruals	3,711	2,409
Deferred income taxs	190	289
Curr. Liabilities	$ 27,817	$ 14,573
Long-term debt	3,858	1,795
Deferred inc. taxes	816	180
Deferred gain	12,250	12,250
+Common stock	6,224	6,224
Add. paid-in capital	19,122	19,196
Retained earnings	48,103	45,833
Currency translation adjustments	473	(1,193)
Treasury stock	(13,951)	(13,562)
Total Liabilities & Shareholders' Equity	$ 104,712	$ 85,302

* At cost (FIFO & average) but not in excess of net realizable value.
# Less accumulated depreciation.
+ $1 per value.

Statistical Summary

%Net Income to Equity	5.22	10.20
Sales to Inventories	3.65	3.67
Debt to Equity	0.34	0.13
Working Capital	$ 31,010,000	$ 37,298,000
Current Ratio	2.11	3.56
Shareholders' Equity	$ 59,971,000	$ 56,498,000

Hipotronics, Inc.

P.O. Drawer A
Route 22
Brewster, New York 10509
(914) 279-8091

Officers: Stanley G. Peschel, chairman of the board, president & treasurer; Stephen S. Peschel, exec. v.p. & secretary; Michael T. Peschel, v.p.-Power Products Division; William E. Larsaters, Jr., v.p.-engineering/manufacturing; Derrick D. Martin, v.p.-international sales; Robert Schlesinger, v.p.-North American sales.

Directors: Stanley G. Peschel, William J. Florence, Jr., Stephen S. Peschel, Robert R. Grew, Michael T. Peschel, William E. Larsaters, Jr..

Areas of Work: Designs and manufactures high voltage devices and systems to test materials and equipment used in the transmission of electricity; also designs and manufactures test equipment and high voltage power supplies for use in the electronics industry. Products include AC/DC dielectric test systems capacitors, DC insulation test equipment, wire sparkers, cable fault locators, AC-DC hipot testers and megohmmeters, power supplies, corona test systems, automatic sequential test systems, transformers, magnet wire test systems and miscellaneous high voltage hardware and accessories.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: HIP

Number of Employees:

1987	200	1984	180
1986	N.A.	1983	186
1985	185		

Plant Footage:

1987	120,000 sq. ft.	1984	79,000
1986	N.A.	1983	79,000
1985	74,000		

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income
1987	$ 18,590,478	$ 1,880,584
1986	17,012,153	1,404,622
1985	16,138,964	1,373,809
1984	15,939,319	978,999
1983	13,499,040	581,665

	No. of Com. Shares†	Earn. per Share†
1987	1,386,913	$ 1.36
1986	1,417,991	1.05
1985	1,433,091	0.96
1984	1,644,901	0.60
1983	2,010,472	0.29

† Based on the average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.20	—	—
1985	—	—	—
1984	—	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 8,637,471	$ 6.23
1986	7,661,766	5.40
1985	6,638,463	4.63
1984	6,830,398	4.16
1983	13,171,399	6.55

+ Based on the average number of common shares outstanding.

Income Account*

Year ended Nov. 30	1987	1986
Net sales	$ 18,590,478	$ 17,012,153
Cost of sales	10,611,791	10,107,770
Expenses	4,772,663	4,228,680
Oper. profit	$ 3,166,026	$ 2,675,903
Interest expense	262,383	179,591
Interest income	(61,422)	(106,153)
Other income	(22,521)	(15,992)
Income before taxes	$ 2,987,584	$ 2,616,456
Income taxs	1,107,000	1,131,834
Net Income	$ 1,880,584	$ 1,404,622

* Included in Costs and Expenses, Depreciation: $447,693 in 1987 and $388,440 in 1986.

Assets

As of Nov. 30	1987	1986
Cash	$ 85,217	$ 36,011
Accts. receiv., net	4,780,977	4,658,691
*Inventories	5,399,171	4,086,647
Deferred inc. taxes	55,765	—
Other curr. assets	179,729	184,142
Current Assets	$ 10,500,859	$ 8,965,491
#Fixed assets	4,304,182	3,908,320
Unexpended funds	220,529	701,761
Other assets	220,592	245,014
Total Assets	$ 15,146,162	$ 13,820,586

Liabilities

Bank overdrafts	$ —	$ 382,460
Long-term debt, curr.	200,000	200,000
Notes payable	1,100,000	616,667
Accts. payable	1,053,090	1,097,263
Accruals	1,076,581	756,751
Accrued payroll	220,885	242,389
Income taxs	372,364	—
Deferred inc. taxes	—	33,131
Cust. deposits	142,275	299,434
Curr. Liabilities	$ 4,165,195	$ 3,628,085
Long-term debt	2,100,000	2,300,000
Deferred inc. taxs	343,536	230,735
+Common stock	229,517	229,017
Add. paid-in capital	3,783,965	3,721,945
Retained earnings	15,322,610	13,779,556
Treasury stock	(10,698,621)	(10,059,782)
Total Liabilities & Shareholders' Equity	$ 15,146,162	$ 13,820,586

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income before Taxs to Sales	16.11	15.38
%Net Income to Sales	10.14	8.73
%Net Income to Equity	21.77	19.38
Sales to Inventories	3.44	4.16
Debt to Equity	0.39	0.41
Working Capital	$ 6,335,704	$ 5,337,406
Current Ratio	2.52	2.47
Shareholders' Equity	$ 8,637,471	$ 7,661,766

Hi-Shear Industries Inc.

3333 New Hyde Park Road
North Hills, New York 11042
(516) 627-8600

Officers: David A. Wingate, chairman, president & chief exec. officer; S. Gerard Benford, v.p. & chief financial officer; Victor J. Galgano, treasurer & controller; Harold L. Bernstein, secretary; .

Directors: David A. Wingate, chairman; Harold L. Bernstein, David Boyd Chase, Perry A. Luth, Jr., Philip M. Slomin, Eulan J. Wingate.

Areas of Work: Manufactures high technology products for aerospace and defense applications. The Aerospace Fastening Systems division provides proprietary structural fastening systems primarily for commercial and military aircraft. The Space and Defense Ordnance Systems division designs and manufactures sophisticated electro-explosive and propellant-actuated devices and electronic products for missiles, aircraft, spacecraft and naval vessels.

Divisions:

Aerospace Fastening Systems
Space and Defense Ordnance Systems

Subsidiaries:

Hi-Shear Corporation
2600 Skypark Drive
Torrance, California 90509
Aerospace fastening systems.

Hi-Shear Technology Corp.
2830 Lomita Boulevard
Torrance, California 90505
Space and defense ordnance systems.

Hi-Shear DISC
HSI Properties, Inc.
Hi-Shear Holdings Limited

HSC Fasteners Europe Ltd.
Rugby, England
Manufactures and markets aerospace fastening systems in Europe.

Hi-Shear Industries Inc.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: HSI

Number of Employees:

1987 ..... 1,000 1986 995

Plant Footage:

1987 ..... 354,500 sq. ft. 1986 341,000

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 78,893,000	$ 4,829,000
1986	77,115,000	12,781,000
1985	61,647,000	10,766,000
1984	53,662,000	(2,915,000)
1983	53,757,000	(9,437,000)

	No. of Com. Shares‡	Earn. per Share†‡
1987	5,875,000	$ 0.82
1986	5,862,000	2.18
1985	5,791,000	1.86
1984	5,769,000	—
1983	5,761,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $1,761,000 ($0.30 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Aerospace fastening systems	$ 60,478,000	$ 51,931,000
Space & defense ordnance systems	18,415,000	25,091,000
General corporate	—	93,000
Total	$ 78,893,000	$ 77,115,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.44	—	—
1986	0.41	—	5-for-4
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 62,539,000	$ 10.62
1986	59,842,000	10.20
1985	49,099,000	8.39
1984	39,795,000	6.90
1983	57,497,000	9.97

‡ Adjusted to reflect stock split.

Income Account (000's)

Year ended May 31	1987	1986
Net sales	$ 77,093	$ 75,971
Other income	1,800	1,144
Total income	$ 78,893	$ 77,115
Cost of sales	56,873	53,710
Expenses	12,667	12,320
Oper. profit	$ 9,353	$ 11,085
Gain on sale of ft. est.	—	(3,716)
Interest expense	308	271
Interest income	1,259	(1,603)
Non-recurring charge	2,400	—
Income before taxes	$ 7,904	$ 13,135
Income taxes	3,075	1,115
Net income	$ 4,829	$ 12,020
Extraord. gain	—	1,761
Net income & extraord. gain	$ 4,829	$ 12,781

* Included in Costs and Expenses, Depreciation and Amortization: $1,597,000 in 1987 and $1,741,000 in 1986.

Assets (000's)

As of May 31	1987	1986
Cash	$ 27,165	$ 28,687
Marketable securities	189	2,666
Accts. receiv., net	15,034	14,647
*Inventories	22,710	17,987
Other curr. assets	965	538
Current Assets	$ 66,063	$ 64,525
#Fixed assets	10,378	7,941
Other assets	1,918	2,389
Total Assets	$ 78,359	$ 74,855

Liabilities (000's)

Notes payable	$ 1,262	$ 1,107
Accts. payable	3,388	2,829
Accruals	8,208	6,839
Income taxes	532	879
Curr. Liabilities	$ 13,390	$ 11,654
Deferral inc. taxes	1,445	1,412
Other liabilities	985	1,947
+Common stock	614	615
Add. paid-in capital	34,492	34,617
Retained earnings	29,619	27,375
For. curr. trans. adjust.	(502)	(693)
Treasury stock	(1,684)	(2,072)
Total Liabilities & Shareholders' Equity	$ 78,359	$ 74,855

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.25	23.87
%Net Income to Sales	6.26	14.51
%Net Income to Equity	7.72	18.42
Sales to Inventories	3.39	4.22
Debt to Equity	0.02	0.02
Working Capital	$ 52,673,000	$ 52,871,000
Current Ratio	4.93	5.54
Shareholders' Equity	$ 62,539,000	$ 59,842,000

Hitachi, Ltd.

6, Kanda-Surugadai 4-chome
Chiyoda-ku
Tokyo 101 Japan

Officers and Directors: Katsushige Mita, president & representative director; Masataka Nishi, Hiroshi Aozora, Hiroshi Watanabe, Shiro Kawada, Yasuo Miyauchi, Yutaka Tomoyasu, executive v.p.'s & directors; Tsuneo Hara, Yasuya Miyoshi, Toshi Kitamura, Tadashi Okita, Takeo Miura, Tsutomu Kanai, senior executive managing directors; Ryuzo Fukutomi, Tadakatsu Kano, Iwao Matsuoka, Nobuki Kamachi, Toori Ito, Tadashi Kashiwagi, Kozo Ishida, Mikio Murai, executive managing directors; Kazuo Kimbara, Kazuo Morita, Shiro Kawase, Kimio Takahashi, Toshiharu Arai, Hiroshi Takano, Masao Hamada, Takeo Takamoto, Asahiko Isobe, board directors.

Areas of Work: Consumer Products include television sets, hi-fi audio equipment, radios, tape recorders, VTRs, video cameras, room air conditioners, refrigerators, washing machines, microwave ovens, vacuum cleaners, space heating and warming appliances, kitchen appliances, lighting fixtures, dry batteries, and audio and video tapes.

Information and Communication Systems and Electronic Devices include computers, computer terminals and peripherals, magnetic disks, word processors, telephone exchanges, facsimile equipment, broadcasting equipment, integrated circuits, semiconductors, picture tubes, CRT displays, liquid crystal displays, magnetrons, test and measurement equipment, analytical instruments, and medical electronics equipment.

Power Systems and Equipment include power plants, turbines, generators, boilers, transformers, circuit breakers, motors, control equipment, switchboards, and automobile parts and accessories.

Industrial Machinery and Plants include compressors, pumps, blowers, rolling mill equipment, chemical plants, tonnage oxygen plants, construction machinery, cranes, elevators, escalators, refrigeration equipment, air conditioning equipment, environmental control equipment, welding equipment, industrial robots, electric locomotives, diesel locomotives, passenger coaches, electric cars, diesel cars and monorail cars.

Wire and Cable, Metals, Chemicals and other Products include electric wire and cable, rolled copper products, optical fiber cable, special steels, rollers for rolling mills, malleable cast iron products, forged and cast steel products, pipe fittings, synthetic resin materials and products, carbon and graphite products, electric insulating materials, printed circuit boards and ceramic materials.

Manufacturing Subsidiaries:

Hitachi Cable, Ltd.
Hitachi Metals, Ltd.
Hitachi Chemical Co., Ltd.
Hitachi Construction Machinery Co., Ltd.
Hitachi Maxell, Ltd.
Babcock-Hitachi K.K.
Japan Servo Co., Ltd.
Hitachi Denshi, Ltd.
Hitachi Electronics Engineering Co., Ltd.
Hitachi Heating Appliances Co., Ltd.
Hitachi Seiki, Ltd.
Hitachi Kiden Kogyo, Ltd.
Hitachi Medical Corporation
Hitachi Lighting, Ltd.
Hitachi Power Engineering Co., Ltd.
Hitachi Machinery & Engineering, Ltd.
Hitachi Ohira Industrial Co., Ltd.
Hitachi Telecom Technologies Co., Ltd.
Asahi Kogyo Co., Ltd.

Manufacturing Subsidiaries (U.S.):

High Voltage Breakers, Inc.
Hitachi Automotive Products (USA), Inc.
Hitachi Cable Manchester, Inc.
Hitachi Computer Products (America), Inc.
Hitachi Consumer Products of America, Inc.
Hitachi Magnetics Corp.
Hitachi Semiconductor (America) Inc.
HMSI, Inc.
Maxell America Inc.
Systems Magnetic Company, Inc.

Transfer Agent(s):

Tokyo Securities Transfer Agent Co., Ltd.

Stock Exchange(s): Tokyo, New York*

Ticker Symbols: HIT (New York Stock Exchange)* * Trades as an American Depository Receipt.

Number of Employees

1987 ..... 161,325 1986 164,117

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1987	¥ 4,848,656	¥ 98,676
1986	5,010,459	150,218
1985	5,013,298	210,163
1984	4,367,144	167,114
1983	3,943,667	150,539

	No. of Com. Shares	Earn. per Share‡
1987	2,816,258,283	¥ 33.45
1986	2,803,390,998	50.65
1985	N.A.	72.23
1984	N.A.	59.25
1983	N.A.	53.40

¥ - Yen
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1987	1986
Power systems & equip.	¥ 826,964	¥ 761,340
Consumer products	869,654	1,081,429
Information & communication systems & elec. devices	1,490,668	1,451,575
Industrial machinery & plants	808,787	834,643
Wire & cable, metals, chemicals & other products	852,583	881,472
Total	¥ 4,848,656	¥ 5,010,459

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 8.97	—	—
1986	9.50	—	—
1985	7.71	—	—
1984	6.95	—	—
1983	7.36	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1987	¥ 1,825,968	¥ 648.36
1986	1,742,655	621.62
1985	N.A.	584.07
1984	N.A.	514.61
1983	N.A.	462.74

N.A. - Not Available.

Income Account *
(millions)

Year ended March. 31	1987	1986
Net sales	¥ 4,848,656	¥ 5,010,459
Cost of sales	3,675,132	3,741,343
Expenses	958,762	962,736
Interest expense	65,183	78,321
Interest income	(109,218)	(121,494)
Dividend income	(6,496)	(6,617)
Other income	(38,416)	(24,714)
Other expense	45,400	9,703
Income before taxes	¥ 258,307	¥ 371,081
Income taxes	140,449	197,936
Minority interests	19,182	22,927
Net income	¥ 98,676	¥ 150,218

* Included in Costs and Expenses, Depreciation: ¥ 327,874,000,000 in 1987 and ¥ 301,961,000,000 in 1986.

Assets
(millions)

As of Mar. 31	1987	1986
Cash	¥ 892,928	¥ 661,665
Marketable securities	470,587	492,413
Accts. receiv., net	1,010,598	970,968
*Inventories	898,468	979,954
Prepaid expenses	172,192	171,137
Current Assets	¥ 3,444,773	¥ 3,276,137
Receivables & restricted funds	123,309	148,079
Investments & advances	450,840	431,983
#Fixed assets	1,179,073	1,200,048
Other assets	130,036	107,950
Total Assets	¥ 5,328,031	¥ 5,164,197

Liabilities
(millions)

Short-term bank loans	¥ 643,013	¥ 645,879
Long-term debt, curr.	35,547	38,817
Accts. payable	552,316	586,741
Accruals	261,460	265,438
Income taxes	78,002	81,003
Advances received	467,581	528,556
Employees' deposits	106,891	103,276
Other current liabilities	143,681	143,657
Curr. Liabilities	¥ 2,288,491	¥ 2,393,367
Long-term debt	488,908	369,746
Retirement benefits	352,255	319,576
Minority interest	372,409	338,853
+Common stock	141,228	140,316
Add. paid-in capital	181,629	161,399
Legal reserve	48,486	47,197
Retained earnings	1,485,146	1,415,885
For. curr. trans. adjust.	(30,521)	(22,102)
Total Liabilities & Shareholders' Equity	¥ 5,328,031	¥ 5,164,197

* At lower of cost or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary
('000's)

%Income bef. Taxes to Sales	5.33	7.41
%Net Income to Sales	2.04	3.00
%Net Income to Equity	5.40	8.62
Sales to Inventories	5.40	5.11
Debt to Equity	0.64	0.61
Working Capital	¥1,156,282,000	¥ 882,770,000
Current Ratio	1.51	1.37
Shareholders' Equity	¥1,825,968,000	¥1,742,655,000

Honeywell, Inc.

Honeywell Plaza
Minneapolis, Minnesota 55408
(612) 870-5200

Officers: Edson W. Spencer, chairman of the board; James J. Renier, president & chief executive officer; Foster A. Boyle, v.p.-human resources; Richard J. Boyle, v.p.-marketing & business development; Joe E. Chenoweth, pres.-home & building automation & control; Gerald P. Dinneen, v.p.-science & technology; Michael R. Bonsignore, pres.-international; Clinton O. Larson, v.p.-operations; William H. Machey, v.p. & controller; William W. George, pres.-space & aviation systems; James J. Grierson, v.p.-finance; Dean M. Fjelstul, treasurer; David P. Bergeron, v.p. & general counsel; Louis E. Navin, v.p. & chief financial and administrative officer; Matthew A. Button, exec. v.p.-space and aviation systems; Curtis B. Thompson, v.p. & group exec.-Components Group; Sigurd Ueland, Jr., v.p. & secretary; Wardo F. Wheaton, pres.-defense and marine systems; Charles W. Johnson, v.p. & group exec.-Industrial Systems Group; R. R. Mockenhaupt, v.p. & group exec.-Defense Systems Group; D. J. Larkin, v.p. & group exec.-Commercial Buildings Group; C. L. Vignali, v.p. & group exec.-Space Systems Group; D. L. Moore, v.p. & group exec.-Commercial Flights Systems Group; J. R. Dewane, v.p. & group exec.-Military Avionics Systems Group; K. J. Jenson, v.p. & group exec.-Marine Systems Group.

Directors: Edson W. Spencer*, chairman; Louis E. Navin*, William H. Donaldson, James J. Renier*, Alexander J. MacIntosh, Geri M. Joseph*, E. H. Clark, Jr., Elizabeth E. Bailey, Steven G. Rothmeier*, Vincent A. Sarni, Michael W. Wright, G. Greenwald.

* Member of the Executive Committee

Areas of Work: The Company's products and services involve four industry segments: Space and Aviation Systems, Defense and Marine Systems, Industrial Automation and Control, and Home and Building Automation and Control.

Divisions and Subsidiaries:

SPACE AND AVIATION SYSTEMS

Space Systems Group

Defense Communications and Production Division
Tampa, Florida
Military communications equipment.

Satellite Systems Division
Glendale, Arizona
Integrated high-speed data management systems, spacecraft attitude and positioning systems, precision pointing and isolation systems.

Space and Strategic Avionics Division
Clearwater, Florida
Guidance systems for launch and reentry vehicles, flight and engine control systems for manned spacecraft, precision components for strategic missiles, on-board data processing.

Commercial Flight Systems Group

Air Transport Systems Division
Phoenix, Arizona
Automatic flight control systems; electronic cockpit displays; flight management systems; flight reference sensors; navigation, surveillance and warning systems; inertial reference systems; air-data computers; communications systems; worldwide customer service centers.

Business and Commuter Aviation Systems Division
Glendale, Arizona
Automatic flight control systems; electronic cockpit displays; flight management systems; flight reference sensors; navigation, surveillance and warnings systems; inertial reference systems; air-data computers; communications systems; worldwide customer service centers.

Military Avionics Systems Group

Defense Avionics Systems Division
Albuquerque, New Mexico
Automatic flight control systems, electronic cockpit display systems, flight reference systems, cockpit systems integration, unmanned vehicle electronics.

Electro-Optics Division
Lexington, Massachusetts
Electro-optical systems and components, threat-warning systems, infrared sensors and seekers, mercury cadium telluride detectors, defensive electronic systems.

Military Avionics Division
Minneapolis, Minnesota
Laser inertial navigation and guidance systems, flight controls, inertial sensors, radar altimeters, automatic test systems, helmet-mounted display and sighting systems.

Training and Control Systems Division
West Covina, California
Training devices and systems, visual systems, naval combat systems, operational flight training and simulator systems.

DEFENSE AND MARINE SYSTEMS

Defense Systems Group

Armament Systems Division
Brooklyn Park, Minnesota
Ammunition and fuzing, infantry weapon systems.

Ordnance Division
Edina, Minnesota
Air-delivered conventional weapons, scatterable mines, land vehicle fire control systems, special power sources.

Precision Weapons Operations
Minnetonka, Minnesota
Precision munitions.

Marine Systems Group

Marine Systems Division
Everett, Washington
Sonar sensors and transmit systems, weapon sonars, specialty sensors, standard signal processor modules, embedded signal processor products, engineering services.

Undersea Systems Division
Hopkins, Minnesota
Torpedo systems and related products, ceramic components, software and simulation development, electronic component testing.

Advanced Marine Systems Operations
Hopkins, Minnesota
Unmanned underwater vehicles, advanced antisubmarine warfare systems, underwater television cameras.

INDUSTRIAL AUTOMATION AND CONTROL

Components Group

Keyboard Division
El Paso, Texas
Keyboards and touch panels for data entry and control.

Micro Switch Division
Freeport, Illinois
Solid-state sensors for position, pressure, air-flow, temperature and current; precision electromechanical switches; manual controls; advanced vision-based sensors; sensor interface devices; optoelectronic, fiber-optic and encoder systems and components.

Skinner Valve Division
New Britain, Connecticut
Solenoid valves.

Industrial Systems Group

Industrial Automation Systems Division
Phoenix, Arizona
Continuous and batch information and control systems for hybrid operations of process plants.

Industrial Controls Division
Fort Washington, Pennsylvania
Process control instrumentation, field instrumentation, industrial machinery, equipment controls, programmable controllers, communications systems for industrial automation.

Industrial Services Division
Fort Washington, Pennsylvania
Comprehensive support services for industrial control equipment and systems and third-party equipment, including computer-aided design and manufacturing, numerical machine control, computer systems and peripherals.

Test Instruments Division
Denver, Colorado
Magnetic tape recorders and reproducers, oscillographic and videographic recorders, test management systems, militarized airborne recorders, instrumentation, service support, product and component testing.

HOME AND BUILDING AUTOMATION AND CONTROL

Building Controls Division
Golden Valley, Minnesota
Heating, ventilating and air conditioning controls; lighting controls and building management systems for commercial buildings; burner and boiler combustion controls; hydronic controls; indoor air-quality diagnostic services.

Protection Services Division
Minneapolis, Minnesota
Security services for homes and commercial buildings, including burglary and fire protection, access control, closed circuit video, maintenance and 24-hour monitoring by customer service centers.

Residential Controls Division
Golden Valley, Minnesota
Air-quality products; automatic controls for heating, cooling, ventilating, air conditioning, humidifying equipment; systems for residences and small buildings.

Commercial Buildings Group
Minneapolis, Minnesota
Comfort controls, building management systems, fire alarm and security systems, energy retrofit systems and services, contract maintenance and building operations service for commercial buildings; integrated systems and service packages for specific customer segments.

INTERNATIONAL

Asia-Pacific
Honeywell Asia-Pacific Inc.
Hong Kong

Canada
Honeywell Limited
Toronto, Ontario, Canada

Europe
Honeywell Europe S.A.
Brussels, Belgium

Latin American Division
Minneapolis, Minnesota

CORPORATE

Honeywell Federal Systems, Inc.
McLean, Virginia
Field marketing and support to U.S. government computer customers.

Solid State Electronics Division
Colorado Springs, Colorado
Research, engineering, manufacturing and marketing of custom and semicustom microcircuits, sensors, transducers and advanced packaging.

Corporate Systems Development Division
Minneapolis, Minnesota
Systems engineering for integration of computers, communications and control systems for commercial buildings and manufacturing automation.

Physical Sciences Center
Minneapolis, Minnesota
Research in sensing and control technologies for automation.

Corporate Solid State Laboratory
Minneapolis, Minnesota
Long-range basic research in silicon integrated-circuit technology.

Sensors and Signal Processing Laboratory
Minneapolis, Minnesota
Research and development in sensing, control technologies for automation.

Systems and Research Center
Minneapolis, Minnesota
Systems analysis and applied research on systems, products for military, space and commercial aviation sectors.

Tetra Tech
Pasadena, California
Computer systems, software services, water and waste management.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Corporate Agency/Stock Transfer Division
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075-0738

Norwest Trust Company
21st Floor
2 Wall Street
New York, New York 10005

Stock Exchange(s): New York, London, Paris, Amsterdam, Brussels, Geneva, Zurich, Basel

Ticker Symbol: HON

Number of Employees

1987	78,881	1984	70,715
1986	78,097	1983	69,901
1985	71,242		

Plant Footage:

1987 ..... 20,600,000 sq. ft.

Sales & Earnings

	Net Sales * ($000's)	Net Income ($000's)
1987	$ 6,679,300	$ 253,700
1986	5,378,200	(398,100)
1985	4,992,800	281,600
1984	4,537,000	239,000
1983	4,241,100	231,200

	No. of Com. Shares‡	Earn per Share‡
1987	44,100,000	$ 5.75
1986	45,100,000	—
1985	45,700,000	6.16
1984	46,900,000	5.10
1983	45,900,000	5.03

(Loss)
* Includes computer rental and service revenue; of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
($000's)

	1987	1986
Home & bldg. automation & control	$ 1,831,400	$ 1,669,400
Industrial automation & control	1,239,300	1,209,000
Space & aviation syst.	1,899,200	1,015,200
Defense & marine syst.	1,206,200	1,022,100
Other	903,200	462,500
Total	$ 6,679,300	$ 5,378,200

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 2.025	—	—
1986	2.00	—	—
1985	1.95	—	—
1984	1.90	—	—
1983	1.80	—	2-for-1

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,345,300,000	$ 52.80
1986	2,221,200,000	48.67
1985	2,566,900,000	56.08
1984	2,380,900,000	50.97
1983	2,313,700,000	49.37

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 6,679,300	$ 5,378,200
Cost of sales	4,780,100	3,848,100
Expenses	1,381,600	1,219,200
Non-recurring items		219,400
Interest income	(19,400)	(28,000)
Interest expense	125,100	79,700
Income before taxes	$ 411,900	$ 39,800
Income taxes	158,200	26,900
Income-cont. oper.	$ 253,700	$ 12,900
Inc. (loss)-disc. oper.	—	(411,000)
Net Income (Loss)	$ 253,700	$ (398,100)

* Included in Costs and Expenses, Depreciation: $224,600,000 in 1987 and $224,600,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & temp. cash invest.	$ 404,700	$ 119,500
Receivables	1,102,600	918,000
*Inventories	1,099,200	949,000
Current Assets	$ 2,606,500	$ 1,986,500
Investments	395,500	391,200
#Fixed assets	1,376,800	1,334,700
Other assets	836,800	787,800
Assets of discont. oper.	69,600	638,800
Total Assets	$ 5,285,200	$ 5,139,000

Liabilities
(000's)

Short-term debt	$ 723,700	$ 854,300
Accts. payable	251,100	268,400
Cust. advances	58,500	51,100
Accrued compen.	331,600	363,300
Accruals	567,300	512,100
Income taxes	163,900	171,700
Curr. Liabilities	$ 2,096,100	$ 2,220,900
Long-term debt	677,900	585,400
Deferred in. taxes	80,800	65,900
Other liab.	185,100	45,600
+Common stock	71,000	71,100
Add. paid-in capital	648,800	663,800
Retained earnings	1,763,600	1,599,200
Treasury stock	(358,400)	(127,600)
For. curr. translation	120,300	14,700
Total Liabilities & Shareholders' Equity	$ 5,285,200	$ 5,139,000

* At lower of cost (weighted average) or market.
# Less accumulated depreciation.
+ $1.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.17	—
%Net Income to Sales	3.80	—
%Net Income to Equity	11.30	—
Debt to Equity	0.62	0.65
Working Capital	$ 510,400,000	—
Current Ratio	1.24	—
Shareholders' Equity	$ 2,243,300,000	$ 2,221,200,000

Hughes Supply, Inc.

521 West Central Boulevard
Orlando, Florida 32802
(407) 841-4755

Officers: David H. Hughes, chairman of the board, president & chief exec. officer; William C. Wier, exec. v.p.; Robert N. Blackford, secretary; William Y. Ford, v.p.-mfg.; A. S. Hall, Jr., exec. v.p.; Jasper L. Holland, v.p. & gen. sales mgr.; Russell V. Hughes, v.p.-cost control; Vincent S. Hughes, v.p.-utilities sales; Kenneth H. Stephens, v.p. & gen. mgr.; J. Stephen Zapf, treasurer & chief financial officer; Richard N. Jones, controller; Margaret F. Clark, asst. secretary.

Directors: David H. Hughes, chairman; Vincent S. Hughes, Russell V. Hughes, Herman B. McManaway, Robert N. Blackford, Clifford M. Hames, John B. Ellis.

Areas of Work: Wholesale distributor of a broad range of materials, equipment and supplies for use in the construction and mechanical trades. The major product lines distributed by the Company consist of electrical, plumbing, and electric utility equipment, contractor supplies, water and sewer products, heating and air conditioning equipment, mechanical pipe, valves and fittings and mobile home supplies.

Through its Southern Manufacturing Company division, the Company manufactures traffic control boxes, power assemblies, other prewired control apparatuses, and custom metal fabrication.

Divisions and Subsidiaries:

Pump & Lighting Company
300 East 9th Street
P.O. Box 34305
Charlotte, North Carolina 28234
(704) 377-1583

Bath & Light Shops
North Carolina

Manufacturing Division
Orlando, Florida

Rebar
Southern Manufacturing Company.
Universal 100 Products
Prestressed Concrete, Spun Pole, and Fiber Pole

USCO Incorporated
115 Henderson Street
P.O. Box 1160
Monroe, North Carolina 28110
(704) 289-5406
A distributor of plumbing supplies, pumps and water systems with 12 sales outlets in the Carolinas.

Prime Supply Companies
1833 Terry Road
P.O. Box 23008
Jackson, Mississippi 39205
(601) 372-2227
A distributor of plumbing and refrigeration supplies with 14 sales outlets in Mississippi and Alabama.

Acquisitions:

Tri State Supply, Inc.
808 Lake Bradford Road
Tallahassee, Florida 32304
(904) 575-9674
Wholesale distributor of electrical supplies, contractors' and industrial tools, residential lighting fixtures and appliances.

Anderson Supply Company, Inc.
111 East Pryor Street
Athens, Alabama 35611
(205) 232-9748
Wholesale distributor of electrical, plumbing and underground utility supplies and appliances.

Transfer Agent(s):

Sun Bank, N.A.
P.O. Box 3833
Orlando, Florida 32897

Stock Exchange(s): New York

Ticker Symbol: HUG

Sales & Earnings

	Net Sales	Net Income
1987	$ 432,366,000	$ 9,223,000
1986	347,834,000	6,822,000
1985*	334,645,000	6,602,000
1984	310,470,000	6,834,000
1983	256,678,000	5,873,000

	No. of Com. Shares‡	Earn. per Share‡
1987	3,334,000	$ 2.77
1986	3,348,000	2.10
1985*	3,322,000	1.99
1984	3,262,000	2.09
1983	3,078,000	1.91

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.38	—	—
1985	0.32	—	3-for-2
1984	0.31	—	—
1983	0.28	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 83,802,000	$ 25.85
1986	77,284,000	23.40
1985	72,443,000	21.75
1984	66,784,000	20.07
1983	59,802,000	18.45

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1/29/88	1/30/87
Net sales	$ 432,366,000	$ 347,834,000
Cost of sales	341,653,000	280,282,000
Expenses	71,400,000	52,858,000
Prov. for doubt. accts.	1,505,000	430,000
Interest expense	4,095,000	3,353,000
Interest income	(1,196,000)	(1,598,000)
Other income	(1,378,000)	(950,000)
Income before taxes	$ 16,387,000	$ 13,459,000
Income taxes	7,064,000	6,637,000
Net Income	$ 9,223,000	$ 6,822,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,722,000 in 1987 and $5,353,000 in 1986.

Assets

As of	1/29/88	1/30/87
Cash & short-term invest.	$ 1,227,000	$ 6,613,000
Accts. receiv., net	60,587,000	48,505,000
Deferred inc. taxes	1,639,000	408,000
*Inventories	94,024,000	64,490,000
Prepaid expenses	3,340,000	3,511,000
Current Assets	$ 150,817,000	$ 123,527,000
#Fixed assets	46,333,000	37,219,000
Other assets	4,588,000	2,498,000
Total Assets	$ 201,738,000	$ 163,244,000

Hughes Supply, Inc.

Liabilities

Notes payable	$ —	$ 1,857,000
Long-term debt, curr.	2,096,000	1,923,000
Accts. payable	37,935,000	31,925,000
Accrued payroll	5,584,000	4,458,000
Other accruals	6,811,000	6,702,000
Curr. Liabilities	$ 52,426,000	$ 46,865,000
Long-term debt	59,655,000	33,458,000
Oblig. under cap. leases	3,097,000	3,179,000
Deferred inc. taxes	2,093,000	1,797,000
Other liabilities	665,000	661,000
+Common stock	3,369,000	3,351,000
Add. paid-in capital	23,579,000	23,025,000
Retained earnings	59,725,000	52,050,000
Treasury stock	(2,871,000)	(1,112,000)
Total Liabilities & Shareholders' Equity	$ 201,738,000	$ 163,244,000

* At lower of cost (FIFO or moving average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.77	3.07
%Net Income to Sales	2.13	1.96
%Net Income to Equity	11.01	8.83
Sales to Inventories	5.15	5.39
Debt to Equity	0.77	0.52
Working Capital	$ 98,391,000	$ 76,662,000
Current Ratio	2.88	2.64
Shareholders' Equity	$ 83,802,000	$ 77,284,000

Humphrey, Inc.

9212 Balboa Avenue
San Diego, California 92123
(619) 565-6631

Officers: P. E. Humphrey, president & chairman of the board; R. T. Rutherford, sr. v.p.; B. L. McKie, vice president; C. R. Bonnell, vice president; A. K. Mills, vice president; J. L. Alviar, treasurer; D. J. Stead, secretary.

Directors: P. E. Humphrey, chairman; Romilly T. Rutherford, John R. Sorbo, Roger A. Humphrey, Raymond C. Pennington.

Areas of Work: Develops, manufactures and sells electrofluidic, and electro-optical instruments for industry and defense. Products include vertical and directional gyroscopes, angular rate sensors, attitude sensors, accelerometer switches, free gyros, rate gyros, artificial horizon gyros and repeaters accelographs, potentiometers, rate switches, stabilized platforms, flexure pivots, inertial reference systems, electric hand dryers, blowers, oceanographic components, automotive dynamic-test packages, and pendulums.

Transfer Agent(s):

California First Bank
Corporate Trust Department
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HUPH (NASDAQ)

Number of Employees:

1987	220	1984	200
1986	207	1983	225
1985	234		

Plant Footage:

1987	34,394 sq. ft.	1984	31,950
1986	36,950	1983	31,950
1985	31,950		

Sales & Earnings

	Net Sales	Net Income
1987	$ 11,022,273	$ (606,906)
1986	12,901,219	327,774
1985	11,678,660	239,710
1984	8,355,462	(453,974)
1983	12,909,740	123,604

	No. of Com. Shares†	Earn. per Share‡
1987	1,000,000	$ —
1986	1,000,000	0.33
1985	1,000,000	0.24
1984	1,000,000	—
1983	1,000,000	0.12

(Loss)
† Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 3,159,549	$ 3.16
1986	3,766,455	3.77
1985	3,438,681	3.44
1984	3,198,971	3.20
1983	3,652,945	3.65

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 11,022,273	$ 12,901,219
Cost of sales	9,047,490	9,260,348
Expenses	2,536,244	2,220,952
Discounts & other	67,106	98,335
Interest expense	288,139	295,310
Inc. (loss) bef. taxes	$ (916,706)	$ 626,274
Income taxes (credit)	(309,800)	298,500
Net Income (Loss)	$ (606,906)	$ 327,774

* Included in Costs and Expenses, Depreciation and Amortization: $269,717 in 1987 and $271,807 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 44,289	$ 88,717
Receiv., net	2,728,833	1,763,552
Lease receivables	22,120	—
Refund. inc. taxes	379,990	—
Future income tax benefits	—	11,000
*Inventories	3,715,055	4,719,011
Prepaid expenses	33,066	44,402
Current Assets	$ 6,923,313	$ 6,626,682
#Fixed assets	1,038,621	1,080,218
Lease receivables	6,133	—
Deposits	650	6,500
Notes receivable	9,700	—
Cash value of life ins.	17,975	16,700
Total Assets	$ 7,996,392	$ 7,730,100

Liabilities

Notes payable	$ 3,135,291	$ 2,545,562
Long-term debt, curr.	62,364	33,989
Accts. payable	780,399	417,062
Customer deposits	2,089	—
Accruals	566,549	437,727
Income taxes	—	211,131
Curr. Liabilities	$ 4,546,692	$ 3,645,471
Long-term debt	290,151	318,174
+ Common stock	1,594,667	1,594,667
Common stock warrants outstanding	1,000	1,000
Retained earnings	1,563,882	2,170,788
Total Liabilities & Shareholders' Equity	$ 7,996,392	$ 7,730,100

* At lower of cost (average of FIFO) or net realizable market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.01
%Net Income to Sales	—	2.62
%Net Income to Equity	—	8.70
Sales to Investories	2.97	2.65
Debt to Equity	1.10	0.77
Working Capital	$ 2,376,621	$ 2,981,211
Current Ratio	1.52	1.82
Shareholders' Equity	$ 3,159,549	$ 3,766,455

IC Industries, Inc.

One Illinois Center
111 East Wacker Drive
Chicago, Illinois 60601
(312) 565-3000

Officers: William B. Johnson, chairman of the board & chief exec. officer; Boyd F. Schenk, vice chairman; Robert F. Stewart, sr. exec. v.p.; John P. Fugan, exec. v.p.-finance; Robert S. Kirby, exec. v.p.-law & administration & secretary; Bruce S. Chelberg, exec. v.p.; Wendell W. Larsen, sr. v.p.-corp. affairs; Frank T. Westover, sr. v.p. & controller; Ronald A. Wright, sr. v.p.-human resources; Wence F. Cerne, v.p.-real estate; Charles H. Connolly, v.p.-corp. communications; J. Robert Cooper, sr. v.p.-corp. planning & development; Gary A. Lee, v.p.-governmental affairs; Alexander R. Lehmann, v.p.-investor relations; Paul M. O'Hara, v.p.-corp. finance; John F. Palmer, v.p.-taxes; Ralph J. Switzer, v.p. & treasurer; William B. Moore, depty gen. counsel & asst. secretary; Louis W. Baker, asst. v.p.-taxes; James W. Cobb, asst. v.p.-taxes; Richard D. Neece, v.p.-financial systems; Christine J. Sauser, asst. v.p.-treasury operations & asst. treasurer; Byron E. Waldman, asst. v.p.-governmental affairs; William E. Jantz, asst. v.p.-corp. finance; S. Ed Kridakorn, asst. v.p.-information systems.

Directors: William B. Johnson, chairman; Boyd F. Schenk, Karl D. Boyd, Richard G. Cline, Jaan W. Cozad, Archie R. Dykes, John P. Gallagher, Helen Galland, C. Jackson Grayson, Jr., Robert E. Harrah, Walter H. Helmerich, III, Harold R. Logan, Harry A. Merlo, Graham J. Morgan, George T. Scharffenberger, Robert F. Stewart.

Areas of Work: The Company, through its Pneumo Abex Corporation subsidiary, is engaged in the design and manufacture of landing gears and flight controls for commercial and military aircraft. Pneumo Abex also manufactures aerospace hydraulic components, aircraft passenger loading bridges, specialty castings, and automotive friction braking materials. The Company is also involved in the manufacture and distribution of specialty foods and soft drinks; operation of Midas Automotive Service shops, manufacture of food service equipment; and railroad activities.

Subsidiaries:

Pneumo Abex Corporation
4800 Prudential Tower
Boston, Massachusetts 02199
(617) 262-9300
(On April 28, 1988, the Company agreed to sell Pneumo Abex Corporation to a joint venture formed by the Henley Group and Wasserstein, Perella & Company.)

Pet Incorporated
Pepsi-Cola General Bottlers, Inc.
Midas International Corporation
Hussmann Corporation
Illinois Center Corp.
LaSalle Properties, Inc.
South Properties, Inc.
IC Leasing, Inc.
IC Equities, Inc
Illinois Central Gulf Railroad

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam, Paris

Ticker Symbol: ICX

Number of Employees:

1986	38,162	1983	38,283
1985	43,050	1982	39,390
1984	43,148		

Sales & Earnings x

	Net Sales + (000's)	Net Income (000's)
1986	$ 4,222,400	(136,700)
1985	3,986,600	165,000
1984	3,406,000	125,000
1983	3,100,500	94,800
1982	2,964,200	49,500

	No. of Com. Shares†	Earn. per Share†
1986	110,535,000	$ —
1985	107,057,000	1.52
1984	87,131,000	1.44
1983	N.A.	1.18
1982	N.A.	0.52

N.A. - Not Available.
x Restated to include operations of three Pepsi-Cola franchises acquired on a pooling of interest basis.
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1986	1985
Commercial products	$ 1,659,500	$ 1,363,700
Consumer products	1,856,700	1,713,100
Transportation	706,200	909,800
Total	$ 4,222,400	$ 3,986,600

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$ 0.78	—	2-for-1
1985	0.73	—	—
1984	0.635	—	2-for-1
1983	0.585	—	—
1982	0.565	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity x

	Total Equity (000's)	Equity Per Share†
1986	$ 1,528,400	$ 13.83
1985	1,653,600	15.45
1984	1,490,800 ‡	17.11
1983	1,134,200 ‡	—

x Restated.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.
‡ After allowing for preferred stock at liquidating value.

Income Account °
(000's)

Year ended Dec. 31	1986	1985‡
Net sales and revenues	$ 4,222,400	$ 3,986,600
Costs and expenses:		
Commercial prods.	1,465,200	1,207,200
Consumer prods.	1,631,500	1,519,100
Railroad activities	619,900	832,900
Special charge	449,400	—
Interest expense	159,700	167,800
Other expense (income)	10,000	(16,000)
Income (loss) bef. taxes	$ (113,300)	$ 275,600
Income taxes (credit)	(57,000)	115,300
Inc. (loss) - cont. oper.	$ (56,300)	$ 160,300
Inc. (loss) - discont. oper.	(80,400)	4,700
Net Income (Loss)	$ (136,700)	$ 165,000

° Included in Costs and Expenses, Depreciation and Amortization: $137,400,000 in 1986 and $147,500,000 in 1985.
‡ Restated.

Assets
(000's)

As of December 31	1986	1985‡
Cash and equivalents	$ 49,400	$ 244,400
Accts. receiv., net	619,800	555,200
°Inventories	615,400	510,400
Transportation materials	23,000	38,600
Other curr. assets	86,500	162,000
Current Assets	$ 1,394,100	$ 1,510,600
Investments	207,100	244,300
#Fixed assets	2,186,100	2,426,600
Other assets	103,300	86,000
Goodwill	822,300	523,200
Total Assets	$ 4,712,900	$ 4,790,700

Liabilities
(000's)

Notes payable	$ 15,200	$ 1,700
Long-term debt, curr.	112,100	67,800
Accts., wages and dividends payable	326,900	340,800
Inc. taxes pay.	25,600	50,700
Accrued payroll	100,900	105,700
Accrued interest	65,200	64,200
Other accruals	291,600	187,500
Curr. Liabilities	$ 937,500	$ 818,400
Long-term debt	1,509,100	1,509,000
Deferred inc. taxes	471,300	560,600
Other liabilities	114,100	96,600
ICG redeem. pref. stock	152,500	152,500
+Common stock	661,600	577,100
Retained earnings	979,500	1,199,600
Foreign cur. transl.	(106,500)	(99,700)
Treasury stock	(6,200)	(23,400)
Total Liabilities & Shareholders' Equity	$ 4,712,900	$ 4,790,700

‡ Restated.
° At lower of cost (FIFO or average) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	9.98
Debt to Equity	1.07	0.95
Working Capital	$ 456,600,000	$ 692,200,000
Current Ratio	1.49	1.85
Shareholders' Equity	$ 1,528,400,000	$ 1,653,600,000

ICOT Corporation

3801 Zanker Road
P.O. Box 5143
San Jose, California 95150
(408) 433-3300

Officers: Arnold N. Silverman, chairman of the board & president; Jon O. Hooper, executive v.p.; Peter D. Hepburn, sr. v.p. & secretary; Joel M. Becker, sr. v.p.; David R. Bunker, treasurer & controller; John M. Bloodworth, v.p.; Bruce A. Kelley, v.p.; Sandra C. Chroman, v.p.; Kenn T. Dahl, v.p.; George L. Fullerton, v.p..

Directors: William D. Witter, Neill H. Brownstein, Donald L. Lucas, Arnold N. Silverman.

Areas of Work: The Company designs, manufactures and markets a line of terminals and data communications equipment, used principally by the airline industry. These products allow low-cost, quick retrieval of microfilm data.

Subsidiary:

ICOT International, Ltd.
2 Ashville Way
Wokingham, Berkshire RG11 2PL United Kingdom

Integrated Network Systems, Inc.
70 Blackburn Drive
P.O. Box 91395
Mobile, Alabama 36691
(205) 633-3270
Manufactures products that allow PC-to-mainframe networking.

ICOT Transaction Systems, Inc.
1875 West Commercial Boulevard
Fort Lauderdale, Florida 33309
(305) 776-7616

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ICOT (NASDAQ)

Sales & Earnings x

	Net Sales	Net Income #
1987	$ 49,740,000	$ 6,233,000
1986	50,345,000	7,339,000
1985	32,385,000	2,123,000
1984	20,691,000	(1,928,000)
1983	17,499,000	(6,430,000)

	No. of Com. Shares +	Earn. per Share # +
1987	10,741,000	$ 0.58
1986	10,556,000	0.69
1985	10,276,000	0.21
1984	N.A.	—
1983	N.A.	—

N.A. - Not Available.
x Restated to include operations of Integrated Network Systems, Inc., acquired on a pooling of interests basis.
(Loss)
Including extraordinary credits of $2,494,000 ($0.23 per share) in 1987 and $2,363,000 ($0.22 per share) in 1986.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	$ 30,666,000	$ 2.86
1986	21,475,000	2.03
1985	12,947,000	1.26
1984	10,696,000	—
1983	12,646,000	—

x Restated.
‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended	8/1/87	8/2/86‡
Net sales	$ 49,740,000	$ 50,345,000
Cost of sales	26,191,000	24,663,000
Expenses	12,386,000	12,479,000
Research & develop.	5,017,000	5,400,000
Interest income	(820,000)	(690,000)
Interest expense	109,000	76,000
Inc. before taxes	$ 6,857,000	$ 8,417,000
Income taxes	3,118,000	3,441,000
Net Income	$ 3,739,000	$ 4,976,000
Extraord. gain	2,494,000	2,363,000
Net income & extraord. gain	$ 6,233,000	$ 7,339,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,151,000 in 1987 and $1,175,000 in 1986.
‡ Restated.

Assets

As of July 30	8/1/87	8/2/86‡
Cash	$ 15,188,000	$ 14,797,000
Accts. receiv., net	6,897,000	4,344,000
* Inventories	4,633,000	5,139,000
Prepaid expenses	1,306,000	1,369,000
Current Assets	$ 28,024,000	$ 25,649,000
# Fixed assets	3,482,000	3,554,000
Other assets	7,330,000	17,000
Total Assets	$ 38,836,000	$ 29,220,000

Liabilities

Cap. lease oblig., curr.	$ 40,000	$ 22,000
Accts. payable	2,039,000	982,000
Accruals	3,842,000	3,376,000
Employee comp.	1,396,000	2,666,000
Curr. Liabilities	$ 7,317,000	$ 7,046,000
Cap. lease oblig.	130,000	77,000
Oblig. under rent commit.	640,000	607,000
Deferred inc. taxes	83,000	15,000
+ Common stock	2,130,000	2,074,000
Add. paid-in capital	33,297,000	30,390,000
Retained earnings (deficit)	(4,756,000)	(10,989,000)
Total Liabilities & Shareholders' Equity	$ 38,836,000	$ 29,220,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

% Income before Taxes to Sales	13.79	16.72
% Net Income to Sales	7.52	9.88
% Net Income to Equity	12.19	23.17
Sales to Inventories	10.74	9.80
Debt to Equity	0.01	—
Working Capital	$ 20,707,000	$ 18,603,000
Current Ratio	3.83	3.64
Shareholders' Equity	$ 30,666,000	$ 21,475,000

Illinois Tool Works Inc.

8501 West Higgins Road
Chicago, Illinois 60631
(312) 693-3040

Officers: Harold Byron Smith, Jr., chairman of the exec. committee; John D. Nichols, chairman & chief exec. officer; William S. Gemmell, v.p. & controller; Arthur M. Wright, v.p., gen. counsel & secretary; David Byron Smith, v.p. & treasurer; H. Richard Crowther, exec. v.p. & pres.-International Components and Adhesives; W. James Farrell, exec. v.p. & pres. of Specialty Mechanical Products; Robert G. Rettig, exec. v.p. & pres.-Packaging Systems & Consumables; Thomas W. Buckman, v.p.-patents & technology; Steve A. Stefan, exec. v.p. & pres.-Industrial Components; Sidney H. Paige, v.p.-human resources; Michael Hudson, v.p.-public affairs; Stephen J. Kaye, v.p.-corporate communications; John Deininger, exec. v.p.; John G. Powers, Jr., exec. v.p. & pres.-Signode Packaging Systems; Donald L. Van Erden, v.p.-research & advanced development.

Directors: Silas S. Cathcart, Edward Byron Smith, Harold Byron Smith, Jr., Ormand J. Wade, Robert H. Strotz, Edward F. Swift, John D. Nichols, Blaine J. Yarrington, Edward R. Telling, J. Thomas Schanck, Harold Byron Smith, George D. Kennedy, John W. Vesey.

Areas of Work: Develops and manufactures a broad range of specialty products, principally industrial components; its two major product areas are Engineered Components, and Industrial Systems and Consumables. Engineered components include short-lead time plastic and metal components and small assemblies, metal fasteners and adhesives. Industrial systems and consumables include systems and related consumables for packaging, data entry, measuring, tools and specialty areas.

Divisions and Subsidiaries:

Cortron
Elmhurst, Illinois
Electronic keyboards.

Paktron
Lynchburg, Virginia
Electronic components.

Fastex
Des Plaines, Illinois 60016
Plastic and metal components.

Buildex
Elk Grove Village, IL; Mineral Wells, Texas
Construction fasteners.

ITW Deltar
Mokena, Illinois
Automotive components.

Illitron
Chicago, Illinois 60645
Measuring systems and components.

Diamed
Elk Grove Village, Illinois
Medical disposables and systems.

Shakeproof/Industrial Products
Elgin, IL; Russellville, KY; Mineral Wells, Texas
Industrial fasteners.

Shakeproof/Specialty Products
Elgin, Illinois

Shakeproof/Automotive Products
Elgin, IL; Lancaster, WI; Russellville, Kentucky
Automotive fasteners.

Irathane
Hibbing, Minnesota

Philadelphia Resins
Montgomeryville, Pennsylvania

Meritex (Penang) SND. BHD.
Penang, Malaysia
Thermoplastic profile extrusions.

Plastiglide Limited
Downsview, Ontario, Canada
Plastic components.

Hi-Cone
Charleston, IL; Fullerton, CA; Zebulon, NC; Itasca, Illinois
Multi-packaging.

ITW/Eclipse
Pine Bluff, AR; Detroit, Michigan
Metal cutting tools.

Spiroid
2601 North Kostner Avenue
Chicago, Illinois 60639
Special gearing.

ITW Better Formed Metals
Plastic and metal components.

ITW Data Entry Products
Keyboards and computer peripheral devices.

ITW Drills and End Mills
Perishable cutting tools.

ITW Linac
Cable handling systems.

ITW QCS Tool Systems
Tool Systems.

ITW Heartland Components

ITW Illinois Tools
ITW Southern Gage
Specialty systems and components.

Automotive Controls
Chicago, Illinois

Chronomatic
Chicago, Illinois

ITW Switches
Chicago, IL; Hollywood, FL; Irvington, New Jersey

ITW Linx
Des Plaines, Illinois
Voltage protection equipment.

ITW Nexus
Elk Grove Village, Illinois

Plastiglide
Hawthorne, CA; Waterbury, Connecticut

ITW Woodworth
Ferndale, Michigan
Manufacture of work-holding devices and fixed limit gauges.

Thalex
Piscataway, New Jersey

ITW Entrex
Chicago, Illinois

ITW Fasteners Europe
Construction fasteners and systems and automotive and industrial fasteners.
ITW Buildex/Europe
ITW Shakeproof/Europe

Devcon Corporation
Wood Dale, Illinois
Automotive repair adhesives.

ITW Limited
Reading, England

ITW-Ateco G.m.b.H.
Hamburg, Letmathe, Weiden, Germany

ITW de France S.A.
Paris, France

ITW Fastex Italia, S.p.A.
Turin, Italy

W.A. Deutsher Pty Ltd.
South Oakleigh, Australia

ITW Espana S.A.
Barcelona, Spain

ITW Hi-Cone Ltd.
Mallow, Ireland

International Glide Manufacturing Corp.
Glendale, California
Manufactures casters and other components for the furniture industry.

Magnaflux Corporation
Chicago, Illinois
Manufactures quality control products.

Rust-Lick, Inc.
Danbury, Connecticut
Manufactures rust preventatives.

Signode Industries Inc.
3650 West Lake Avenue
Glenview, Illinois 60025
(312) 273-5100
Consumable products and systems including plastic and steel strapping, stretch film, industrial tape and protective paper packaging together with the machines and systems to apply these products.

Norwood Marking & Equipment Company
Downers Grove, Illinois
Produces hot stamp marking equipment used for the coding and marking--bar codes, batch dates, day codes, and product names--of consumer and industrial packaging products.

Affiliates Companies:

Multipak de Venezuela C.A. (48% owned)
Caracas & Valencia, Venezuela

Computer Products, Inc. (23% owned)
Fort Lauderdale, Florida

Acquisitions:

Quillertech Limited
Bournemouth, England
Manufactures customized membrane front panels for automobiles.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60690

Stock Exchange(s): New York, Midwest

Ticker Symbol: ITW

Number of Employees:

1987	13,600	1984	7,800
1986	13,700	1983	7,300
1985	7,300		

Sales & Earnings

	Oper. Revenues +	Net Income
1987	$ 1,698,353,000	$ 106,184,000
1986	961,077,000	79,583,000
1985	596,127,000	31,547,000
1984	592,253,000	60,004,000
1983	497,821,000	49,588,000

	No. of Com. Shares†	Earn. per Share #
1987	51,780,000	$ 2.06
1986	51,254,000	1.56
1985	50,398,000	0.63
1984	50,152,000	1.20
1983	49,923,000	1.00

+ Includes net sales, equipment rentals and royalties.
# Based on the average number of shares outstanding, adjusted to reflect stock splits.
† Adjusted to reflect stock splits.

Revenues By Line of Business

	1987 (000's)	%	1986 (000's)	%
Engineered components	$ 825,138	48 %	$ 594,400	62 %
Industrial systems	883,158	52	367,525	38
Eliminations	(9,943)	—	(848)	—
Total	$ 1,698,353	100 %	$ 961,077	100 %

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 0.39	—	2-for-1
1986	0.36	—	—
1985	0.34	—	—
1984	0.3125	—	2-for-1
1983	0.29	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 608,541,000	$ 11.75
1986	476,550,000	9.30
1985	403,439,000	8.01
1984	377,557,000	7.53
1983	339,952,000	6.81

Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Operating revenues	$ 1,698,353	$ 961,077
Operating costs	1,119,613	623,328
Expenses	339,143	212,765
Restruc. costs	—	11,000
Interest expense	33,439	14,448
Other expense (income)	6,074	(48,567)
Income before taxes	$ 200,084	$ 148,083
Income taxes	93,900	68,500
Net Income	$ 106,184	$ 79,583

* Included in Costs and Expenses, Depreciation: $57,839,000 in 1987 and $37,213,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 10,058	$ 11,459
Marketable securities & cert. of dep.	21,994	15,622
Accts. receiv., net	287,345	239,634
*Inventories	291,337	276,894
Prepaid inc. taxes	20,097	14,940
Prepaid expenses	43,328	37,288
Current Assets	$ 674,159	$ 597,837
Investments	25,173	45,615
#Fixed assets	318,690	317,829
Goodwill	189,178	198,374
Other assets	77,694	116,575
Total Assets	$ 1,284,894	$ 1,276,230

Liabilities
(000's)

International borrowings	$ 47,734	$ 35,729
Accts. payable	108,118	93,779
Accruals	138,591	144,409
Dividends payable	5,178	4,613
Income taxes	42,131	26,532
Curr. Liabilities	$ 341,752	$ 304,262
Long-term debt	309,515	468,269
Deferred inc. taxes	6,934	13,691
Other liabilities	18,152	13,458
+ Common stock	76,055	66,720
Retained earnings	512,429	436,954
Treasury stock	(725)	(725)
Foreign curr. transl.	20,782	(14,399)
Total Liabilities & Shareholders' Equity	$ 1,284,894	$ 1,276,230

* At lower of cost or market. Domestic inventories at LIFO; all others at FIFO.
# Less accumulated depreciation.
+ $3.33 3/8 per value.

Statistical Summary

%Income bef. Taxes to Sales	11.78	15.41
%Net Income to Revenues	6.25	7.34
%Net Income to Equity	17.45	14.81
Debt to Equity	0.59	1.06
Working Capital	$ 332,407,000	$ 293,575,000
Current Ratio	1.97	1.96
Shareholders' Equity	$ 608,541,000	$ 476,550,000

Imo Delaval Inc.

3450 Princeton Pike
P.O. Box 6550
Lawrenceville, New Jersey 08648
(609) 896-7600

Officers: William J. Holcombe, chairman of the board & chief executive officer; Stephen F. Agoos, exec. v.p., general counsel & secretary; Hans R. E. Neumann, exec. v.p.; Donald W. Neukrans, exec. v.p.; John J. Carr, group vice president; Richard D. Erickson, group vice president; Philip Garnick, group vice president; Jack E. Griffiths, group vice president; Brian Lewis, group vice president; Clinton S. Mathews, group vice president; Douglas W. Peacock, group vice president; Laffert G. Carroll, v.p. & controller; Ronald G. Sittmann, v.p. & treasurer.

Directors: William J. Holcombe, chairman; Stephen F. Agoos, James B. Edwards, J. Spencer Gould, Richard J. Grosh, Carter P. Thacher.

Areas of Work: The Company's Instruments and Controls Business segment designs and produces transducers, switches and valves for sensing, measuring and controlling pressure, temperature, vibration, and liquid level flow; spectrometers, optical systems, motor drives, cable and control systems, and flexible couplings and fasteners. The Power Systems Business segment produces turbines, compressors, condensers, bearings, industrial chain, a broad range of pumps, gears and a unique line of three screw rotary pumps.

Operating Units:

INSTRUMENTS AND CONTROLS BUSINESS

Instruments

Baird Analytical Instruments
Baird Optical Systems

Miller-Holzwarth, Inc.
Bedford, Massachusetts
Chatsworth, California
Salem, Ohio
Zoeterwoude, The Netherlands
Mitcham, U.K.

Barksdale Controls
Los Angeles, California

Imo Delaval Inc.

CEC Instruments
Los Angeles, California

Flexar Electronics
York, Pennsylvania
Colorado Springs, Colorado

Gems Sensors
Plainville, Connecticut

TransInstruments
Basingstoke, U.K.
Friedberg, West Germany
Reichelsheim, West Germany
Wetzikon, Switzerland

Mechanical Controls

Adel Fasteners
Huntington, West Virginia

Controlex
Cronse Falls, New York

Morse Controls - Europe
Basildon, U.K.

Morse Controls-U.S.
Hudson, Ohio
Singapore

Wiggins Connectors
Los Angeles, California

POWER SYSTEMS BUSINESS

Power Transmission

Aeroproducts
Cleveland, Ohio

Boston Gear/Acme Chain
Quincy, Massachusetts
Holyoke, Massachusetts; Louisburg, North Carolina; Singapore

Delroyd Worm Gear
Trenton, New Jersey

Heim Bearings
Fairfield, Connecticut

Imo Pump-Europe
Stockholm, Sweden

Imo Pump-U.S.
Monroe, North Carolina
Columbia, Kentucky

Power Products and Services

Airfoil
Manchester, Connecticut

Centura
Maryville, Washington

Delaval Condenser
Florence, New Jersey

Delaval Turbine
Trenton, New Jersey

Delex
Houston, Texas

Enterprise Engine
Oakland, California

Acquisition(s):

Baird Corporation
125 Middlesex Turnpike
Bedford, Massachusetts 01730
(617) 276-6000

Manufactures instruments for spectrochemical analysis, nuclear equipment for medical diagnostics and laboratory use, periscopes, and night vision devices, and conducts research and development projects for the U.S. government.

IPINT-Incom Inc.

The holding company for Incom International Inc., a manufacturer and distributor of mechanical and electronic controls and power transmission devices used in industrial, commercial, process, aviation and marine markets.

Transfer Agent(s):

American Transtech
P.O. Box 44037
Jacksonville, Florida 32232-4037

Stock Exchange(s): New York

Ticker Symbol: IMD

Number of Employees:

1987 6,500

Plant Footage:

1987 ..... 3,617,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 368,500,000	$ 20,100,000
1986	358,400,000	(11,000,000)
1985	384,700,000	8,000,000
1984	392,000,000	18,000,000
1983	391,900,000	16,200,000

	No. of Com. Shares‡	Earn. per Share‡
1987	7,103,608	$ 2.83
1986	7,254,405	—
1985	7,254,405	1.10
1984	N.A.	2.49
1983	N.A.	2.23

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Instruments & controls	$ 152,020	$ 123,477
Power systems	216,443	234,937
Total	$ 368,463	$ 358,414

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.56	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 208,200,000	$ 29.31
1986	197,600,000	27.24
1985	205,400,000	28.31
1984	205,500,000	—
1983	206,100,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 368,463	$ 358,414
Cost of sales	250,181	256,513
Expenses:		
Sell., adm., & gen.	76,910	73,987
Res. & develop.	7,345	8,360
Nonrecurring exp.	—	21,839
Interest expense	11,843	8,339
Interest income	(4,196)	(344)
Other expense (income)	(2,121)	1,305
Eq. in inc. of unconsol. cos.	(921)	(985)
Income (loss) before taxes	$ 29,520	$ (10,580)
Income taxes (credit)	10,800	(3,196)
Income (loss) from cont. oper.	$ 18,720	$ (7,384)
Loss from discont. oper.	—	(3,602)
Net income (Loss)	$ 20,130	$ (10,986)

* Included in Costs and Expenses, Depreciation and Amortization: $12,916,000 in 1987 and $14,426,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 18,635	$ 23,538
Accts. receiv., net	116,655	72,789
Refundable taxes	403	13,864
*Inventories	156,996	98,668
Prepaid expenses	8,316	2,880
Current Assets	$ 301,005	$ 211,727
Investments	8,672	6,728
@ Fixed assets	150,848	82,183
Other assets	19,503	1,292
Intangibles	114,565	7,188
Net assets- discont. oper.	1,665	1,641
Total Assets	$ 604,258	$ 310,359

Liabilities
(000's)

Notes payable	$ 7,345	$ 8,235
Long-term debt, curr.	1,475	8,577
Accts. payable	27,041	14,695
Accruals	68,429	32,137
Curr. Liabilities	$ 104,290	$ 63,644
Long-term debt	249,923	35,256
Deferred inc. taxes	23,560	8,403
Other liabilities	18,299	5,477
+Common stock	7,291	7,291
Add. paid-in capital	20,206	20,206
Retained earnings	184,034	167,877
For. curr. trans.	4,381	2,776
Treasury stock	(7,724)	(567)
Total Liabilities & Shareholders' Equity	$ 604,258	$ 310,359

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.01	—
%Net Income to Sales	5.46	—
%Net Income to Equity	9.66	—
Sales to Inventories	2.35	3.63
Debt to Equity	1.24	0.26
Working Capital	$ 196,715,000	$ 148,083,000
Current Ratio	2.89	3.33
Shareholders' Equity	$ 208,186,000	$ 197,579,000

Industrial Acoustics Company

1160 Commerce Avenue
Bronx, New York 10462
(212) 931-8000

Officers: Martin Hirschorn, president; Frederic M. Oran, exec. v.p.; Arnold W. Kanarek, sr. v.p. & secretary; John M. Handley, sr. v.p.-market development; Ellis Singer, v.p.-medical/life sciences; Morton I. Schiff, v.p.-special products; Robert A. Schmitt, v.p.-industrial products; Robert A. Schmidt, v.p.-air conditioning; Seymour Wasserman, v.p.-engineering services; David A. Collings, v.p.-research & development; Peter Kohnen, v.p.-manufacturing; Kirit K. Kapadia, v.p.-finance & controller; Jasjit T. Ahluwalia, v.p.-management information systems; Robert J. Buskow, v.p.-architectural; Patrick J. Waters, v.p.-purchasing; Albert J. Ciralli, asst. v.p.-design services; Sudhakar Rishod, asst. v.p.-industrial engineering services; Raymond E. Svens, asst. v.p.-personnel; Edward B. Saxton, v.p.-manufacturing, Industrial Acoustics Company S.C. Inc.; Stanley Gorian, asst. secretary & asst. treasurer.

Directors: Martin Hirschorn, Frederic M. Oran, George J. Seiss, Arnold W. Kanarek.

Areas of Work: Develops, manufactures and markets noise control products. These products include 'packless' and energy-saving silencers, acoustically and fire-rated movable walls, doors and panels, studios for TV, radio and recording, modular medical rooms, shipboard and printing plant noise control systems, quiet air handling units, test facilities for jet engines and aircraft, and clog-resistant silencers for coal-burning plants.

Subsidiaries:

Intra-Acoustics Company, Ltd.
IAC Realty Corporation
Industrial Acoustics Company S.C., Inc.
IAC Development Corporation
Industrial Acoustics Company, GmbH
Industrial Acoustics Company, Ltd.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IACI (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 75,271,000	$ 2,892,000
1986	58,471,000	1,417,000
1985	57,782,000	1,428,000
1984	56,682,000	3,097,000
1983	60,106,000	3,270,000

	No. of Com. Shares‡	Earn. per Share‡
1987	2,898,000	$ 1.00
1986	2,894,000	0.49
1985	2,940,000	0.49
1984	2,942,000	1.05
1983	2,959,000	1.10

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.25	—	—
1986	0.25	—	—
1985	0.25	—	—
1984	0.25	—	—
1983	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 27,469,986	$ 9.48
1986	24,298,846	8.38
1985	23,557,718	8.01
1984	22,628,431	7.69
1983	20,601,959	6.96

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 75,270,664	$ 58,471,454
Other income	2,013,196	2,434,788
Total income	$ 77,283,860	$ 60,906,242
Cost of sales	61,631,546	47,013,597
Expenses	10,122,329	10,561,815
Interest expense	352,172	378,075
Other expense	504,124	652,528
Income before taxes	$ 4,673,689	$ 2,300,227
Income taxes	1,781,579	883,117
Net income	$ 2,892,110	$ 1,417,110

* Included in Costs and Expenses, Depreciation and Amortization: $1,250,963 in 1987 and $989,881 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,054,620	$ 1,690,079
†Short-term invest.	4,251,141	5,895,589
Accts. receiv., net	15,696,550	9,933,195
Billings on uncomp. contracts	10,403,055	5,609,056
Other curr. assets	1,181,867	803,910
*Inventories	5,870,618	5,135,179
Prepaid expenses	1,987,757	1,026,856
Current Assets	$ 40,445,608	$ 30,093,864
Investments	9,115,082	9,494,439
#Fixed assets	9,319,339	8,286,077
Defer. charges	821,083	772,734
Total Assets	$ 59,701,112	$ 48,647,114

Liabilities

Long-term debt, curr.	$ 354,821	$ 333,874
Accts. payable	14,830,652	8,727,087
Accrued commissions	1,427,870	1,070,515
Accrued payroll	3,388,462	2,769,522
Other accruals	3,055,528	2,711,369
Income taxes	2,908,275	766,944
Cust. deposits	624,764	1,189,622
Billings on uncomp. contracts in exc. of costs	453,069	3[illegible]7
Curr. Liabilities	$ 27,043,321	$ [illegible],622,420
Cap. lease oblig.	1,269,788	1,276,848
Long-term debt	2,371,034	2,748,288
Deferred comp.	1,069,967	972,443
Deferred inc. taxes	477,016	1,728,269
+ Common stock	289,831	289,831
Add. paid-in capital	1,678,952	1,678,952
Cum. curr. trans. adjust.	690,211	(313,396)
Retained earnings	24,810,992	22,643,459
Total Liabilities & Shareholders' Equity	$ 59,701,112	$ 48,647,114

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.21	3.93
%Net Income to Sales	3.84	2.42
%Net Income to Equity	10.53	5.83
Sales to Inventories	12.82	11.39
Debt to Equity	0.15	0.18
Working Capital	$ 13,402,287	$ 12,671,444
Current Ratio	1.50	1.71
Shareholders' Equity	$ 27,469,986	$ 24,298,846

Information International, Inc.

5933 Slauson Ave.
Culver City, California 90230
(213) 390-8611

Officers: Alfred L. Fenaughty, president; Robert W. Waller, v.p.-engineering; John B. Hansen, v.p.-programming; Terry N. Teagner, v.p.-finance & treasurer; Stephen J.A. Hearn, v.p.-sales; Leroy M. Bell, v.p.-customer support; Donald G. Gerlich, v.p.-planning.

Directors: Joseph M. Walsh, chairman; Alfred L. Fenaughty, Robert W. Waller, Laurence S. Fordham, Joseph F. Engelberger, Oliver G. Selfridge, John McCarthy, Ronald Pucilucci, Thomas J. Parvell.

Areas of Work: Manufactures, sells and rents automated-illustrated documentation systems, including text entry and edit, photographic scanners, page layout terminals, and pagesetters.

Subsidiary:

Information International Grafix Ltd.
64 High Street
Egham, Surrey TW20 9EY England

Transfer Agents:

The Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IINT (NASDAQ)

Number of Employees:

1987	384	1985	388
1986	378		

Plant Footage:

1987	94,000 sq. ft.	1985	94,000
1986	94,000		

Sales & Earnings

	Revenue‡	Net Income
1987	$ 34,183,881	$ 2,468,291
1986	29,754,012	546,633
1985	28,355,202	2,641,079
1984	28,097,952	2,466,145
1983	27,634,759	1,590,982

	No. of Com. Shares	Earn. per Share +
1987	2,437,408	$ 1.03
1986	2,369,541	0.22
1985	2,525,552	1.03
1984	2,624,918	0.94
1983	2,608,390	0.62

‡ Includes sales and equipment rentals; of continuing operations only.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 25,922,178	$ 10.64
1986	23,210,326	9.80
1985	25,019,288	9.91
1984	24,055,217	9.16
1983	21,932,427	8.41

Income Account *

Year ended April 30	1987	1986
Net sales	$ 28,242,665	23,344,246
Equip. rentals	5,941,216	6,409,766
Total revenues	$ 34,183,881	$ 29,754,012
Cost of revenues	16,660,099	15,299,690
Prov. for post-install. costs	—	1,520,000
Expenses	14,909,578	13,589,971
Oper. profit (loss)	$ 2,614,204	$ (655,649)
Interest income	720,459	935,115
Lawsuit settlement	1,250,000	—
Other income	60,423	76,386
Income before taxes	$ 4,645,086	$ 375,852
Income taxes (credit)	2,176,695	(120,722)
Net income	$ 2,468,391	$ 546,633

* Included in Costs and Expenses, Depreciation and Amortization: $1,457,604 in 1987 and $1,418,878 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 225,560	$ 239,959
Short Term Investments	12,066,907	10,293,017
Receiv., net	3,826,925	3,315,254
*Inventories	10,001,849	10,333,810
Prepaid expenses	150,451	161,457
Current Assets	$ 26,271,292	24,343,497
Investments	271,616	336,616
Value of equip. of discont. oper.	—	27,000
#Fixed Assets	5,945,469	6,521,081
Total Assets	$ 32,488,377	31,228,194

Liabilities

Customer advances	$ 1,440,683	$ 3,114,653
Accts. payable	740,564	1,260,474
Accrued payroll	1,398,884	1,216,860
Prof. sharing	728,745	355,601
Income taxes	491,317	—
Dividend declared	274,791	243,651
Other accruals	230,155	746,395
Curr. Liabilities	$ 5,313,339	6,935,634
Def. inc. taxes	1,252,860	1,082,234
+Common stock	688,027	671,060
Add. paid-in capital	12,390,071	11,678,736
Treasury stock	(3,794,789)	(3,794,789)
Cum. trans. adjust.	(9,614)	(59,245)
Retained earnings	16,648,483	14,714,564
Total Liabilities & Shareholders' Equity	$ 32,488,377	$ 31,228,194

* At lower cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

% Income bef. Taxes to Sales	16.45	1.61
% Net Income to Sales	8.74	2.34
% Net Income to Equity	9.52	2.36
Sales to Inventories	2.82	2.26
Working Capital	$ 20,957,953	$ 17,407,863
Current Ratio	4.94	3.51
Shareholders' Equity	$ 25,922,178	$ 23,210,326

Insilco Corporation

1000 Research Parkway
Meriden, Connecticut 06450
(203) 634-2000

Officers: Donald J. Harper, chairman, president & chief exec. officer; John A. McLendon, exec. v.p. & chief operating officer; Gregory B. Howey, exec. v.p.-planning & administration; George E. Peterson, Jr., v.p. & gen. counsel; Herbert F. Kahler, v.p.; William E. Beer, v.p.; John C. Scott, v.p.; Malcolm S. Todt, v.p. & treasurer; John J. Weber, v.p. & controller; Sherwood S. Willard, secretary; Randolph B. Marston, v.p. & pres.-Taylor Publishing Company.

Directors: Donald J. Harper, chairman; William O. Bailey, Wallace Barnes, Durand B. Blatz, Richard M. Bliss, Raymond D'Argenio, Bernard N. Kelly, Wendy Luscombe, Randolph B. Marston, John A. McLendon, Frank R. O'Keefe, Jr., James W. Taylor, Preston Townley.

Area of Work: In the area of electronics/communications, the Company's Basic Industries Division produces precision parts manufactured to close tolerances, principally for use in mainframe computer drives. The Computer Circuitry Group provides specialized wire harnesses, coaxial and multiconductor cable, and wire and cable assemblies to the computer and telecommunications industries. Signal Transformer Co., Inc. designs, manufactures and sells a full range of power transformers for use in electronic applications. Stewart Stamping manufactures and distributes formed wire and small precision stamped parts for the electronics and telecommunications industries and is licensed by Western Electric Company to manufacture and distribute telephone and computer connectors. Dual-Lite is engaged in the business of manufacturing and selling electrical products to the construction industry, including battery-powered emergency lighting equipment and systems and plug-in flexible wiring products.

In the area of metal parts, the Company's Steel Parts Corporation manufactures automobile parts, including clutch plates, suspension, engine and transmission component parts for original equipment automobile manufacturers. Thermal Components, Inc. designs and manufactures heat exchange products, including thin-walled tubing and air conditioning condensers and evaporators for the transportation and industrial equipment industries. Romac Metals, Inc. manufactures stainless steel tubing which is sold to broadly diversified markets. Thermalex Corporation, a joint venture between Thermal Components, Inc. and Mitsubishi Aluminum Co., Ltd., produces high-precision aluminum extrusions, principally for use in heat exchange applications. Valentec International Corporation manufactures components such as metal cartridges, cartridge link belts, and expendable projectiles primarily for the defense industry. Dayron Corporation manufactures mechanical and electromechanical fuses used in the defense industry.

Other Company operations include the supplying of paint, wallpaper and wallcoverings, high-school and college yearbooks and specialty book publishing, office products, and lighting equipment.

Divisions and Subsidiaries:

Basic Industries Division
Computer Circuitry Group, Inc.
Signal Transformer Co., Inc.
Stewart Stamping Corporation
Steel Parts Corporation
Thermal Components, Inc.
Valentec International Corporation
Red Devil Coatings, Inc.
Sinclair Paint Company
Taylor Publishing Company
Rolodex Corporation

Dayron Corporation
Orlando, Florida
Manufactures fuzes for military applications.

Romac Metals, Inc.
Troutman, North Carolina
Manufactures stainless steel tubing for applications in the marine, health care and architectural accessories industries.

Dual-Lite Inc.
Newtown, Connecticut
Manufactures battery-powered emergency lighting equipment.

Acquisition(s):

DAC Software, Inc.
Dallas, Texas.
Supplies accounting software and related services to small businesses.

Metro Film Inc.
Publishes a line of directories.

Transfer Agent(s):

Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Midwest, Pacific, Boston, London

Ticker Symbol: INR

Number of Employees:

1987 7,400
1986 7,800
1985 7,400
1984 8,200
1983 7,600

Plant Footage:

1987 ..... 2,370,000 sq. ft. 1986 2,203,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 639,747,000	$ (10,679,000)
1986	662,474,000	33,345,000
1985	732,866,000	16,119,000
1984	696,481,000	33,061,000
1983	599,519,000	34,317,000

	No. of Com. Shares†	Earn. per Share‡
1987	20,875,000	$ —
1986	20,814,000	1.58
1985	20,681,000	1.30
1984	18,755,000	1.74
1983	18,681,000	1.81

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock dividends.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business
(000's)

	1987	1986
Specialty component prods.:		
Electronics/ communications	$ 153,176	$ 113,868
Metal parts	231,842	196,319
Specialty consumer prods.:		
Paint	129,253	121,671
Publishing/office prods.	125,476	130,158
Divested subsidiaries	—	110,458
Total	$ 639,747	$ 662,474

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.00	—	—
1986	0.95	5%	—
1985	0.95	—	—
1984	0.90	5%	—
1983	0.86	—	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share+
1987	$ 300,264,000	$ 14.38
1986	330,560,000	15.88
1985	314,815,000	15.22
1984	270,289,000	14.41
1983	253,134,000	13.55

+ Adjusted to reflect stock dividends.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 639,747	$ 662,474
Cost of sales	431,693	454,780
Expenses	147,519	162,572
Interest expense	16,644	19,223
Interest income	(2,306)	(2,768)
Other income	(3,840)	(5,511)
Gain on sale of subsid.	—	(17,000)
Income before taxes	$ 50,037	$ 51,178
Income taxes	16,129	14,518
Inc. - cont. oper.	$ 33,908	$ 36,660
Loss - discont. oper.	(47,755)	(3,315)
Cum. effect of accntng. change	3,168	—
Net Income (Loss)	$ (10,679)	$ 33,345

* Included in Costs and Expenses, Depreciation and Amortization: $21,202,000 in 1987 and $22,063,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 33,183	$ 15,160
Marketable securities	3,502	3,062
Accts. receiv., net	79,116	78,468
Mike Hone Ownership Plan receiv.	—	54,318
Other receivables	13,775	25,963
Refundable taxes	—	181
*Inventories	106,685	95,209
Prepaid expenses	9,297	7,542
Net assets - discont. oper.	45,984	—
Current Assets	$ 291,542	$ 279,903
Investments	—	109,727
Receiv. from sales of subsid.	4,374	5,291
#Fixed assets	162,167	160,174
Other assets	41,327	61,488
Intangibles	154,161	102,015
Total Assets	$ 653,571	$ 718,598

Liabilities (000's)

Short-term borrowings	$ 22,816	$ 31,000
Long-term debt, curr.	22,001	21,894
Accts. payable	38,094	43,688
Accruals	31,936	33,895
Cust. deposits	16,777	15,124
Accrued payroll	19,438	17,487
Income taxes	6,566	15,856
Deferred taxes	7,655	—
Curr. Liabilities	$ 165,283	$ 178,944
Long-term debt	142,639	113,736
Oblig. under cap. lease	1,634	1,782
Deferred inc. taxes	23,170	75,654
Other liabilities	20,581	17,922
+ Common stock	21,474	21,357
Add. paid-in capital	222,328	220,103
Retained earnings	64,132	95,690
Treasury stock	(7,670)	(6,590)
Total Liabilities & Shareholders' Equity	$ 653,571	$ 718,598

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	10.09
Sales to Inventories	6.00	6.96
Debt to Equity	0.63	0.51
Working Capital	$ 126,259,000	$ 100,959,000
Current Ratio	1.76	1.56
Shareholders' Equity	$ 300,264,000	$ 330,560,000

Instron Corporation

100 Royall Street
Canton, Massachusetts 02021
(617) 828-2500

Officers: Harold Hindman, chairman of the board & chief executive officer; George S. Burr, vice chairman; Salvatore J. Vinciguerra, president & chief operating officer; Ian M. MacGregor, v.p. & managing director of Instron Limited; John H. Griffiths, v.p.-corporate technical director; Donald R. Meltzer, v.p.-finance & treasurer; Paul R. Rugo, secretary & clerk; Beryl Maddows, asst. secretary & asst. clerk; Andre P. Sampou, v.p. & gen. mgr.-Western Hemisphere operations; Jamie A. Westhafer, asst. treasurer.

Directors: George S. Burr, Jr., Paul R. Rugo, Nicholas J. Grant, Harold Hindman, Robert Cushman, Richard W. Young, Salvatore J. Vinciguerra, Charles H. Ehlers, John W. Lacey.

Areas of Work: Develops, manufactures and distributes electromechanical servohydraulic, rheometic, and electromagnetic resonance instruments, systems and accessories for assessing the physical and mechanical characteristics of the full spectrum of the earth's materials. The Company's product line includes instruments and systems that are microprocessor or computer controlled.

Subsidiaries:

Instron Limited
High Wycombe
Bucks, England

Instron International, Ltd.
England

Instron, S.A.
Bue, France

Instron Japan Company, Ltd.
Toyko, Japan

Instron Pty. Ltd.
Melbourne, Australia

Instron Canada, Ltd.
Ontario, Canada

Equipamentos Cientificos Instron Ltda.
Sao Paulo, Brazil

Instron Asia Limited
Toyko, Japan

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange: American

Ticker Symbol:

Number of Employees:

1987	1,086	1984	1,000
1986	1,037	1983	1,000
1985	1,039		

Plant Footage:

1987	253,500 sq. ft.	1984	245,000
1986	253,500	1983	245,000
1985	245,000		

Sales & Earnings

	Net Sales	Net Income +
1987	$ 95,749,000	$ 3,336,000
1986	87,384,000	4,664,000
1985	78,917,000	4,279,000
1984	68,169,000	734,000
1983	64,199,000	2,423,000

	No. of Com. Shares +	Earn. per Share #+
1987	5,949,474	$ 0.54
1986	6,019,574	0.75
1985	6,002,202	0.69
1984	5,970,702	0.12
1983	5,947,002	0.40

+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.
+ Including extraordinary gains of $452,000 ($0.07 per share) in 1985 and $148,000 ($0.03 per share) in 1983.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.12	—	—
1986	0.115	—	2-for-1
1985	0.099	—	3-for-2
1984	0.09	—	—
1983	0.077	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 33,946,000	$ 5.71
1986	28,213,000	4.69
1985	23,795,000	3.96
1984	18,111,000	3.04
1983	19,651,000	3.31

+ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 95,749,000	$ 87,384,000
Cost of sales	46,458,000	42,412,000
Expenses	42,035,000	35,593,000
Oper. profit	$ 7,256,000	$ 9,379,000
Foreign exchange	243,000	(306,000)
Interest expense	1,450,000	1,297,000
Income before taxes	$ 5,563,000	$ 8,388,000
Income taxes	2,227,000	3,624,000
Net Income	$ 3,336,000	$ 4,664,000

* Included in Costs and Expenses, Depreciation $2,725,000 in 1987 and $2,120,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 2,167,000	$ 961,000
Accts. receiv, net	29,792,000	22,639,000
*Inventories	28,566,000	21,177,000
Refund inc. taxes	483,000	—
Prepaid expenses & other assets	1,357,000	952,000
Current Assets	$ 62,365,000	$ 45,729,000
#Fixed assets	17,307,000	14,158,000
Other assets	759,000	496,000
Total Assets	$ 80,431,000	$ 60,383,000

Liabilities

Notes payable	$ 23,865,000	$ 7,625,000
Long-term debt, curr.	311,000	1,143,000
Accts. payable	7,522,000	5,809,000
Accruals	8,927,000	6,414,000
Income taxes	2,062,000	1,817,000
Advanced payments	542,000	689,000
Curr. Liabilities	$ 43,229,000	$ 23,497,000
Long-term debt	—	5,862,000
Oblig. under cap. lease	289,000	372,000
Deferred inc. taxes	1,375,000	1,116,000
Long-term liabilities	1,592,000	1,173,000
+Common stock	6,026,000	6,020,000
Add. paid-in capital	413,000	398,000
Retained earnings	28,660,000	26,045,000
Cum. trans. adjust.	(428,000)	(4,250,000)
Treasury stock	(725,000)	—
Total Liabilities & Shareholders' Equity	$ 80,431,000	$ 60,383,000

* At lower of cost or market. Inventories valued at LIFO in U.S. & Japan: FIFO in all other countries.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	5.81	9.48
%Net Income to Sales	3.48	5.34
%Net Income to Equity	9.83	16.53
Sales to Inventories	3.35	4.13
Debt to Equity	0.72	0.54
Working Capital	$ 19,136,000	$ 22,232,000
Current Ratio	1.44	1.95
Shareholders' Equity	$ 33,946,000	$ 28,213,000

Instrument Systems Corporation

100 Jericho Quadrangle
Jericho, New York 11753
(516) 938-5544

Officers: Harvey R. Blau, chairman of the board; Robert Balemian, president; Herbert J. Fleming, v.p.; Susan E. Reilly, secretary; Patrick L. Alesia, treasurer.

Directors: Bertrand Bell, Abraham Buchman, Turner F. Caldwell, Roy Carol, J. Frank Stengel, Jr., William H. Waldorf, Robert Balemian, Harvey R. Blau, Clarence A. Hill, Jr., Robert Bradley, Milton Paulson, Lester L. Wolff.

Areas of Work: Through its electronics subsidiary, Telephonics Corporation, the company is engaged in the manufacture of advanced electronic communications equipment, and communications control and performance monitoring systems, principally for use by commercial and military aircraft. The company also develops and manufactures audio entertainment systems for use on commercial aircraft, and produces custom analog and digital large-scale integrated circuits and other communications-related equipment such as headsets, microphones, earphones, and cables.

Clopay Corporation produces specialty plastic films for disposable surgical and patient care products and disposable diapers. Also manufactures a broad line of garage doors for the residential, commercial and industrial markets, and manufactures and markets a wide varity of window coverings, drapery hardware and other related products and accessories.

Onsite Industries manufactures and distributes basic apparel products such as T-shirts sold to screenprinters; and infantswear and other knit products primarily sold to major merchandisers.

Divisions and Subsidiaries:

Instrument Systems International, Inc.
State Road 686, Km. 0.5
Vega Baja, Puerto Rico
(809) 858-1440

Telephonics Corporation
770 Park Avenue
Huntington, New York 11743
(516) 549-6000

Clopay Corporation
Cincinnati, Ohio

Onsite Industries

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: ISY

Sales & Earnings

	Net Sales‡	Net Income #
1987	$ 356,792,000	$ 8,719,000
1986	237,353,000	8,102,000
1985	182,470,000	9,147,000
1984	115,374,000	6,992,000
1983	106,072,000	4,633,000

	No. of Com. Shares	Earn. per Share # +
1987	30,416,200	$ 0.10
1986	30,338,067	0.25
1985	30,306,294	0.33
1984	21,394,985	0.29
1983	20,734,122	0.27

‡ Of continuing operations only.
# Including extraordinary gains of $3,168,000 ($0.10 per share) in 1987, $3,576,000 ($0.11 per share) in 1986, $4,500,000 ($0.16 per share) in 1985, $2,800,000 ($0.12 per share) in 1984 and $2,250,000 ($0.13 per share) in 1983.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Home furnishings & furn. related products	$ 149,031,000	$ 67,079,000
Electronic comm. equipment	55,254,000	54,129,000
Specialty plastic films	48,845,000	12,228,000
Textiles	83,781,000	74,751,000
Other prods.	19,881,000	29,166,000
Total	$ 356,792,000	237,353,000

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	56,000,000	$ 1.84
1986	52,692,000	1.74
1985	46,766,000	1.54
1984	34,066,000	1.12
1983	16,479,000	0.79

‡ After allowing for preferred stock Second Series I at liquidation value.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 356,792,000	237,353,000
Cost of sales	271,580,000	182,049,000
Expenses	68,239,000	43,923,000
Interest expense	4,705,000	2,532,000
Gain on rl. est. sale	(232,000)	—
Other income	(587,000)	(125,000)
Income bef. taxes	$ 13,087,000	$ 8,974,000
Income taxes	6,300,000	4,448,000
Inc.-cont. oper.	$ 6,787,000	$ 4,526,000
Loss-discont. oper.	(1,236,000)	—
Net Income	$ 5,551,000	$ 4,526,000
Extraordinary gain	3,168,000	3,576,000
Net income & extraord. gain	$ 8,719,000	$ 8,102,000

* Included in Costs and Expenses, Depreciation and Amortization: $7,439,000 in 1987 and $5,502,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash & cash equiv.	$ 20,116,000	$ 11,473,000
Accts. receiv., net	40,796,000	34,712,000
Inc. not yet billed	4,410,000	5,136,000
* Inventories	71,463,000	61,521,000
Prepaid expenses	4,054,000	3,717,000
Current Assets	$ 140,839,000	$ 116,559,000
# Fixed assets	48,201,000	50,519,000
Other assets	33,523,000	29,691,000
Total Assets	$ 222,563,000	$ 196,769,000

Liabilities

Notes payable	$ 13,695,000	7,678,000
Long-term debt, curr.	3,138,000	3,260,000
Accts. payable	26,710,000	27,189,000
Accruals	26,905,000	30,207,000
Curr. Liabilities	$ 70,448,000	$ 68,334,000
Long-term debt	22,491,000	48,949,000
Cap. lease oblig	4,732,000	5,721,000
Liab. of emp. stock ownership plan	4,315,000	4,000,000
Redeem. pref. stock	47,510,000	—
+ Preferred stock		
Series A	2,000	2,000
Series I	427,000	427,000
+ Common stock	7,604,000	7,585,000
Add. paid-in capital	77,542,000	83,354,000
Deficit	(6,271,000)	(14,990,000)
Deferred comp.	(5,537,000)	(5,163,000)
Redempt. val. Series A pref. stock	(700,000)	(700,000)
Receiv. offset pursuant to purchase agreement	—	(750,000)
Total Liabilities & Shareholders' Equity	$ 222,563,000	$ 196,769,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.78
%Net Income to Sales	—	1.91
%Net Income to Equity	7.60	6.49
Sales to Inventories	4.99	3.86
Debt to Equity	0.60	0.94
Working Capital	$ 70,391,000	$ 48,225,000
Current Ratio	2.00	1.71
Shareholders' Equity	$ 73,067,000	$ 69,765,000

Integrated Circuits Incorporated

10301 Willows Road
P.O. Box 97005
Redmond, Washington 98073-9705
(206) 882-3100

Officers: Phillip C. Linwick, chairman & chief exec. officer; Peter H. van Oppen, president & chief operating officer; Russell F. McNeill, secretary; Milton A. Woods, exec. v.p.-marketing & sales & treasurer; Melvin O. Eide, v.p.-research & development; Harvey H. Stanley, v.p.-material & production control; J. T. Montgomery, v.p.-operations; Leslie S. Rock, chief financial officer & controller; Daniel J. Rana, v.p.-engineering.

Directors: Walter P. Kistler, Ross W. Anderson, Phillip C. Linwick, Russell F. McNeill, Peter H. van Oppen, Milton A. Woods, Christopher T. Bayley.

Areas of Work: Designs, manufactures and markets both custom and proprietary (standard) hybrid microcircuit products for the electronics industry. These microcircuits are used commercially in memory systems, industrial controls, testing equipment, computers and computer peripherals and medical electronics equipment. Aerospace applications range from aircraft instrumentation power supplies to research uses in satellites.

Transfer Agent(s):

The First Jersey National Bank

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ICTM (NASDAQ)

Number of Employees:

1987	286	1985	295
1986	290		

Plant Footage:

1987	40,000 sq. ft.	1985	40,000
1986	40,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 13,561,000	$ 320,000
1986	14,345,000	621,000
1985	12,041,000	363,000
1984	8,805,000	(355,000)
1983	6,929,000	410,000

	No. of Com. Shares‡	Earn. per Share‡
1987	1,764,000	$ 0.18
1986	1,764,000	0.35
1985	1,764,000	0.21
1984	1,750,000	—
1983	1,561,000	0.26

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	10%	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 5,606,000	$ 3.18
1986	5,285,000	3.00
1985	4,665,000	2.64
1984	4,301,000	2.46
1983	4,648,000	2.98

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Income Account °

Year ended Oct. 31	1987	1986
Net sales	$ 13,561,153	$ 14,344,946
Cost of sales	9,425,373	10,039,044
Expenses	3,368,122	2,973,048
Interest expense	279,142	260,312
Interest income	(9,944)	(4,257)
Income before taxes	$ 498,460	$ 1,076,799
Income taxes	178,000	456,000
Net income	$ 320,460	$ 620,799

° Included in Cost and Expenses, Depreciation and Amortization: $469,243 in 1987 and $364,233 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 443,400	$ 310,174
Accts. receiv., net	2,424,574	2,724,363
* Inventories	2,652,138	2,119,027
Deferred in. taxes	91,577	96,577
Prepaid expenses	113,472	176,287
Current Assets	$ 5,725,161	$ 5,426,428
# Fixed assets	6,455,802	6,198,556
Unamort. bond costs	85,684	91,324
Total Assets	$ 12,266,647	$ 11,716,308

Liabilities

Long-term debt., curr.	$ 378,029	$ 268,826
Accts. payable	446,263	339,304
Accrued payroll	467,205	706,054
Accrued vacations	265,908	237,857
Income taxes	—	230,566
Other taxes	48,197	61,183
Accrued interest	18,147	23,734
Other accruals	36,000	10,000
Curr. Liabilities	$ 1,659,749	$ 1,877,524
Long-term debt	4,271,190	4,041,544
Deferred inc. taxes	729,927	511,927
+ Common stock	374,776	374,776
Add. paid-in capital	2,576,873	2,576,873
Retained earnings	2,654,124	2,333,664
Total Liabilities & Shareholders' Equity	$ 12,266,647	$ 11,716,308

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.68	7.51
%Net Income to Sales	2.36	4.33
%Net Income to Equity	5.72	11.75
Sales to Inventories	5.11	6.77
Debt to Equity	0.83	0.82
Working Capital	$ 4,065,412	$ 3,548,904
Current Ratio	3.45	2.89
Shareholders' Equity	$ 5,605,773	$ 5,285,313

Integrated Device Technology, Inc.

3236 Scott Boulevard
Santa Clara, California 95054
(408) 727-6116

Officers: D. John Carey, chairman, president & chief exec. officer; Leonard C. Perham, president & chief operating officer; Joseph F. Santandrea, v.p. & gen. mgr.-Subsystems Division; Alan H. Huggins, v.p. & gen. mgr.-Digital Signal Processing Division; Luc O. Besser, v.p. & gen. mgr.-Data Conversion Division; Jay R. Zerfoss, v.p.-finance, chief financial officer & secretary; Charles E. Crane, v.p.-product assurance; Maurice C. Chidlow, v.p. & sr. consultant; John R. Mick, v.p.-product definition, applications engineering & CAD; David C. Turcotte, v.p. & gen. mgr.-Static RAM Division; Thomas B. Wroblewski, v.p.-material & human resources; Joseph J. Zabkar, v.p.-marketing & sales.

Directors: D. John Carey, chairman; Leonard C. Perham, Carl E. Berg, Louis B. Sullivan.

Areas of Work: Designs and manufactures complex proprietary and industry-standard integrated circuits using high-performance Complimentary Metal Oxide Semiconductor (CMOS) technology. Major product areas include: static Random Access Memories (RAM), Digital Signal Processing (DSP) devices, memory interface logic and subsystem assemblies. These products are used in a variety of electronics markets, ranging from the military to the telecommunications, aerospace, industrial and computer markets.

Divisions:

Static RAM Division
Salinas, California

Subsystems Division
Santa Clara, California

Digital Signal Processing Division
Santa Clara, California

Data Conversion Division
Santa Clara, California

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IDTI (NASDAQ)

Number of Employees:

1987	862	1984	255
1986	691	1983	128
1985	478		

Sales & Earnings

	Net Sales	Net Income†
1987	$ 77,807,000	$ 2,565,000
1986	57,738,000	4,631,000
1985	38,392,000	5,565,000
1984	14,179,000	(662,000)
1983	4,096,000	(4,604,000)

	No. of Com. Shares‡	Earn. per Share†‡
1987	16,163,000	$ 0.16
1986	14,025,000	0.33
1985	13,843,000	0.40
1984	9,157,000	—
1983	7,339,000	—

(Loss)
† Including extraordinary gains of $1,640,000 ($0.10 per share) in 1986 and $2,544,000 ($0.18 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Integrated Device Technology, Inc.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 71,792,000	$ 4.44
1986	67,858,000	4.34
1985	24,959,000	1.80
1984	19,106,000	2.09

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	3/29/87	3/30/86
Net sales	$ 77,807	$ 57,738
Cost of sales	39,956	24,925
Expenses	33,909	25,022
Interest income	(1,780)	(546)
Interest expense	2,475	3,231
Income before taxes	$ 3,247	$ 5,106
Income taxes	682	1,915
Net income	$ 2,565	$ 3,191
Extraord. gain	—	1,440
Net income & extraord. gain	$ 2,565	$ 4,631

* Included in Costs and Expenses, Depreciation and Amortization: $11,072,000 in 1987 and $6,883,000 in 1986.

Assets
(000's)

As of	3/29/87	3/30/86
Cash	$ 24,994	$ 30,928
Accts. receiv., net	17,433	12,459
*Inventories	14,408	11,166
Deferred inc. taxes	4,532	—
Prepaid expenses	3,341	1,262
Current Assets	$ 64,708	$ 55,815
#Fixed assets	49,333	42,691
Leasehold interests	1,927	732
Notes receivable	—	—
Total Assets	$ 115,968	$ 100,966

Liabilities
(000's)

Accts. payable	$ 7,760	$ 4,909
Accrued payroll	1,884	1,744
Deferred sales to distributors	6,211	2,144
Other accruals	4,460	1,525
Cap. lease oblig., curr.	5,557	5,172
Curr. Liabilities	$ 25,872	$ 15,494
Cap. lease oblig.	14,638	16,886
Convert. debt.	—	728
Deferred inc. taxes	3,666	—
+Common Stock	67,734	66,374
Note receiv.-shareholder	(9)	(18)
Retained earnings	4,067	1,502
Total Liabilities & Shareholders' Equity	$ 115,968	$ 100,966

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.17	8.84
%Net Income to Sales	3.30	5.53
%Net Income to Equity	3.57	4.70
Sales to Inventories	5.40	5.17
Debt to Equity	0.28	0.33
Working Capital	$ 38,836,000	$ 40,321,000
Current Ratio	2.50	3.60
Shareholders' Equity	$ 71,792,000	$ 67,858,000

Intel Corporation

3065 Bowers Avenue
Santa Clara, California 95051
(408) 496-8935

Officers: Gordon E. Moore, chairman of the board; Robert N. Noyce, vice chairman; Andrew S. Grove, president & chief executive officer; Laurence R. Hootnick, sr. v.p. & gen. mgr.-operations, Microcomputer Components Group; Leslie L. Vadasz, sr. v.p. & gen. mgr.-Systems Group; David L. House, v.p. & gen. mgr.-Microcomputer Components Group; Keith L. Thomson, v.p. & gen. mgr.-Operations Systems Group; George H. Schaner, v.p. & dir.-components quality & reliability; Harold Hughes, Jr., v.p. & treasurer; Richard D. Boucher, v.p. & gen. mgr.-ASIC Components; Ronald J. Whittier, v.p. & dir.-marketing; Craig R. Barrett, sr. v.p. & gen. mgr.-Components Technology & Manufacturing Group; Robert T. Jenkins, v.p. & gen. mgr.-Memory Components Division; Gerhard H. Parker, v.p. & dir.-technology development; Robert W. Reed, v.p., dir.-Administration Group & chief financial officer; F. Thomas Dunlap, Jr., gen. counsel & secretary; Frank C. Gill, v.p. & dir.-sales;; Bernard P. Giroud, v.p. & president-Intel Europe; Albert Y.C. Yu, v.p. & gen. mgr.-Development Microcomputer Components Group.

Directors: Gordon E. Moore*, chairman; Arthur Rock*, Edward L. Gelbach, Andrew S. Grove*, D. James Guzy, Richard Hodgson, Sanford Kaplan, Robert N. Noyce*, Max Palevsky, Charles E. Young.

* Member of the Executive Committee

Areas of Work: Engaged in the design, development, manufacture and sale of VLSI (very large scale integrated) semiconductor components and systems incorporating these components.

Subsidiaries:

Intel Corporation S.A.R.L.
1 Rue Edison-BP 303
78054 St. Quentin en Yvelines Cedex France

Intel Japan K.K.
5-6 Tokodai
Tsukuba-shi
Ibaraki-ken, 300-26, Japan

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTC (NASDAQ)

Number of Employees:

1987	N.A.	1985	25,400
1986	18,200	1984	25,400

Plant Footage:

1987	N.A.	1985	N.A.
1986	3,972,000 sq. ft.	1984	3,084,000

N.A. - Not Available.

Sales & Earnings

	Net Revenues	Net Income†
1987	$ 1,907,105,000	$ 248,055,000
1986	1,265,011,000	(173,165,000)
1985	1,364,982,000	1,570,000
1984	1,629,332,000	198,189,000
1983	1,121,943,000	116,111,000

	No. of Com. Shares +	Earn. per Share #†
1987	$ 176,659,000	$ 1.38
1986	117,773,000	—
1985	116,078,000	0.01
1984	113,832,000	1.70
1983	111,701,000	1.05

(Loss)
† Including extraordinary gain of $10,119,000 in 1986.
+ Adjusted to reflect stock split.
# Based on the weighted average number of capital shares and capital share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 1,306,425,000	$ 7.40
1986	1,275,227,000	10.83
1985	1,421,481,000	12.25
1984	1,360,163,000	11.95
1983	1,121,740,000	10.04

Adjusted to reflect stock split.

Income Account*
(000's)

Year ended Dec. 31	1987	1986
Net revenues	$ 1,907,105	$ 1,265,011
Cost of sales	1,043,504	860,680
Expenses	617,665	539,590
Restruc. of oper.	—	60,000
Interest income	(41,950)	(20,625)
Income (loss) bef. taxes	$ 287,886	$ (174,634)
Income taxes	112,343	8,650
Net Income (Loss) &	$ 175,543	(183,284)
Extraord. gain	72,512	10,119
Net Income (Loss) & extraord. gain	$ 248,055	$ (173,165)

* Included in Costs and Expenses, Depreciation: $171,359,000 in 1987 and $173,903,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 618,744	$ 373,224
Accts. receiv., net	438,890	298,378
*Inventories	235,527	197,931
Prepaid inc. taxes & other assets	137,652	154,124
Current Assets	$ 1,430,813	$ 1,023,657
#Fixed assets	891,196	779,321
Invest. & other assets	275,154	277,088
Total Assets	$ 2,597,163	$ 2,080,066

Liabilities
($000'S)

Note payable	$ 192,387	$ 112,055
Commercial paper	149,558	—
Long-term debt, curr.	110,000	—
Accts. payable	115,450	61,987
Accruals	205,766	118,059
Deferred income	83,244	67,367
Income taxes	25,306	14,814
Curr. Liabilities	$ 881,711	$ 374,282
Long-term debt	298,062	286,600
Deferred inc. taxes	105,395	132,441
Investment tax credits	5,570	11,516
+ Capital stock	736,941	770,236
Retained earnings	569,484	504,991
Total Liabilities & Shareholders' Equity	$ 2,597,163	$ 2,080,066

* At lower of cost (currently adjusted standard basis) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Net Income to Revenues	13.01	—
%Net Income to Equity	18.99	—
Debt to Equity	0.23	0.22
Working Capital	$ 549,102,000	$ 649,375,000
Current Ratio	1.62	2.73
Shareholders' Equity	$ 1,306,425,000	$ 1,275,227,000

Interdyne Company

31 S. Milpitas Boulevard
Milpitas, California 95035
(408) 943-9133

Officers: John R. Morrison, chairman of the board, chief exec. officer & president; Ranga Iyengar, v.p.-operations; John Sullivan, v.p.-finance & chief financial officer; Dane Nelson, v.p.-quality assurance & manufacturing; Jerome Rosnikoff, v.p.-engineering; William M. Ballon, secretary.

Directors: John R. Morrison, William M. Ballon, Charles Blalack, William Lupien, Charles H. Black.

Areas of Work: The company's business is the development, manufacture, and marketing of magnetic tape drives for use with computers as program loading, back-up, or main memory devices. These units are being designed into personal computers, portable computers, point of sale systems, and telecommunication systems.

Subsidiary:

Caeris Corporation (dba Anthem Systems)
Distributes computer peripheral products, particularly tape and disk drives.

Transfer Agent(s):

California Stock Transfer Company
Calabasas, California

Stock Exchange(s): Over-the Counter

Number of Employees:

1986 66

Plant Footage:

1986	47,000 sq. ft.	1983	18,000
1985	47,000	1982	18,000
1984	47,000		

Sales & Earnings x

	Net Sales	Net Income‡
1986	$ 7,750,000	$ (11,849,000)
1985	10,100,000	(7,372,000)
1984	4,001,000	(4,591,000)
1983	4,413,000	(736,000)
1982	1,034,000	76,000

	No. of Com. Shares	Earn. per Share‡†
1986	7,627,533	$ —
1985	4,538,679	—
1984	2,970,514	—
1983	2,839,489	—
1982	N.A.	0.04

(Loss)
N.A. - Not Available.
x Restated to include operations of Anthem Systems, acquired on a pooling of interests basis.
‡ Including extraordinary gain of $34,000 in 1985.
† Based on the weighted average number of shares outstanding.

Income Account *

Year ended Oct. 31	1986	1985‡
Net sales	$ 7,750,000	$ 10,100,000
Cost of sales	10,214,000	11,588,000
Expenses	7,242,000	5,323,000
Debt conversion expense	1,809,000	—
Interest expense	907,000	729,000
Interest income	(173,000)	(168,000)
Loss. bef. taxes	$ (11,849,000)	(7,372,000)
Income taxes	—	34,000
Net Loss	$ (11,849,000)	(7,406,000)
Extraord. gain	—	34,000
Net Loss & Extraord. gain	$ (11,849,000)	$ (7,372,000)

* Included in Costs and Expenses, Depreciation and Amortization: $366,000 in 1986 and $360,000 in 1985.
‡ Restated.

Assets

As of Oct. 31	1986	1985‡
Cash	$ 376,000	$ 480,000
Receivables, net	636,000	1,999,000
*Inventories	1,748,000	1,708,000
Prepaid expenses	86,000	209,000
Restricted cash	500,000	400,000
Current Assets	$ 3,346,000	$ 4,796,000
#Fixed assets	1,150,000	1,265,000
Other assets	99,000	334,000
Total Assets	$ 4,555,000	$ 6,395,000

Liabilities

Note payable to director of co.	$ —	$ 1,000,000
Note payable - bank	340,000	220,000
Long-term debt, curr.	54,000	—
Cap. lease oblig. curr.	387,000	454,000
Accts. payable	2,824,000	2,369,000
Accruals	648,000	896,000
Curr. Liabilities	$ 4,253,000	$ 4,968,000
Capitalized lease obligations	13,000	22,000
Deferred rent	266,000	288,000
Convert. subord. notes	875,000	6,599,000
Long-term debt	37,000	103,000
+Preferred stock:		
Series A	902,000	1,758,000
Series B	6,109,000	—
++Common stock	1,866,000	1,135,000
Add. paid-in capital	16,992,000	5,405,000
Deferred compensation	(1,168,000)	(340,000)
Notes received from shareholders	(608,000)	(642,000)
Deficit	(24,982,000)	(12,901,000)
Total Liabilities & Shareholders' Equity	$ 4,555,000	$ 6,395,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
++ $0.25 par value.

Intergraph Corporation

One Madison Industrial Park
Huntsville, Alabama 35807-4201
(205) 772-2000

Officers: James W. Meadlock, chairman & president; Nancy B. Meadlock, exec. v.p.; James F. Taylor, Jr., exec. v.p.; Robert E. Thurber, exec. v.p.; Robert S. Williams, exec. v.p.; Richard H. Lussier, exec. v.p.; John M. Thorington, Jr., exec. v.p.; Allan B. Wilson, exec. v.p.; Maurice G. Romine, exec. v.p.; William D. Zarenor, exec. v.p.; Edward J. Blaum, v.p.; Edward F. Boyle, v.p.; Thomas G. Burridge, v.p.; Albert D. Dominie, v.p.; George M. Hoeschen, v.p.; Bruce E. Imsand, v.p.; Neil E. Keith, v.p.; Robert L. Kuehlthau, v.p.; Larry J. Laster, v.p.; William T. O'Meara, v.p.; Lawrence F. Ayers, Jr., v.p.; Bruce J. Brassenle, v.p.; Michael J. Cunningham, v.p.; Milford B. French, v.p.; Robert G. Glasier, v.p.; Larry V. Jansen, v.p.; Stephen J. Phillips, v.p.; Trevor Postlethwaite, v.p.; Leonard M. Rand, v.p.; Attilio Rimoldi, v.p.; Howard G. Sachs, v.p.; Edward A. Wilkinson, v.p.; William E. Salter, v.p.; John R. Wynn, secretary.

Directors: James W. Meadlock, chairman; Roland E. Brown, Larry J. Laster, Nancy B. Meadlock, Keith H. Schonrock, Jr., James F. Taylor, Jr., Robert E. Thurber.

Areas of Work: Supplies interactive turnkey computer graphics systems, including a host computer, workstations and terminals, to create and support databases for a variety of industries.

Divisions and Subsidiaries:

Intergraph Europe, Inc.
Hoofddorp, The Netherlands

Intergraph (Benelux) BV
Brussels, Belgium

Intergraph (Scandinavia) A/S
Frederiksberg, Denmark

Intergraph (Finland) Oy
Espoo, Finland

Intergraph (France) S.A.R.L.
Rungis Cedex, France
Yvette, France

Intergraph Italia S.p.A.
Milanofiori, Italy

Intergraph (Benelux) BV
Aalsmeer, The Netherlands

Intergraph (Norge) A/S
Asker, Norway

Intergraph (Espana) S.A.
Barcelona, Spain
Madrid, Spain

Intergraph (Scandinavia) AB
Taby, Sweden

Intergraph (Switzerland) AG
Zurich, Switzerland

Intergraph (Great Britain) Ltd.
Swindon, U.K.
Derby, United Kingdom

Intergraph (Deutschland) GmbH
Munich, West Germany

Other International Operations

Intergraph Corporation Pty., Ltd.
Sydney (North Ryde), Adelaide, Brisbane, Perth, Melbourne, Australia

Intergraph Systems, Ltd.
Calgary, Edmonton, Mississauga, Montreal (Verdun), Ottawa, Vancouver (Burnaby), Canada

Intergraph Middle East Ltd.
Larnaca, Cyprus

Nihon Intergraph K.K.
Tokyo, Japan

Intergraph Korea, Inc.
Seoul, South Korea

Intergraph de Mexico S.A. de C.V.
Mexico City, Mexico

Intergraph Corporation (N.Z.), Ltd.
Wellington, New Zealand

Intergraph Systems South-East Asia (Pte), Ltd.
Singapore

Intergraph Corporation Taiwan
Taipei, Taiwan

Intergraph Servicios de Venezuela C.A.
Caracas, Venezuela

Optronics Inc.
Manufactures computer-oriented electro-optical components and systems.

Tangent Systems Corp. (50% interest)
CNR Research Inc. (50% interest)

Acquisitions:

Bentley Systems, Inc. (50% interest)
A computer graphics software development company.

Transfer Agent(s):

Citizens & Southern National Bank
Atlanta, Georgia 30399

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INGR (NASDAQ)

Number of Employees:

1987	6,300	1984	3,700
1986	5,700	1983	2,500
1985	5,100		

Plant Footage:

1987 ..... 1,027,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 661,083,000	$ 69,876,000
1986	605,737,000	70,362,000
1985	526,405,000	67,779,000
1984	403,762,000	62,936,000
1983	252,014,000	29,342,000

	No. of Com. Shares†	Earn. per Share‡
198	56,380,703	$ 1.23
1986	56,395,714	1.26
1985	55,357,935	1.25
1984	51,480,926	1.22
1983	51,066,584	0.58

N.A. - Not Available.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 567,198,000	$ 10.06
1986	496,157,000	8.80
1985	402,964,000	7.28
1984	232,717,000	4.52
1983	162,039,000	3.17

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues:		
Sales	$ 464,030	$ 468,155
Service & equip. rentals	177,053	137,582
Total income	$ 641,083	$ 605,737
Cost of sales	316,991	300,272
Prod. develop.	67,470	57,726
Marketing	89,952	76,494
Gen. & adm.	62,978	57,432
Interest expense	1,355	1,810
Interest income	(9,803)	(7,886)
Other income	(3,643)	(3,583)
Income before taxes	$ 115,783	$ 123,472
Income taxes	45,907	53,110
Net Income	$ 69,876	$ 70,362

* Included in Costs and Expenses, Depreciation and Amortization: $27,522,000 in 1987 and $21,056,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & market. secur.	$ 156,546	$ 123,838
Accts. receiv., net	205,765	164,371
*Inventories	160,881	158,516
Other curr. assets	7,853	9,875
Current Assets	$ 531,045	$ 456,600
Investments in affil.	12,806	10,484
#Fixed assets	144,724	130,246
Other assets	15,438	15,701
Total Assets	$ 704,013	$ 613,031

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 1,302	$ 5,827
Accts. payable	34,570	24,549
Accrued compensation & other accruals	33,862	27,055
Billings in exc. of costs	28,393	20,419
Income taxes	30,495	25,297
Curr. Liabilities	$ 128,622	$ 103,147
Cap. lease oblig. & long-term debt	4,277	13,233
Deferred inc. taxes	3,916	496
+ Common stock	5,682	5,640
Add. paid-in capital	239,025	229,387
Retained earnings	330,806	260,930
Treasury stock	(8,315)	—
Total Liabilities & Shareholders' Equity	$ 704,013	$ 613,031

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	18.06	20.38
%Net Income to Revenues	10.90	11.62
%Net Income to Equity	12.32	14.18
Debt to Equity	0.01	0.04
Working Capital	$ 402,423,000	$ 347,271,000
Current Ratio	4.13	4.37
Shareholders' Equity	$ 567,198,000	$ 496,157,000

Intermec Corporation

4405 Russell Road
P.O. Box 360602
Lynnwood, Washington 98046
(206) 348-2600

Officers: John W. Paxton, president & chief exec. officer; Ivan G. Hastier, sr. v.p. & treasurer; Roger C. Palmer, v.p.-research; William R. Gates, secretary; Louis R. Kertesz, v.p.-administration; Joseph E. Beebe, v.p.-operations; Dale K. Roundy, v.p.-business development & legal affairs; Gregory L. Tannheimer, v.p.-marketing & sales.

Directors: David C. Allais, David B. Fivan, Steve Serick, Jr., Charles L. Anderson, John W. Zevenbergen, R. David Garwood, Phillip W. Arneson.

Areas of Work: Designs, manufactures and markets bar code related products including impact and thermal printers, laser scanners, port concentrators, accessories, tags and labels. Products are used mainly in industry data capture systems such as inventory control, hospital record tracking, library circulation control, shipping/receiving, and stock/finished goods control.

Subsidiaries:

INTERMEC Media Products
9615 Inter Ocean Drive
Cincinnati, Ohio 45246
(513) 874-5882

INTERMEC/New England
19 Erie Drive
Natick, Massachusetts 01760
(617) 653-9655

INTERMEC/Mid-Atlantic
14100 Laurel Park Drive
Laurel, Maryland 20707
(301) 792-9300

INTERMEC Strichode Systeme GmbH
Hohestr 31-33
6380 Bad Homburg West Germany
011-49-6172-
25238

INTERMEC/West
1542 Edinger
Tustin, California 92680
(714) 259-1311

INTERMEC Strichcode AG
Zurich, Switzerland

Affiliates

INTERMEC UK Ltd.
Reading, England

Data Collection Systems, Inc.
Minneapolis, Minnesota

INTERMEC Systems Corp.
Ontario, Canada

Transfer Agent(s):

First Jersey Shareholder Services, Inc.
520 Pine Street-Suite 2134
Seattle, Washington 98101-4004

Stock Exchange(s): Over-the-Counter

Ticker Symbol: INTR (NASDAQ)

Number of Employees

1988	734	1986	484
1987	543		

Plant Footage:

1988 ..... 166,300 sq. ft. 1987 166,300

Sales & Earnings x

	Net Revenues #	Net Income
1988	$ 85,196,000	$ 5,233,000
1987	65,603,000	3,899,000
1986	49,128,000	1,908,000
1985	43,492,000	3,044,000
1984	31,584,000	2,789,000

	No. of Com. Shares‡	Earn. per Share‡
1988	6,184,000	$ 0.85
1987	5,965,000	0.65
1986	5,913,000	0.32
1985	5,403,000	0.56
1984	5,049,000	0.55

x Restated to include operations of INTERMEC/Metro, acquired on a pooling of interests basis.
Includes revenue from product sales, engineering services and job shop.
‡ Based on the average number of shares outstanding during the year.

Common Stock Equity x

	Total Equity	Equity Per Share‡
1988	$ 43,910,000	$ 7.10
1987	36,727,000	6.16
1986	32,139,000	5.44
1985	29,371,000	5.44
1984	15,258,000	3.02

x Restated.
‡ Based on the average number of shares outstanding during the year.

Income Account *
(000's)

Year ended March 31	1988	1987‡
Net sales	$ 85,196	$ 65,603
Cost of sales	38,716	33,897
Expenses	39,547	26,348
Interest income	(545)	(908)
Income before taxes	$ 7,478	$ 6,356
Income taxes	2,245	2,457
Net income	$ 5,233	$ 3,899

* Included in Costs and Expenses, Depreciation and Amortization: $3,273,000 in 1988 and $2,693,000 in 1987.
‡ Restated.

Assets
(000's)

As of	1988	1987‡
Cash	$ 2,231	$ 1,660
Short-term investment	2,282	4,613
Accts. receiv., net	24,309	15,032
Accts. receiv.- affil.	1,142	1,930
Notes receivable	460	513
* Inventories	18,980	15,520
Prepaid expenses	491	230
Current Assets	$ 49,895	$ 39,498
# Fixed assets	8,150	7,270
Notes receivable	1,357	1,954
Invest. in affil.	3,071	2,468
Other assets	2,839	785
Total Assets	$ 65,312	$ 51,975

Liabilities
(000's)

Accts. payable	$ 7,467	$ 5,252
Note payable	2,098	1,908
Accrued comp.	3,743	1,498
Accrued payroll	609	482
Deferred inc. taxes	100	2,539
Inc. taxes payable	3,533	684
Accrued warranty expense	1,395	999
Other liabilities	679	399
Curr. Liabilities	$ 19,624	$ 13,741
Industrial revenue bond	1,000	1,000
Other liabilities	778	234
Minority interest	—	273
+ Common stock	3,687	3,595
Add. paid-in capital	18,632	16,774
Retained earnings	21,591	16,358
Total Liabilities & Shareholders' Equity	$ 65,312	$ 51,975

‡ Restated.
* At lower of cost (currently adjusted standards) or market.
# Less accumulated depreciation and amortization.
+ $0.60 par value.

Statistical Summary

% Income bef. taxes to Sales	8.78	9.69
% Net Income to Sales	6.14	5.94
% Net Income to Equity	11.92	10.62
Sales to Inventories	4.49	4.23
Debt to Equity	0.05	0.05
Working Capital	$ 30,271,000	$ 25,757,000
Current Ratio	2.54	2.87
Shareholders' Equity	$ 43,910,000	$ 36,727,000

International Business Machines Corporation

Old Orchard Road
Armonk, New York 10504
(914) 765-1900

Officers: John F. Akers, chairman of the board; Kaspar V. Cassani, vice chairman; Jack D. Kuehler, vice chairman; Allen J. Krowe, exec. v.p.; Ralph E. Gomory, sr. v.p.-science & technology; Frank A. Metz, Jr., sr. v.p.-finance & planning; C. Michael Armstrong, sr. v.p.; George H. Conrades, sr. v.p.; Terry R. Lautenbach, sr. v.p.; David E. McKinney, sr. v.p.; Donato A. Evangelista, v.p. & general counsel; John P. Cunningham, v.p. & controller; Ray S. AbuZayyad, vice president; John A. Armstrong, vice president; Michael J. Attardo, vice president; Walter E. Burdick, vice president; Carl J. Conti, vice president; Vincent N. Cook, vice president; Kenneth W. Dam, vice president; Howard O. Figueron, vice president; Larry J. Ford, vice president; James J. Forese, vice president; Heinz K. Fridrich, vice president; Richard T. Gerstner, vice president; Victor J. Goldberg, vice president; William O. Grabe, vice president; Joseph M. Guglielmi, vice president; Ellen M. Hancock, vice president; Arthur J. Hedge, Jr., vice president; Paul J. Kofmehl, vice president; Ned C. Lautenbach, vice president; Thomas M. Lipsak, vice president; Paul R. Low, vice president; William C. Lowe, vice president; Edward E. Lucente, vice president; Victor R. Macdonald, vice president; Marvin L. Mann, vice president; Charles E. McKittrick, Jr., vice president; M. Bernard Puckett, vice president; Michael J. Quinlan, vice president; Stephen B. Schwartz, vice president; Robert M. Stephenson, vice president; Charles H. Swall, vice president; Nancy H. Teeters, vice president; Patrick A. Toole, vice president; H. Mitchell Watson, Jr., vice president; Earl F. Wheeler, vice president; David A. Pinley, treasurer; William W. K. Rich, secretary; Joe Grills, asst. treasurer; Ira D. Hall, asst. treasurer; Robert N. Mattson, asst. treasurer; John H. Stewart, asst. treasurer; Michael H. Van Vranken, asst. controller.

Directors: John F. Akers, chairman; Stephen D. Bechtel, Jr., Harold Brown, James E. Burke, Frank T. Cary, Kaspar V. Cassani, William T. Coleman, Jr., Thomas F. Frist, Jr., Carla Anderson Hills, Nicholas deB. Katzenbach, Nannerl O. Keohane, Allen J. Krowe, Jack D. Kuehler, Richard W. Lyman, J. Richard Munro, Thomas S. Murphy, John R. Opel, William W. Scranton.

Areas of Work: The Company's operations are primarily in the field of information handling systems, equipment and services to solve the problems of business, government, science, space exploration, defense, education, medicine and many other areas of human activity. Products include information processing products and systems, program products, communications systems, workstations, typewriters, copiers, educational and testing materials, and related supplies and services.

Divisions:

Information Systems Group

National Distribution Division
Marketing responsibility in U.S. for selected systems and high-volume products delivered through alternate channels of distribution. Also responsible for manufacturing or procurement and marketing within the U.S. of IBM supplies and accessories.

North-Central Marketing Division
Markets the full standard line of IBM products in its geographic area.

South-West Marketing Division
Markets the full standard line of IBM products in its geographic area.

National Service Division
Provides service for assigned products; manages services business within the U.S. and its territories; and supports IBM's marketing efforts.

Information Systems and Technology Group

Data Systems Division
Worldwide development responsibility for large, complex systems, with primary emphasis on high-performance products and associated programming, plus U.S. manufacturing responsibility for those systems. Also supplies computer components, including logic and selected memory technologies, used in products that it and other IBM divisions manufacture in the U.S.

General Technology Division
Worldwide development and United States manufacturing responsibility for the component technology requirements of the low-to-moderate price computers made by the General Systems Division and products of the Office Products Division.

Systems Technology Division
Develops and manufactures intermediate processors and printers and develops programming systems.

General Products Division
Worldwide development and United States manufacturing responsibility for computer tape units, disk files and printers.

Information Systems and Communications Group

Communication Products Division
Worldwide development and U.S. manufacturing responsibility for communications equipment, terminal products and related communications, technologies and programming.

Entry Systems Division
Worldwide development and product management, and U.S. manufacturing responsibility for IBM's general purpose, low-cost, personal use computer systems and related software.

Information Systems and Products Group

Information Products Division
Markets disk packs and data modules; manufactures and markets data processing cards, magnetic tape and cards, business forms and other consumable products used in information-handling systems.

Systems Products Division
Worldwide development and United States manufacturing responsibility for central processor products including main storage, logic technologies, packaging technology, channels and cables; development and implementation of advanced design and manufacturing support systems.

Other Divisions

Federal Systems Division
Concentrates on advanced technology and systems for the ground-based, seaborne, airborne and spaceborne information-handling systems and control needs of the U.S. Government.

Real Estate and Construction Division
Arranges for the construction, purchasing or leasing of new company facilities. Develops technologies of potential long-range importance.

Research Division
Brings scientific understanding to bear on areas of company interest through basic research and development of technologies of potential long-range importance.

Subsidiaries

IBM Instruments, Inc.
Markets and services products in the analytical instruments field.

IBM Credit Corporation
Offers lease financing of IBM products, either directly or through partnerships, and finances installment receivables resulting from sales by IBM of its information processing systems and equipment to customers in the U.S. It also finances non-IBM equipment.

IBM World Trade Corporation
Conducts IBM's business outside the United States directly or through its subsidiaries.

Science Research Associates, Inc.
Develops, produces and markets textbooks, educational kits, learning systems, guidance products and testing materials and services for elementary and secondary schools, colleges and industry.

IBM World Trade Americas/Far East Corporation
Conducts IBM's business in 44 countries, including Australia, Brazil, Canada, and Japan.

IBM World Trade Europe/Middle East/Africa Corporation
Responsible for IBM operations in 77 countries, including the USSR, and the Eastern European countries.

Rolm Corporation
Has worldwide development, manufacturing and marketing responsibility for fully integrated computerized business communication systems including private branch exchanges, voice messaging systems, circuit switched data systems, desktop products, and related applications.

Transfer Agent(s):

Morgan Shareholder Service Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Philadelphia, Pacific, Midwest, Cincinnati, Boston, Montreal, Toronto, Austria, Belgium, England, France, Japan, Switzerland, The Netherlands, West Germany

Ticker Symbol: IBM

Number of Employees

1987	389,348	1984	394,930
1986	403,508	1983	369,545
1985	405,535		

Sales & Earnings

	Gross Income‡ ($000's)	Net Income ($000's)
1987	$ 54,217,000	$ 5,258,000
1986	51,250,000	4,789,000
1985	50,056,000	6,555,000
1984	45,937,000	6,582,000
1983	40,180,000	5,485,000

	No. of Com. Shares	Earn. per Share +
1987	597,051,744	$ 8.72
1986	605,922,949	7.81
1985	615,458,362	10.67
1984	612,685,539	10.77
1983	610,724,641	9.04

‡ Includes sales, services and rentals.
+ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 4.40	—	—
1986	4.40	—	—
1985	4.40	—	—
1984	4.10	—	—
1983	3.71	—	—

Common Stock Equity

	Total Equity ($000's)	Equity Per Share
1987	$ 38,263,000	$ 64.09
1986	34,374,000	56.73
1985	31,990,000	51.98
1984	26,489,000	43.23
1983	23,219,000	38.02

Income Account * ($000's)

Years ended Dec. 31	1987	1986
Net sales	$ 36,345,000	$ 34,276,000
Rentals & services	17,872,000	16,974,000
Total income	$ 54,217,000	$ 51,250,000
Cost of sales	17,332,000	16,197,000
Cost of rentals & services	7,278,000	6,509,000
Expenses	21,865,000	20,685,000
Other income	(1,352,000)	(1,005,000)
Interest on debt	485,000	475,000
Income before taxes	$ 8,409,000	$ 8,389,000
Income taxes	3,151,000	3,600,000
Net Income	$ 5,258,000	$ 4,789,000

* Included in Costs and Expenses, Depreciation: $3,527,000,000 in 1987 and $3,316,000,000 in 1986.

Assets ($000's)

As of Dec. 31	1987	1986
Cash	$ 770,000	$ 755,000
Marketable securities	6,197,000	6,502,000
Notes & accts. receiv., net	12,757,000	9,971,000
Other accts. receiv.	1,092,000	854,000
*Inventories	8,645,000	8,039,000
Prepaid expenses	1,559,000	1,628,000
Current Assets	$ 31,020,000	$ 27,749,000
#Plant assets	22,922,000	21,368,000
Investments & other assets	9,746,000	8,797,000
Total Assets	$ 63,688,000	$ 57,914,000

Liabilities ($000's)

Taxes	$ 2,534,000	$ 2,583,000
Loans payable	1,629,000	1,410,000
Accts. payable	2,627,000	1,970,000
Compens. & benefits	2,630,000	3,001,000
Deferred income	953,000	414,000
Other accruals	3,404,000	3,365,000
Curr. Liabilities	$ 13,377,000	$ 12,743,000
Long-term debt	3,858,000	4,169,000
Other liabilities	3,040,000	2,084,000
Deferred income taxes	5,150,000	4,524,000
+Common stock	6,417,000	6,321,000
Retained earnings	29,016,000	27,834,000
Trans. adjust.	2,865,000	307,000
Treasury stock	(35,000)	(80,000)
Total Liabilities & Shareholders' Equity	$ 63,688,000	$ 57,914,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales, Services & Rentals	15.88	16.37
%Net Income to Sales, Services & Rentals	9.70	9.34
%Net Income to Equity	13.74	13.93
Sales to Inventories	6.27	6.38
Debt to Equity	0.10	0.12
Working Capital ($000's)	$ 17,643,000	$ 15,006,000
Current Ratio	2.32	2.18
Shareholders' Equity ($000's)	$ 38,263,000	$ 34,374,000

International Controls Corp.

(Became a private corporate via a leveraged buyout as of June 1, 1987.)

Principal executive offices:
Two Executive Drive
Somerset, New Jersey 08873
(201) 469-4444

Principal operating offices:
5499 North Federal Highway
Boca Raton, Florida 33431
(305) 997-7400

Officers: Uzi Zucker, chairman; Arthur M. Goldberg, president & chief executive officer; Jay H. Harris, exec. v.p.-operations & chief operating officer; J. Kenneth Looloian, exec. v.p.-administration & finance; John J. Delucca, sr. v.p.-finance; George L. Hebert, v.p. & treasurer; William C. Ragals, Jr., v.p., gen. counsel & secretary; Thomas W. Horan, controller.

Directors: Uzi Zucker, chairman; Arthur M. Goldberg, Jay H. Harris, Frank L. Stifelman, Don R. Kornstein.

Areas of Work: Operates in three industry segments: aerospace/defense; truck trailer manufacturing, and the marketing of liquefied petroleum gas. Aerospace/defense activities include the design, manufacture and sale of ordnance products (bomb bodies, missile motor casings), aircraft components and systems (electromechanical actuators, aluminum forgings, aircraft arresting systems), microwave wave products (waveguide and related components) and power conversion products (special electric motors, motor generator sets and related solid state controls).

Electronics Subsidiaries:

All American Industries, Inc.
Boca Raton, Florida

All American Engineering Company
Newark, Delaware

AAI International, Ltd.
Maidenhead, Berkshire, England

Intercontinental Manufacturing Company, Inc.
Garland, Texas

Bobb Sabland, Ltd.
Shannon, County Clare, Republic of Ireland

Datron Systems, Inc.
Boca Raton, Florida

Tech Systems Corp.
Thomaston, Connecticut

Elektro-Metall Export GmbH
Ingolstadt, Federal Republic of Germany

EEMCO Division
Los Angeles, California

Number of Employees:

1987	5,090	1984	1,800
1986	5,600	1983	1,700
1985	N.A.		

Plant Footage:

1987	2,448,000 sq. ft.	1984	1,304,000
1986	2,398,700	1983	1,304,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales†	Net Income‡
12/31/87 *	$ 461,300,000	$ (2,581,000)
5/31/87 + x	320,762,000	(5,849,000)
12/31/86 x	736,829,000	(6,879,000)
12/31/85 x	141,683,000	7,461,000
12/31/84 x	138,104,000	8,172,000

	No. of Com. Shares #	Earn. per Share‡ #
12/31/87 *	3,707,000	$ —
5/31/87 + x	3,671,000	—
12/31/86 x	3,429,000	—
12/31/85 x	3,346,000	2.23
12/31/84 x	3,582,000	2.28

NOTE: The Company became private through a merger with Merger Control Corp. and recorded this transaction as a purchase effective June 1, 1987. Financial data prior to this date is referred to as 'Predecessor Corp.'
(Loss)
* 7 months.
+ 5 months.
x Predecessor corporation.
† Of continuing operations only.
‡ Including extraordinary gain of $315,000 ($0.09 per share) in 1984 and extraordinary loss of $510,000 in 1986.
# Based on the average number of shares outstanding.

Revenues by Line of Business
(000's)

	12/31/87	5/31/87
Trailer mfg.	$ 301,941	$ 198,941
Liq. petrol. gas dist.	82,612	60,895
Aerospace:		
Ordnance prods.	11,301	7,132
Aircraft components & systems	34,176	29,492
Microwave waveguide & components	6,788	5,599
Power conversion products	5,823	4,167
Energy-related:		
Engineered prods.	3,633	2,669
Transmission	5,743	5,281
Freight distr. serv.	9,682	6,596
Total	$ 461,300	$ 320,762

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/31/87	$ —	—	—
5/31/87	—	—	—
12/31/86 x	0.50	—	—
12/31/85 x	0.45	—	—
12/31/84 x	0.275	—	—

x Predecessor corporation.

Common Stock Equity

	Total Equity	Equity Per Share
12/31/87	$ 23,960,000	$ 6.46
5/31/87	53,368,000	14.40
12/31/86 x	59,166,000	15.95
12/31/85 x	59,246,000	17.58
12/31/84 x	51,641,000	15.58

x Predecessor corporation.

Income Account *
(000's)

Year ended Dec. 31	12/31/87 (7 months)	5/31/87 (5 months)
Net sales	$ 461,300	$ 320,762
Cost of sales	368,172	268,949
Expenses	67,823	50,838
Merger expenses	—	10,826
Interest expense	29,487	17,653
Eq. in earn. of subsid.	(7,591)	(5,190)
Other expense (income)	1,042	(922)
Income (loss) before taxes	$ 2,367	$ (1,392)
Income taxes	4,948	4,457
Net Loss	$ (2,581)	$ (5,849)

* Included in Costs and Expenses, Depreciation and Amortization: $9,039,000 in the period ending 12/31/87 and $7,545,000 in the period ending 5/31/87.

Assets

As of Dec. 31	1987	1986‡
Cash	$ 2,189	$ 9,936
Accts. & notes receiv., net	85,043	112,802
*Inventories	86,096	74,359
Other current assets	4,794	16,476
Current Assets	$ 180,122	$ 213,573
#Fixed assets	155,744	151,212
Investments	56,102	49,083
Intangibles	133,895	58,163
Trademark	13,796	13,650
Assets of discont. oper	17,865	25,290
Other assets	27,773	27,564
Total Assets	$ 585,297	$ 538,535

Liabilities
(000's)

Long-term debt, curr.	$ 6,569	$ 6,974
Accts. payable	46,800	45,941
Accruals	48,005	61,096
Income taxes	8,661	6,346
Notes payable	663	5,931
Curr. Liabilities	$ 110,698	$ 126,188
Long-term debt	430,462	334,398
Deferred inc. taxes	1,231	2,117
Other liabilities	28,806	16,666
+ Common stock	371	421
Add. paid-in capital	26,209	42,251
Retained earnings (deficit)	(2,581)	34,634
Treasury stock	—	(8,786)
Eq. adjust. from trans.	(99)	476
Total Liabilities & Shareholders' Equity	$ 585,297	$ 538,535

‡ Predecessor corporation.
* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.51	—
Sales to Inventories	5.36	4.31
Debt to Equity	17.86	5.87
Working Capital	$ 69,424,000	$ 87,385,000
Current Ratio	1.63	1.69
Shareholders' Equity	$ 23,960,000	$ 59,166,000

International Power Machines Corporation

2975 Miller Park North
Garland, Texas 75042
(214) 272-8000

Officers: Warren H. Haber, chairman; John J. Mulcair, president; D. Lloyd Crosthwait, Jr., v.p.-research, development & engineering; William L. Zang, v.p. & controller; Paul K. Nothern, v.p. & gen. mgr.-Power Products Group; Lawrence M. Pohly, secretary; Richard D. Newhouse, president-Comp-Aire Systems, Inc..

Directors: Warren H. Haber, chairman; G. William Miller, John J. Mulcair, Mark R. Shenkman, Stephen L. Wald.

Areas of Work: Designs, manufactures, sells and maintains uninterruptible power supply (UPS) systems. These UPS systems are connected between commercial electrical power sources and equipment sensitive to power fluctuations and interruptions and regulate the quality of electricity and provide continuous power in the event of electrical power failure. The Company's Comp-Aire Systems, Inc. subsidiary designs and manufactures critical components and provides turnkey installation of cleanrooms, which are environmentally controlled areas in which the air is filtered to a specified cleanliness level and other important conditions such as temperature and humidity are regulated.

Subsidiaries:

IPM Pacific, Ltd.
1004 Hunghom Commercial Centre
Tower B- 37-39 Ma Tau Wai Road
Hunghom, Kowloon, Hong Kong
852-3-7636460

IPM GmbH
Schillerstrasse 65
6635 Schwalbach, West Germany
49-6834-53144

Acquisitions:

Comp-Aire Systems, Inc.
4185 44th Street SE
Grand Rapids, Michigan
(616) 698-9660

International Power Machines Corporation

Transfer Agent(s)

BancTEXAS Dallas N.A.
Dallas, Texas

Stock Exchange(s): American

Ticker Symbol: PWR

Number of Employees:

1987 ..... 263 1986 225

Plant Footage:

1987 ..... 121,000 sq. ft. 1986 70,000

Sales & Earnings

1987	$ 72,169,000	$ (946,000)
1986	23,333,470	(2,872,127)
1985	21,129,637	(5,199,627)
1984	16,860,768	267,569
1983	25,436,081	(55,331)

	No. of Com. Shares	Earn. per Share‡
1987	4,263,667	$ —
1986	3,820,332	—
1985	3,820,332	—
1984	3,820,332	0.06
1983	3,820,332	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	0.12	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity†	Equity Per Share
1987	$ 3,125,000	$ 0.73
1986	3,504,000	0.92
1985	6,264,000	1.64
1984	11,463,000	3.00
1983	11,823,000	3.09

† After allowing for preferred stock at liquidation value.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 22,169,000	$ 23,333,470
Cost of sales	17,173,000	17,897,946
Expenses	5,642,000	7,037,009
Other expense	300,000	260,611
Cum. effect of change in accntg. method	—	1,010,031
Net Loss	$ (946,000)	$ (2,872,127)

* Included in Costs and Expenses, Depreciation and Amortization: $614,000 in 1987 and $649,248 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 50,000	$ 351,806
Accts. receiv., net	7,199,000	3,839,260
Retainage	1,448,000	—
Costs & earn. on contracts in exc. of billings	207,000	—
*Inventories	6,252,000	6,936,253
Deferred inc. taxes	668,000	667,851
Prepaid expenses	251,000	175,582
Current Assets	$ 16,075,000	$ 11,970,752
#Fixed assets	1,318,000	1,520,233
Other assets	79,000	—
Total Assets	$ 17,472,000	$ 13,490,985

Liabilities

Accts. payable	$ 2,860,000	$ 2,334,699
Notes pay. & long term debt curr.	3,345,000	2,786,558
Retainage	886,000	—
Accts. billed in exc. of costs on contracts	1,921,000	—
Accruals	2,347,000	1,753,354
Deferred inc.-maint. agrmt.	863,000	863,883
Curr. Liabilities	$ 12,022,000	$ 7,738,294
Long-term debt	121,000	44,599
Deferred exc. taxes	469,000	468,551
+Preferred stock	400,000	400,000
++Common stock	426,000	382,033
Add. paid-in capital	8,278,000	7,755,265
Retained earnings (deficit)	(4,244,000)	(3,297,757)
Total Liabilities & Shareholders' Equity	$ 17,472,000	$ 13,490,985

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value. Dividends accrue at 15% of original issue price of $3.75.
++ $0.10 par value.

Statistical Summary

Sales to Inventories	3.55	3.36
Debt to Equity	0.61	0.54
Working Capital	$ 4,053,000	$ 4,232,458
Current Ratio	1.34	1.55
Shareholders' Equity	$ 4,860,000	$ 5,239,541

International Rectifier Corporation

233 Kansas Street
El Segundo, California 90245
(213) 772-2000

Officers: Eric Lidow, president and chairman of the board; Robert J. Mueller, exec. v.p.-world marketing & foreign operations; Gerald A. Koris, v.p., secretary and general counsel; George H. Krause, exec. v.p.-finance & treasurer; Kay Dickinson, asst. secretary.

Directors: Eric Lidow, Alan Lidow, Warren B. Hayes, George Kraek, Rochus E. Vogt.

Areas of Work: Manufactures rectifiers, semiconductor devices, metal oxide semiconductor power transistors (MOSFETs), controls, sub-assemblies and closed loop systems, instrumentation for monitoring and controlling hydraulic systems, metallurgical alloys, thyristors, and diodes.

Divisions:

Semiconductor Division
233 Kansas Street
El Segundo, California 90245
(213) 772-2000

Foreign Subsidiaries:

International Rectifier Corporation Italiana S.p.A.
Via Privata Liguria 49
10071 Borgaro, Turin, Italy

International Rectifier GmbH
Savignystrasse 55
6000 Frankfurt/Main 1, West Germany

International Rectifier Company (Great Britain) Limited
Hurst Green, Oxted
Surrey, England

International Rectifier Canada Limited
101 Bentley Street
Markham, Ontario L3R 3L1 Canada
(416) 475-1897

International Rectifier Far East Company, Ltd.
K&H Building, 30-4 Nishiikebukuro 3-Chome
Toshima-Ku
Tokyo, Japan 171

Rectificadores Internacionales, S.A.
Durazno #30, Centro Industrial, Los Olivos, La Mesa de Tijuana
Baja California, Mexico

Transfer Agent(s):

Security Pacific National Bank
333 South Beaudry Avenue
Los Angeles, California 90017

Stock Exchange(s): New York, Pacific

Ticker Symbol: IRF

Number of Employees:

1987 ..... 2,350 1985 2,200
1986 2,300

Sales & Earnings

	Net Sales +	Net Income‡
1987	$ 151,840,000	$ (16,936,000)
1986	145,167,000	(252,000)
1985	135,576,000	209,000
1984	116,706,000	8,125,000
1983	88,629,000	(15,489,000)

	No. of Com. Shares†	Earn. per Share‡#
1987	10,984,842	$ —
1986	10,900,665	—
1985	10,754,136	0.02
1984	10,703,041	0.89
1983	8,541,409	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $281,000 in 1986 and $2,811,000 ($0.31 per share) in 1984.
† Adjusted to reflect stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 40,733,000	$ 3.71
1986	55,690,000	5.11
1985	53,110,000	4.94
1984	53,403,000	4.99
1983	24,477,000	2.87

‡ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 151,840,000	$ 145,167,000
Cost of sales	121,869,000	102,775,000
Expenses	44,891,000	43,045,000
Interest expense	7,399,000	3,370,000
Other income	(5,705,000)	(4,931,000)
Loss bef. taxes	$ (16,614,000)	$ (1,090,000)
Income taxes	595,000	660,000
Loss-cont. oper.	$ (17,209,000)	$ (1,750,000)
Inc.-discont. oper.	295,000	1,217,000
Net Loss	$ (16,914,000)	$ (533,000)
Extraord. gain	(20,000)	281,000
Cum. effect of acctng. change	—	—
Net Loss & extraord. gain	$ (16,934,000)	(252,000)

* Included in Costs and Expenses, Depreciation: $7,454,000 in 1987 and $6,622,000 in 1986.

Assets

As of June 30	1987	1986
Cash & short-term investments	$ 3,293,000	$ 3,918,000
Accts. receiv., net	32,577,000	32,942,000
*Inventories	39,860,000	48,943,000
Deferred taxes	—	232,000
Prepaid expenses	1,396,000	1,494,000
Current assets	$ 77,126,000	$ 87,549,000
#Fixed assets	131,466,000	48,922,000
Construc. in progress	431,000	50,266,000
Other assets	3,621,000	2,686,000
Total Assets	$ 212,644,000	$ 189,423,000

Liabilities

Bank loans & long-term debt, curr.	$ 12,852,000	$ 12,943,000
Accts. payable	15,137,000	12,189,000
Accruals	4,257,000	6,022,000
Accrued payroll	4,726,000	4,575,000
Curr. Liabilities	$ 36,972,000	$ 35,729,000
Long-term debt	74,626,000	37,272,000
Convert. subord. deben.	57,500,000	57,500,000
Other liab.	2,410,000	2,045,000
Deferred taxes	403,000	532,000
Minority interest	—	655,000
+Common stock	10,985,000	10,901,000
Add. paid-in capital	27,862,000	27,322,000
Retained earnings	4,593,000	21,517,000
For. curr. translation	(2,707,000)	(4,060,000)
Total Liabilities & Shareholders' Equity	$ 212,644,000	$ 189,423,000

^ At lower of cost (principally FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.81	2.97
Debt to Equity	2.15	0.90
Working Capital	$ 40,154,000	$ 51,820,000
Current Ratio	2.09	2.45
Shareholders' Equity	$ 40,733,000	$ 55,690,000

Ionics, Incorporated

65 Grove Street
Watertown, Massachusetts 02172
(617) 926-2500

Officers: Averell E. Daniell, chairman of the board; Arthur L. Goldstein, president & chief exec. officer; William E. Katz, exec. v.p.; Carl J. McCurdy, exec. v.p.; Theodore G. Papastavros, vice president; Thomas A. Kirkham, vice president; Walter J. Polens, vice president; William B. Iaconelli, vice president; Kachig Kachadurian, vice president; Edgardo J. Parsi, vice president; Joseph M. Loftis, vice president; Emile P. Coulon, v.p., treasurer & chief financial officer; Norman A. Bikales, Clerk.

Directors: Thomas A. Kirkham, William E. Katz, Arnaud de Vitry d'Avaucourt, Averell E. Daniell*, Arthur L. Goldstein*, Robert B. Luick, Lawrence E. Fouraker, Carl J. McCurdy, Samuel A. Goldblith, Thomas J. White*, K. Kachadurian.

* Member of the Executive Committee

Areas of Work: The principal business of the company involves the development, manufacture and sale of products, systems and services for the desalination, processing, measurement and treatment of water and other liquids, principally utilizing separations technology and related methods.

Divisions and Subsidiaries:

Global Water Services, S.A.
Panama City, Panama

Ionics Italiana S.p.A.
Piazza IV Novembre 4
20124 Milan, Italy

Watlington-Waterworks Limited (23% owned)
Devonshire, Bermuda

Ionics Iberica, S.A.
Grand Canary, Spain

Household Water Division
65 Grove Street
Watertown, Massachusetts 02172
(617) 926-2500
Manufacture and sale of water desalination equipment, pollution monitoring instruments, food and chemical processing equipment; research and development activities in electrochemistry and pollution control.

Bridgeville Division
P.O. Box 99
Bridgeville, Pennsylvania 15017
(412) 343-1040
Manufacture and sale of water softening and conditioning equipment, custom-fabricated components for the nuclear, food and chemical industries, and custom-designed air recovery and heat transfer systems; financing activities related to sales of domestic water softening equipment.

General Ionics, Inc.
4178 Market Street
Youngstown, Ohio 44512
Home water softener dealership.

Ionics Ultrapure Water Corporation
Campbell, California
Services ultrapure water systems for the electronics, pharmaceutical and power industries in northern California and the Southwest.

Yuasa-Ionics Co. Ltd. (50% owned)
No. 12-11, 2-Chome
Higashi-Shinbashi
Minato-ku Tokyo 105 Japan
Supplies pollution abatement products in Japan and the Far East.

Italba, S.p.A. (87.7% owned)
Via Mauro Macchi 26
20124 Milan, Italy
Design and construction of water and waste treatment plants in Europe.

Ionics, Inc.
Hong Kong

Ionics (UK) Ltd.
London, England

Saif-Ionics (50% owned)
Damman, Saudi Arabia

Jalal-Ionics, Ltd. (40% owned)
Manama, Bahrain

Oasmar, S.A.
Grand Canary, Spain

Ionics (Bermuda) Ltd.
Hamilton, Bermuda

Elite Chemicals Pty. Ltd. (50% owned)
Brisbane, Qld., Australia
Production of specialty chemicals.

Ionics Pure Solutions
Phoenix, Arizona
Albuquerque, New Mexico
Sale and service of ultrapure water systems for the electronics and pharmaceutical industries.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: ION

Sales & Earnings

	Revenues	Net Income
1987	$ 74,679,000	$ 1,869,000
1986	64,613,000	952,000
1985	68,750,000	3,001,000
1984	65,003,000	4,829,000
1983	54,182,000	2,335,000

	No. of Com. Shares†	Earn. per Share‡
1987	3,582,394	$ 0.50
1986	3,696,526	0.25
1985	3,687,134	0.95
1984	3,053,400	1.57
1983	3,030,820	0.77

† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 51,714,000	$ 14.44
1986	49,814,000	13.48
1985	47,525,000	12.89
1984	24,303,000	7.96
1983	25,842,000	8.55

† Adjusted to reflect stock split.

Ionics, Incorporated

Income Account *

Year ended Dec. 31	1987	1986
Net revenues	$ 74,679,000	$ 64,613,000
Cost of sales	47,078,000	38,765,000
Expenses	21,888,000	20,970,000
Research exp.	1,921,000	2,315,000
Interest expense (income)	1,558,000	471,000
Equity income	(519,000)	(18,000)
Non-recurring items	—	318,000
Income before taxes	$ 2,753,000	$ 1,792,000
Income taxes	826,000	806,000
Minority interest	58,000	34,000
Net income	$ 1,869,000	$ 952,000

* Included in Costs and Expenses, Depreciation: $3,652,000 in 1987 and $2,614,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 3,900,000	$ 3,295,000
Comm. paper	4,757,000	5,394,000
Notes receiv., curr.	4,359,000	4,462,000
Accts. receiv., net	22,034,000	19,096,000
Other receiv.	1,702,000	1,926,000
*Inventories	12,064,000	10,034,000
Other assets	871,000	741,000
Current Assets	$ 49,287,000	$ 44,950,000
Investments	1,925,000	1,488,000
Notes receiv.	7,960,000	10,408,000
#Fixed assets	40,277,000	25,662,000
Other assets	2,449,000	2,264,000
Total Assets	$ 101,898,000	$ 84,772,000

Liabilities

Long-term debt, curr.	$ 5,124,000	2,689,000
Accts. payable	6,488,000	2,990,000
Accruals	5,661,000	4,241,000
Customer deposits	1,816,000	1,607,000
Income taxes	2,896,000	3,601,000
Curr. Liabilities	$ 21,985,000	$ 15,128,000
Long-term debt	15,427,000	7,824,000
Deferred inc. taxes	10,687,000	10,860,000
Other liabilities	2,085,000	1,146,000
+Common stock	3,701,000	3,697,000
Add. paid-in capital	17,529,000	17,482,000
Retained earnings	29,870,000	28,001,000
Cumulative trans. adj.	1,996,000	634,000
Total Liabilities & Shareholders' Equity	$ 101,898,000	$ 84,772,000

* At lower of cost (FIFO or standard cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income before Taxes to Revenues	3.69	2.77
%Net Income to Revenues	2.50	1.47
%Net Income to Equity	3.61	1.91
Debt to Equity	0.40	0.21
Working Capital	$ 27,302,000	$ 29,822,000
Current Ratio	2.24	2.97
Shareholders' Equity	$ 51,714,000	$ 40,814,000

IRT Corporation

3030 Callan Road
San Diego, California 92121
(619) 450-4343

Mailing Address:
P.O. Box 85317
San Diego, California 92138

Officers: Clifford V. Brokaw, III, chairman & chief exec. officer; Michael S. Bernath, president & chief operating officer; Samuel C. Yeager, v.p. & pres.-Automated Systems Group; W. Dennis Swift, v.p. & pres.-Electronic Systems Group; Dale W. Hornback, v.p.-finance, treasurer, chief financial officer & secretary.

Directors: Clifford W. Brokaw, III, Stanley W. Hubbel, Robert P. Scherer, Jr., John P. Thompson, John F. Maher.

Areas of Work: Radiation effects research, monitoring and testing services; development and manufacture of equipment for measurement of nuclear materials and non-destructive inspection.

Divisions:

National Security
Electronic Systems
Automated Systems

Subsidiaries:

Ridge, Inc.
Automated inspection products.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: IX

Number of Employees:

1987 ..... N.A. 1986 431

Plant Footage:

1987 ..... N.A. 1986 ....217,600 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income
1987	$ 42,619,000	$ (576,000)
1986	38,156,000	(4,387,000)
1985	28,913,000	959,000
1984	15,614,000	772,000
1983	13,151,000	461,000

	No. of Com. Shares‡	Earn. per Share‡
1987	4,668,430	—
1986	4,300,277	—
1985	4,223,418	0.23
1984	3,666,946	0.21
1983	2,911,736	0.16

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenue By Line of Business

	1987	1986
System survivability	$ 19,342,000	$ 15,964,000
Automated Inspection	23,277,000	22,192,000
Total	$ 42,619,000	$ 38,156,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 9,408,000	$ 2.11
1986	7,576,000	1.76
1985	11,786,000	2.79
1984	9,717,000	2.65
1983	2,894,000	0.99

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account*

Year ended March 31	1987	1986
Revenues	$ 42,619,000	$ 38,156,000
Cost of revenues	32,074,000	28,426,000
Expenses	9,019,000	12,833,000
Interest expense	2,127,000	1,962,000
Other income	(25,000)	(28,000)
Loss before taxes	$ (576,000)	$ (5,037,000)
Tax credit	—	(650,000)
Net Loss	$ (576,000)	$ (4,387,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,251,000 in 1987 and $2,067,000 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 272,000	$ 373,000
Receiv., net	11,218,000	13,385,000
*Inventories	6,171,000	6,896,000
Prepaid, deposits & other assets	641,000	474,000
Current assets	$ 18,302,000	$ 21,128,000
#Fixed assets	14,992,000	15,236,000
Other assets	4,837,000	3,956,000
Total Assets	$ 38,131,000	$ 40,320,000

Liabilities

Notes payable	$ 6,794,000	$ 8,103,000
Long-term debt, curr.	162,000	201,000
Accts. payable, accruals & reserves	5,679,000	8,498,000
Current portion of obligations under capital lease	384,000	300,000
Curr. Liabilities	$ 13,019,000	$ 17,102,000
Long-term debt	14,559,000	14,850,000
Obligations under capital lease	617,000	660,000
Def. inc. taxes	523,000	132,000
+Common stock	475,000	432,000
Add. paid-in capital	10,621,000	8,469,000
Emp. stock owner. plan	329,000	116,000
Retained earnings (deficit)	(2,017,000)	(1,441,000)
Total Liabilities & Shareholders' Equity	$ 38,131,000	$ 40,320,000

* At lower cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Debt to Equity	2.39	3.18
Working Capital	$ 5,283,000	$ 4,026,000
Current Ratio	1.41	1.24
Shareholders' Equity	$ 9,408,000	$ 7,576,000

Isomet Corporation

5263 Port Royal Road
Springfield, Virginia 22151
(703) 321-8301

Officers: Henry Zenzie, president; Leon Bademian, exec. v.p.-operations; Jerry W. Rayburn, exec. v.p.-finance; Robert G. Bonner, v.p.-components manufacturing; Frank V. Hamby, v.p.-systems manufacturing; Jeffery J. Harris, v.p.-marketing; Delmar R. Radar, v.p.-product engineering; Lee R. Marks, secretary.

Directors: Henry Zenzie, Thomas P. Meloy, Leon Bademian, Jerry W. Rayburn, Lee R. Marks.

Areas of Work: Engaged in the design and production of laser accessory components and opto-electronic instruments employing synthetic crystals.

Subsidiaries:

Isomet Japan, K.K.
3-6 Minami-Suna
3-Chome
Koto-ku, Tokyo, Japan
Manufactures accousto-optic devices for the Japanese and other markets.

Isomet Laser Systems, Ltd.
18 John Baker Close
Llantarnam Industrial Park
Cwmbran, Gwent NP44 3AX United Kingdom
Conducts laser systems research and development.

Printing Developments Isomet, Ltd.
18 John Baker Close
Llantarnum Industrial Park
Cwmbran, Gwent NP44 3AX United Kingdom
Markets and services graphic arts equipment in Europe.

Transfer Agent(s):

United Virginia Bank
Box 26665
Richmond, Virginia 23261

Stock Exchange(s): Over-the-Counter

Ticker Symbol: IOMT (NASDAQ)

Number of Employees:

1987	84	1984	73
1986	78	1983	59
1985	74		

Plant Footage:

1987	28,524 sq. ft.	1985	27,724
1986	28,524		

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 8,584,000	$ 729,485
1986	6,293,000	10,723
1985	4,743,000	(450,846)
1984	3,444,000	(185,406)
1983	4,154,000	40,234

	No. of Com. Shares #	Earn. per Share‡ #
1987	1,895,715	$ 0.38
1986	1,895,715	0.02
1985	1,811,894	—
1984	1,562,756	—
1983	1,568,358	0.03

(Loss)
‡ Including extraordinary gains of $36,966 ($0.02 per share) in 1986 and $52,670 in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 3,623,627	$ 1.91
1986	2,912,100	1.54
1985	2,932,797	1.62
1984	2,858,662	1.83
1983	2,989,726	1.91

‡ Based on the weighted average number of shares outstanding.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 8,586,339	$ 6,292,725
Cost of sales	5,449,136	4,498,800
Expenses	2,060,338	1,730,496
Other income	(90,180)	(69,032)
Interest income	(3,867)	(12,093)
Interest expense	196,919	228,591
Income (loss) bef. taxes	$ 971,993	$ (84,037)
Income taxes credit	242,508	(57,794)
Net Income (loss)	$ 729,485	$ (26,243)
Extraord. gain	—	36,966
Net Income (loss) & extraord. gain	$ 729,485	$ 10,723

* Included in Costs and Expenses, Depreciation and Amortization: $254,059 in 1987 and $210,545 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 511,825	$ 50,880
Accts. receiv, net	2,324,885	1,428,777
Other receiv.	14,369	20,258
*Inventories	3,110,081	3,287,100
Prepaid expenses	108,610	75,921
Due from officers	10,742	19,436
Cost & est. earnings in exc. of billings	160,229	94,884
Precious metals	206,857	215,337
Refundable income taxes	—	63,215
Current Assets	$ 6,347,598	$ 5,255,838
#Fixed assets	818,656	803,139
Other assets	164,524	248,635
Total Assets	$ 7,330,778	$ 6,307,612

Liabilities

Notes payables	$ 2,217,901	$ 2,139,530
Accts. payable	666,583	567,470
Accruals	406,073	347,411
Income taxes payable	281,767	—
Billings in exc. of costs	39,909	—
Deferred inc. taxes	3,863	4,997
Curr. Liabilities	$ 3,616,096	$ 3,059,408
Long-term debt:		
Notes payable	—	190,625
Other	12,394	7,967
Deferred inc. taxes	78,661	137,512
+Common stock	1,895,715	1,895,715
Add. paid-in capital	3,854,611	3,854,611
Deficit	(1,986,595)	(2,716,080)
For. curr. trans. adj.	(140,104)	(122,146)
Total Liabilities & Shareholders' Equity	$ 7,330,778	$ 6,307,612

* Inventories of parts and raw chemicals at lower of cost (FIFO) or market. Work in process and finished goods at lower of average cost or market.
# Less accumulated depreciation and amortization.
+ $1 per value.

Statistical Summary

%Net Income to Sales	8.50	—
Sales to Inventories	2.76	1.91
Debt to Equity	0.62	0.80
Working Capital	$ 2,731,502	$ 2,196,430
Current Ratio	1.76	1.72
Shareholders' Equity	$ 3,623,627	$ 2,912,100

Itel Corporation

Two North Riverside Plaza
Suite 1950
Chicago, Illinois 60606
(312) 902-1515

Officers: Samuel Zell, chairman; Rod F. Dammeyer, president; James E. Knox, sr. v.p.-general counsel & secretary; Gary M. Hill, v.p.-finance; Scott H. Williamson, v.p.-acquisitions and development; John A. Pigott, pres.-Anixter Bros., Inc.; Bruce Van Wagner, vice chairman-Anixter Bros., Inc.; DeWitt D. Barlow, III, pres.-Great Lakes International, Inc.; Desmon P. Hayes, pres.-Itel Rail Corporation; John Hsieh, chairman-Itel Transportation Services and Itel Container Corporation; Jack P. Edwards, pres.-Itel Transportation Services; Philip C. Kantz, pres.-Itel Container Corporation.

Directors: Samuel Zell, chairman; William A. Buzick, Jr., Rod F. Dammeyer, F. Philip Handy, Harold Haynes, F. Warren Hellman, John Hsieh, Jack P. Edwards, Jerome Jacobson, Melvyn N. Klein, Robert H. Lurie, John R. Petty, John A. Pigott, James D. Woods.

Areas of Work: Through Anixter Bros., Inc., a wholly owned subsidiary, the Company distributes, and to a lesser extent, manufactures products which use wire and cable as a principal component or which are used in the transmission of telephone communications or electricity. Specific products include telephone transmission components, modular central office structures to house electronic switching systems, electrical wiring harnesses and cable assemblies for use on appliances and vehicles, lights and switches primarily for military vehicles, battery booster cables and other power supply cords, microwave antennas for telephone and radio communications, and distribution equipment such as switchboards and power panels.

Subsidiaries:

Anixter Bros., Inc.
4711 Golf Road
One Concourse Plaza
Skokie, Illinois 60076
(312) 677-2600

Itel Container Corporation
San Francisco, California
(415) 984-4000
Leases containers.

Great Lakes International, Inc.
Oak Brook, Illinois
(312) 574-3000
Heavy marine construction, primarily dredging.

Itel Rail Corporation
San Francisco, California
(415) 984-4000
Rail operations, including railcar leasing and ownership of four shortline railroads.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
50 California Street, 10th Floor
San Francisco, California 94111

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ITEL (NASDAQ)

Number of Employees:

1987	3,400	1986	3,400

Sales & Earnings

	Revenues	Net Income†
1987	$1,274,000,000	$ 8,300,000
1986	288,700,000	55,700,000
1985	198,400,000	(6,900,000)
1984	194,900,000	1,300,000
1983	173,300,000	17,700,000

	No. of Com. Shares	Earn. per Share‡†
1987	26,530,000	$ —
1986	18,290,000	2.77
1985	14,950,000	—
1984	14,750,000	—

(Loss)
† Including extraordinary gains of $57,800,000 ($3.21 per share) in 1986, $4,600,000 in 1984 and extraordinary losses of $2,100,000 in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Container	$ 158,500,000	$ 93,300,000
Dredging	172,100,000	106,700,000
Rail	108,800,000	88,800,000
Total	$1,274,000,000	$ 288,700,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 275,700,000 †	$ 10.39
1986	149,300,000 †	8.16
1985	85,700,000	5.73
1984	90,000,000	6.10
1983	80,500,000	—

† After allowing for preferred stock at stated values.

Income Account*
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 1,274,000	$ 288,700
Cost of sales & expenses	1,120,000	236,300
Interest expense	108,100	52,900
Amort. of exc. purch cost	8,100	—
Non-recurring items	1,300	—
Minority interest	6,100	1,600
Inc. (loss) bef. Taxes	$ 30,400	$ (2,100)
Income Taxes	14,800	—
Net Income (losses)	$ 15,600	(2,100)
Extraord. items	(7,300)	57,800
Net Income (Loss) & extraord. items	$ 8,300	$ 55,700

* Included in Costs and Expenses, Depreciation: $87,300,000 in 1987 and $54,700,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 35,400	$ 53,100
Marketable securities	—	90,800
Accts. receiv. net	234,100	162,500
*Inventories	222,400	162,900
Prepaid expenses	20,900	13,300
Current Assets	$ 512,800	$ 482,600
#Fixed assets	982,000	635,800
Investments	88,300	—
Other assets	42,000	31,600
Intangibles	319,800	330,300
Total Assets	$ 1,944,900	$ 1,480,300

Liabilities
(000's)

Long-term debt, curr.	$ 71,500	$ 63,900
Accts. payable.	125,100	115,700
Accruals	119,600	95,700
Curr. Liabilities	$ 316,200	$ 275,300
Long-term debt	1,141,200	860,300
Other liabilities	38,000	25,000
Minority interest	34,400	31,600
+Preferred stock-Class B, Series A	56,500	56,500
++Preferred stock Class B, Series B	—	82,300
+++Class B, Series C	82,900	—
++++Common stock	27,200	18,300
Add. paid-in capital	236,100	96,700
Retained earnings	23,900	34,000
Com. trans. adjust.	2,400	300
Val. allow for eq. secur.	(4,400)	—
Treasury stock	(9,500)	—
Total Liabilities & Shareholders' Equity	$ 1,944,900	$ 1,480,300

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value; $8.64 cumulative.
++ $1 par value; $4.00 cumulative convertible.
+++ $1 par value; $3.375 cumulative convertible.
++++ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	2.39	—
%Net Income to Revenue	1.22	—
%Net Income to Equity	3.76	—
Debt to Equity	2.92	3.21
Working Capital	$ 196,600,000	$ 207,300,000
Current Ratio	1.62	1.75
Shareholders' Equity	$ 415,100,000	$ 288,100,000

I.T.T. Corporation

320 Park Avenue
New York, New York 10022
(212) 752-6000

Officers: Rand V. Araskog, chairman & chief executive officer; Edmund M. Carpenter, president & chief operating officer-ITT Industrial Products; DeRoy C. Thomas, vice chmn., pres. & c.o.o. - I.T.T. Diversified Svcs. Corp.; M. Cabell Woodward, Jr., vice chairman & chief financial officer; Howard J. Aibel, exec. vice president and general counsel; Daniel F. Lundy, sr. v.p.-taxes; George P. Scurria, Jr., sr. v.p. & treasurer; Raymond H. Alleman, sr. v.p. & comptroller; Juan C. Cappello, sr. v.p. & dir-corporate relations; Daniel P. Weadock, exec. v.p.; John J. Chluski, sr. v.p. & exec. representative; Robert E. Lewa, sr. v.p. & group exec.-financial services; John J. Navin, v.p. & secretary; John J. Foley, sr. v.p. & dir.-operations staff; Ralph W. Pausig, sr. v.p. & dir.-personnel; William W. Crossman, sr. v.p. & group exec.-COINS; Raymond J. Gill, sr. v.p. & group exec.-fluid technology; Ralph E. Reins, sr. v.p. & pres.-ITT Automotive, Inc.; Heinz F. Roessle, sr. v.p. & pres.-ITT Electronic Components, Inc.; Robert S. Slifka, sr. v.p.; D. Travis Engen, sr. v.p. & pres.-ITT Defense Technology Corporation; Samuel L. Simmons, sr. v.p. & dir.-corp. development.

Directors: Bette B. Anderson*, Margita E. White*, M. Cabell Woodward, Jr., Edmund M. Carpenter, Edward C. Meyer*, Rand V. Araskog*, Thomas W. Keesee, Jr.*, Michel David-Weill*, Robert A. Schoellhorn*, DeRoy C. Thomas, Lawrence S. Eagleburger*, C. Robert Powell*, Robert A. Burnett*, Benjamin F. Payton*.

* Member of the Executive Committee

Areas of Work: ITT Corporation is a diversified company active in more than 100 countries with a wide range of manufacturing and service operations. It is an important supplier of telecommunication and electronics equipment, industrial products, natural resource materials, engineered products, automotive components, consumer products, food products and aerospace systems. Major service areas include insurance, business and financial services, hotels/motor inns, and international communications.

Divisions and Subsidiaries:

ITT Corporation ("ITT")-Delaware
Federal Electric Corporation - Delaware
ITT Power Systems Corporation
ITT Higbie
ITT Hancock
ITT Automotive, Inc.
ITT Cannon
ITT Standard
ITT Bell & Gossett
ITT Barton Instruments
ITT Defense Technology Corporation
ITT Gilfillan
ITT Defense Communications
ITT Avionics
Carbon Industries, Inc.-West Virginia
ITT Community Development Corporation-Delaware
ITT Dialcom, Inc.-Maryland
ITT Systems, Inc.-Delaware
ITT Lester Industries, Inc.-Ohio
ITT World Directories, Inc.-Delaware
Qume Corporation-California
The Sheraton Corporation-Delaware

ITT Holdings Inc. ("ITT Holdings")-Delaware
ITT Canada Limited ("Canada")-Canada
ITT Industries of Canada Limited-Canada
ITT Grinnell Coporation-Delaware
ITT Industries, Inc. ("ITTI")-Delaware
Joseph Kempf G.m.b.H.-Germany
ITT Gesellschaft fur Beteiligungen m.b.H ("ITTG")-Germany
Deutsche ITT Handelsgesellschaft m.b.H.-Germany
H.W. Liebrich G.m.b.H.-Germany
Transatlantische Ruckversicherungs AG ("Granit")-Germany
SWF Spezialfabrik fur Autozubehor Gustav Rau G.m.b.H.-Germany
SWF Auto-Electric Gmbh-Germany
Alfred Teves G.m.b.H. ("Teves")-Germany
ITT Regelungstechnik Verwaltungs G.m.b.H. (ITTR)-Germany
Reise International-Germany
ITT Svenska AB ("Svenska")-Sweden
Flygt Aktiebolag-Sweden
IKO Kabel AB ("IKO")-Sweden
Standard Radio & Telefon AB-Sweden
Wilhelm Stadtmuller G.m.b.H.
ITT Rayonier Incorporated ("Rayonier")-Delaware

International Standard Electric Corporation ("ISEC")-Delaware
Bell Telephone Manufacturing Company-Belgium
FACE Finanziaria S.p.A.-Italy
ITT Austria Gesellschaft m.b.H.-Austria
ITT Netherlands, Inc. ("ITTN")-Delaware
Koni B.V.-Netherlands
Standard Fincance Netherlands ("SFFN")-Netherlands
Nederlandsche Standard Electric Maatschappij B.V.-Netherlands
Way-Assauto-Italy
ITT Telecom Products Corporation-Delaware
ISE Canadian Finance Ltd.-Ontario
Intel S.A. ("Intelsa")-Switzerland
ITT Standard S.A. Switzerland
Standard Electric Kirk A/S-Denmark
Standard Electrica S.A.-Spain
Standard Elektrik Lorenz A.G.-Germany
Standard Telephon und Radio A.G.-Switzerland
Standard Telefon og Kabelfabrik A/S-Norway
Standard Telephones and Cables Pty. Limited-Australia
ITT (United Kingdom) Limited-New York

ITT Communications and Information Services, Inc., ("COINS")-Delaware
ITT Communications Services, Inc. ("ITTCSI")-Delaware
All America Cables and Radio, Inc.-New York
United States Transmission Systems, Inc.-Delaware
Alcatel N.V. (37% interest)

SIGNIFICANT INSURANCE AND FINANCE SUBSIDIARIES-

Hartford Fire Insurance Company ("Hartford")-Connecticut
Abbey International Corporation ("Abbey")-Georgia
ITT Hartford Europe Limited ("ITTHE")-England
Abbey Life Group Limited-England
Excess Insurance Group Limited-England
Hartford Accident & Indemnity Company-Connecticut
Hartford Life and Accident Insurance Co. ("HLAI")-Connecticut
ITT Life Insurance Corporation ("Life")-Wisconsin

Hartford Life Insurance Company ("HLIC")-Connecticut
Hartford Variable Annuity Life Insurance Company-Connecticut
ISE Finance Holdings S.A.-Luxembourg
ITT Credit Corporation-Delaware
ITT Consumer Services Corporation ("ITTCS")-Delaware
ITT Financial Corporation ("ITTFC")-Delaware
Aetna Finance Company-Delaware
ITT Consumer Financial Corporation-Delaware
ITT Business Services Corporation (Mo.) ("ITT ...")-Missouri
ITT Industrial Credit Company-Nevada
ITT Commercial Finance Corporation-Delaware
Lyndon Insurance Company-Wisconsin
ITT Lyndon Life Insurance Company-Missouri
ITT Lyndon Property Insurance Company-Missouri
Newport Balboa Savings and Loan Association-California
Kellogg Credit Corporation-Delaware

Transfer Agent(s):

Office of the Corporation
(common & preferred stock)
320 Park Avenue
New York, New York 10022

Dresdner Bank AG (common only)
Frankfurt-am-Main, Federal Republic of Germany

Stock Exchange(s): New York, Pacific, Antwerp, Basel, Berne, Brussels, Geneva, Frankfurt, Lausanne, London, Paris, Tokyo, Vienna, Zurich

Ticker Symbol: ITT

Number of Employees:

1987	120,000	1984	252,000
1986	123,000	1983	278,000
1985	232,000		

Sales & Earnings

	Net Sales + (000's)	Net Income # (000's)
1987	$ 19,525,000	$ 1,018,000
1986	17,437,000	494,000
1985	14,663,000	294,000
1984	13,040,000	448,000
1983	11,742,000	675,000

	No. of Com. Shares	Earn. per Share #†
1987	136,000,000	$ 6.76
1986	141,000,000	3.23
1985	141,000,000	1.89
1984	140,000,000	2.97
1983	134,000,000	4.50

+ Includes other revenues and revenues from Insurance and Finance Subsidiaries; of continuing operations only.
# Including extraordinary loss of $45,733,000 ($0.30 per share) in 1986.
† Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Industrial Technology:		
Automotive	$ 2,437	$ 2,027
Electronic, components	1,061	884
Fluid technology	790	707
Defense & space	1,279	1,279
Diversified services:		
Communications oper. & information serv.	896	735
Hotels & community develop.	737	675
Insurance oper.	9,507	8,192
Financial serv.	1,467	1,359
Natural Resources	847	735
Total segments	$ 19,021	$ 16,593
Dispositions	504	844
Total sales & revenues	$ 19,525	$ 17,437

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.0625	—	—
1986	1.00	—	—
1985	1.00	—	—
1984	1.88	—	—
1983	2.76	—	—

Common Stock Equity

	Total Equity +	Equity Per Share
1987	$ 7,561,887,000	$ 53.83
1986	6,525,543,000	46.17
1985	5,848,898,000	41.62
1984	5,412,419,000	38.73
1983	5,417,238,000	39.36

+ After allowing for preferred stock at aggregate liquidation value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Sales & revenues	$ 8,550,986	$ 7,595,540
Cost of sales & services	7,004,498	6,362,662
Expenses	974,593	946,499
Eq. in earn. of Insur. & Fin. subsid.	(532,233)	(735,192)
Eq. in earn. of Alcatel N.V.	(72,821)	(55,866)
Interest expense	343,110	381,964
Interest & dividend income	(102,891)	(65,484)
Other income	(49,438)	(25,688)
Gain on sale of U.K. affil.	(384,443)	—
Gain on sale of telecom cos.	—	(284,623)
Income before taxes	$ 1,370,611	$ 1,071,260
Income taxes	249,923	495,153
Minority stock eq. in net. inc.	35,813	48,223
Inc.-cont. oper.	$ 1,084,875	$ 527,892
Inc.-discont. oper.	—	11,561
Net Income	$ 1,084,875	$ 539,453
Extraord. loss	—	(45,733)
Cum. effect of accntg. change	(66,731)	—
Net Income & extraord. loss	$ 1,018,144	$ 493,720

* Included in Costs and Expenses, Depreciation: $387,823,000 in 1987 and $367,887,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 801,575	$ 758,733
Accts. receiv., net	1,187,088	1,660,565
*Inventories	1,243,302	1,000,790
Other curr. assets	411,948	208,803
Current Assets	$ 3,644,333	$ 3,628,891
Investments, deferred receiv. & other assets	6,536,177	6,060,002
#Fixed assets	3,173,829	3,231,514
Total Assets	$ 13,354,339	$ 12,920,407

Liabilities
(000's)

Short-term debt	$ 436,674	$ 406,112
Accts. payable	615,423	559,909
Other payables	167,906	185,105
Accrued payroll	242,035	320,096
Accrued taxes	22,916	109,201
Other liab.	774,269	869,862
Curr. Liabilities	$ 2,259,223	$ 2,450,365
Long-term debt	2,477,623	2,527,308
Reserves & deferred liabilities	692,157	707,636
Minority interest	47,615	40,475
Deferred inc. taxes	58,210	48,885
+Preferred stock	277,624	321,136
++Common stock	135,835	141,343
Add. paid-in capital	959,148	1,264,109
Retained earnings	6,508,805	5,733,143
Unrealized gain (loss) on eq. secur.	(23,133)	17,757
Cum. trans. adjust.	(38,768)	(331,750)
Total Liabilities & Shareholders' Equity	$ 13,354,339	$ 12,920,407

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.03	—
%Net Income to Sales	12.69	—
%Net Income to Equity	13.87	7.55
Debt to Equity	0.37	0.41
Working Capital	$ 1,385,110,000	$ 1,178,526,000
Current Ratio	1.61	1.48
Shareholders' Equity	$ 7,819,511,000	$ 7,145,738,000

Jetronic Industries, Inc

Main and Cotton Streets
Philadelphia, Pennsylvania 19127
(215) 482-7660

Officers: Daniel R. Kursman, chairman of the board, president and treasurer; Jerome I. Kursman, vice president and secretary; Garth E. Bower, group vice president; Leonard W. Pietrzak, vice president-finance; Peter J. Kursman, vice president.

Directors: Daniel R. Kursman, chairman; Jerome I. Kursman, Peter Kursman, Garth E. Bower, Herbert Myers, David Silverman, William L. Weiss.

Areas of Work: Engaged in the design, manufacture, and sale of electronic communication and navigation equipment and the manufacture and sale of circuit boards and instrumentation systems. Also involved in retail sales of furniture, major appliances and marine accessories.

Jetronic Industries, Inc

Divisions and Subsidiaries:

Transchem Division
3667 Birch Street
Newport Beach, California 92660
Produces multilayer laminated rigid and flexible etched circuit boards, primarily for the computer and aerospace industries, precision power systems, tactical interconnunication systems, instrumentation systems and ground support/checkout systems.

Harry Levin, Inc.
Philadelphia, Pennsylvania
Engaged in the retail furniture and appliance business in the Philadelphia, Pennsylvania area.

Rose Matthews Corporation
Fall River, Massachusetts
Manufactures narrow tapes, shock cord, industrial straps and related products.

Marine Mail Order Supply, Inc. (75% owned)
Toronto, Ontario, Canada
Imports, distributes and sells on a retail basis a general line of marine products throughout Canada and the northern U.S.

Jetronic Light Wave Corporation
Newport Beach, California
Manufactures fiber optic cable.

Ray Jefferson Division
Main and Cotton Streets
Philadelphia, Pennsylvania 19127
Development of marine electronic communication and navigation equipment and accessory instruments for commerical and leisure use, including marine radio telephones, radio direction finders, and marine antennas.

Radco, Inc.
Manufactures and markets control panels and switchgear primarily for use in diesel power electrical generators.

Transfer Agent(s):

Continental Stock Transfer Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: JET

Number of Employees:

1987	681	1985	570
1986	750	1984	695

Plant Footage:

1987	367,000 sq. ft.	1985	238,000
1986	367,000	1984	238,800

Sales & Earnings

	Revenues (000's)	Net Income + (000's)
1988	$ 61,784	$ (5,337)
1987	58,668	1,007
1986	51,273	1,510
1985	40,817	1,091
1984	36,468	641

	No. of Com. Shares‡	Earn. per Share‡†
1988	2,457,000	$ —
1987	2,457,000	0.41
1986	2,454,000	0.62
1985	2,386,000	0.46
1984	2,222,000	0.28

(Loss)
+ Including extraordinary gain of $10,000 in 1985 and extraordinary losses of $57,000 in 1988, $74,000 ($0.03 per share) in 1987 and $57,000 ($0.04 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business (000's)

	1988	1987
Jetronic:		
Electronic communication & navigation equipment	$ 22,686	$ 21,809
Circuit boards & instrumentation systems	17,549	11,771
The Levin Group:		
Retail furniture & appliances	17,228	20,197
Narrow fabrics & tapes	4,521	4,891
Total	$ 61,784	$ 58,668

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	—	10%	—
1986	—	10%	—
1985	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 7,183,000	$ 2.92
1987	12,432,000	5.06
1986	11,298,000	4.60
1985	9,598,000	4.02
1984	8,227,000	3.70

+ Based on the weighted average number of common shares and common shares equivalents outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Jan. 31	1988	1987
Net sales	$ 60,714,000	$ 57,564,000
Other income	1,070,000	1,104,000
Total income	$ 61,784,000	58,668,000
Cost of sales	45,881,000	39,501,000
Expenses	18,908,000	15,457,000
Interest expense	2,106,000	1,562,000
Other costs & expenses	1,254,000	—
Income (loss) before taxes	$ (6,365,000)	$ 2,148,000
Income taxes (credit)	(1,085,000)	1,067,000
Net Income (Loss)	$ 5,280,000)	$ 1,081,000
Extraord. loss	(57,000)	(74,000)
Net Income (Loss) & extraord. loss	$ (5,337,000)	$ 1,007,000

* Included in Costs and Expenses: Depreciation and Amortization: $914,000 in 1988 and $662,000 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 628,000	816,000
Accts. receiv. net	15,198,000	14,939,000
*Inventories	16,620,000	19,816,000
Income tax refunds receiv.	655,000	—
Prepaid expenses	1,045,000	1,393,000
Current Assets	$ 34,146,000	$ 36,964,000
#Fixed assets	3,328,000	3,668,000
Goodwill	1,499,000	1,355,000
Other assets	629,000	835,000
Total Assets	$ 39,602,000	$ 43,022,000

Liabilities

Notes payable	$ 14,762,000	$ 13,945,000
Long-term debt, curr	674,000	653,000
Accts. payable	3,136,000	2,576,000
Accrued payroll	329,000	438,000
Other accruals	1,994,000	3,768,000
Income taxes payable	—	844,000
Def. inc. taxes	—	420,000
Curr. Liabilities	$ 24,895,000	$ 22,644,000
Long-term debt	7,215,000	7,694,000
Minority interest	309,000	252,000
+ Common stock	246,000	246,000
Add. paid-in capital	9,473,000	9,473,000
Curr. trans. adj.	71,000	(17,000)
Retained earnings (deficit)	(2,349,000)	2,988,000
Treasury stock	(258,000)	(258,000)
Total Liabilities & Shareholders' Equity	$ 39,602,000	$ 43,022,00

* At lower of cost (LIFO) or market: inventories of narrow fabrics and tape stated at FIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	—	3.73
% Net Income to Sales	—	1.88
% Net Income to Equity	—	8.70
Sales to Inventories	3.65	2.90
Debt to Equity	1.00	0.62
Working Capital	$ 9,251,000	$ 14,320,000
Current Ratio	1.37	1.63
Shareholders' Equity	$ 7,183,000	$ 12,432,000

John Fluke Mfg. Co., Inc.

6920 Seaway Boulevard
Everett, Washington 98203
(206) 347-6100

P.O. Box C9090
Everett, Washington 98206

Officers: John M. Fluke, Jr., chairman of the board; George M. Winn, president & chief executive officer; Ronald R. Wambolt, sr. v.p. & dir.-worldwide sales; John R. Smith, vice president & treasurer; Richard W. Van Saun, v.p. & group mgr.-Service Equipment Group; Jerome A. Froland, v.p. & group mgr.-Business Development Group; Frederick R. Hume, v.p. & group mgr.-manufacturing/R&D group; George O. Trickel, v.p.-personnel & facilities; William R. Hoffman, v.p. & group mgr.-Philip, T&M Group; Valentine C. Gersbach, v.p. & group mgr.-Calibration & Communications Group; Douglas G. McKnight, v.p., gen. counsel & secretary.

Directors: Everts L. Johns*, Richard B. Hooper, James B. Scroggs*, Henry G. Dahl, Jr., John M. Fluke, Jr.*, N. Stewart Rogers*, George M. Winn*, David S. Potter, Philip M. Condit, George T. de Kruiff, James E. Warjone.

* Member of the Executive Committee

Areas of Work: Designs, manufactures and sells commercial electronic test and measurement instruments and systems for scientific, educational, industrial and governmental applications. Products manufactured include digital voltmeters and multimeter electronic counters, frequency synthesizers, digital thermometers, circuit board testers, data loggers, calibrators and standards, signal generators, automatic test systems, IEEE Bus Controllers and microsystem testers.

Fluke International Corporation
P.O. Box C9090
Everett, Washington 98206

Instrument Specialists Sales Group
John Fluke Mfg. Co., Inc.
2020 No. Lincoln Street
Burbank, California 91504

CCI Sales Group
1400 Hicks Road
Rolling Meadows, Illinois 60008

IBM Representative Sales Group
John Fluke Mfg. Co. Inc.
West 75 Century Road
Paramus, New Jersey 07652

Fluke (Holland) B.V.

Fluke Foreign Sales Corporation (FSC)

Fluke Electronics Canada, Inc.,
Toronto, Ontario, Canada

Fluke Asia Limited
Hong Kong

HILEVEL Technology, Inc., (25% interest)
Supplier of application specific integrated circuit (ASIC) verification and support systems.

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American, Pacific

Ticker Symbol: FKM

Number of Employees:

1987	2,400	1985	2,652
1986	2,500	1984	2,825

Plant Footage:

1987	706,167 sq. ft.	1985	706,167
1986	706,167		

Sales & Earnings

	Net Sales	Net Income
1987	$ 206,328,000	$ 2,005,000
1986	209,030,000	12,156,000
1985	216,559,000	15,200,000
1984	208,076,000	18,983,000
1983	172,674,000	9,585,000

	No. of Com. Shares #	Earn. per Share #
1987	8,055,662	$ 0.24
1986	8,900,214	1.37
1985	8,824,772	1.69
1984	9,148,260	2.08
1983	9,116,446	1.06

Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	5%	—
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—
1983	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 106,820,000	$ 13.26
1986	124,248,000	13.96
1985	111,428,000	12.63
1984	104,325,000	11.40
1983	84,800,000	9.30

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account* (000's)

Year ended Sept. 30	1987	1986
Net sales	$ 206,328	$ 209,030
Cost of sales	96,257	95,834
Expenses	104,168	95,885
Interest expense	1,833	2,411
Other income	(2,107)	(2,017)
Income before taxes	$ 6,177	$ 16,917
Income taxes	4,172	4,761
Net income	$ 2,005	$ 12,156

* Included in Costs and Expenses, Depreciation and Amortization: $10,391,000 in 1987 and $9,447,000 in 1986.

Assets (000's)

As of Sept. 30	1987	1986
Cash	$ 12,200	31,343
Accts. receiv., net	38,456	36,604
Receivables	6,910	—
°Inventories	40,020	39,370
Prepaid inc. taxes	2,927	1,887
Prepaid expenses	5,294	3,954
Current Assets	$ 105,807	$ 113,158
#Fixed assets	58,930	61,432
Other assets	2,467	2,939
Total Assets	$ 167,204	$ 177,529

Liabilities (000's)

Short-term debt	$ 10,000	$ —
Long-term debt, curr.	607	2,270
Accts. payable	5,201	4,655
Accruals	16,957	16,823
Accrued liabilities	13,309	—
Income taxes	1,283	1,875
Curr. Liabilities	$ 47,357	25,623
Long-term debt	822	16,727
Deferred comp.	3,620	4,013
Deferred inc. taxes	8,585	6,918
+Common stock	2,202	2,202
Add. paid-in capital	87,940	87,104
Retained earnings	37,005	44,738
Treasury stock	20,327	(9,796)
Total Liabilities & Shareholders' Equity	$ 167,204	$ 177,529

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.99	8.09
%Net Income to Sales	0.97	5.82
%Net Income to Equity	1.88	9.78
Sales to Inventories	5.16	5.31
Debt to Equity	0.11	0.15
Working Capital	$ 58,450,000	$ 87,535,000
Current Ratio	2.23	4.42
Shareholders' Equity	$ 106,820,000	$ 124,248,000

Johnson Controls, Inc.

5757 North Green Bay Avenue
P.O. Box 591
Milwaukee, Wisconsin 53201
(414) 228-1200

Officers: Fred L. Brengel, chairman & chief executive officer; John F. Daly, vice chairman; William L. Roothaan, vice chairman; James H. Keyes, president & chief operating officer; Frank M. Sterner, vice president; Joseph W. Lewis, vice president; George Jacobi, vice president; John M. Barth, vice president; David A. Bigler, vice president; R. Eugene Goodson, vice president; Robert D. Gustine, vice president; J. William Horton, vice president; William P. Killian, vice president; James M. Wade, v.p. & chief financial officer; Florence Kiett, asst. secretary; John P. Kennedy, secretary & gen. counsel; Stephen A. Roell, treasurer; James J. Lohmeier, corp. controller.

Directors: Ettore Barbatelli, Fred L. Brengel°, John S. Randall°, William L. Roothaan, John F. Daly, William J. Hubbard, Jr., James H. Keyes, Donald Taylor°, Robert T. Foote, R. Douglas Ziegler°, James L. Kraus°, Paul A. Brunner, Robert L. Barnett, Gilbert R. Whitaker, Jr., Paul W. McCracken.

° Member of the Executive Committee

Areas of Work: Engaged in the development, production and servicing of computer systems designed for building automation, fire safety and security and energy systems; manufactures and markets auto batteries and automotive seating; manufactures plastic containers and plastics blow-molding machinery.

Divisions:

Systems & Services Division
507 E. Michigan Street
P.O. Box 423
Milwaukee, Wisconsin 53201
(414) 274-4000
Provides building automation systems and products which can monitor and control every phase of a building's operations including energy conservation, fire safety and security.

Systems Engineering & Construction Division
207 North Jefferson Street
P.O. Box 423
Milwaukee, Wisconsin 53201
(414) 274-4815
Designs, installs and maintains industrial instrumentation and process control systems.

Control Products Division
1250 E. Diehl
Naperville, Illinois 60540
(312) 654-4900
Designs, produces and distributes energy related products to original equipment manufacturers. Products include a complete line of automatic temperature pressure and flow controls for air conditioning, refrigeration, commercial and residential heating, water pumping and gas burning equipment.

Battery Group
5757 N. Green Bay Avenue
P.O. Box 591
Milwaukee, Wisconsin 53201
(414) 228-1200
Manufactures and sells automotive and other rechargeable lead-acid batteries.

Automotive Systems Group
825 Victors Way
P.O. Box 1033
Ann Arbor, Michigan 48106
(313) 665-1500
Designs and manufactures complete seating systems and foam and metal seating components for cars, trucks and vans. Designs and manufactures window regulators, latches, locks and other automotive components.

Plastic Technology Group
912 City Road
P.O. Box 129
Manchester, Michigan 48158
(313) 428-8371

Plastic Container Division
Supplies plastic soft drink bottles for the U.S. market.

Plastics Machinery Division
Design and assembly of blowmolding machinery.

Engineered Plastics Division
Manufactures plastic components for automotive applications such as radiator end caps, gears and power steering reservoirs.

Johnson Controls, Inc.

Subsidiaries:

Johnson Controls International, Inc.
Milwaukee, Wisconsin

Johnson Controls, Ltd.
Toronto, Ontario, Canada

Transfer Agent(s):

First Wisconsin Trust Co.
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Stock Exchange(s): New York

Ticker Symbol: JCI

Number of Employees:

1987	26,900	1984	21,200
1986	26,900	1983	20,700
1985	29,000		

Plant Footage:

1987 ..... 12,000,000 sq. ft. 1986 11,000,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 2,676,817,000	$ 89,578,000
1986	2,639,376,000	95,926,000
1985	1,787,049,000	78,290,000
1984	1,425,271,000	66,723,000
1983	1,323,424,000	59,041,000

	No. of Com. Shares‡	Earn. per Share‡
1987	37,816,900	$ 2.20
1986	38,011,100	2.36
1985	32,489,400	2.40
1984	28,346,200	2.35
1983	28,291,000	2.09

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.06	—	2-for-1
1986	1.00	—	—
1985	0.93	—	—
1984	0.83	—	—
1983	0.75	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 770,364,000	$ 20.88
1986	753,841,000 †	19.87
1985	690,331,000 †	18.40
1984	460,145,000	16.24
1983	392,255,000 †	14.76

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net sales	$ 2,676,817	$ 2,639,376
Cost of sales	2,132,467	2,114,823
Expenses	366,304	341,107
Oper. profit	$ 178,046	$ 183,446
Interest income	(6,593)	(11,049)
Other income	(2,322)	(2,664)
Interest expense	16,011	22,762
Income before taxes	$ 170,950	$ 174,397
Income taxes	81,372	78,471
Net Income	$ 89,578	$ 95,926

* Included in Costs and Expenses, Depreciation and Amortization: $97,878,000 in 1987 and $90,439,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash & invest.	$ 20,292	$ 18,579
Accts. receiv., net	442,285	404,498
Contract costs in excess of billings	20,921	19,740
*Inventories	211,070	218,933
Other assets	95,522	77,062
Current Assets	$ 790,090	$ 738,812
#Fixed assets	648,354	609,277
Goodwill	194,553	200,367
Invest. in affil.	28,172	26,956
Other assets	77,914	88,607
Total Assets	$ 1,739,083	$ 1,664,019

Liabilities
(000's)

Short-term debt	$ 126,308	$ 94,408
Long-term debt, curr.	14,038	9,407
Accts. payable	189,045	157,913
Accrued compensation	95,087	79,769
Billings in excess of costs	107,949	121,086
Accrued inc. taxes	37,657	27,674
Other liabilities	80,984	71,799
Curr. Liabilities	$ 651,068	$ 592,056
Long-term debt	198,224	133,270
Other liabilities	49,963	40,830
Deferred inc. taxes	69,464	69,022
+ Preferred stock	—	1,500
++ Common stock	6,362	3,157
Add. paid-in capital	403,837	475,139
Retained earnings	400,902	357,421
Treasury stock	(40,521)	(84)
Cum. trans. adjust.	(216)	(8,292)
Total Liabilities & Shareholders' Equity	$ 1,739,083	$ 1,664,019

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value; $4.25 convert. exchange., Series C.
++ $0.16 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.39	6.61
%Net Income to Sales	3.35	3.63
%Net Income to Equity	11.63	11.57
Sales to Inventories	12.68	12.06
Debt to Equity	0.44	0.29
Working Capital	$ 139,022,000	$ 146,756,000
Current Ratio	1.21	1.25
Shareholders' Equity	$ 770,364,000	$ 828,841,000

Joslyn Corporation

30 South Wacker Drive
Chicago, Illinois 60606
(312) 454-2900

Officers: Donald B. Hauniser, *chairman & chief exec. officer*; Richard A. Kruk, *president & chief operating officer*; John J. Connolly, Jr., *v.p.-corp. development*; Alwyn A. deSouza, *group v.p.-Electrical Technologies Group*; Wayne M. Koprowski, *gen. counsel & secretary*; Raymond E. Michaletti, *v.p. & gen. mgr.-Hi-Voltage Equipment Division*; James T. Standrup, *v.p. & gen. mgr.-Hardware Division*; Lawrence G. Woloki, *v.p., chief financial officer & treasurer*.

Directors: Donald B. Hauniser, *chairman*; Alwyn A. deSouza, Richard A. Kruk, Russell R. Malik, Walter W. Schoenholz, Lawrence G. Woloki.

Areas of Work: The Company manufactures electronic and electrical equipment for suppression and control of voltage and current surges, and electro-magnetic pulse protection devices, electrical interconnect assemblies and microwave switch products for the aerospace and defense industries; produces a family of switchgear products incorporating either vacuum or sulfur hexafluoride gas technology for the electric utility and industrial markets; manufactures starters and contactors for motor control applications, and supplies fire pump controllers for automatic fire protection systems.

Divisions:

Electronic Systems Division
Hi-Voltage Equipment Division
Power Products Division
Electrical Apparatus Division
Hardware Division

Subsidiaries:

Joslyn Clark Controls, Inc.
Manufactures general purpose contactors and starters for heating, ventilating and air-conditioning markets.

Joslyn Defense Systems, Inc.
Manufactures electrical interconnect assemblies and microwave switch products for the aerospace and defense industries.

Joslyn Canada, Inc.
Supplies electrical hardware, apparatus and protective equipment within Canada.

Joslyn Foreign Sales Corporation
Exports the Company's products throughout the world.

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois 60670

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JOSL (NASDAQ)

Number of Employees:

1986 ..... 1,650 1985 1,700

Sales & Earnings

	Net Sales	Net Income
1986	$ 149,501,000	$ 10,758,000
1985	161,514,000	11,447,000
1984	153,644,000	13,057,000
1983	138,838,000	11,468,000
1982	142,568,000	14,296,000

	No. of Com. Shares‡	Earn. per Share‡
1986	4,791,000	$ 2.25
1985	4,829,000	2.37
1984	5,002,000	2.61
1983	5,105,000	2.25
1982	5,283,000	2.71

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1986	1985
Electrical technologies	$ 65,898,000	$ 62,259,000
Utility systems	83,641,000	99,377,000
Eliminations	(38,000)	(122,000)
Total	$ 149,501,000	$ 161,514,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 1.44	—	—
1985	1.40	—	—
1984	1.26	—	—
1983	1.20	—	—
1982	1.07	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 112,843,000	$ 23.56
1985	109,142,000	22.77
1984	109,480,000	22.07
1983	104,266,000	20.80
1982	106,135,000	20.20

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	$ 149,501	$ 161,514
Cost of sales	110,012	121,984
Expenses	17,504	18,807
Contrib. to profit sharing	1,472	1,135
Gen. corp. exp.	3,693	3,576
Interest expense	384	382
Interest income	2,722	3,321
Other expense	700	1,104
Income before taxes	$ 18,458	$ 18,147
Income taxes	7,700	6,700
Net income	$ 10,758	$ 11,447

* Included in Costs and Expenses, Depreciation: $3,130,000 in 1986 and $3,048,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	$ 4,838	$ 906
Marketable securities	31,082	38,914
Accts. receiv., net	17,968	22,354
* Inventories	40,866	35,862
Prepaid expenses	9,232	7,421
Current Assets	$ 104,006	$ 105,457
# Fixed assets	30,912	33,139
Other assets	2,187	3,725
Total Assets	$ 137,105	$ 142,321

Liabilities (000's)

Short-term bank loan	$ —	$ 3,102
Accts. payable	4,423	9,170
Accruals	14,599	15,706
Income taxes	1,120	146
Curr. Liabilities	$ 20,142	$ 28,124
Deferred inc. taxes	4,120	5,055
+ Common stock	5,916	5,991
Retained earnings	106,857	103,151
Total Liabilities & Shareholders' Equity	$ 137,105	$ 142,321

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $1.25 per value.

Statistical Summary

%Income bef. Taxes to Sales	12.35	11.24
%Net Income to Sales	7.20	7.09
%Net Income to Equity	9.53	10.49
Sales to Inventories	3.66	4.50
Debt to Equity	—	0.03
Working Capital	$ 83,864,000	$ 77,333,000
Current Ratio	5.16	3.75
Shareholders' Equity	$ 112,843,000	$ 109,142,000

Kaman Corporation

Blue Hills Avenue
Bloomfield, Connecticut 06002
(203) 243-8311

Officers: Charles H. Kaman, president & chief exec. officer; Harvey S. Levenson, sr. v.p.; Fred L. Smith, sr. v.p.; Glenn M. Messemer, v.p. & asst. secretary; John S. Murtha, secretary; William P. Dessoutelle, v.p. & treasurer; Robert M. Garneau, v.p. & controller; Eugene G. Daly, asst. v.p.; Russell H. Jones, asst. v.p.; James A. Morholt, asst. v.p.; Candace A. Clark, asst. secretary & associate counsel; Roger W. Roy, asst. controller; Raymond H. Picard, asst. controller.

Directors: Charles H. Kaman*, John S. Murtha*, John B. Plott, Carlyle F. Barnes, Robert H. Willis*, D. Brainerd Holmes, Robert L. Newell*, Forrest S. Peterson, Edythe J. Gaines, Hartzel Z. Lobel, Joseph A. DiBiaggio, Walter H. Monteith, Jr.

* Member of the Executive Committee

Areas of Work: Distribution of musical instruments; production of aerospace products; nuclear research and nuclear devices; aviation services; industrial parts and services; environmental instrumentation such as digital radiation monitors; computer time sharing; measuring devices.

Divisions and Subsidiaries

Diversified Technologies

Sciences Group
Neutron generators, advanced materials, measuring devices, weapons studies, nuclear research, advanced aerodynamics, computer time-sharing and programs, and systems analysis.

Kaman Sciences Corporation
Garden of the Gods Road
Colorado Springs, Colorado 80907

Kaman Instrumentation Corporation
Colorado Springs, Colorado 80907

Kaman AviDyne
Burlington, Massachusetts

Aerospace Group
Airframe components; rotary wing, energy systems, research and development; bearings, couplings.

Kaman Aerospace Corporation
Bloomfield, Connecticut 06002

Kaman Aerospace Corporation
Bloomfield, Connecticut 06002

Aviation Services Group
Aircraft sales and services, fuel, repair, charter service, flight training and airline services.

AirKaman of Jacksonville, Inc.
Jacksonville International Airport
Box 18157
Jacksonville, Florida 32229

Distribution

Music Group
Acoustic and electric guitars, accessories, musical strings; pianos, a complete line of musical instruments.

Coast Wholesale Music Co. of Los Angeles
1215 W. Walnut Street
Compton, California 90220

Coast Wholesale Music Co. of San Francisco
200 Industrial Way
San Carlos, California

Ovation Instruments, Inc.
Bloomfield, Connecticut

Kaman Musical String Corporation
Bloomfield, Connecticut

Kaman Music International Corp.
Bloomfield, Connecticut

C. Bruno & Son, Inc.
San Antonio, Texas

C. Bruno & Son, Inc.
Wheeling, Illinois

C. Bruno & Son, Inc.
Bloomfield, Connecticut

C. Bruno & Son, Inc.
Atlanta, Georgia

Bearing & Supply Group
Line of new and replacement parts for industrial operations. Consulting services in power transmission, material handling and industrial operations.

Kaman Aircraft Bearing
Los Angeles, California

Kaman Bearing and Supply Corp. of California
Kaman Bearing & Supply Co.
140 S. Arrowhead Avenue
San Bernardino, California 92408

Kaman Bearing and Supply Corp. Intermountain
1771 South 450 West
Salt Lake City, Utah 84110

Kaman Bearing and Supply Corp. Northwest
East 4115 Trent Avenue
Spokane, Washington 99220

Kaman Bearing and Supply Corp. East
5900 Firestone Drive
Syracuse, New York 13221

Kaman Bearing and Supply Corp. South
1129 E. Platt Street
Tampa, Florida 33602

Locus, Inc.
Specializes in the areas of electronic warfare simulation, electromagnetic signal intelligence analysis, and telecommunications products in the microwave frequency range.

Raymond Engineering Inc.
Defense products.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
Bank Window, Church Street Station
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KAMNA (NASDAQ)

Number of Employees:

1987	6,473	1984	5,006
1986	6,333	1983	4,804
1985	5,326		

Sales & Earnings

	Net Sales	Net Income
1987	$ 706,971,000	$ 24,140,000
1986	587,820,000	20,256,000
1985	556,042,000	19,119,000
1984	537,975,000	17,151,000
1983	475,388,000	12,816,000

	No. of Com. Shares‡	Earn. per Share‡
1987	17,607,000	$ 1.37
1986	17,421,000	1.16
1985	17,278,000	1.11
1984	17,072,000	1.01
1983	16,882,000	0.76

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987 (000's)	%	1986 (000's)	%
Diversified technologies	$ 390,132	55	$ 296,802	50
Distribution	316,839	45	291,018	50
Total	$ 706,971	100 %	$ 587,820	100 %

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 0.36	—	8-for-5
1986	0.30	—	—
1985	0.25	—	3-for-2
1984	0.22	—	—
1983	0.18	—	2-for-1

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 157,334,000	$ 8.97
1986	136,802,000	7.88
1985	120,218,000	6.99
1984	104,184,000	6.12
1983	89,130,000	5.33

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Revenues:		
Net sales	$ 706,971,000	$ 587,820,000
Other	568,000	592,000
Total	$ 707,539,000	$ 588,412,000
Cost of sales	522,647,000	431,961,000
Expenses	133,975,000	117,822,000
Other income	(928,000)	(3,785,000)
Interest expense	8,499,000	3,389,000
Income before taxes	$ 43,346,000	$ 39,025,000
Income taxes	19,206,000	18,769,000
Net income	$ 24,140,000	$ 20,256,000

* Included in Costs and Expenses, Depreciation and Amortization: $9,971,000 in 1987 and $5,393,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 2,912,000	$ 1,807,000
Short-term investments	12,439,000	—
Accts. receiv., net	132,194,000	109,400,000
*Inventories	108,366,000	95,483,000
Prepaid expenses	935,000	1,515,000
Current Assets	$ 256,846,000	$ 208,205,000
#Fixed assets	73,644,000	66,498,000
Other assets	41,801,000	40,939,000
Total Assets	$ 372,291,000	$ 315,642,000

Liabilities

Notes payable	$ 754,000	$ 5,148,000
Long-term debt, curr.	3,795,000	4,085,000
Accounts payable	51,145,000	51,066,000
Customers' advances	6,199,000	8,663,000
Accrued payroll	11,807,000	11,085,000
Other accruals & payables	17,213,000	13,937,000
Inc. taxes payable	3,060,000	4,870,000
Curr. Liabilities	$ 93,973,000	$ 98,854,000
Long-term debt	114,896,000	75,690,000
Deferred credits	6,088,000	4,496,000
+Common stock:		
Class A	16,688,000	16,690,000
Class B	668,000	668,000
Add. paid-in capital	13,727,000	11,341,000
Retained earnings	126,434,000	108,628,000
Equity adjustment	(285,000)	(414,000)
Treasury stock	(98,000)	(111,000)
Total Liabilities & Shareholders' Equity	$ 372,291,000	$ 315,642,000

* Inventory of merchandise for resale and parts are stated at cost (FIFO) or market, whichever is lower.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.13	6.64
%Net Income to Sales	3.41	3.45
%Net Income to Equity	15.34	14.81
Sales to Inventories	6.53	6.16
Debt to Equity	0.73	0.56
Working Capital	$ 162,873,000	$ 109,351,000
Current Ratio	2.73	2.11
Shareholders' Equity	$ 157,334,000	$ 136,802,000

KDI Corporation

(40.1% owned by Impala Pacific Corporation Limited)

5721 Dragon Way
Cincinnati, Ohio 45227
(513) 272-1421

Officers: Eugene A. Cafiero, chairman, president & chief exec. officer; P. Roger Byer, v.p.-finance, controller & treasurer; David A. Conway, v.p.-administration; Gordon D. Olson, v.p.; Bruce J. Crowley, dir.-marketing; Marty Curtis, asst. secretary & mgr.-shareholder relations; Kevin K. Langner, secretary & assoc. gen. counsel; Gary J. Mataitis, asst. controller-treasury services; James M. McDonough, direc.-mgmt. info services; Joseph P. Spizzica, asst. controller-financial services.

Directors: Eugene A. Cafiero, chairman; Dana V. Angeloff, Arthur R. Elmachwander, Vincent Ian Masterton-Hume, Paul R. Kemp, Jr., Peter F. Maloney, John S. Yeager.

Areas of Work: The Company's Electrical and Electronic Components Group manufactures and markets precision electrodeposited slip ring assemblies, and related sliding contact devices; precision transfer molding tools; radio frequency interference filters and capacitors; electrical connectors, plugs, receptacles, and power distribution devices for portable equipment; electrical interconnecting devices for the computer industry; carbon, metal and cermet film resistors including qualification and product testing; microwave hardware, subassemblies, and solid state oscillators; fuzing, safing, and arming devices for the military; and pyrotechnic signal devices and decoy flares for the military.
Other Company products and services include custom-made products, the distribution of chemicals, gases, and motion pictures, and the production of swimming pools and equipment related to swimming pools.

Electronics-Related Subsidiaries:

ELECTRICAL AND ELECTRONIC COMPONENTS GROUP

KDI Electro-Tech Corp.
Blacksburg, Virginia

I.D.M. Electronics Limited
Reading, England

Masterite Industries, Inc.
Torrance, California

KDI Electronics, Inc.
Whippany, New Jersey

RFI Corporation
Bay Shore, New York

KDI Precision Products, Inc.
Cincinnati, Ohio

Martin Electronics, Inc.
Perry, Florida

Cam-Lok, Inc.
Cincinnati, Ohio

Acquisition(s):

Triangle Microwave, Inc.
East Hanover, New Jersey
Manufactures microwave components, subassemblies and subsystems.

Transfer Agent(s):

AmeriTrust Company N.A.
900 Euclid Avenue
P.O. Box 6477
Cleveland, Ohio 44101-1477

Stock Exchange(s): New York

Ticker Symbol: KDI

Number of Employees:

1987	3,700	1984	3,600
1986	3,900	1983	3,200
1985	3,700		

Plant Footage:

1987	N.A.	1986	1,433,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 314,368,000	$ 18,778,000
1986	283,086,000	6,487,000
1985	250,687,000	9,623,000
1984	234,925,000	8,368,000
1983	201,512,000	6,797,000

	No. of Com. Shares‡	Earn. per Share‡
1987	9,725,028	$ 1.93
1986	9,585,466	0.68
1985	9,332,096	1.03
1984	9,124,084	0.92
1983	9,363,654	0.73

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Electrical & electronic components	$ 123,375,438	$ 107,086,482
Custom products	85,628,514	88,570,941
Swimming pools & equip.	108,552,551	90,107,736
Intercompany sales	(3,188,557)	(2,678,934)
Total	$ 314,367,946	$ 283,086,225

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.30	—	—
1986	0.27	—	—
1985	0.22	—	—
1984	0.20	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 81,968,000	$ 8.45
1986	60,267,000	6.36
1985	52,320,000	5.99
1984	42,873,000	5.02
1983	34,871,000	4.22

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 314,367,946	$ 283,086,225
Cost of sales	222,057,495	206,259,920
Expenses	67,379,415	60,266,376
Interest expense	4,207,398	4,380,510
Other expense (income)	(1,245,120)	549,327
Income before taxes	$ 21,968,758	$ 11,630,092
Income taxes	9,636,000	5,519,271
Inc.-cont. oper.	$ 12,332,758	$ 6,110,821
Inc.-discont. oper.	6,445,504	375,815
Net Income	$ 18,778,262	$ 6,486,636

* Included in Costs and Expenses, Depreciation and Amortization: $6,645,154 in 1987 and $5,810,242 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 5,806,912	$ 15,083,637
Market. Secur.	2,691,145	—
Accts. receiv., net	38,700,662	34,318,734
*Inventories	49,105,641	39,230,450
Prepaid expenses	3,535,946	2,803,988
Net assets- discont. oper.	—	2,632,537
Current Assets	$ 99,840,306	$ 94,068,346
#Fixed assets	59,874,911	55,917,291
Other assets & deferred charges	3,367,426	3,601,447
Intangibles	20,364,750	—
Net assets-discont. oper.	—	1,867,987
Total Assets	$ 183,447,393	$ 150,456,071

Liabilities

Notes payable	$ 195,426	$ 4,790,000
Long-term debt, curr.	7,244,003	8,259,792
Line of credit	2,400,000	4,500,000
Accts. payable	15,905,393	15,244,617
Accrued payroll	8,444,575	7,610,172
Accrued income taxes	4,386,999	793,384
Other accruals	6,161,868	4,032,501
Deferred income taxes	—	1,490,000
Curr. Liabilities	$ 44,738,264	$ 46,720,466
Long-term debt	48,714,995	34,035,581
Contingent payment	—	2,757,450
Deferred inc. taxes	5,318,495	5,374,700
Other liabilities	2,707,568	1,301,048
+Common stock	3,393,876	3,315,622
Add. paid-in capital	39,451,916	37,481,283
Retained earnings	38,657,281	20,012,847
For. curr. trans. adjust.	464,998	(542,926)
Total Liabilities & Shareholders' Equity	$ 183,447,393	$ 150,456,071

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.35 par value.

Statistical Summary

%Net Income to Equity	22.91	10.76
Sales to Inventories	6.40	7.22
Debt to Equity	0.69	0.78
Working Capital	$ 55,102,042	$ 47,348,880
Current Ratio	2.23	2.01
Shareholders' Equity	$ 81,968,071	$ 60,266,826

Kearney-National Inc.

Five Corporate Park Drive
Suite 114
White Plains, New York 10604
(914) 694-6700

(As of March 18, 1988, The Dyson-Kissner-Moran Corporation and affiliates owned approximately 70% of the Company's outstanding common stock.)

Officers: Robert R. Dyson, chairman & chief executive officer; Joseph L. Aurichio, president & chief operating officer; James F. Zboyovsky, sr. v.p.; James R. Rossen, v.p. & chief financial officer.

Directors: Robert R. Dyson, Dante C. Fabiani, John C. Harding, III, Joseph V. Mariner, Jr., Lee L. Davenport, Joseph L. Aurichio.

Areas of Work: The Company's operations are conducted in two principal industry segments: Electrical Power Distribution Products-protective devices such as fuses and fuse links, cutouts and lightning arresters; maintenance equipment, including overhead cover-up products and hi-line tools; connectors, terminators and compression fittings; and power switching equipment, switchgear and indoor and outdoor bypass equipment, as well as architectural products and aluminium lighting and traffic structures; and Electrical and Electronic Components-electrical coils, reed switches, reed relays, mercury wetted relays, control modules, rotors, transformers, power supplies, commutation, starters, alternators, solenoids and heavy duty vehicle elements.

Divisions and Subsidiaries:

Electrical Power Distribution Products

Kearney Division
1928 Montreal Road
Tucker, Georgia 30084

Kearney-National (Canada) Ltd.
280 Speedvale Avenue West
Guelph, Ontario N1H 1C4 Canada

Hapco/American Division
Hillman Highway
Abingdon, Virginia 24210

Electrical and Electronic Components

Kearney/Wabash Components Group
7315 West Jefferson Blvd.
Fort Wayne, Indiana 46804

Magnetics Division
1375 Swan Street
Huntington, Indiana 46750

Relay & Electronics Division
First & Webster Streets
Wabash, Indiana 46992

Autoelectric Group

Wabash Autoelectric Components
1420 Forum Way South
Fort Worth, Texas 76140

International Products & Manufacturing, inc.
201 W. Oakton Street
Des Plaines, Illinois 60017

Lodi Division
604 Wooster St.
Lodi, Ohio 44254

Alomeg Products, Inc.
90 Milvan Drive
Weston, Ontario M9L 1Z6 Canada
Manufactures field coils for the automotive electrical rebuilding industry.

Western Power Products, Inc.
Hood River, Oregon
Manufactures fiberglass enclosures for electrical equipment.

Acquisition:

Mini Tune, Inc.
Proudces electronic testing equipment.

Transfer Agent(s):

Manufactures Hanover Trust Company
450 West 33rd Street - 8th Floor
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: KNY

Number of Employees:

1987	1,831	1985	2,000
1986	1,752		

Plant Footage:

1987 ..... 951,300 sq. ft. 1986 833,800

Sales & Earnings

	Net Sales +	Net Income
1987	$ 158,327,000	$ 7,766,000
1986	148,900,000	9,302,000
1985	140,783,000	(24,299,000)
1984	139,464,000	5,457,000
1983	118,027,000	9,414,000

	No. of Com. Shares‡	Earn. per Share #
1987	5,672,360	$ 1.37
1986	3,413,623	1.66
1985	3,384,017	—
1984	3,414,611	0.96
1983	3,393,425	1.65

(Loss)
+ Of continuing operations only.
‡ Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Electrical & electronic components	$ 92,608,000	$ 85,613,000
Electrical power distr. prods.	65,719,000	63,287,000
Total	$ 158,327,000	$ 148,900,000

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.50	—	—
1985	0.40	—	—
1984	0.38	—	—
1983	0.32	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 36,498,000	$ 6.43
1986	16,507,000 ‡	4.84
1985	9,799,000 ‡	2.90
1984	38,079,000 ‡	11.15
1983	35,906,000 ‡	10.58

‡ After allowing for preferred stock at stated value.
+ Adjusted to reflect stock split.

Income Account* (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 158,327	$ 148,900
Cost of sales	113,078	105,880
Expenses	31,503	30,638
Interest expense	1,690	2,365
Other income	(1,565)	(2,297)
Gain on term. of pension plan	—	(5,055)
Income before taxes	$ 13,621	$ 17,369
Income taxes	5,855	8,067
Net Income	$ 7,766	$ 9,302

* Included in Costs and Expenses, Depreciation and Amortization: $4,059,000 in 1987 and $3,674,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 509	$ 700
Accts. receiv, net	24,622	22,636
*Inventories	25,328	21,671
Deferred inc. tax benefits	2,483	3,030
Prepaid expenses	1,191	1,037
Current Assets	$ 54,133	$ 49,074
#Fixed assets	25,845	25,983
Other assets	3,242	3,479
Intangibles	5,286	5,219
Total Assets	$ 88,506	$ 83,755

Liabilities (000's)

Long-term debt, curr.	$ 1,870	$ 2,958
Accts. payable	15,834	16,760
Accruals	16,373	13,792
Income taxes	—	1,092
Curr. Liabilities	$ 34,077	$ 34,602
Long-term debt	13,259	11,878
Other liabilities	2,439	3,726
Def. inc. taxes	2,233	2,042
+Preferred stock	—	15,000
++Common stock	2,865	1,733
Add. paid-in capital	23,043	8,972
Retained earnings	11,552	6,955
Treasury stock	(607)	(544)
For. curr. trans. adj.	(355)	(609)
Total Liabilities & Shareholders' Equity	$ 88,506	$ 83,755

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ No par value.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.60	11.66
%Net Income to Sales	4.91	6.25
%Net Income to Equity	21.28	29.52
Sales to Inventories	6.25	6.87
Debt to Equity	0.41	0.47
Working Capital	$ 20,056,000	$ 14,472,000
Current Ratio	1.59	1.42
Shareholders' Equity	$ 36,498,000	$ 31,507,000

Keithley Instruments, Inc.

28775 Aurora Road
Solon, Ohio 44139
(216) 248-0400

Officers: Joseph F. Keithley, chairman of the board; Thomas G. Brick, president & chief exec. officer; Terrence E. Sheridan, v.p.-radiation measurements division; Gregory R. Bigadza, v.p.-instrument division; Bruce Griswold, secretary; Ronald M. Rohner, v.p. & chief financial officer; Noel E. Morgan, v.p.-systems division; Hermann Hamm, v.p.-European operations & president-Asyst Software Technologies, Inc.; Joseph P. Keithley, v.p.-marketing.

Directors: Theodore M. Alfred, Donald M. Alstadt, Thomas G. Brick, Joseph F. Keithley, Thomas W. Mastin, Bruce Griswold, James T. Bartlett, Angel G. Jordan, Joseph P. Keithley.

Areas of Work: The main product line consists of voltage, current and resistance measuring instruments; digital multimeters, electrometers, picometers, amplifiers and power supplies, and linear programmable testers for semiconductor manufacturers.

Divisions:

Radiation Measurements Division

Instrument Division

Systems Division

Data Acquisition & Control Division

All at:
28775 Aurora Road
Cleveland, Ohio 44139
(216) 248-0400

Subsidiaries:

Keithley International Investment Corporation
28775 Aurora Road
Solon, Ohio 44139
(216) 248-0400

Keithley Foreign Sales Corporation
5 Norre Gade
Charlotte Amalie
St. Thomas 00801 U.S. Virgin Islands

Keithley Instruments, SARL
3 Allee du 10 Rue Ambroise Croizat
B.P. 60
91121 Palaiseau Cadex (Paris), France

Keithley Instruments, BV
Avelingen West 49
Gorinchem (Amsterdam), The Netherlands NL-4202

Keithley Instruments, S.A.
Kriesbachstrasse 4
CH-8600 Dubendorf (Zurich), Switzerland

Keithley Instruments, Ges.m.b.H.
Doblinger Hauptstrasse 32
A-1190 Vienna, Austria

Keithley Instruments, Ltd.
1 Boulton Road
Reading, Berkshire RG2 ONL England

Keithley Instruments, GmbH
Heiglhofstrasse 5
D-8000 Munich 70, West Germany

Keithley Instruments, SRL
Viale S. Gimignano 4/A
Milan, Italy 20100

Keithley Instruments Far East KK
ABS Building
2-4-16, Kudan Minami
Chiyoda-ku, Tokyo 102, Japan

Asyst Software Technologies, Inc.
100 Corporate Woods
Rochester, New York 14623
(716) 272-0070
Provides PC-based data acquisition and analysis software for scientific/engineering applications.

Transfer Agent(s):

AmeriTrust Company National Association
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KEII (NASDAQ)

Number of Employees:

1987	523	1984	504
1986	479	1983	446
1985	483		

Plant Footage:

1987	124,140 sq. ft.	1985	124,140
1986	124,140		

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income #
1987	$ 57,652,000	$ 3,280,000
1986	47,681,000	2,909,000
1985	47,087,000	2,821,000
1984	45,557,000	4,305,000
1983	35,034,000	2,002,000

	No. of Com. Shares +	Earn. per Share† #
1987	3,477,497	$ 0.97
1986	3,358,648	0.87
1985	3,344,644	0.85
1984	3,303,679	1.28
1983	3,268,890	0.61

+ Adjusted to reflect stock splits.
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.
# Including extraordinary gain of $172,000 ($0.05 per share) in 1983.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.1638	—	3-for-2
1986	0.1476	—	—
1985	0.121	—	3-for-1
1984	0.045	—	—
1983	0.038	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 25,577,000	$ 7.36
1986	20,644,000	6.15
1985	17,298,000	5.17
1984	14,241,000	4.31
1983	10,064,000	3.08

† Adjusted to reflect stock splits.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 57,652,000	$ 47,681,000
Cost of sales	22,996,000	20,050,000
Expenses	29,334,000	23,256,000
Interest expense	113,000	169,000
Sale of prod. line	—	(117,000)
Income before taxes	$ 5,209,000	$ 4,323,000
Income taxes	1,929,000	1,414,000
Net Income	$ 3,280,000	$ 2,909,000

* Included in Costs and Expenses, Depreciation: $1,486,000 in 1987 and $1,442,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 5,566,000	$ 6,228,000
Accts. receiv., net	10,956,000	9,026,000
*Inventories	9,220,000	7,999,000
Prepaid expenses	2,551,000	2,078,000
Current Assets	$ 28,293,000	$ 25,331,000
#Fixed Assets	6,977,000	6,961,000
Intangibles	8,387,000	752,000
Other assets	611,000	421,000
Total Assets	$ 44,268,000	$ 33,065,000

Liabilities

Short-term debt & long-term debt, curr.	$ 3,914,000	$ 555,000
Accts. payable	3,124,000	2,406,000
Accrued payroll	3,871,000	3,606,000
Accruals	1,655,000	1,450,000
Income taxes	2,876,000	1,281,000
Curr. Liabilities	$ 15,440,000	$ 9,298,000
Long-term debt	1,859,000	2,129,000
Deferred compensation	677,000	403,000
Deferred inc. taxes	715,000	591,000
+Common stock:		
Class A	87,000	44,000
Class B	87,000	68,000
Add. paid-in capital	2,927,000	1,541,000
Retained earnings	21,539,000	18,532,000
Foreign curr. transl.	967,000	536,000
Stock plan	(30,000)	(77,000)
Total Liabilities & Shareholders' Equity	$ 44,268,000	$ 33,065,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.04	9.07
%Net Income to Sales	5.69	6.10
%Net Income to Equity	12.82	14.09
Sales to Inventories	6.25	5.96
Debt to Equity	0.23	0.13
Working Capital	$ 12,853,000	$ 16,033,000
Current Ratio	1.83	2.72
Shareholders' Equity	$ 25,577,000	$ 20,644,000

Keltron Corporation

225 Crescent Street
Waltham, Massachusetts 02154
(617) 894-8700

Officers: David S. Wilbourn, chief executive officer & treasurer; Harvey M. Fox, president; Jack H. Calechman, clerk.

Directors: David S. Wilbourn, chairman; John A. Geisheckler, Jr., Harvey M. Fox, Jason Weisman.

Areas of Work: Manufactures and markets digital electronics, power supplies and security alarm systems.

Divisions:

Elasco Power Supply
Manufactures transformers and other power supplies.

Transfer Agent(s):

Keltron Corporation
225 Crescent Street
Waltham, Massachusetts 02154

Stock Exchange(s): Over-the-Counter.

Number of Employees:

1986	170	1983	240
1985	235	1982	210
1984	275		

Plant Footage:

1986	65,000 sq. ft.	1983	67,000
1985	70,000	1982	67,000
1984	74,000		

Sales & Earnings

	Revenues	Net Income
1986	$ 7,387,575	$ (54,274)
1985	8,876,393	(92,596)
1984	9,694,423	36,053
1983	8,227,902	117,986
1982	7,922,008	31,045

	No. of Com. Shares	Earn. per Share‡
1986	841,810	$ —
1985	841,810	—
1984	841,810	0.04
1983	841,810	0.14
1982	841,810	0.04

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1986	1985	1984	1983	1982
Digital Instruments	30%	26%	25%	26%	29%
Printed Circuits	—	—	—	—	10
Power Supplies	70	74	75	74	61
Total	100%	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 1,688,870	$ 2.01
1985	1,743,144	2.07
1984	1,853,790	2.20
1983	1,817,737	2.16
1982	1,699,751	2.02

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 7,346,796	8,839,288
Rental income	27,330	25,990
Other income	13,449	11,115
Total income	$ 7,387,575	$ 8,876,393
Cost of sales	5,210,758	6,406,767
Expenses	1,797,264	2,037,823
Depreciation & amortization	233,077	252,136
Interest expense	139,658	176,855
Prior year adjust.	55,000	89,500
State inc. taxes	6,092	5,908
Net Loss	$ (54,274)	(92,596)

Assets

As of Dec. 31	1986	1985
Cash	$ 17,699	$ 27,585
Marketable securities	38,360	38,365
Accts. receiv., net	1,249,979	1,642,107
Note receiv.	6,800	6,000
Other accts. recv.	49,390	65,986
*Inventories	2,244,537	2,388,860
Prepaid expenses	7,466	3,261
Current Assets	$ 3,614,231	$ 4,172,164
#Fixed assets	446,146	616,160
Note receivable	376,084	382,357
Other assets	53,075	55,707
Total Assets	$ 4,489,536	$ 5,226,388

Liabilities

Notes payable	$ 854,552	1,160,611
Long-term debt, curr.	313,804	217,729
Accts. payable	747,884	1,050,256
Accruals	166,331	215,414
Commissions payable	94,239	192,542
Income taxes	1,412	6,000
Curr. Liabilities	$ 2,178,222	$ 2,842,552
Long-term debt	622,444	640,692
+Common stock	8,418	8,418
Add. paid-in capital	405,172	405,172
Retained earnings	1,275,280	1,329,554
Total Liabilities & Shareholders' Equity	$ 4,489,536	$ 5,226,388

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.27	3.70
Debt to Equity	1.06	1.16
Working Capital	$ 1,436,009	$ 1,329,612
Current Ratio	1.66	1.47
Shareholders' Equity	$ 1,684,870	$ 1,743,144

Kevex Corporation

1101 Chess Drive
Foster City, California 94404
(415) 573-5866

Officers: Glenn T. Seaborg, chairman of the board; Richard S. Frankel, president & chief executive officer; Michael A. Kelly, exec. v.p. & chief operating officer; LeRoy H. Scharpen, v.p. chief financial officer & secretary/treasurer; John W. Colby, v.p.; Brian Skillicorn, v.p.; Robert L. Chaney, v.p.; Janet M. Tallon, controller.

Directors: Glenn T. Seaborg, chairman of the board; Clifford H. Higgerson, William E. Terry, Richard S. Frankel, Henry P. Massey, Jr., Michael A. Kelly.

Business Activities: The company designs, manufactures and markets analytical instruments known as X-Ray energy spectrometer (XES) systems, which are used to determine the concentration of various chemical elements in organic and inorganic materials without altering or destroying the specimen being examined. The XES systems are used in the semiconductor industry to analyze thin films and coatings on silicon wafers. Other applications include medical research, industrial alloy analysis and bulk analysis of minerals, ores, oil and oil additives.

Divisions:

X-Ray Tube Division
X-Ray Instruments Division
Glenn T. Seaborg Laboratory

Subsidiaries:

Surface Science Laboratory, Inc.
Mountain View, California
Designs, manufactures and markets surface analysis equipment and provides surface analysis services.

Kevex/United Kingdom

Kevex Corporation (UK)
37 Alma Street
Luton, Bedfordshire LU 1 2PL, United Kingdom

Affiliates:

GETAC, GmbH (19% owned)
Mainz-Finthen, West Germany

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KEVX (NASDAQ)

Number of Employees:

1987	343	1984	330
1986	386	1983	242
1985	362		

Plant Footage:

1987	140,000 sq. ft.	1984	100,000
1986	140,000	1983	100,000
1985	140,000		

Sales & Earnings

	Revenues	Net Income†
1987	$ 36,396,000	$ 1,307,000
1986	29,234,000	(2,562,000)
1985	24,722,000	149,000
1984	21,491,000	2,125,000
1983	16,738,000	134,000

	No. of Com. Shares‡	Earn per Share†‡
1987	5,232,000	$ 0.25
1986	5,125,000	—
1985	5,143,985	0.03
1984	5,243,149	0.41
1983	5,174,111	0.03

(Loss)
† Including extraordinary gain of $486,000 ($0.09 per share) in 1987.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 27,641,000	$ 5.28
1986	26,278,000	5.13
1985	28,712,000	5.58
1984	28,495,000	5.43
1983	27,477,000	5.31

† Based on the weighted average number of common shares outstanding.

Income Account °

Year ended July 31	1987	1986
Revenues	$ 36,396,000	$ 29,234,000
Cost of sales & services	22,764,000	19,835,000
Expenses	12,176,000	11,848,000
Other expense	89,000	449,000
Interest income	(146,000)	(236,000)
Income (loss) before taxes	$ 1,513,000	$ (2,662,000)
Income taxes (credit)	692,000	(100,000)
Net Income (Loss)	$ 821,000	$ (2,562,000)
Extraord. gain	486,000	—
Net Income (Loss) & extraord. gain	$ 1,307,000	$ (2,562,000)

° Included in Costs and Expenses, Depreciation and Amortization: $2,215,000 in 1987 and $2,119,000 in 1986.

Assets

As of July 31	1987	1986
Cash & short term invest.	$ 3,981,000	$ 3,739,000
Accts. Receiv., net	8,794,000	5,670,000
° Inventories	7,417,000	10,273,000
Def. inc. tax benefits	569,000	284,000
Prepaid expenses	242,000	96,000
Current Assets	$ 21,003,000	$ 20,062,000
#Fixed assets	12,121,000	11,083,000
Other assets	1,357,000	1,159,000
Total Assets	$ 34,481,000	$ 32,304,000

Liabilities

Accts. payable	$ 1,354,000	$ 1,199,000
Long term debt, curr.	119,000	522,000
Accrued compensation	1,208,000	1,025,000
Inc. taxes pay.	411,000	—
Reserve for warranty	646,000	560,000
Deferred Maint. agreement	840,000	614,000
Cust. deposits	356,000	250,000
Other liabilities	569,000	762,000
Curr. Liabilities	$ 5,503,000	$ 4,872,000
Deferred inc. taxes	1,154,000	847,000
Long term debt	183,000	307,000
+ Common stock	52,000	52,000
Add. paid-capital	16,829,000	16,863,000
Stock, notes receiv.	(248,000)	(263,000)
Treasury stock	(523,000)	(598,000)
Retained earnings	11,531,000	10,224,000
Total Liabilities & Shareholders' Equity	$ 34,481,000	$ 32,304,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. taxes to Revenues	4.16	—
% Net Income to Revenues	2.26	—
% Net Income to Equity	2.97	—
Debt to Equity	0.01	0.03
Working Capital	$ 15,500,000	$ 15,190,000
Current Ratio	3.82	4.12
Shareholders' Equity	$ 27,641,000	$ 26,278,000

Kevlin Microwave Corporation

26 Conn Street
Woburn, Massachusetts 01801
(617) 935-4800

Officers: James S. Galbraith, chairman of the board; Ernest W. Lattanzi, president, treasurer & chief executive officer; John J. Moran, v.p. & clerk; John F. Rice, v.p.

Directors: James S. Galbraith, chairman; Ernest W. Lattanzi, John J. Moran, David Harkins, Bernard Plansky.

Areas of Work: Manufacturers microwave rotary couplers, microwave connectors, ferrite components, and associated devices. The company's major product, microwave rotary couplers, allows microwave signals to travel between the stationary portion and the antenna or rotating portion of the system, without materially affecting the quality of the microwave signal.

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KVLM (NASDAQ)

Number of Employees:

1987	94	1984	104
1986	95	1983	85
1985	115		

Plant Footage:

1987	30,000 sq. ft.	1984	30,000
1986	30,000	1983	30,000
1985	30,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 5,873,021	$ 25,644
1986	8,310,213	646,378
1985	8,839,837	980,420
1984	7,517,663	785,154
1983	5,928,910	556,672

	No. of Com. Shares #	Earn per Share #
1987	$ 2,590,101	$ 0.01
1986	2,618,857	0.25
1985	2,606,155	0.38
1984	2,500,720	0.31
1983	2,325,814	0.24

Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 6,150,815	$ 2.42
1986	6,079,129	2.44
1985	5,348,093	2.19
1984	4,387,697	1.86
1983	2,349,651	1.15

Income Account *

Year ended May 31	1987	1986
Net sales	$ 5,873,021	$ 8,310,213
Cost of sales	4,257,778	5,312,000
Expenses	1,718,825	1,992,842
Other income	(117,427)	(89,351)
Income before taxes	$ 13,845	$ 1,094,190
Income taxes (credit)	(11,799)	447,812
Net Income	$ 25,644	$ 646,378

* Included in Costs and Expenses, Depreciation: $416,761 in 1987 and $395,319 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 2,040,315	$ 3,190,446
Accts. receiv., net	1,206,599	1,274,610
* Inventories	1,414,014	1,174,900
Costs in exc. of billings on uncomp. contracts	947,216	185,560
Prepaid inc. taxes	228,702	52,544
Prepaid expenses	72,674	45,640
Current Assets	$ 5,909,520	$ 5,923,700
# Fixed Assets	1,388,115	1,647,577
Total Assets	$ 7,297,635	$ 7,571,277

Liabilities

Accts. payable	$ 149,110	$ 130,607
Billings in exc. of costs on uncomp. cont.	109,622	69,914
Accruals	384,158	504,684
Income taxes	—	460,208
Deferred inc. taxes	184,456	—
Obligation under capital lease, curr.	28,746	25,080
Curr. Liabilities	$ 856,090	$ 1,190,493
Deferred income taxes	267,795	249,973
Oblig. under capital lease	22,935	51,682
+ Common stock	284,638	279,638
Add. paid-in capital	1,745,993	1,689,384
Retained earnings	4,597,296	4,571,652
Treasury stock	(477,112)	(461,545)
Total Liabilities & Shareholders' Equity	$ 7,297,635	$ 7,571,277

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	0.24	13.17
%Net Income to Sales	0.44	7.78
%Net Income to Equity	0.42	10.63
Sales to Inventories	4.15	7.07
Debt to Equity	0.01	0.01
Working Capital	$ 5,053,430	$ 4,733,207
Current Ratio	6.90	4.98
Shareholders' Equity	$ 6,150,815	$ 6,079,129

KLA Instruments Corporation

2051 Mission College Boulevard
P.O. Box 58016
Santa Clara, California 95052
(408) 988-6100

Officers: Kenneth Levy, president & chief exec. officer; Robert R. Anderson, chairman; Robert J. Boehlke, sr. v.p.; Paul Sandland, v.p.-Advanced Development; Kenneth L. Schroeder, sr. v.p.; Robert J. Riopel, v.p.-finance & administration; John W. Mathews, v.p. & gen. mgr.-KLASIC Division; Kate Ludeman, v.p.-human resources; Paul Kreutz, secretary.

Directors: Robert R. Anderson, chairman of the board; Leo J. Chamberlain, Kenneth Levy, Robert E. Lorenzini, Samuel Rubinovitz, Dag Tellefsen.

Areas of Work: Designs, manufactures, markets and services computer-based systems that are used to automate optical testing and inspection to control manufacture of very large scale intergrated (VLSI) circuits. These automated image analysis system combine advanced optical technology with custom, high-speed digital electronics and proprietary software in replacing the human eye-brain recognition and interpretation traditionally used for optical inspection and testing.

Divisions:

Reticle and Photomask Inspection Division

Wafer Inspection (WISARD) Division

Automated Test Systems (ATS) Division

KLA Scanning Inspection, and Classification. (KLASIC Division)

Subsidiaries:

KLA Instruments Limited
2 Weller Drive
Hogwood Lane Industrial Estate
Wokingham, Berkshire RG114QZ England
44-734-730600

KLA Instruments GmbH
Uferstrasse 38
8630 Coburg, West Germany
49-9561-28376

KLA Japan Technology Center, Ltd.
2f Endo Daini Building #2
1-31-11 Akebono-Cho
Tachikawa-City, Tokyo 190, Japan
81-425-23-2181

KLA Instruments (Israel) Corporation
Nitzanim Street
Sapir Center
Migdal Ha'emek 10500 Israel
972-65-42987

Transfer Agent(s):

First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KLAC (NASDAQ)

Number of Employees:

1987 ..... 647 1986 614

Plant Footage:

1987 ..... 159,300 sq. ft. 1986 162,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 88,196,000	$ 7,489,000
1986	82,526,000	9,854,000
1985	62,878,000	8,802,000
1984	42,873,000	5,664,000
1983	23,396,000	2,928,000

	No. of Com. Shares	Earn. per Share‡
1987	17,425,895	$ 0.42
1986	17,044,217	0.56
1985	16,852,874	0.50
1984	16,657,425	0.35
1983	14,901,808	0.20

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 87,045,000	$ 5.00
1986	75,596,000	4.44
1985	62,641,000	3.72
1984	52,439,000	3.15
1983	24,811,000	1.66

Income Account *

Year ended June 30	1987	1986
Net sales	$ 88,194	$ 82,526
Cost of sales	51,076	44,008
Expenses	23,579	24,142
Interest income	(2,738)	(2,469)
Provision for inventory	3,500	—
Income before taxes	$ 12,777	$ 16,845
Income taxes	5,288	6,991
Net Income	$ 7,489	$ 9,854

* Included in Costs and Expenses, Depreciation and Amortization: $3,725,000 in 1987 and $2,898,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash & cash equiv.	$ 15,348	$ 12,204
Marketable securities	10,605	13,277
Accts. receiv., net	23,216	20,951
*Inventories	29,172	26,195
Other curr. assets	1,326	704
Current Assets	$ 79,567	$ 73,331
@ Fixed assets	8,408	8,992
Market. securities	19,535	11,179
Other assets	7,988	4,675
Total Assets	$ 115,498	$ 98,177

Liabilities
(000's)

Accts. payable	$ 3,748	$ 7,429
Accrued compens.	4,163	4,295
Accrued warranty	1,878	2,628
Unearned contract revenue	2,857	3,674
Income taxes	3,549	47
Deferred inc. taxes	1,804	4,454
Other curr. liab.	6,758	2,950
Curr. Liabilities	$ 24,757	$ 20,477
Deferred inc. taxes	3,696	2,106
+Common stock	17	17
Add. paid-in capital	47,801	44,540
Retained earnings	37,636	30,147
Cum. trans. adj.	1,591	892
Total Liabilities & Shareholders' Equity	$ 115,498	$ 98,177

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.49	20.41
%Net Income to Sales	8.49	11.94
%Net Income to Equity	8.60	13.04
Sales to Inventories	3.02	3.15
Working Capital	$ 54,810,000	$ 52,854,000
Current Ratio	3.21	3.58
Shareholders' Equity	$ 87,045,000	$ 75,596,000

KMS Industries, Inc.

3853 Research Park Drive
P.O. Box 1778
Ann Arbor, Michigan 48106-1778
(313) 769-1100

Officers: Patrick B. Long, chairman, president & chief exec. officer; Lowell D. Johnson, chief financial officer & treasurer; Terence C. Liddy, corp. secretary & sr. v.p.-KMS Fusion.

Directors: Patrick B. Long, chairman; Robert A. Carrane, Terence C. Liddy, Thomas P. Stafford, James C. Bard, Charles V. Ligon, Neil C. Lautenbach.

Area of Work: An advanced technology company with scientific and engineering capabilities in aerospace, advanced products, diagnostic instrumentation, and laser fusion energy research. Current products include fiber optic sensors used to detect shock waves and ballistic impact; x-ray measurement and recording systems and devices; and a video multiplexer which allows several computers to feed output to one printer.

Subsidiaries:

KMS Fusion, Inc.

Transfer Agent(s):

American Stock Transfer and Trust Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KMSI (NASDAQ).

Number of Employees:
1987 ..... 216 1986 229

Sales & Earnings

	Net Sales	Net Income+
1987	$ 19,736,000	$ 108,000
1986	19,696,000	909,000
1985	17,672,000	1,005,000
1984	14,153,000	891,000
1983	11,884,000	526,000

	No. of Com. Shares +	Earn. per Share+‡
1987	2,691,000	$ 0.06
1986	1,968,000	0.46
1985	1,967,000	0.51
1984	1,702,000	0.50
1983	1,696,000	0.27

+ Including extraordinary gains of $27,000 ($0.02 per share) in 1987, $398,000 ($0.20 per share) in 1986, $455,000 ($0.22 per share) in 1985 and $485,000 ($0.22 per share) in 1983.
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	1-for-8

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 5,591,000	$ 2.08
1986	5,519,000	2.80
1985	4,597,000	2.34
1984	4,805,000	2.82
1983	3,910,000	2.31

‡ Adjusted to reflect stock split.

Income Account*

Year ended Dec. 31	1987	1986
Revenues	$ 19,736,174	$ 19,696,175
Other income	336,195	443,676
Total income	$ 20,072,369	$ 20,139,851
Cost of sales	14,310,526	13,464,240
Expenses	4,666,526	4,734,706
Independ. res & develop.	960,941	993,662
Interest expense	26,264	38,583
Income before taxes	$ 108,116	$ 908,662
Income taxes	27,000	398,000
Net Income	$ 81,116	$ 510,662
Extraord. gain	27,000	398,000
Net income & extraord. gain	$ 108,116	$ 908,662

* Included in Costs and Expenses, Depreciation and Amortization $617,402 in 1987 and $459,945 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 11,971	15,257
U.S. Treasury Notes	4,798,234	3,170,017
Accts. receiv., net	3,758,470	3,180,874
*Inventories	389,480	93,870
Other curr. assets	127,716	154,691
Current Assets	$ 9,085,861	$ 6,614,909
@ Fixed assets	881,847	929,578
Accts. & notes receiv.	—	9,866
Other assets	1,901	2,999
Intangibles	27,522	85,589
Total Assets	$ 9,997,131	$ 7,642,441

Liabilities

Long-term debt, curr.	$ 625,000	100,000
Accts. payable	1,112,873	816,367
Accrued compensation	807,166	778,009
Other accruals	214,685	204,369
Curr. Liabilities	$ 2,759,724	$ 1,898,745
Emp. stock plan-bank loan	1,600,000	—
Long-term debt	46,589	225,000
+ Common stock	215,256	157,447
Add. paid-in capital	29,650,865	27,744,668
Accumulated deficit	(22,275,303)	(22,383,419)
Emp. stock plan-debt	(2,000,000)	—
Total Liabilities & Shareholders' Equity	$ 9,997,131	$ 7,642,441

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	0.55	4.61
% Net Income to Revenues	0.41	2.59
% Net Income to Equity	1.45	9.25
Debt to Equity	0.12	0.09
Working Capital	$ 6,326,137	$ 4,715,764
Current Ratio	3.29	3.48
Shareholders' Equity	$ 5,590,818	5,518,696

KMW Systems Corporation

100 Shepherd Mountain Plaza
6034 West Courtyard
Austin, Texas 78730
(512) 338-3000

Officers: Richard A. Wells, president & chief exec. officer; Harry D. Kairns, chairman & exec. v.p.; Thomas G. Allen, sr. v.p.; R. Gerald Martin, sr. v.p.; Ronald L. Dorst, sr. v.p.; Byron D. Couch, Sr., v.p & chief financial officer.

Directors: Harry D. Kairns, chairman, Richard A. Wells, Dale M. Mosier, John R. Muse, R. Clarke Heidrick, Jr., Frank W. McRae, Jr.

Area of Work: Manufactures electronic systems and equipment for the transmission and processing of computer graphic data, including graphics controllers, protocol converters, and channel interfaces.

Subsidiaries:

KMW Systems International, Ltd.
Falcon Way, off Central Way
North Feltham Trading Estate
Middlesex, TW14 DXQ, England

Transfer Agent(s):

Texas American Bank/Dallas
P.O. Box 35207
Dallas, Texas 75235

Stock Exchange(s): American

Ticker Symbol: KMW

Number of Employees:

1987	155	1985	130
1986	139	1984	72

Plant Footage:

1987 ..... 48,000 sq. ft. 1986 48,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 15,517,000	$ 827.00
1986	14,330,000	1,101,000
1985	9,867,000	811,000
1984	6,358,000	757,000
1983	3,452,000	420,000

	No. of Com. Shares	Earn. per Share‡
1987	2,204,534	$ 0.38
1986	2,169,260	0.51
1985	1,426,844	0.38
1984	1,400,587	0.38
1983	1,051,837	0.27

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	12.5-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 8,137,000	$ 3.69
1986	7,199,000	3.32
1985	5,861,000	2.74
1984	4,738,000	2.25
1983	970,000	0.61

‡ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 15,516,775	$ 14,330,423
Cost of sales	5,783,466	5,495,471
Expenses	8,687,368	7,058,866
Interest expense	89,737	227,094
Other Expense (income)	18,098	(85,726)
Income before taxes	$ 938,106	$ 1,634,718
Income taxes	110,671	533,400
Net Income	$ 827,435	$ 1,101,318

* Included in Costs and Expenses, Depreciation and Amortization: $691,733 in 1987 and $640,751 in 1986.

Assets

As of June 30	1987	1986
Cash & cash equiv.	$ 1,211,515	$ 1,550,055
Accts. receiv., net	3,567,561	3,298,664
*Inventories	3,669,163	2,918,959
Prepaid expenses	574,852	374,122
Current Assets	$ 9,023,093	$ 8,141,800
#Fixed assets	1,805,939	1,541,166
Technology	1,372,734	1,514,697
Intangibles	376,205	374,711
Software develop. costs	309,463	167,320
Other assets	337,743	355,341
Total Assets	$ 13,225,177	$ 12,095,035

Liabilities

Notes payable	$ 909,000	$ 350,000
Long-term debt, curr.	773,198	776,686
Accts. payable	794,836	649,914
Accruals	302,095	289,628
Income taxes	787,633	232,748
Deferred inc. taxes	129,390	191,700
Curr. Liabilities	$ 3,696,152	$ 2,490,676
Long-term debt	943,269	2,227,762
Deferred inc. taxes	309,106	178,000
Accrued rent	179,712	—
+ Common stock	220,453	216,926
Add. paid-in capital	3,359,620	3,306,680
Retained earnings	4,361,029	3,533,594
For. curr. trans. adjust.	195,836	141,597
Total Liabilities & Shareholders' Equity	$ 13,225,177	$ 12,095,035

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	6.05	11.41
%Net Income to Sales	5.33	7.69
%Net Income to Equity	10.17	15.30
Sales to Inventories	4.23	4.91
Debt to Equity	0.32	0.47
Working Capital	$ 5,366,941	$ 5,651,324
Current Ratio	2.47	3.27
Shareholders' Equity	$ 8,136,938	$ 7,198,797

Knogo Corporation

350 Wireless Boulevard
Hauppauge, New York 11788
(516) 232-2100

Officers: Arthur J. Minasy, chairman & president; James R. Dellosso, v.p.-finance, secretary & treasurer; Michael Cooper, v.p.-engineering; Michael Trentacosti, v.p.-operations; Fred Cicchetti, v.p.; Neil A. Smith, v.p.-international; Thomas A. Nicolette, v.p. & gen. mgr.-Knogo North America; Karen Hatgis, asst. secretary; Peter J. Mundy, corp. controller.

Directors: Arthur J. Minasy, James R. Dellosso, William A. Perlmuth, Neil A. Smith, Thomas A. Nicolette, Robert E. Vandermark, Frank M. Corso.

Areas of Work: Engaged in the design, manufacture, marketing and service of electronic article surveillance systems primarily use to detect and deter shoplifting. The RF system, using radio signals, is primarily used in retail clothing stores. The EM and MM systems, using electromagnetic signals, protect products in a variety of retail establishments such as bookstores, supermarkets, drugstores, shoe stores and sporting goods stores and is used in museums, libraries and hospitals.

International Headquarters:

Knogo S.A.
Zonging Industriel
Route de Wallonie
7410 MONS (GHLIN), Belgium

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: KNO

Number of Employees:

1988	651	1985	429
1987	626	1984	392
1986	597		

Plant Footage:

1988	199,000 sq.ft.	1985	115,000
1987	199,000	1984	44,500
1986	145,500		

Sales & Earnings x

	Revenue *	Net Income
1988	$ 46,722,000	$ 1,067,000
1987	46,280,000	7,158,000
1986	36,006,000	5,803,000
1985	30,738,000	4,410,000
1984	26,017,000	2,855,000

	No. of Com. Shares	Earn. per Share #
1988	5,193,941	$ 0.16
1987	6,708,579	1.05
1986	6,673,709	1.19
1985	4,725,933	0.92
1984	5,012,714	0.96

x Restated to revise the recording of revenues arising from sales to third-party leasing companies.
* Includes lease rentals and other income.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity‡

	Total Equity	Equity Per Share
1988	70,630,000	$ 13.70
1987	94,389,000	14.07
1986	79,317,000	11.88
1985	30,094,000	6.37
1984	31,386,000	6.26

‡ Restated.

Income Account

Year ended	2/29/88	2/28/87‡
Net sales & rentals	$ 38,091,800	$ 40,030,800
Other income	8,630,500	6,248,800
Total income	$ 46,722,300	$ 46,279,600
Cost of sales	17,810,200	14,690,400
Expenses	24,964,200	21,055,900
Depreciation & amortization	3,664,400	3,338,200
Interest income	(370,600)	(1,027,100)
For. curr. trans.	(970,900)	36,600
Inc. bef. taxes	$ 1,625,000	$ 8,185,600
Income taxes	558,000	1,027,800
Net Income	$ 1,067,000	$ 7,157,800

‡ Restated.

Assets

As of	2/29/88	2/28/87‡
Cash	$ 7,144,100	$ 32,681,500
Accts. receiv., net	21,414,100	31,137,200
*Security devices	29,783,400	24,947,900
Investments in sales-type leases	8,708,200	9,209,900
#Fixed assets	21,595,500	13,442,900
Intangibles	654,700	514,200
Defer. charges	338,400	111,200
Other assets	8,021,300	6,867,600
Total Assets	$ 97,659,700	$ 118,912,400

Liabilities

Notes payable	$ 12,032,000	$ 9,693,500
Accts. payable	4,512,400	4,262,400
Accruals	5,010,100	6,042,300
Income taxes	2,938,300	1,590,800
Deferred lease rentals	1,673,700	1,674,900
Deferred inc. taxes	863,300	1,239,900
+Common stock	51,500	70,400
Add. paid-in capital	34,238,500	63,113,500
Retained earnings	23,811,100	24,143,000
Unamort. deferred comp.	(742,700)	(434,000)
Foreign curr. trans. adj.	13,271,500	9,863,300
Treasury stock	—	(2,367,600)
Total Liabilities & Shareholders' Equity	$ 97,659,700	$ 118,912,400

‡ Restated.
* At cost (FIFO) which is not in excess of replacement value.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	4.27	20.45
%Net Income to Revenues	2.80	17.88
%Net Income to Equity	1.51	7.58
Debt to Equity	0.17	0.10
Shareholders' Equity	$ 70,629,900	$ 94,388,600

Kollmorgen Corporation

Management Center
66 Gate House Road
Stamford, Connecticut 06902
(203) 327-7222

Kollmorgen Corporation
Administrative Center
10 Mill Pond Lane
Simsbury, Connecticut 06070
(203) 651-375

Officers: Robert L. Swiggett, chairman of the board; James E. Swiggett, president & chief executive officer; George P. Stephan, vice-chairman; Allan M. Doyle, Jr., vice chairman & chairman-Mgmt. Board of Electro-Optical Division; Kenneth A. Miller, president-Photo Research Division; James G. Davidson, president-Macbeth Division; John Calpena, president-PMI Motion Technologies Division; Karl A. Egerer, sr. v.p.-patents & technology; Edwin M. Feinke, v.p., chief financial officer & chairman-Mgmt. Board of Proto-Power Corp.; Donald S. Fischer, v.p.; W. W. Griggs, president-Industrial Drives Division; John L. Heim, president-Proto-Power Corporation; Joseph R. Hoyt, v.p. & chairman-Mgmt. Board of Motors and Controls Divisions; Thomas J. Gullo, president-Additive Products Division; Pierre Tardieu, president-Artus, S.A.; James P. Thompson, treasurer; Thomas J. Sarnowski, president-PCK Technology Division; John L. Youngblood, president-Electro-Optical Division; Jack R. Walnes, v.p. & chairman-Mgmt. Board of Electronic Interconnections Division; Robert N. Williams, v.p. & chairman-Mgmt. Board of Kollmorgen Instruments Corporation; Robert J. Bollo, controller & chief accounting officer; James A. Eder, secretary & assoc. gen. counsel; Donald Borod, v.p. & gen. counsel; Joseph T. Colvin, president-Inland Motor Division; Seamus O'Sullivan, president-Kollmorgen (Ireland) Limited; Ronald G. Anderson, president-Kollmorgen Instruments Corporation.

Directors: Robert W. Bjork, W. D. Dance, Allan M. Doyle, Jr.*, Townsend Hornor, John D. Maxwell, Jr., A. J. Powers, Jr., John A. Diaz, Richard Rachals, Robert L. Swiggett*, George P. Stephan*, James E. Swiggett*.

* Member of the Executive Committee

Areas of Work: Engaged in the development, manufacture and marketing of electronic interconnection boards, special direct current motor and control systems, color and photometry systems and equipment, and electro-optical systems.

Divisions and Subsidiaries:

Additive Products Division
Riverhead, New York

Electro-Optical Division
347 King Street
Northampton, Massachusetts 01060
(413) 586-2330

Industrial Drives Division
201 Rock Road
Radford, Virginia 24141
(703) 639-2495

Inland Motor Division
501 First Street
Radford, Virginia 24141
(703) 639-3973

Kollmorgen Instruments Corporation
Simsbury, Connecticut

Macbeth Division
P.O. Box 950
Newburgh, New York 12550
(914) 561-7300

PMI Motion Technologies Division
Commack, New York

Multiwire Division
Hicksville, New York

PCK Technology Division
322 LIE South Service Road
Melville, New York 11747
(516) 454-4400

Photo Research Division
Chatsworth, California

Optronic Laboratories, Inc.
Orlando, Florida

Kollmorgen Overseas Development Corporation
Wilmington, Delaware

Artus S.A.
Angers, France

Kollmorgen (Ireland) Limited
Ennis, Ireland

Kollmorgen International Finance N.V.
Curacao, Netherlands Antilles

Kollmorgen Foreign Sales Corporation
St. Croix, Virgin Islands

Proto-Power Corporation
Groton, Connecticut

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: KOL

Number of Employees:

1987	5,900	1984	5,400
1986	4,100	1983	4,900
1985	5,000		

Plant Footage:

1987	N.A.	1984	1,300,000
1986	N.A.	1983	1,300,000
1985	1,375,000 sq. ft.		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1987	$ 301,010,000	$ 285,000
1986	319,164,000	(19,947,000)
1985	310,982,000	(6,366,000)
1984	326,200,000	10,756,000
1983	280,670,000	8,891,000

	No. of Com. Shares #	Earn. per Share†
1987	10,308,101	$ 0.03
1986	10,364,836	—
1985	9,952,992	—
1984	10,067,512	1.08
1983	9,950,350	0.91

(Loss)
Based on the average number of shares outstanding.
† Based on the weighted average number of common stock and common stock equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Electronic interconnections	$ 78,426	$ 114,135
Motors & controls	118,908	117,172
Electro-optical instruments	103,676	87,857
Total *	$ 301,010	$ 319,164

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.32	—	—
1986	0.32	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 77,519,000	$ 7.46
1986	79,398,000	7.70
1985	99,635,000	9.90
1984	106,153,000	10.71
1983	97,243,000	10.13

Income Account *
(000's)

Year ended Dec. 31 *	1987	1986
Net sales	$ 301,010	$ 319,164
Cost of sales	215,292	248,578
Expenses	82,138	88,757
Other expenses	2,715	6,452
Income (loss) bef. taxes	$ 865	$ (22,623)
Income taxes (credit)	580	(2,676)
Net Income (Loss)	$ 285	$ (19,947)

* Included in Costs and Expenses, Depreciation and Amortization: $13,978,000 in 1987 and $15,883,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 2,978	$ 5,220
Receiv., net	56,571	58,982
Receiv. on contracts	19,169	15,348
* Inventories	37,471	39,765
Prepaid expenses	3,320	3,042
Current Assets	$ 119,509	$ 122,357
# Fixed assets	59,120	62,632
Other assets & intangibles	17,529	13,288
Total Assets	$ 196,158	$ 198,277

Liabilities
(000's)

Notes payable	$ 397	$ 5,716
Long-term debt, curr.	1,371	2,111
Accts. payable	26,665	25,310
Accruals	23,311	25,266
Income taxes	—	327
Curr. Liabilities	$ 51,744	$ 58,730
Long-term debt	63,107	57,438
Deferred credits	2,426	1,676
Deferred inc. taxes	1,362	1,035
+ Common stock	25,988	25,787
Add. paid-in capital	27,263	26,599
Retained earnings	24,955	28,052
For. curr. trans. adj.	(687)	(1,040)
Total Liabilities & Shareholders' Equity	$ 196,158	$ 198,277

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Income	0.29	—
%Net Income to Sales	0.09	—
%Net Income to Equity	0.37	—
Sales to Inventories	8.03	8.03
Debt to Equity	0.81	0.72
Working Capital	$ 67,765,000	$ 63,627,000
Current Ratio	2.31	2.08
Shareholders' Equity	$ 77,519,000	$ 79,398,000

Koss Corporation

4129 N. Port Washington Avenue
Milwaukee, Wisconsin 53212
(414) 964-5000

Officers: John C. Koss, chairman of the board & chief executive officer; Michael J. Koss, president & chief operating officer; Robert W. A. Joynt, v.p. & pres.-Koss Ltd. (Canada); Donald R. Wagner, v.p.-marketing; John C. Koss, Jr., v.p.-sales; Daniel Esposito, v.p.-corp. systems; Michael P. Moore, secretary & corp. legal counsel.

Directors: John C. Koss, chairman; Lawrence S. Mattson, Brooks S. Stevens, James L. Dorman, Michael J. Koss, John J. Stollenwerk.

Areas of Work: Designs, manufactures and markets stereo headphones, audio/video loudspeakers, and related accessories.

Subsidiary:

Koss Limited
4112-4114 South Service Road
Burlington, Ontario, Canada

Transfer Agent(s):

First Wisconsin Trust Company
First Wisconsin Centre
Milwaukee, Wisconsin 53208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KOSS (NASDAQ)

Number of Employees:

1987 ..... 200 1985 245
1984 150

Plant Footage:

1987 ..... 125,000 sq. ft. 1985 161,000
1986 125,000

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 21,321,532	$ 1,820,877
1986	13,854,860	6,273,260
1985	15,888,815	(8,642,315)
1984	18,077,925	(5,945,291)
1983	19,442,789	(69,095)

	No. of Com. Shares‡	Earn. per Share‡†
1987	4,809,638	$ 0.38
1986	4,227,001	1.48
1985	3,485,736	—
1984	3,498,601	—
1983	3,803,146	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $411,000 ($0.09 per share) in 1987 and $5,045,784 ($1.19 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	0.04	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 4,790,165	$ 0.99
1986	3,218,489	0.76
1985	(4,612,608)	—
1984	4,239,430	1.21
1983	11,731,943	3.08

(Deficiency)
‡ Based on the weighted number of common shares and common share equivalents outstanding.

Income Account*

Year ended June 30	1987	1986
Net sales	$ 21,321,532	$ 13,854,860
Cost of sales	12,547,871	7,990,5332
Expenses	6,056,195	4,452,986
Emp. stock owner. plan	300,000	—
Interest expense	141,928	94,286
Interest income	(39,421)	(155,908)
Prov. for losses	(432,918)	64,920
Income bef. taxes	$ 2,749,877	$ 1,408,043
Income taxes	1,340,000	434,000
Income (loss)-cont. oper.	$ 1,409,877	$ 974,043
Income-discont. oper.	—	253,433
Net Income	$ 1,409,877	1,227,476
Extraord. gain	411,000	5,045,784
Net Income (Loss) & extraord. gain	$ 1,820,877	$ 6,723,260

* Included in Costs and Expenses, Depreciation and Amortization: $365,896 in 1987 and $398,075 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 261,310	$ 664,714
Accts. receiv., net	4,016,685	2,691,860
*Inventories	4,405,771	3,349,034
Prepaid expenses	79,032	92,511
Current Assets	$ 8,762,798	$ 6,798,109
#Fixed assets	1,259,158	1,181,175
Other assets	116,943	176,865
Total Assets	$ 10,138,899	$ 8,156,149

Liabilities

Notes payable & long-term debt, curr.	$ 111,603	$ 131,603
Accts. payable	1,260,113	968,502
Accruals	1,319,994	1,819,188
Accruals - plant clos.	323,647	593,766
Income taxes	496,491	33,991
Curr. Liabilities	$ 3,511,848	$ 3,547,050
Long-term debt	1,403,886	1,390,610
Def. inc. taxes	463,000	—
+ Common stock	43,469	51,193
Add. paid-in capital	2,079,950	2,311,900
Cum. trans. adjust.	(55,658)	(83,957)
Ret. earnings	2,692,404	2,473,572
Treasury stock	—	(1,534,219)
Total Liabilities & Shareholders' Equity	$ 10,138,899	$ 8,156,149

* At lower of cost or market. 83% at LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	12.90	—
%Net Income to Sales	6.61	—
%Net Income to Equity	29.62	38.14
Sales to Inventories	4.84	4.14
Debt to Equity	0.32	0.47
Working Capital	$ 5,250,950	$ 3,251,059
Current Ratio	2.50	1.92
Shareholders' Equity	$ 4,760,165	$ 3,218,489

KRUG International Corp.

(Formerly Technology Incorporated)

6 CRM Plaza, Suite 500
Dayton, Ohio 45402-1908
(513) 224-9066

Officers: Maurice F. Krug, chairman of the board & chief executive officer; Philip L. Fondy, president & chief operating officer; T. Wayne Holt, asst. to chairman-Aerospace Group; J. Richard Swanson, v.p.-finance & treasurer; Evelyn B. Walker, asst. treasurer; W. E. Greenhalgh, chief exec.-KRUG International (UK) Ltd.; Gene P. Cook, controller; Donald L. Stamps, dir.-human resources.

Directors: Maurice F. Krug*, John W. Berry*, James J. Mulligan*, Marvin E. Bruce, Victor J. Cassano, Sr., William J. Hoben, Leo W. Ladehoff, Frederick C. Smith, Earl T. O'Loughlin.

* Member of the Executive Committee

Divisions and Subsidiaries

Technology Life Sciences Division
1290 Hercules Drive
Suite 120
Houston, Texas 77058
(713) 488-5970

Biom. ..ced research and development in the life sciences, particularly physiology, vision and biochemistry; medical systems research, quality control of production chemicals, development and marketing of freeze-dried foods.

KRUG International Corp.

Technology Systems Division
3821 Colonel Glenn Highway
Dayton, Ohio 45431-0034
(513) 426-2405

Interdisciplinary research and development in flight dynamics aeropropulsion, gas dynamics, solid rocket technology, bioastronautics, nuclear effects, avionics, bioengineering, optics, and instrumentation data acquisition, reduction and analysis, electronic systems design and fabrication. Design, manufacture and marketing of scientific instruments for biomedical research, mass flow measurement of gases, and environmental measurement and control. Manufacture of electric annunciators, alarm systems, sequential event recorders and special purpose control equipment for industrial and public utility power plants and other process controls.

Technology/Scientific Services, Inc.
P.O. Box 3065
Overlook Branch
Dayton, Ohio 45431
(513) 426-0252

Scientific, engineering and technical contract services in the fields of electronics, aerospace engineering and computer technology.

Technology Services Division
406 Brensport
San Antonio, Texas 78216
(512) 349-3925

Dumpster Systems Inc.

Dumpster Systems-East
302 N. Sage Street
P.O. Box 1388
Toccoa, Georgia 30577
(404) 886-6556

Dumpster Systems-West
12927 Marquardt
Santa Fe Springs, California 90670
(213) 921-8653

Dumpster Systems Limited
260 New Toronto Street
Etobicoke, Ontario M8V 2E8 Canada
(416) 253-1750

Solid waste handling equipment including front loaders, rear loaders, roll-off units, large volume stationary packers, transfer stations and trailers.

KRUG International (UK) Ltd.
Woolwich Road, Charlton
London SE7 7RJ United Kingdom
011441858-8516

Shelvoke Dumpster Limited
Icknield Way
Letchworth Garden City
Hertfordshire SG6 1EN United Kingdom
01144462686555

Municipal and industrial solid waste handling vehicles, including rear loaders and front loaders.

Swintex Limited
Derby Works
Manchester Road
Bury
Lancashire BL9 9NX United Kingdom
01144617614933

Proprietary molded rubber and plastic products, including temporary traffic management systems and refuse container lids.

Krug Power & Control Limited
Holme Lane
Bradford
Yorkshire BD4 0FY United Kingdom
01144274683221

Distributes industrial pumps, motors, flow controls, pressure controls, electronics and directional controls, hydraulic cylinders and pneumatic equipment.

South Western Marine Factors Limited
P.O. Box 4
43 Pottery Road, Parkstone, Poole
Dorset BH14 8RE United Kingdom

Distributes marine outboard engines, stern drives and inboard engines, diesel engines, steering systems and controls, boat fittings, equipment and clothing.

Beldray Limited
P.O. Box 20
Mount Pleasant, Bilston
West Midlands WV14 7NF United Kingdom
011449023531500

Consumer ironing tables and accessories, domestic aluminum ladders and work platforms and garden equipment.

Transfer Agent(s):

Bank One Indianapolis
111 Monument Circle
Indianapolis, Indiana 46277

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KRUG (NASDAQ)

Number of Employees

1988	1,751	1985	1,733
1987	1,742	1984	759
1986	1,607		

Sales & Earnings

	Revenues†	Net Income‡
1988	$ 143,749,000	$ 499,000
1987	119,470,000	(1,988,000)
1986*	90,784,000	1,972,000
1985	67,702,000	1,555,000
1984	45,506,000	806,000

	No. of Com. Shares +	Earn. per Share #‡
1988	4,370,828	$ 0.11
1987	4,348,651	—
1986*	4,003,211	0.49
1985	3,959,151	0.38
1984	3,932,402	0.20

(Loss)
* 9 months.
† Of continuing operations only.
‡ Including extraordinary gain of $324,000 ($0.08 per share) in 1984.
+ Adjusted to reflect stock splits.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1988	1987
Industrial products	$ 52,672,000	$ 54,031,000
Aerospace service	35,220,000	23,991,000
Commer./Consumer prod.	55,857,000	41,448,000
Total	$ 143,749,000	$ 119,470,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.03	—	—
1987	0.03	—	5-for-4
1986	0.024	—	—
1985	0.024	—	—
1984	0.016	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 16,931,000	$ 3.87
1987	13,576,000	3.12
1986	11,712,000	2.93
1985	8,903,000	2.25
1984	7,106,000	1.81

+ Adjusted to reflect stock splits.

Income Account

Year ended Mar. 31	1988	1987
Revenues	$ 143,749,000	$ 119,470,000
Cost of sales	121,109,000	103,263,000
Expenses	18,147,000	18,623,000
Depreciation & amortization	1,323,000	989,000
Interest expense	2,221,000	1,900,000
Other income	(1,524,000)	(2,541,000)
Income (loss) before taxes	$ 2,473,000	$ (1,964,000)
Income taxes	1,974,000	24,000
Net Income (Loss)	$ 499,000	$ (1,988,000)

Assets

As of Mar. 31	1988	1987
Cash	$ 757,000	$ 253,000
Accts. receiv., net	34,974,000	26,613,000
*Inventories	29,044,000	27,682,000
Prepaid expenses	1,333,000	868,000
Current Assets	$ 66,108,000	$ 55,416,000
Long-term receiv.	595,000	434,000
#Fixed assets	12,250,000	9,538,000
Total Assets	$ 78,953,000	$ 65,388,000

Liabilities

Bank borrowings	$ 18,463,000	$ 13,716,000
Long-term debt, curr.	2,322,000	1,703,000
Accts. payable	18,457,000	12,299,000
Accruals	7,519,000	13,219,000
Income taxes	2,702,000	913,000
Curr. Liabilities	$ 49,463,000	$ 41,850,000
Long-term debt	9,022,000	7,119,000
Subordinated long-term debt	500,000	500,000
Deferred inc. taxes	499,000	182,000
Deferred income	1,237,000	1,237,000
Exc. of net assets acq. over purch. price	1,301,000	874,000
+Common stock	2,185,000	2,174,000
Add. paid-in capital	2,446,000	2,404,000
Retained earnings	7,055,000	6,687,000
For. curr. trans.	5,245,000	2,311,000
Total Liabilities & Shareholders' Equity	$ 78,953,000	$ 65,388,000

* At lower of cost (FIFO) or market. Domestic nonaerospace inventories at LIFO.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.72	—
%Net Income to Sales	0.35	—
%Net Income to Equity	4.95	—
Debt to Equity	1.79	1.70
Working Capital	$ 16,645,000	$ 13,566,000
Current Ratio	1.34	1.32
Shareholders' Equity	$ 16,931,000	$ 13,576,000

Kulicke and Soffa Industries, Inc.

2101 Blair Mill Road
Willow Grove, Pennsylvania 19090
(215) 784-6000

Officers: C. Scott Kulicke, chairman & chief exec. officer; Donald VanLuvanee, president & chief operating officer; Dan Kahan, sr. v.p.; Mark W. Klug, sr. v.p.; Max M. Bycer, v.p.; Ueli Maili, v.p.; Graham G. Yeldon, v.p.; Morton Perchick, v.p.; Edwin J. Clarke, v.p.; Robert M. Hilton, v.p..

Directors: C. Scott Kulicke, chairman of the board; Albert Soffa, Frederick W. Kulicke, Jr., Allison F. Page, Joseph S. Rambo, MacDonell Roehm, Jr., Donald R. VanLuvanee.

Areas of Work: Produces semiconductor manufacturing and assembly equipment ranging from manual to computer-controlled and fully automatic, as well as wire and die bonders and micro-tools.

Subsidiaries:

Kulicke and Soffa (Israel) Ltd.
Advanced Technology Center
P.O. Box 875
Haifa 31008 Israel

Kulicke and Soffa, A.G.
Baarerstrasse 8
Zug CH-6301 Switzerland

Kulicke and Soffa (Asia) Ltd.
Fook Cheong Building, 9th Floor
63 Hoi Yuen Road
Kwun Tong, Hong Kong

Kulicke and Soffa, (U.K.) Ltd.
Denton Island
Newhaven, East Sussex BN9 9BA England

Kulicke and Soffa (Japan) Ltd.
No. 5 Koike Bldg., 3rd Floor
1-3-12 Kita-Shinagawa, Shinagawa-Ku
Tokyo 140 Japan

Transfer Agent(s):

Mellon Bank (East) N.A.
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter.

Ticker Symbol: KLIC (NASDAQ)

Number of Employees:

1987	1,050	1984	1,965
1986	1,138	1983	1,363
1985	1,294		

Plant Footage:

1987	214,000 sq. ft.	1984	272,000
1986	N.A.	1983	214,000
1985	280,000		

N.A.- Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 66,856,000	$ (5,366,000)
1986	64,771,000	(7,445,000)
1985	125,102,000	(489,000)
1984	119,641,000	14,123,000
1983	67,314,000	1,656,000

	No. of Com. Shares #	Earn. per Share #
1987	7,571,185	$ —
1986	7,513,627	—
1985	7,450,871	—
1984	7,381,313	1.91
1983	7,332,909	0.23

(Loss)
Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.12	—	—
1984	0.08	—	—
1983	0.08	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 35,990,000	$ 4.73
1986	40,473,000	5.37
1985	48,137,000	6.44
1984	48,214,000	6.51
1983	34,393,000	4.68

Adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 66,856,000	$ 64,771,000
Cost of sales	34,294,000	33,404,000
Expenses	32,021,000	34,636,000
Depreciation & amortization	3,577,000	3,930,000
Interest expense	2,887,000	2,038,000
Loss before taxes	$ (5,923,000)	$ (9,237,000)
Tax credit	(557,000)	(1,792,000)
Net Loss	$ (5,366,000)	$ (7,445,000)

Assets

As of Sept. 30	1987	1986
Cash	$ 1,424,000	$ 1,202,000
Time deposits	1,486,000	3,329,000
Restricted cash	500,000	500,000
Investments	6,140,000	7,293,000
Accts. & notes receiv., net	16,239,000	13,497,000
*Inventories	32,828,000	35,012,000
Prepaid expenses & other assets	1,747,000	2,109,000
Prepaid inc. taxes	1,005,000	2,722,000
Current Assets	$ 61,369,000	$ 65,664,000
#Fixed assets	19,890,000	22,183,000
Deferred debts and other assets	2,718,000	2,471,000
Total Assets	$ 83,977,000	$ 90,318,000

Liabilities

Long-term debt, curr.	$ 2,131,000	$ 2,257,000
Accts. payable	4,077,000	3,890,000
Accruals	3,781,000	5,530,000
Income taxes	1,346,000	1,735,000
Curr. Liabilities	$ 11,335,000	$ 13,412,000
Long-term debt	36,130,000	35,988,000
Other liabilities	365,000	310,000
Deferred inc. taxes	157,000	135,000
+Common stock	13,373,000	12,691,000
Retained earnings	24,748,000	30,114,000
Cum. trans. adjust.	(1,644,000)	(1,952,000)
Treasury stock	(487,000)	(380,000)
Total Liabilities & Shareholders' Equity	$ 83,977,000	$ 90,318,000

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	2.04	1.85
Debt to Equity	1.06	0.94
Working Capital	$ 50,034,000	$ 52,252,000
Current Ratio	5.41	4.90
Shareholders Equity	$ 35,990,000	$ 40,473,000

Kustom Electronics, Inc.

8320 Nieman Road
Lenexa, Kansas 66214
(913) 492-1400

(39% owned by Van Enterprises, Inc.)

Officers: Cecil L. Tuyl, chairman of the board; Lyle P. Phillips, vice chairman & chief executive officer; William E. Ruppert, president & chief operating officer; Ronald Duncan, v.p.-international sales; Bruce Keeton, v.p.-human resources; Charles W. Bowen, v.p.-sales & marketing; Jim Crisp, v.p.-finance & corp. secretary; John Kusek, v.p.-R & D engineering; J. Ralph Hixson, v.p.-manufacturing.

Directors: Cecil L. Van Tuyl, chairman; Lyle P. Phillips, Robert W. McFadden, J. Wesley St. Clair, F.L. Thompson, William E. Ruppert.

Areas of Work: Engaged in two principal lines of business: traffic radar systems; and communications consoles and mobile digital terminals. Products serve law enforcement agencies and mobile computer terminal businesses.

Divisions:

Communications Division
Traffic Safety Division

Transfer Agent(s):

United Missouri Bank of Kansas City
10th and Grand
Kansas City, Missouri 64106

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KUST (NASDAQ)

Number of Employees:

1987	160	1984	150
1986	162	1983	157
1985	160		

Plant Footage:

1987	54,082 sq. ft.	1986	53,000

Sales & Earnings

	Net Sales‡+	Net Income +
1987	$ 11,656,269	$ 56,688
1986	10,120,666	990,409
1985	9,313,311	1,561,576
1984	N.A.	951,018
1983	N.A.	707,810

	No. of Com. Shares #	Earn. per Share # +
1987	1,948,264	$ 0.03
1986	1,930,480	0.31
1985	1,904,883	0.82
1984	1,793,144	0.53
1983	1,783,815	0.40

N.A. - Not Available.
‡ Includes other revenues.
+ Of continuing operations only.
+ Including extraordinary gains of $106,000 ($0.06 per share) in 1987, $45,080 ($0.02 per share) in 1986, $703,000 ($0.37 per share) in 1985, $438,000 ($0.24 per share) in 1984 and $277,000 ($0.15 per share) in 1983.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Revenue by Lines of Business

	1987	1986
Traffic safety	$ 6,097,067	$ 6,153,200
Communications	5,559,202	3,967,466
Total	$ 11,656,269	$ 10,120,666

Common Stock

		Cash Dividend	Stock Split
1987	—	—	—
1986	—	5%	—

Kustom Electronics, Inc.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 5,414,649	$ 2.78
1986	5,366,983	2.78
1985	4,672,281	2.45
1984	2,568,517	1.43
1983	1,594,352	0.89

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 11,656,269	$ 10,120,666
Cost of sales	6,637,335	5,615,731
Expenses	3,955,296	3,644,973
Interest expense	37,087	20,811
Interest income	(67,455)	(71,085)
Other income	(55,592)	(56,452)
Income before taxes	$ 1,149,598	$ 966,688
Income taxes	445,000	298,680
Income - cont. oper.	$ 704,598	$ 668,008
Loss - discont. oper.	(113,910)	(122,679)
Loss on dispos. of Peripherals div.	(640,000)	—
Net Income (Loss)	$ (49,312)	$ 545,329
Extraord. gain	106,000	45,080
Net Income (Loss) & extraord. gain	$ 56,688	$ 590,409

* Included in Costs and Expenses, Depreciation and Amortization: $295,662 in 1987 and $270,158 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 4,536	$ 3,958
Accts. receiv., net	2,736,538	1,455,925
Lease-purchase contracts receiv.	478,079	407,717
Costs in exc. of billings on uncomp. contracts	455,975	922,454
*Inventories	1,771,422	1,782,227
Prepaid expenses	72,947	84,250
Assets if discont. oper.	296,255	789,475
Current Assets	$ 5,815,752	$ 5,446,006
#Fixed assets	826,954	784,746
Deposits & other assets	196,949	131,908
Assets of discont. oper.	—	511,795
Total Assets	6,839,655	$ 6,874,455

Liabilities

Revolv. line of credit	$ —	$ 134,000
Accts. payable	594,654	688,553
Accruals	547,035	579,133
Excess billings on uncompleted contracts	13,808	1,749
Inc. taxes payable	130,000	—
Def. income taxes	119,493	96,037
Liab. of discont. oper.	20,016	20,000
Curr. Liabilities	$ 1,425,006	$ 1,507,472
+Common Stock	194,892	194,891
Add. paid-in capital	3,347,577	3,355,460
Retained earnings	1,873,320	1,816,632
Treasury stock	(1,140)	—
Total Liabilities & Shareholders' Equity	$ 6,839,655	$ 6,874,455

* Lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $ 0.10 par value.

Statistical Summary

% Net Income to Equity	—	10.16
Sales to Inventories	6.58	5.68
Working Capital	$ 4,390,746	$ 3,938,534
Current Ratio	4.08	3.61
Shareholders' Equity	$ 5,414,649	$ 5,366,983

Kyocera Corporation

5-22 Kitainoue-cho, Higashino
Yamashina-ku, Kyoto 607 Japan
(075) 592-3851

Board of Directors: Kazuo Inamori, chairman & representative director; Shingo Moriyama, vice chairman & representative director; Kinju Anjo, president & representative director; Asa Jonishi, Haruki Tomonoh, Ryozo Endo, senior advisors and directors; Kensuke Itoh, executive v.p. & representative director; Toshinori Inamori, Masaaki Hiwatashi, Yoshimichi Aoyama, Shoichi Hamamoto, Yoshiteru Hamano, Keisuke Hasegawa, Yoshizo Yasuda, senior managing directors; Masayuki Yamamoto, Kenichi Okagawa, Moritaka Arasaki, Katsumi Nishimura, Masao Kadota, managing directors; Ryusho Nagai, Kikuo Nomura, Yoshiro Kawakami, Takashi Nakayama, Kenjiro Kimura, Shunji Nosaka, Toshihiko Teshirogi, Taiichi Akiyama, Koichi Nakamura, Masao Hori, Stuart Lubitz, directors.

Areas of Work: The Company is primarily engaged in the manufacture and sale of products in three major segments: ceramic and related products for the electronics and other industries; electronic equipment consisting of communications, audio and business equipment; and optical and precision instruments consisting of cameras and camera lenses.

Major ceramic products included alumina substrates, substrates for volume control and resistors, multiform glass for color TVs, parts for machine tools, pump and valve components, sliders, automotive components, and connectors for optical fiber glass cable. Major semiconductor products include cerdips, chip carriers and mother boards, pin grid arrays, and metallized microwave packages. Major electronic components products include chip capacitors, ceramic filters, resonators, chip resistors, thermal printheads, amorphous silicon drums, and liquid crystal displays. Consumer-related products include jewelry (Crescent Vert), dental implant and orthopedic devices (Bioceram), solar water heaters, solar cells, cutting tools, and ceramic scissors. Major products in the area of electronic equipment include transceivers, navigation equipment, compact disc players, MSX, desk-top computers, and compact laser printers. Major products in the area of optical and precision instruments include single lens reflex cameras (Contax, Yashica, Kyocera), 35mm cameras, lenses for single lens reflex cameras, and 8mm video camcorders.

Subsidiaries and Affiliates (Japan):

Japan Solar Energy Co., Ltd.
Yohkaichi, Shiga Pref.

Kyocera Electronic Equipment Co., Ltd.
Shibuya-ku, Tokyo

Daini-Denden Inc.
Chiyoda-ku, Tokyo

Japan New-media System Co., Ltd.
Setagaya-ku, Tokyo

Subsidiaries and Affiliates (non-Japanese):

Kyocera International, Inc.
8611 Balboa Ave.
San Diego, California

Kyocera America, Inc.
San Diego, California

Kyocera Electronics, Inc.
Somerset, New Jersey

Kyocera Northwest, Inc.
Vancouver, Washington

Kyocera Unison, Inc.
Berkeley, California

Kyocera Feldmuehle, Inc.
Mountain Home, North Carolina

Yashica, Inc.
Somerset, New Jersey

Kyocera Canada, Inc.
Mississauga, Ontario

Yashica Do Brasil-Industria e Comercio Ltda.
Sao Paulo, Brazil

Yashica Do Brasil-Exportacao e Industria Ltda.
Sao Paulo, Brazil

Feldmuehle Kyocera Europe
Elektronische Bauelemente GmbH
Esslingen-Zell, Federal Republic of Germany

YASHICA Kyocera GmbH
Hamburg, Federal Republic of Germany

Kyocera Electronics Europe GmbH
Dusseldorf, Federal Republic of Germany

Kyocera (Hong Kong) Ltd.
East Kowloon, Hong Kong

Universal Optical Industries Ltd.
Kowloon, Hong Kong

Transfer Agent(s):

Osaka Shoken Daiko Kabushiki Kaisha
Osaka, Japan

ADR Depositary:

Citibank, N.A.
111 Wall Street
New York, New York 10043

Stock Exchange(s): Tokyo, Osaka, Kyoto, New York*

Ticker Symbol: KYO (New York)* * Trades as an American Depositary Receipt (ADR)

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	¥ 276,192,000	¥ 17,465,000
1986	279,103,000	18,385,000
1985	325,719,000	34,072,000
1984	251,180,000	29,654,000
1983	173,472,000	20,882,000

	No. of Com. Shares‡	Earn. per Share‡
1987	150,000,000	¥ 116.43
1986	150,000,000	122.57
1985	150,000,000	253.81
1984	150,000,000	210.78
1983	150,000,000	152.45

¥ - Yen
‡ Adjusted to reflect stock split.

Revenues By Line of Business
(millions)

	1987	1986
Ceramic & related prods.	¥ 194,658	¥ 200,212
Electronic equipment	45,416	42,071
Optical & precision instruments	36,118	36,820
Total	¥ 276,192	¥ 279,103

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	¥44.00	—	—
1986	44.00	—	—
1985	44.00	—	3-for-2
1984	33.80	—	—
1983	26.00	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1987	¥ 299,886,000	¥1,999.24
1986	291,880,000	1,945.87
1985	286,516,000	1,910.11
1984	252,243,000	1,681.62
1983	161,556,000	1,077.04

‡ Adjusted to reflect stock split.

Income Account
(millions)

Year ended Mar. 31	1987	1986
Net sales	¥ 276,192	¥ 279,103
Cost of sales	198,680	199,516
Expenses	43,702	45,113
Interest expense	570	493
Interest income	(6,734)	(7,588)
For. curr. trans. loss	715	1,177
Other expense (income)	1,416	(2,542)
Income before taxes	¥ 37,843	¥ 42,934
Income taxes	20,378	24,549
Net Income	¥ 17,465	¥ 18,385

* Included in Costs and Expenses, Depreciation: ¥ 15,658,000,000 in 1987 and ¥ 16,959,000,000 in 1986.

Assets
(millions)

As of Mar. 31	1987	1986
Cash & demand deposits	¥ 3,857	¥ 3,956
Time deposits	130,240	65,057
Short-term invest.	52,449	36,138
Marketable securities	8,094	6,114
Accts. receiv., net	73,492	74,971
*Inventories	43,624	47,507
Deferred inc. taxes	6,289	6,177
Current Assets	¥ 318,045	¥ 240,720
Investments & advances	21,595	22,712
#Fixed assets	68,380	72,922
Other assets	18,632	18,650
Total Assets	¥ 426,652	¥ 355,004

Liabilities
(millions)

Long-term debt, curr.	¥ 4,559	¥ 2,768
Accts. payable	25,686	29,651
Accrued payroll	7,360	7,780
Accrued inc. taxes	12,953	7,592
Other current liabilities	9,243	8,308
Curr. Liabilities	¥ 59,801	¥ 56,099
Long-term debt	60,511	641
Other liabilities	6,082	6,146
Minority interest	372	238
+Common stock	34,023	34,023
Add. paid-in capital	98,883	98,883
Legal reserve	3,128	2,468
Retained earnings for special allow.	2,124	1,980
Retained earnings	170,635	160,574
For. curr. trans. adjust.	(8,907)	(6,048)
Total Liabilities & Shareholders' Equity	¥ 426,652	¥ 355,004

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary
(millions)

%Income bef. Taxes to Sales	13.70	15.38
%Net Income to Sales	6.32	5.49
%Net Income to Equity	5.82	6.30
Sales to Inventories	6.33	5.87
Debt to Equity	0.22	0.01
Working Capital	¥ 258,244	¥ 184,621
Current Ratio	5.32	4.29
Shareholders' Equity	¥ 299,886	¥ 291,880

LaBarge, Inc.

707 North Second Street
P.O. Box 14499
St. Louis, Missouri 63178
(314) 231-5960

Officers: Pierre L. LaBarge, Jr., chairman of the board & chief executive officer; Craig E. LaBarge, president & chief operating officer; Edward J. Nestor, Jr., sr. v.p.-administration & secretary; William J. Maender, v.p.-finance; J. C. Kuhn, Jr., vice president; A. O'Brien, vice president.

Directors: Pierre L. LaBarge, Jr., Gus G. Casten, Richard P. Conerly, Edward J. Nestor, Jr., Richard A. Meyer, R. Hal Dean, Craig E. LaBarge, Richard T. Fox, James P. Shanahan, Jr., John F. Williamson.

Areas of Work: The Electronics Division is engaged primarily in the design, development, production and sale of intrusion detection devices, telemetric systems, environmental data gathering systems, specialized cables and harnesses and circuits.

Division:

LaBarge Electronics Division
707 N. Second Street
St. Louis, Missouri 63102
(314) 231-3400

Transfer Agent(s):

Mercantile Bank N. A.
Drawer 321
St. Louis, Missouri 63166

Stock Exchange(s): American

Ticker Symbol: LB

Number of Employees:

1987	N.A.	1984	1,200
1986	N.A.	1983	1,200
1985	1,200		

N.A. - Not available.

Sales & Earnings

	Revenues *	Net Income+
1987	$ 55,759,000	$ 6,769,000
1986	63,187,000	(24,816,000)
1985°	30,941,000	(2,795,000)
1984	55,785,000	(12,268,000)
1983	52,645,000	860,000

	No. of Com. Shares	Earn. per Share+ #
1987	13,855,915	$ 0.59
1986	6,744,808	—
1985°	6,744,808	—
1984	6,721,114	—
1983	6,775,544	0.13

(Loss)
° 6 months.
+ Of continuing operations only.
+ Including extraordinary gain of $5,089,000 ($0.50 per share) in 1987.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	0.06	—	—
1983	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ (7,566,698) ‡	$ —
1986	(13,533,723)	—
1985	11,282,429	1.67
1984	14,012,587	2.08
1983	26,884,547	3.97

(Deficiency)
‡ After allowing for preferred stock at redemption values.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 55,759,350	$ 63,187,406
Cost of sales	45,848,204	54,591,362
Expenses	7,403,183	10,024,733
Interest expense	3,021,076	4,126,846
Gain on term. of pension plan	—	(1,213,758)
Other	(371,953)	(495,441)
Inc. (loss) bef. taxes	$ 38,840	$ (3,846,336)
Income taxes	15,000	—
Income (loss)-cont. oper.	$ 43,840	$ (3,846,336)
Income (loss)-discont. oper.	1,636,063	(20,969,816)
Net Income (loss)	$ 1,679,903	$ (24,816,152)
Extraord. gain	5,089,122	—
Net Income (loss) & extraord. gain	$ 6,769,025	$ (24,816,152)

* Included in Costs and Expenses, Depreciation and Amortization: $1,517,068 in 1987 and $2,228,430 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 315,091	$ 822,490
Accts. receiv., net	11,084,787	14,967,726
*Inventories	20,636,917	18,049,674
Prepaid expenses	132,875	100,259
Assets of discont. oper.	—	7,180,442
Current Assets	$ 32,169,670	$ 41,120,591
#Fixed assets	8,009,619	6,032,723
Assets of discont. bus.	2,385,642	2,996,016
Other assets	907,162	1,698,902
Assets of discont. oper.	—	1,255,563
Total Assets	$ 39,472,093	$ 53,103,795

LaBarge, Inc.

Liabilities

Notes payable	$ 1,044,450	$ 32,330,688
Long-term debt, curr.	661,989	1,540,129
Accts. payable	6,605,903	6,973,124
Accruals	1,088,067	1,628,002
Employee compensation	991,888	1,043,486
Other taxes	286,086	255,541
Prof. dividends pay.	127,500	—
Liab. from discont. oper.	3,123,000	—
Curr. Liabilities	$ 13,928,883	$ 43,770,970
Long-term debt	16,109,908	22,866,548
+ Preferred stock:		
Series A	5,188,900	—
Series B	7,449,500	—
++ Common stock	3,463,979	1,777,777
Add. pain-in capital	4,595,330	1,964,532
Retained earnings (deficit)	(10,243,825)	(16,255,850)
Treasury stock	(1,020,182)	(1,020,182)
Total Liabilities & Shareholders' Equity	$ 39,472,093	$ 53,103,795

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $1 par value; redeemable cumulative.
++ $0.25 par value.

Statistical Summary

Sales to Inventories	2.70	3.50
Debt to Equity	1.89	—
Working Capital	$ 18,240,787	—
Current Ratio	2.31	—
Shareholders' Equity (Deficiency)	$ 9,433,302	$ (13,533,723)

LaPointe Industries, Inc.

24 Scitico Road
Somers, Connecticut 06071
(203) 763-2315

Officers: Jack Lopes, chairman of the board, chief executive officer & president; Salvatore K. Canistraro, v.p.-finance & treasurer; Shirley M. Milnes, v.p.-administration & secretary; Werner H. Steuernagel, v.p.-engineering; Louise R. Michaud, corp. controller.

Directors: Jack Lopes, chairman of the board, Daniel L. McQuillan, Salvatore K. Canistraro, Shirley M. Milnes, William P. Borchert.

Areas of Work: The company manufactures complete electronic systems; electronic spare parts in sub-assembly form; air variable capacitors which are used as frequency tuning devices in high stability oscillators and in radio receivers and transmitters and inductors.

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland 21203

Stock Exchange(s): American

Ticker Symbol: LPI

Number of Employees:

1987	173	1984	330
1986	200	1983	338
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 4,378,000	$ (939,000)
1986	6,178,000	271,000
1985	10,492,000	495,000
1984	10,607,000	564,000
1983	8,212,000	56,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	675,373	$ —
1986	646,754	0.42
1985	685,342	0.72
1984	693,108	0.78
1983	693,108	0.08

(Loss)
† Including extraordinary gains of $115,000 ($0.18 per share) in 1986 and $230,000 ($0.33 per share) in 1985.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,146,599	$ 4.66
1986	4,075,360	6.30
1985	3,465,329	5.06
1984	3,570,700	5.15
1983	2,384,458	3.44

Income Account °

Year ended June 30	1987	1986
Net sales	$ 4,377,523	$ 6,178,268
Cost of sales	3,882,359	4,769,639
Expenses	1,246,641	1,183,306
Gain on sale of assets	—	(348,465)
Royalty income	(46,356)	(22,318)
Other income	—	(221)
Amort. of plant relocation costs	51,285	—
Empl. stock owner. plan	—	200,000
Interest expense	172,157	113,902
Income before taxes	$ (928,565)	$ 282,425
Income taxes	10,201	126,714
Net Income	$ (938,766)	$ 155,711
Extraord. gain	—	115,714
Net Income & extraord. gain	$ (938,766)	$ 271,425

° Included in Costs and Expenses, Depreciation and Amortization: $239,283 in 1987 and $172,200 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 135,766	$ 235,622
Accts. receiv., net	354,248	1,012,605
Notes receiv.	—	335,781
°Inventories	4,228,020	3,910,708
Prepaid expenses	56,537	81,725
Current Assets	$ 4,794,571	$ 5,596,441
#Fixed assets	1,361,311	768,361
Deferred plant relocation costs	153,855	108,626
Total Assets	$ 6,309,737	$ 6,473,428

Liabilities

Note payable	$ 850,000	$ 350,000
Long-term debt curr.	130,008	65,004
Accts. payable	967,540	616,296
Other accruals	121,436	128,970
Income taxes	—	2,800
Curr. Liabilities	$ 2,068,984	$ 1,163,072
Long-term debt	1,094,154	1,234,996
+ Common stock	885,788	885,788
Add. paid-in capital	637,991	644,939
Retained earnings	2,911,162	3,849,928
Treasury stock	(1,288,342)	(1,305,295)
Total Liabilities & Shareholders' Equity	$ 6,309,737	$ 6,473,428

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.57
%Net Income to Sales	—	2.52
%Net Income to Equity	—	3.82
Sales to Inventories	1.04	1.58
Debt to Equity	0.66	0.40
Working Capital	$ 2,725,587	$ 4,433,369
Current Ratio	2.32	4.81
Shareholders' Equity	$ 3,146,599	$ 4,075,360

Lee Data Corporation

7075 Flying Cloud Drive
Minneapolis, Minnesota 55344
(612) 828-0300

Officers: John M. Lee, chairman & chief exec. officer; Charles Askanas, president & chief operating officer; Duane S. Carlson, exec. v.p., chief financial officer & secretary; Edwin G. McMullen, sr. v.p.-corp. development; Douglas M. Pihl, sr. v.p.-planning; James A. Vellenga, group v.p.-operations; John F. Roy, group v.p.-marketing; Wayne A. Zuehlke, v.p. & treasurer; Bernard J. Fisher, v.p. & managing dir.-Lee Data International, Ltd.; James A. Vellenga, group v.p.-int'l; Scott D. Whittenburg, group v.p.-operations.

Directors: John M. Lee, chairman of the board; Duane S. Carlson, Nicholas J. Covatta, Jr., Robert W. Fischer, Elserino Piol, Clarence W. Spangle, Charles Askanas, Robert J. Carlson, Dale R. Olseth.

Areas of Work: Designs, manufactures, markets and services display terminal systems which enable users to communicate with a wide variety of mainframes and minicomputers for data processing and to perform personal computing and file transfer functions.

Divisions and Subsidiaries:

Leedata Canada Inc.

Lee Data Far East Ltd.

Lee Data International, Ltd.

Datastream Communications, Inc.
Santa Clara, California
Produces cluster controllers for protocol conversion and micro-to-mainframe software.

Phase Information Machine Corporation
Scottsdale, Arizona
Designs, manufactures and markets plug-compatible display terminals for use in IBM large-scale computer networks.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota 55344

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LEDA (NASDAQ)

Number of Employees:

1987	1,075	1984	1,156
1986	1,133	1983	720
1985	994		

Sales & Earnings

	Revenues	Net Income†
1987	$ 114,525,000	$ 5,581,000
1986	93,068,000	2,096,000
1985	91,050,000	455,000
1984	98,720,000	17,600,000
1983	53,108,000	11,365,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	14,461,000	$ 0.39
1986	14,144,000	0.15
1985	14,111,000	0.03
1984	14,103,000	1.25
1983	12,415,000	0.92

† Including extraordinary gain of $74,000 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 95,568,000	$ 6.61
1986	89,495,000	6.33
1985	87,047,000	6.17
1984	82,009,000	5.82
1983	58,909,000	4.74

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Mar. 31	1987	1986
Sales	$ 95,588	$ 78,015
Rentals & serv.	18,937	15,053
Total Revenues	$ 114,525	$ 93,068
Cost of revenues	67,779	60,010
Expenses	38,937	30,602
Interest expense	848	283
Interest income	(3,093)	(4,225)
Gain on long-term invest.	—	(1,631)
Inc.(loss) bef. taxes	$ 10,054	$ (996)
Income taxes (credit)	4,625	(1,451)
Inc.-cont. oper.	$ 5,429	$ 455
Income-discont. oper.	152	—
Net Income	$ 5,581	$ 455

* Included in Costs and Expenses, Depreciation: $8,702,000 in 1987 and $7,007,000 in 1986.

Assets
(000's)

As of Mar. 31	1987	1986
Cash	$ 1,807	$ 575
Marketable securities	31,426	32,992
Accts. receiv., net	28,254	22,597
Installment receivables	1,799	2,466
Deferred inc. taxes	828	2,342
*Inventories	21,305	21,159
Other curr. assets	786	673
Current Assets	$ 86,205	$ 82,842
#Fixed assets	36,550	24,681
Installment receivables	2,203	3,695
Defer. charges	3,861	4,354
Total Assets	$ 128,819	$ 115,572

Liabilities
(000's)

Accts. payable	$ 8,511	$ 7,307
Accruals	5,597	8,021
Income taxes	2,932	2,438
Cap. lease oblig. curr.	142	423
Curr. Liabilities	$ 17,162	$ 18,189
Long-term debt	9,876	—
Cap. lease oblig.	—	69
Deferred inc. taxes	6,213	7,819
+Common stock	708	703
Add. paid-in capital	57,497	57,155
Retained earnings	37,343	31,637
Total Liabilities & Shareholders' Equity	$ 128,819	$ 115,572

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Net Income to Equity	5.84	2.34
Sales to Inventories	4.49	3.69
Debt to Equity	0.10	0.01
Working Capital	$ 69,043,000	$ 64,653,000
Current Ratio	5.02	4.55
Shareholders' Equity	$ 95,568,000	$ 89,495,000

Lexicon Corporation

2400 East Commercial Boulevard
Fort Lauderdale, Florida 33308
(305) 772-7221

Officers: Michael Levy, president & chief exec. officer; Edward R. Olson, president & chief operating officer-Scope Inc.; Steven W. Lowe, v.p.-finance.

Directors: Michael Levy, Kiran Gandhi, Timothy J. Crowe, William C. McFarland, Raymond J. Kiernan, Kenneth M. Crosby.

Areas of Work: Development of electronic target identification and other information gathering systems and related research for the Department of Defense; sale of custom bar code scanners and installation of scanner and other integrated systems designed primarily for industrial applications; completion of printed circuit board assemblies under large commercial orders; assembly of computer-assisted picking systems.

Divisions:

Signal Technology Division
Defense Systems Division
Industrial Systems Division

Subsidiary:

SCOPE Incorporated
1860 Michael Faraday Drive
Reston, Virginia 22090
(703) 471-5600

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LEXI (NASDAQ)

Number of Employees:

1987 248

Plant Footage:

1987 ..... 96,000 sq. ft.

Sales & Earnings

	Revenues x	Net Income†
1987	$ 17,097,703	$ 2,698,022
1986	12,640,718	(2,673,460)
1985	1,883,722	(256,056)
1984	—	385,115
1983	—	(1,451,926)

	No. of Com. Shares +	Earn. per Share†‡
1987	7,908,323	$ 0.37
1986	6,897,970	
1985	5,411,540	
1984	4,990,923	0.09
1983	3,163,025	—

(Loss)
x of continuing operations only.
† Including extraordinary gains of $835,000 ($0.11 per share) in 1987 and $15,700 in 1985.
+ Adjusted to reflect reverse stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Revenue by Lines of Business

	1987	1986
Signal Technology	$ 3,648,000	$ 3,457,000
Defense systems	7,315,000	3,682,000
Industrial systems	6,135,000	5,502,000
Total	$ 17,098,000	$ 12,641,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	1-for-2

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 14,376,725	$ 1.82
1986	8,722,499	1.26
1985	6,322,613	1.17

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect reverse stock split.

Income Account

Year ended Aug. 31	1987	1986
Revenues:		
Net sales & contract rev.	$ 15,944,772	$ 11,329,585
Product develop. fees	1,152,931	1,311,133
Total income	$ 17,097,703	$ 12,640,718
Cost of sales	12,955,699	9,026,703
Expenses	4,619,994	3,930,851
Depreciation & amortization	744,901	492,625
Interest expense	438,374	289,965
Interest income	(264,831)	(54,803)
Gain on sale of assets	(11,435)	(798,033)
Other expense	6,752	108,366
Loss before taxes	$ (1,391,751)	$ (374,956)
Income taxes	—	187,245
Minority interest	(54,815)	92,990
Loss-cont. oper.	$ (1,336,936)	$ (655,191)
Inc.(loss)-discont. oper.	3,199,958	(2,018,269)
Net Income (loss)	$ 1,863,022	$ (2,673,460)
Extraord. gain	835,000	—
Net Income (loss) & extraord. gain	$ 2,698,022	$ (2,673,460)

Lexicon Corporation

Assets

As of Aug. 31	1987	1986
Cash	$ 1,929,888	$ 935,712
Market. securities	1,740,931	—
Accts. receiv., net	4,569,423	4,344,132
*Inventories	2,364,625	1,163,646
Prepaid expenses	201,202	130,924
Prop.held for sale	6,350,695	—
Assets of discont. oper.	1,327,009	2,975,831
Current Assets	$ 18,463,773	$ 9,454,245
#Fixed assets	1,105,112	5,531,637
Other assets	35,663	16,348
Intangibles	4,313,246	2,846,543
Investments	3,060,000	—
Total Assets	$ 26,977,794	$ 17,848,773

Liabilities

Notes payable	$ 6,337,477	$ 1,994,617
Long-term debt, curr.	82,062	76,144
Cap. lease oblig., curr.	38,374	72,466
Deferred royalty income	76,893	76,600
Accounts payable	1,749,707	1,335,919
Accruals	1,580,211	817,511
Convert. deben.	500,000	—
Liab. of discont. oper.	1,084,756	1,260,789
Curr. Liabilities	$ 11,449,480	$ 5,634,046
Long-term debt	235,047	316,896
Cap. lease oblig.	10,476	889,456
Deferred royalty income	185,117	261,717
Minority interest	—	734,601
Deferred income	131,559	153,168
Convertible debens.	—	500,000
+Preferred stock	5,894	6,364
++Common stock	790,832	689,797
Add. paid-in capital	20,927,407	18,280,213
Retained earnings (deficit)	(5,959,135)	(8,604,207)
Notes receiv. from shareholders	(798,883)	(1,013,278)
Total Liabilities & Shareholders' Equity	$ 26,977,794	$ 17,848,773

* At lower of cost (FIFO) or market.
\# Less accumulated depreciation and amortization.
\+ $0.10 par value; $0.90 cumulative convertible.
++ $0.10 par value.

Statistical Summary

% Net Income to Equity	12.45	—
Debt to Equity	0.45	0.36
Working Capital	$ 7,014,293	$ 3,820,199
Current Ratio	1.61	1.68
Shareholders' Equity	$ 14,966,115	$ 9,358,889

Litton Industries, Inc.

360 North Crescent Drive
Beverly Hills, California 90210-4867
(213) 159-5000

Officers: Fred W. O'Green, chairman of the board; Orion L. Hoch, president & chief executive officer; Joseph T. Casey, exec. v.p.; Joseph F. Caligiuri, exec. v.p.; M. Howard Dingman, Jr., sr. v.p.; Robert H. Lentz, sr. v.p.; Roland O. Peterson, sr. v.p.; Gerald J. St. P, sr. v.p.; Alton J. Brann, sr. v.p.; Gordon G. Palmer, sr. v.p.; Wayne L. Grosvenor, sr. v.p. & controller; Charles S. Bridge, v.p.; Walter P. Lukens, v.p.; Ronald E. Quigley, v.p.; Mathias J. Diederich, v.p.; Alex B. Owen, v.p.; Charles Fink, v.p.; Richard D. Fleck, v.p.; Rudolph E. Lang, Jr., v.p.; Gerold E. Pokorny, v.p.; Richard T. Hopman, v.p.; L. E. Jenneke, v.p.; Donald A. Lepore, v.p.; George E. Boullionne, v.p. & treasurer; Clarence L. Price, secretary.

Directors: Fred W. O'Green, chairman; Joseph T. Casey, Jayne B. Spain, Wallace W. Booth, Thomas B. Hayward, Orion L. Hoch, J. Edward Lundy, C. B. Thornton, Jr., James H. Zumberge, Arjay Miller.

Areas of Work: Retail tag-making equipment and supplies; navigation and control systems, including aircraft inertial navigation systems, missile inertial guidance systems, marine navigation instruments and systems, and automated ship control systems; communications and electronic data systems, including command and control systems, shipboard electronic systems, tactical communications and systems, tactical air support equipment, airborne warning and control systems, electronic surveillance systems, radio navigation systems; marine engineering and production, including naval surface ships, and marine design and engineering; machine tool systems, including disc and surface grinding machines, automatic bar and chucking machines, boring, milling and drilling machines, drills, taps, dies and cutting tools, and specialty metal products; bulk material handling systems, and unit handling conveyor systems; electronic and electrical components, including computer components and subassemblies, microwave devices and laser materials, servo components and potentiometers and printed circuit boards; medical and electronic products, including electronic diagnostic and patient monitoring equipment, microwave cooking products; also engaged in resource exploration.

Divisions and Subsidiaries:

Advanced Circuit Design
114 Lost Creek Boulevard
Suite 131
Austin, Texas 78746-6318
(512) 327-1088

Advanced Circuitry
4811 West Kearney Street
Mail to: P.O. Box 2847 CS
Springfield, Missouri 65803-0847
(417) 862-0751
Printed and multilayer circuit boards, artwork design, board loading, back panels.

Aero Products
6101 Condor Drive
Moorpark, California 93021-2699
(805) 378-2000
Navigation and guidance systems for commercial airlines, general aviation and military air transport. Omega navigation systems, attitude reference systems, inertial reference systems (laser); specialized systems for search, surveillance and photogrammetric precise track guidance technology; ground proximity warning systems

also at:

Marketing Representation
2121 Newmarket Parkway
Bldg. 5, Suite 146
Marietta, Georgia 30067
(404) 955-0629

1626-1 Locust Avenue
Bohemia, New York 11716
(516) 589-5523

490 L' Enfant Plaza East, S.W.
Suite 8602
Washington, Washington D.C. 20024
(202) 554-2570

(Litton Worldwide Services, Inc.)
Guardian House
Room 1306
32 Oi Kwan Road
Causeway Bay, Hong Kong

9 Avenue Franklin Roosevelt
Paris 7008, France

Aero Service
8100 Westpark Drive
Mail to: P.O. Box 1939
Houston, Texas 77251-1939
(713) 784-5800

also at:

7229 South Alton Way
Englewood, Colorado 80112
(303) 779-4024
Photogrammetric and SLAR engineering, airborne and ground geophysical surveys, geophysical mapping, simulation sciences, resources exploration and evaluations, digital graphics, LANDSAT data processing

Aero Service (Great Britain)
c/o Western Geophysical Company
P.O. Box 18, 455 London Rd.
Isleworth, Middlesex TW7 5AB England
Airborne geophysical and photogrammetric surveys.

Airtron
200 East Hanover Avenue
Morris Plains, New York 07950
(201) 539-5500
Microwave components, including waveguides and ferrite devices; optical and magnetic crystals; bubble memory substrates; jewelry and simulated diamonds, stripline and microstrip components.

also at:

54 Horsehill Rd.
Cedar Knolls, New York 07927
(201) 539-5500
Sale of laser rods to the research and industrial markets.

6481 S. 136th Street
Tukwila, Washington 98168
(206) 433-1571

Amecom
5115 Calvert Road
College Park, Maryland 20740
(301) 864-5600
Electronic warfare systems; RF communications systems; shipboard monitor and control systems; integrated communication switching systems for air traffic control; defense telecommunication systems including local area bus networks.

Applied Technology
4747 Hellyer Avenue
P.O. Box 7012
San Jose, California 95150-7012
(408) 365-4747
Threat warning systems; military minicomputers; optical signal processors; spectran analysers; reconnaissance systems; support equipment; simulation, test and training systems; and hybrid microelectronics.

also:

1901 N. Moore Street #908
Arlington, Virginia 22209-1706
(703) 522-2050

Suite 225
4130 Linden Avenue
Dayton, Ohio 45432-3018
(513) 253-3194

1230 N. Carl Vinson Pkwy.
P.O. Box 700
Warner Robins, Georgia 31099
(912) 953-0015

25 Gladedale Drive
Pinner, Middlesex HA5 2PP Great Britain

Theaterplatz 3
D-5300, Bonn 2, West Germany

Clifton Precision
Broadway and Marple Avenues
Clifton Heights, Pennsylvania 19018
(215) 622-1000
Synchros, resolvers, torquers, D.C. motors.

also:

1554 Delmar Drive
Folcroft, Pennsylvania 19032-2102
(215) 622-1000

Union County Industrial Park
Beasley Street
P.O. Box 1399
Blairsville, Georgia 30512-1399
(404) 745-9605

3124 Slow Creek Road
P.O. Box 160
Murphy, North Carolina 28906-0160
(704) 837-5115
Synchros; resolvers; motors; AC & DC fractional horsepower; permanent magnet; stepping; brushless.

Clifton Precision-Instruments & Life Support
2734 Hickory Grove Road
P.O. Box 4508
Davenport, Iowa 52808-4508
(319) 383-4000
Developer of instruments, such as pneumatic & electropneumatic altimeters, Mach air speed indicators and life support equipment, such as liquid oxygen systems (LOX); onboard oxygen generating systems (OBOGS); and nitrogen inerting units (NIU). Also, self-contained cleaning and recharging stations for high pressure containers used in cryogenic cleaning.

Clifton Precision-Special Devices
750 West Sproul Road
Springfield, Pennsylvania 19064-4099
(215) 328-4000
Digital and analog signal conversion, communications interface equipment, aircraft navigation and engine instrumentation, engine performance computers, custom military display systems, radar indicators and distribution systems.

also at:

Route 113
P.O. Box 305
Frederica, Delaware 19946
(302) 335-5465

Core Laboratories, Inc.
1300 E. Rochelle Blvd.
Irving, Texas 75062-3963
(214) 570-5055
Scientific and engineering services to the petroleum industry worldwide.

also:

75 Grosvenor Road
London EC1, England

24-A Lim Tek Boo Road
Singapore 1953
65-2821222/284
0331

1540 25th Avenue, N.E.
Calgary, Alberta T2E 7R2 Canada
(403) 250-5600

Core Research, Inc.
1500 Salado Drive
Suite 101
Mountain View, California 94043-1102
(415) 960-0965
Special core analysis, automated core measurement systems, microprocessor high-pressure pumps.

Data Command Systems
29851 W. Agoura Road
Agoura, California 91301
(818) 991-9660
Systems design, engineering, program management, installation, test and logistics support (maintenance, spares supply and training) for international turn-key command, control and communications systems.

also at:

(Litton Saudi-Arabia Ltd.)
P.O. Box 7949
Jeddah, Saudi Arabia

P.O. Box 7529
Riyadh, Saudi Arabia

Data Images, Inc.
1283 Algoma Road
Ottawa, Ontario K1B 3W7 Canada
(613) 744-3773
Design, manufacture and sale of twisted nematic and dichroic liquid crystal display products.

Data Systems
800 Woodley Avenue
Van Nuys, California
(818) 902-4000
Tactical communications systems, tactical data links, communications control systems, data processing and equipment, ground support equipment, air defense systems, command and control system, data processing and display systems, military recording systems, analog/digital conversion equipment, tactical air support, airborne warning and control, integrated ship control, light emitting diode displays, automatic test equipment.

also at:

425 East Filmore Street
Colorado Springs, Colorado 80907
(303) 473-7220
Fabrication and assembly of electronic equipment and systems.

2460 Waynoka Place
Colorado Springs, Colorado 80915-1612
(303) 591-0071
Microelectronics center, hybrid circuit assembly.

1142 Brownswitch Road
Slidell, Louisiana 70461-9504
(504) 646-2141
Fiber optic engineering center.

1755 Jefferson Davis Highway
#902
Arlington, Virginia 22202-3509
(703) 920-4100

2810 Old Mobile Highway
Pascagoula, Mississippi 39567-3524
(601) 935-1122
Ship electronic system design.

Marketing Representation:
59 bis, rue du bon Pasteur
1140 Brussels, Belgium
32-2-216-8057

Downhole Seismic Service
1500 Fourth Street
P.O. Box 836
Harvey, Louisiana 70059-0836
(504) 393-9770
Downhole geophysical surveys.

also:

3600 Briarpark
P.O. Box 2469
Houston, Texas 77252-2469

Electron Devices
960 Industrial Road
San Carlos, California 94070
(415) 591-8411
Microwave tubes, including magnetrons, traveling wave tubes and klystrons, solid-state microwave oscillators, cathode ray tubes and tube related equipment; basic and applied research in electron devices; image intensifiers, night vision devices.

also at:

1215 S. 52nd Street
Tempe, Arizona 85281
(602) 968-4471
Production of night vision devices.

1035 Westminster
Williamsport, Pennsylvania 17701-3911
(717) 326-3561
Production of magnetrons.

1755 Jefferson Davis Highway
#902
Arlington, Virginia 22202-3509
(703) 920-4100

Encoder
20745 Nordhoff Street
Chatsworth, California 91311
(818) 341-6161
Encoders which provide shaft angle positions to interface with digital computer circuitry or computers in military, industrial and commercial systems.

Eureka X-Ray Tube
325 North Kilpatrick Avenue
Chicago, Illinois 60641
(312) 545-3126
X-ray tubes for medical, dental, industrial and related accessories. Collimators and cassette trays.

Guidance & Control Systems
5500 Canoga Avenue
Woodland Hills, California 91367
(818) 715-4040
Inertial Navigation Systems, Attitude and Heading Reference Systems, Inertial Platforms & Inertial Measurement Systems for all classes of military vehicles. Digital computers for military application in strategic missiles, space, tactical electronic warfare, special display systems, and ships communication and control systems. Special test & other unique support equipment. Production of advanced inertial systems utilizing floated dry-tuned rotor, laser gyros employing either gimballed/isolated instruments or in strapdown application. Advanced research and development in inertial systems and sensors including laser and fiber optic techniques. R&D/Production of ships control systems including propulsion, steering, and auxiliary control subsystems and bridge control systems and equipment.

also at:

1001 Redwood Highway Spur
Grants Pass, Oregon 97526
(503) 479-7541
Assembly of electronic printed circuits and components for inertial navigation systems.

2211 W. No. Temple
Salt Lake City, Utah 84116
(80) 539-1200
Fabrication assembly and test of electronic equipment for inertial navigation systems and other electronic components.

Marketing representation:
325 Hospitality Lane
Suite 106
San Bernardino, California 92408-3210
(714) 381-7402

490 L'Enfant Plaza East S.W., Washington D.C. 20024-2179
(202) 554-2570

333 West First Street
Dayton, Ohio 45402-3044
(513) 223-3285

Industrial Automation Systems Group
7300 Turfway Road #410
Florence, Kentucky 41042-1863
(606) 283-2202
Total manufacturing and support services for the implementation of automated manufacturing systems, advanced material handling systems, warehousing systems, machine tools and state-of-the-art controls.

Automated Systems
2200 Litton Lane
P.O. Box 179
Hebron, Kentucky 41048-0179
Automated storage and retrieval systems, flexible assembly systems and integrated material handling systems.

also:

280 East Riley Street
Zeeland, Michigan 49464-9786
(616) 772-6321
Driverless, automatically guided material handling vehicles.

Diamond & CBN Products
121 Industrial Parkway
P.O. Box 84
Chardon, Ohio 44024-0084
(216) 285-9181
Manufactures industrial diamond products including diamond dressing tools, polycrystalline diamond and CBN cutting tools, diamond and CBN wheels and diamond rotary and block form dressers.

Disc Grinders & Abrasives
481 Gardner Street
South Beloit, Illinois 61080-1394
(815) 389-2251
Disc grinders, surface grinders, abrasive disc wheels and disc grinding systems.

also:

Rt. #6, Bellwood Road
P.O. Box 969
Calhoun, Georgia 30701-0969
(404) 625-1270
Production of grinding wheels.

Engineered Systems
7100 Industrial Road
Florence, Kentucky 41042-2906
(606) 525-5700
Flexible machining systems; engineered conveyor systems; unit handling and overhead conveyor systems and equipment.

Grinding Machines
East Sixth Street
Waynesboro, Pennsylvania 17268-9990
(717) 762-2161
Precision cylindrical production grinding machines and systems.

Grinding Machines-United Kingdom
(Division of Litton U.K. Ltd.)
Cross Hills, Keighley
W. Yorkshire BD20 7SD England
Precision cylindrical production grinding machines and grinding machine systems.

Identification Products-U.S.
7900 Tanners Gate
Florence, Kentucky 41042-1863
(606) 283-2202

also:

6750 Belt Circle Drive
Bedford Park, Illinois 60638-4792
(312) 585-0541
Printed and die cut self-adhesive labels. Retail stock control and identification systems, including integrated data processing equipment and supplies for punched holes, OCR, and optical marked recognition tickets. Machines for producing punched holes. OCR tags and labels and bar code tags and labels. Electronic tag reading equipment. Stock inventory of data processing labels, file cards, and rotary index cards.

151 Cortland Street
Belleville, New Jersey 07109-9962
(201) 759-6500
Product identification tags, multipart airline baggage tags and various transportation tags and labels. Bar code laser scanner and on-demand small baggage tag bar code printers.

Identification Products-Canada
85 Advance Road
Toronto, Ontario M8Z 2S9 Canada
(416) 233-1135
Tickets, tags, labels and imprinters for industrial, retail, and OCR applications. Bar code printers.

Identification Products-Europe
Gubelstrasse 28
Ch-8050 Zurich, Switzerland
Headquarters for identification products in Europe.

Identification Products-Great Britain
Six Totman Crescent
Weir Industrial Estate
GB-Rayleigh, Essex SS6 7SB England
Manufacturing and sales of printed tags and labels, overprinters and label applicators and bar code printers.

Identification Products-Holland
Marconistraat 7
P.O. Box 70
NL-6900 AB Zevenaar, Netherlands
Famos thermal and matrix marking machines. Labels of self-adhesive and thermal paper, cardboard, P.V.C. and thermal tags. Automated label applicators and bar code based systems.

Integrated Systems
2300 Litton Lane
Hebron, Kentucky 41408-9645
Technologies for evaluation and implementation of computer-integrated manufacturing processes.

also:

5825 Oberlin Drive
San Diego, California 92121-3702
(619) 587-0040
System software for automated storage and retrieval, flexible assembly and flexible manufacturing systems.

Machining Centers
12302 Kirby Avenue
Cleveland, Ohio 44108-1687
Machining centers; boring, milling and drilling machines (horizontal); largely equipped with numerical controls; flexible manufacturing systems.

Turning Machines
P.O. Box 2200
South Street
New Britain, Connecticut 06050-2200
(203) 229-1641
Flexible manufacturing systems, multiple spindle automatic bar machines, multiple spindle automatic chucking machines, twin and single spindle vertical and horizontal numerically controlled chucking machines, vertical and horizontal precision contour boring and turning machines, and surface grinding and honing machines.

Unit Handling Systems
2100 Litton Lane
P.O. Box 10
Hebron, Kentucky 41048-0010
(606) 334-2400
Conveyor products and systems.

also:

P.O. Drawer 1969
1316 North Long Street
Salisbury, North Carolina 28145-1969
(704) 636-3041
High-speed process conveyor for the food and beverage industries.

3101 Old Haynsville Road
P.O. Drawer 177
Montgomery, Alabama 36195-6101
(205) 269-2355
Palletizers and depalletizers.

Ingalls Shipbuilding
1000 West River Road
P.O. Box 149
Pascagoula, Mississippi 39568
(601) 935-1122
New construction of naval and commercial ships; rail cars, oil rigs and platforms and other industrial products; advanced naval and commercial ship design; engineering and systems analysis.

also at:

2711 South Jefferson Davis Highway
Suite 1200
Arlington, Virginia 22202
(703) 979-0300

Interconnection Products
(Division of Litton U.K. Ltd.)
71B Whitecraigs Road
Whitehill Industrial Estate
Glenrothes, Fife KY7 5PR Scotland

Inter-Pak Electronics (Advanced Circuitry)
2500 Airport Commerce Center
P.O. Box 2847
Springfield, Missouri 65803
(417) 869-3933
Press fit printed wiring backpanels; pinned assemblies; back panels (press fit pin); circuit boards, printed, single-sided, double-sided, multi-layer.

Itek Encoder
27 Christiana Street
Newton, Massachusetts 02164-1596
(617) 969-7300
High accuracy, high resolution shaft angle position encoders for military tracking systems, fire control systems, space vehicle applications and precision industrial applications.

Itek Optical Systems
10 Maguire Road
Lexington, Massachusetts 02173-3199
(617) 276-2000
Optical and electro-optical systems for reconnaissance and surveillance in both strategic and tactical military applications. Geodetic systems including space and airborne mapping and multi-spectral sensors, exploitation equipment and services. Advanced technology in image acquisition and exploitation.
Telecopier Xerox 400(617) 276-3306

also at:

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Suite 1910
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(703) 522-2030

6151 West Century Blvd.
Suite 1110
Los Angeles, California 90045
(213) 641-0470

1190 Morse Avenue
Sunnyvale, California 94089
(408) 734-5260

500 Chai Chee Street
Singapore 1646, China
65-4491133

Landis Land
Cross Hills
Keighley
Yorkshire BD20 7SD England
Precision cylindrical grinding machines and disc grinders.

Landis Tool
East Sixth Street
Waynesboro, Pennsylvania 17268
(717) 762-2161
Precision cylindrical production grinding machines (external and internal), grinding machine systems.

Laser Systems
2787 South Orange Blossom Trail
Apopka, Florida 32703-4397

Mail to:
P.O. Box 7300
Orlando, Florida 32854-7300
(305) 295-4010
Design and manufacture of neodymium-doped, yt-trium-aluminum-garnet (Nd:YAG) laser range-finder and target designation systems.

LITAL
(Litton Italia S.p.A.)
(Guidance & Control Systems)
Via Pontina km 27,800

Mail to:
Casella Postale 10064 EUR
1-00100 Rome, Italy
Inertial navigation systems and heading and attitude reference systems for aircraft; military computers, tactical command and control, artillery automation.

LITEF (Litton Technische Werke)
Loerracherstrasse 18
Postfach 774
D-7800 Freiburg, Germany
Inertial navigation and heading attitude reference systems, in gimbal and strap-down technology. Military general purpose computer. Mobile military data terminals.

also at:

Wachsbleiche 29
D-5300 Bonn, Germany

Litton Computer Services (Headquarters)
1300 Villa Street
P.O. Box 7113
Mountain View, California 94039
(415) 966-1771
Services and systems; computer programming and software development; data systems design; systems engineering and engineering services; operations analysis; technical communication programs; systems operational test and evaluation; turnkey data systems, logistic systems.

also at:

490 L'Enfant Plaza East S.W. #8206, Washington D.C. 20024-2179
(202) 554-2570

P.O. Box 2498
Ft. Benning, Georgia 31905-1098
(404) 545-1845

1050 S. Academy
Suite 203
Colorado Springs, Colorado 80910-2712
(303) 597-5017

333 West First Street
Dayton, Ohio 45402-3044
(513) 223-3285

1430 Oak Court
Dayton, Ohio 45430-1063
(513) 429-6450

(Litton Saudi Arabia Ltd. LSAL/CSD)
P.O. Box 52705
Riyadh 11573, Saudi Arabia
966 1-477-0477

Computer Processing & Services (Headquarters)
29851 West Agoura Road
Agoura Hills, California 91301-0500
(818) 706-4482
Computer processing and associated services, batch processing, time sharing, remote job entry, on-line data base management, computer programming.

Western Regional Data Center
5490 Canoga Avenue
P.O. Box 4040
Woodland Hills, California 91367-4040
(818) 715-5200

Eastern Regional Data Center
1831 Michael Farday Drive
Reston, Virginia 22090-5298
(703) 471-9200

Sales/Marketing

Suite 508
1660 N. Hotel Circle Drive
San Diego, California 92108
(619) 295-6035

111 N. Sepulveda Blvd.
Manhattan Beach, California 92066
(213) 318-8483

4747 Hellyer Avenue
P.O. Box 7012
San Jose, California 95150-7102
(408) 365-4445

Suite 600
118 S. Clinton Street
Chicago, Illinois 60606-3628
(312) 782-8003

200 East 42nd Street
#1200
New York, New York 10017
(212) 972-7880

Litton Corporate Offices
(Headquarters)
360 N. Crescent Drive
Beverly Hills, California 90210
(213) 859-5000

(Regional Offices)
201 East 42nd Street, 10th Floor
New York, New York 10017-5785
(212) 661-1111

490 L'enfant Plaza Est, S.W., Washington D.C. 20024-2179
(202) 554-2570

(European Office)
Gubelstrasse 28
CH-8050 Zurich, Switzerland
41-1-312-3544

(Far East Office)
Central P.O. Box 760
Toyko, Japan
81-3-211-6791

(China Office)
(Litton Systems, Inc.)
Ta Yuan Diplomatic Office Building
Suite 2-6-1, 14 Liu Ma He South Road
Chao Yang District, Bejing, China
521316
Promoting and assisting all Litton operations in China.

(Corporate Audit Services)
360 N. Crescent Drive
Beverly Hills, California 90210-9990
(213) 859-5082

11 Commerce Drive
Cranford, New Jersey 07106-3501
(201) 709-0920

2250 E. Devon
Suite 135
Des Plaines, Illinois 60018-4593
(312) 296-6151

(Regional Public Relations Office)
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Beverly Hills, California 90210-9990
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Murata 7200 (213) 859-5940

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303 E. Wacker Drive, Suite 1109
Chicago, Illinois 60601-5212
(312) 664-4558

Gubelstrasse 28
CH-8050 Zurich, Switzerland
41-13123544

(Regional Real Estate Offices)
9950 West Lawrence Avenue
Suite 202
Schiller Park, Illinois 60176-9998
(312) 671-2610

201 East 42nd Street, 10th Floor
New York, New York 10017-5785
(212) 661-1111

Litton International S.A.
Gubelstrasse 28
CH-8050 Zurich, Switzerland
Holding company.

Litton Italia S.p.A. (LITAL)
Via Position km 27,800
1-00040 Pomezia (Rome), Italy

Mail to:
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I-00100 Rome, Italy
39-6-911-921
Inertial navigation systems and attitude/heading reference systems for airborne and shipborne applications; tactical command and control, artillery automation.

Litton Korea Ltd. (LITKOR)
Kuro Industrial Estate
345-15 Guri Bong Dong
Guro-Gu
Seoul 152 Korea
Support services and manufacturing associated with sale of Litton designed advanced electronic systems in Korea.

Litton Microwave Cooking Products
4450 Mendenhall Road, South
Memphis, Tennessee 38115-6701
(901) 366-3000
Microwave ovens and accessory products for commercial, institutional, vending and home use.

also at:

600 East 54th Street
Sioux Falls, South Dakota 57104
(605) 336-2222
Production of countertop microwave ovens.

Litton Microwave Cooking Products
6650 Finch Avenue, West
Etobicoke, Ontario M9W 5Y6 Canada
(416) 675-7051

Litton Microwave Cooking Products
Mint House
6 Stanley Park Road
Wallington, Surrey SM2 5BQ Great Britain

Litton Precision Gear
4545 South Western Boulevard
Chicago, Illinois 60609
(312) 847-4211
Precision gears and aircraft parts, helicopter gears and transmissions.

Litton Precision Products International
Oberfoehringerstrasse 8
D-8 Munich 80, West Germany
4989896119805
47
Sales of Litton and non-Litton manufactured electronic and electro-mechanical components.

(France)
58, rue Pottier
F-78150 Le Chesnay, France

(Germany)
Rosenstrasse 14
D-5042 Erftstadt 2, West Germany
49-12359025/
5026

Jahnstrasse 3
D-7990 Friedrichshafen 1, West Germany
49-756142272

Alte Volksparkstrasse 24
D-2000 Hamburg 54, West Germany
49405401214

Otto-Hahn Strasse 8
D-7100 Heilbronn/Biberach, West Germany
49-7066-6811

(Australia)
28 Burton Street
Darlinghurst 2010, N.S.W., Sydney, Australia

(Great Britain)
(6) First Avenue
Globe Park
GB Marlow, Buckinghamshire SL7 1YA England

(Italy)
Viale Romagna 1
1-20092 Cosnello Palasmo-Milan 1, Italy

Via Quirio Liuzo 15
00174, Roma, Italy

(Netherlands)
Van Utrechtweg 25
NL-2921 LN Krimpen a.d. Yssel, Netherlands

(Spain)
Concles del Val 8
E-28036 Madrid, Spain

(Sweden)
Warfvinges Vag 32
Box 30095
S-104 25 Stockholm, Sweden

(Switzerland)
Gubelstrasse 28
CH-8050 Zurich, Switzerland

Western Atlas International (70%-owned)
Houston, Texas
Seismic exploration, reservoir description, core analysis, data reduction and interpretation, wireline oil well logging.

Litton Services GmbH
Mittelacker Weg
6078 Neu-Isenburg
Zeppelinheim, West Germany
Construction of infrastructure in support of Litton International projects.

Litton Servotechnik
Peringstr 14
D-8043 Unterfoehring, West Germany
Manufacturer of trimmers and potentiometers. Industrial precision potentiometers, digital and analog turn counting dials, incremental encoders, DC motors, industrial slip rings.

Litton Systems Canada Limited
25 Cityview Drive
Etobicoke, Ontario M9W 5A7 Canada
(416) 249-1231
Inertial navigation systems, airborne surveillance radar, flight inspection systems, LED flat panel displays, instrusion detection and surveillance security systems, shop command and control systems, radar training simulators and automated test equipment.

also at:

220 Laurier Avenue, West
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Ottawa, Ontario K1P 5Z9 Canada
(613) 236-2358
Government business development office.

Litton-Westrex Company, Japan
Chiyoda BUilding
1-2, 2-Chome, Marunouchi
Chiyoda-Ku
Tokyo, Japan

Mail to:
Central P.O. Box 760
Toyko, Japan
81-3-211-6791
Distribution of Litton products; purchase of products manufactured in Japan for export to Litton divisions; technical licensing; exchange of technology and distribution of products between Litton divisions and Japanese firms.

Litton World Trade Corporation
Gubelstrasse 28
Ch-8050 Zurich, Switzerland
Development of Litton trade with Mideast and Eastern countries.

J. S. Nolen & Associates
16225 Park 10 Place
Suite 560
Houston, Texas 77084-5113
(713) 578-3210
Reservoir analysis and petroleum simulation software.

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Pittsburgh, Pennsylvania 15238-2871
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(301) 263-6700

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1196-1, Choryang-5 Dong
Dong-Ku, Pusan, Korea
8205146438345/6

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Blacksburg, Virginia 24060
(703) 552-3014
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(818) 786-9381
Standard and custom screw machine products; terminals, spacers, inserts, knobs, handles, jacks, pins and terminal boards. Standard and custom molded products; connectors, headers, and insulated terminals. Card cages, back panel wire wrap and design.

Veam
Via Statuto 2
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Electronic cylindrical connectors. Products distributed by Litton Precision Products International.

also at:

100 New Wood Road
Watertown, Connecticut 06795
(203) 274-9681

Veam Elektro-Anchlusstechnik GmbH
P.O. Box 1304
Schornbacuer Strasse 3
D-7024 Filderstadt 1/Stuttgart, West Germany
Electronic cylindrical connectors.

Western Geophysical
1001 Richmond Avenue
Houston, Texas 77042

Mail to:
P.O. Box 2469
Houston, Texas 77252
(713) 789-9600
Land and marine geophysical seismic surveys for petroleum industry; processing and interpretation of field data at five digital service centers.

also at:

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Englewood, Colorado 80155
(303) 770-8660

Field Offices:
900 Mohawk Street
Bakersfield, California 93309
(805) 324-0340

351 E. International Airport Road
Anchorage, Alaska 99518-1299
(907) 563-3511

Western Geophysical (Australia)
134 Abernethy Road
Belmont 6104 Western Australia
61-9-478-1033

Western Geophysical (Canada)
2612 37th Avenue, N.E.

Mail to:
P.O. Box 5250, Station A
Calgary, Alberta T2H 1X6 Canada
(403) 291-8100

Western Geophysical (Great Britain)
Wesgeco House
P.O. Box 18
455 London Road
Isleworth, Middlesex TW7 5AB England

Western Geophysical (Singapore)
37 Jalan Remimpin #04-01 Union Bldg.

Mail to:
Box 94
Thomson Road, P.O.
Singapore 9157

Western Ricerche Geofisiche S.p.A.
Via Tolstoi 86

Mail to:
Casella Postale 53
20098 San Guiliano
Milan, Italy
39-2-9849434

Westrix Asia
BCC House
13th Floor, Room 1302
10 Queen's Road Central
Hong Kong
Sales and service of Westrex and Kimball products.

Winchester Electronics
400 Park Road
Watertown, Connecticut 06795
(203) 274-8891
Electronic and electrical connectors for computers and other industrial, commerical and military uses; back panel wirewrap and design; connector accessories and tools; insulated terminals.

also at:

Main & Hillside Avenue
Oakville, Connecticut 06779-9998
(203) 274-8891

Winchester Electronics
(Division of LPPI GmbH)
Otto-Hahn-Strasse 8
D-7100 Biberach/Heilbronn, West Germany
Manufacture of connectors for electronic and data processing and telecommunication industries; back panel wirewrap;. IDC connectors.

Acquisition(s):

CLS Laser Systems, Inc.
Carbon dioxide gas laser systems and devices.

Lamb Technicon Corp.
Warren, Michigan
Supplies automated systems to the automotive industry.

Integrated Automation, Inc.
Alameda, California
Develops and provides document and information management, inspection and process control systems.

Transfer Agent(s):

Litton Industries, Inc.
Shareholder Services
P.O. Box 5555
Beverly Hills, California 90210

Stock Exchange(s): New York, Pacific

Ticker Symbol: LIT

Number of Employees:

1987	54,200	1984	65,500
1986	55,500	1983	69,200
1985	58,200		

Plant Footage:

1987 ..... 14,972,000 sq. ft.

Sales and Earnings

	Net Sales‡ (000's)	Net Income (000's)
1987	$ 4,419,689	$ 138,112
1986	4,521,005	71,137
1985	4,590,649	299,471
1984	4,605,744	313,380
1983	3,958,985	231,560

	No. of Com. Shares #	Earn. per Share #
1987	26,614,689	$ 5.16
1986	27,905,173	2.52
1985	41,087,109	7.27
1984	42,256,018	7.32
1983	42,066,194	5.41

‡ Includes service revenues; of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business (000's)

	1987	1986
Industrial systems & services	$ 1,011,403	$ 1,079,851
Advanced electronic sys.	2,336,833	1,069,913
Marine engineering and production	1,129,836	1,192,629
Other commercial prods.	—	253,116
Intergroup eliminations	(81,073)	(106,641)
Miscellaneous	22,690	32,128
Total	$ 4,419,689	$ 4,521,005

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	1.50	—	—
1984	1.90	2%	—
1983	1.70	2%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity‡ (000's)	Equity Per Share #
1987	1,045,587	$ 40.28
1986	1,011,687	37.09
1985	931,187	34.17
1984	2,004,787	47.74
1983	1,821,487	42.51

‡ After allowing for preferred stock at liquidation value.
# Adjusted to reflect stock dividends.

Income Account (000's)

Year ended July 31	1987	1986
Sales and service revenues	$ 4,419,689	$ 4,521,005
Cost of sales	3,512,505	3,592,465
Expenses	453,120	521,684
Depreciation	149,437	155,814
Interest expense	55,594	13,015
Adjust. to resource explor. serv.	—	110,000
Income before taxes	$ 249,033	$ 128,027
Income taxes	110,804	56,890
Minority interest	(117)	—
Net Income	$ 138,112	$ 71,137

Assets (000's)

As of July 31	1987	1986
Cash & market. secur.	$ 1,229,593	$ 1,515,556
Accts. receiv., net	740,848	573,936
*Inventories	753,197	561,288
Prepaid expenses & taxes	57,166	66,904
Current Assets	$ 2,780,804	$ 2,717,684
Net assets of discont. oper.	166,360	134,813
#Fixed assets	1,166,491	989,371
Intangibles	385,511	310,234
Other assets	431,648	417,219
Total Assets	$ 4,880,814	$ 4,569,321

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 45,531	$ 72,437
Accts. payable	633,203	520,571
Payroll expenses	309,164	308,852
Income taxes	172,625	144,096
Cust. deposits & contract liab.	646,268	701,828
Curr. Liabilities	$ 1,806,791	$ 1,747,786
Long-term liabilities	180,870	178,243
Deferred inc. taxes & other items	351,303	312,091
Subord. notes & deben.	1,311,305	1,311,305
Minority interest	176,762	—
+Preferred stock: Series B	2,053	2,053
++Common stock	25,905	27,220
Add. paid-in stock	438,154	448,767
Retained earnings	587,246	543,938
Cum. curr. trans. adjust.	425	(2,082)
Total Liabilities & Shareholders' Equity	$ 4,880,814	$ 4,569,321

* Raw materials stated at lower of cost (FIFO) or market. Work in process and finished goods stated at average cost.
# Less accumulated depreciation.
+ $5 par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.63	2.83
%Net income to Sales	3.12	1.57
%Net Income to Equity	13.11	6.97
Debt to Equity	0.04	0.07
Working Capital	$ 974,013,000	$ 969,898,000
Current Ratio	1.54	1.55
Shareholders' Equity	$ 1,053,783,000	$ 1,019,896,000

Lockheed Corporation

4500 Park Granada Boulevard
Calabasas, California 91399
(818) 712-2000

Officers: Lawrence O. Kitchen, chairman of the board & chief executive officer; Robert A. Fuhrman, president & chief operating officer; Vincent N. Marafino, exec. v.p. & chief financial & administrative officer; John C. Brizendine, group president-Aeronautical Systems Group; R. W. Taylor, group president-Information Systems Group; Val P. Peline, group president-Electronic Systems Group; D. M. Tellep, group president-Missiles and Space Systems Group; Robert H. Wertheim, sr. v.p.-science & engineering; Louis J. Barnard, v.p.-human resources; Walter B. LaBerge, v.p.-corporate development; Peter A. Marino, president-Electronics Co.; Ken Cannestra, exec. v.p. & gen. mgr.-LASC-Georgia; R. F. Conley, president-Lockheed Corp. International; Richard Cook, Washington area; H. David Crowther, corporate communications; Charles de Bedts, business development; D. H. Daniels, operations; Jack Freeman, exec. v.p.-Lockheed Missiles & Space, Inc.; E. L. Graham, exec. v.p.-Aeronautical Systems Group; Robert Northcutt, controller; Robert C. Johnson, contracts & pricing; Gordon H. Smith, president-Lockheed Space Operations Co.; Joseph Twomey, gen. counsel; Stanley I. Weiss, gen. mgr.-Astronautics Division; R. R. Heppe, exec. v.p. & gen. mgr.-Aeronautical Systems Co.; Robert Young, president-Engineering & Management Services Co.; Anthony G. Van Schaick, treasurer; Donald C. Jones, president & gen. mgr.-Missile Systems Division; A. Gene Otsen, asst. treasurer; David B. Bowman, secretary & asst. general counsel; John N. McMahon, exec. v.p.-plans & programs, Missiles & Space Systems Group; Mitsuru S. Araki, president & gen. mgr.-Space Systems Division; Harold T. Bowling, exec. v.p. & gen. mgr.-Lockheed Aircraft Service Co.-Ontario; H. Barden Allison, II, asst. gen. mgr.-Aeronautical Systems Group; John R. Kreick, president-Sanders Associates, Inc.; William P. Conlin, president-CalComp.

Directors: Roy A. Anderson*, Michael Berberian, Joseph R. Resech*, Joseph P. Downer, Houston I. Flournoy, Robert A. Fuhrman, Vincent N. Marafino, Lawrence O. Kitchen*, Jack L. Bowers, Joseph J. Pinola*, Jack K. Horton*, John E. Swearingen, James F. Gibbons, Warren Christopher*, David S. Potter, Daniel M. Tellep.

* Member of the Executive Committee

Areas of Work: The company is engaged in the manufacture of military and commercial aircraft; space and missile programs, aircraft servicing; data recording and analysis systems; electronic marine equipment; aircraft training aids; electronic countermeasure systems; tactical and airborne radar, spacecraft and commercial recorders; gunfire controls; checkout and test equipment; fuel oil computer registers; computer memory systems and components; computer graphics equipment; computer services; deep submergence vehicles; information systems; management systems; environmental monitoring and clean-up.

Division and Subsidiaries:

Lockheed and Aircraft Service Company
Ontario, California 91762
(714) 988-2411

Lockheed-California Company
Burbank, California 91520
(818) 847-6121

Lockheed-Georgia Company
Marietta, Georgia 30063
(404) 424-9411

Lockheed Electronics Company, Inc.
Plainfield, New Jersey 07061
(201) 757-1600

Lockheed Missiles & Space Company, Inc.
Sunnyvale, California 94088
(408) 742-4321

Lockheed Air Terminal, Inc.
Burbank, California 91510
(818) 847-6121

Lockheed Finance Corporation
Burbank, California 91502

Lockheed Corporation International
Burbank, California 91505

Calcomp
Anaheim, California 92803

Datacom Systems Corporation
Teaneck, New Jersey 07666

CADAM, Inc.
Burbank, California 91504

DIALOG Information Services, Inc.
Palo Alto, California 94304

Lockheed DataPlan, Inc.
Los Gatos, California 95030

Lockheed Engineering and Management Services Co., Inc.
Houston, Texas 77058

Lockheed Space Operations Company
Titusville, Florida 32780

Lockheed Corporation

Metier Inc.
Burbank, California 91505

Lockheed Aeromod Center, Inc.

Lockheed Support Systems, Inc.

Murdock Engineering Company

Avicom International, Inc.

Sanders Associates, Inc.
Daniel Webster Highway South
Nashua, New Hampshire 03061
(603) 885-4321

Engaged in the production of electronic countermeasure systems, air defense radars, graphic displays, microwave components, and printed circuitry.

Transfer Agent(s):

First Interstate Bank
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): New York, Pacific, Amsterdam, London, Geneva, Lausanne, Zurich, Basel

Ticker Symbol: LK

Number of Employees:

1987	99,300	1984	81,300
1986	96,900	1983	71,800
1985	87,800		

Sales & Earnings

	Net Sales + (000's)	Net Income‡ (000's)
1987	$ 11,321,000	$ 421,000
1986	10,161,000	408,000
1985	9,386,000	401,000
1984	7,881,000	344,000
1983	6,154,000	263,000

	No. of Com. Shares‡	Earn. per Share‡
1987	65,700,000	$ 6.41
1986	66,000,000	6.18
1985	65,700,000	6.10
1984	64,900,000	5.28
1983	62,400,000	4.18

+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding and common shares issuable adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Missiles & space syst.	$ 5,233,000	$ 5,091,000
Aeronautical syst.	4,586,000	4,389,000
Electronic syst.	862,000	295,000
Information syst.	640,000	386,000
Total	$ 11,321,000	$ 10,161,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.30	—	—
1986	0.95	—	—
1985	0.75	—	—
1984	0.45	—	—
1983	—	—	3-for-1

Common Stock Equity

	Total Equity (000's)	Equity Per Share†
1987	$ 2,087,000	$ 33.31
1986	1,866,000	28.44
1985	1,511,000	23.17
1984	1,152,000	17.81
1983	826,000	13.08

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/27/87	12/28/86
Net sales	$ 11,321,000	$ 10,161,000
Cost of sales & exp.	10,505,000	9,395,000
Other income	(15,000)	(14,000)
Interest expense	105,000	66,000
Income before taxes	$ 726,000	$ 714,000
Income taxes	290,000	304,000
Inc. - cont. oper	$ 436,000	$ 410,000
Loss - discont. oper	(15,000)	(2,000)
Net Income	$ 421,000	$ 408,000

* Included in Costs and Expenses, Depreciation and Amortization: $353,000,000 in 1987 and $270,000,000 in 1986.

Assets
(000's)

As of	12/27/87	12/28/86
Cash	$ 40,000	$ 71,000
Accts. receiv., net	1,864,000	1,556,000
*Inventories	1,069,000	1,098,000
Net assets-discont. oper.	41,000	—
Prepaid expenses	120,000	166,000
Current Assets	$ 3,134,000	$ 2,891,000
Investments	77,000	75,000
#Fixed assets	1,827,000	1,758,000
Intangibles	915,000	942,000
Other assets	348,000	320,000
Total Assets	$ 6,301,000	$ 5,986,000

Liabilities
(000's)

Short-term bank borrowings	$ 43,000	$ 351,000
Long-term debt, curr.	310,000	17,000
Accts. payable	805,000	616,000
Customer advances	97,000	69,000
Deferred inc. taxes	1,147,000	898,000
Accrued payroll	342,000	334,000
Other liabilities	584,000	591,000
Curr. Liabilities	$ 3,328,000	$ 2,876,000
Long-term debt	886,000	1,244,000
+Common stock	66,000	66,000
Add. paid-in capital	473,000	462,000
Retained earnings	1,674,000	1,338,000
Treasury stock	(126,000)	—
Total Liabilities & Shareholders' Equity	$ 6,301,000	$ 5,986,000

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	20.17	21.86
Sales to Inventories	10.59	9.25
Debt to Equity	0.59	0.86
Working Capital	—	$ 15,000,000
Current Ratio	—	1.01
Shareholders' Equity	$ 2,787,000,000	$ 1,866,000,000

Logicon, Inc.

3701 Skypark Drive
Torrance, California 90505-9954
(213) 373-0220

Officers: John R. Woodhull, president & chief exec. officer; Robert G. Walden, sr. v.p. & chief financial officer; James D. Hogan, sr. v.p.; Donald L. Farr, v.p.; Frank T. Cummings, v.p.; Hugh E. Beatty, v.p.; Richard J. McGrath, v.p.; R. Dean Hartwick, v.p.; Dan B. Wallace, v.p.; James E. Dalton, v.p.; Albert L. Latter, v.p.; Ralph L. Webster, v.p. & controller; E. Benjamin Mitchell, Jr., secretary & general counsel; .

Directors: John R. Woodhull*, James D. Hogan*, John K. Brigden, W. Edgar Jessup, Jr., Robert S. Dickerman, John R. Johnson, Roland R. Speers, Albert L. Latter*.

* Member of the Executive Committee

Areas of Work: Provides electronic systems, analysis of military operations, research in the physical sciences and related professional services to industry and government.

Divisions and Subsidiaries

Operating Systems Division
Arlington, Virginia

R & D Associates
Marina del Rey, California

Strategic and Information Systems Division
255 West Fifth Street
San Pedro, California 90731
(213) 831-0611

Tactical and Training Systems Division
Sorrento Valley Boulevard
San Diego, California 92121
(714) 453-1330

Control Dynamics Company
Huntsville, Alabama
Automatic control and dynamics engineering for military and space applications.

Transfer Agent(s):

First Interstate Bank of California
707 Wilshire Boulevard
Los Angeles, California 90017

Stock Exchange(s): New York

Ticker Symbol: LGN

Number of Employees:

1988	2,529	1985	2,100
1987	2,382	1984	2,100
1986	2,500		

Plant Footage:

1988	837,000 sq. ft.	1985	613,000
1987	750,000	1984	613,000
1986	613,000		

Sales & Earnings

	Revenues†	Net Income
1988	$ 218,886,000	$ 9,068,000
1987	204,773,000	6,071,000
1986	200,674,000	10,019,000
1985	168,256,000	8,247,000
1984	128,033,000	5,876,000

	No. of Com. Shares‡	Earn. per Share +
1988	4,698,000	$ 1.93
1987	4,758,000	1.27
1986	4,682,000	2.10
1985	4,486,000	1.79
1984	4,368,000	1.28

† Of continuing operations only.
‡ Adjusted to reflect stock split.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.31	—	—
1987	0.27	—	—
1986	0.23	—	—
1985	0.19	—	—
1984	0.153	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 60,479,000	$ 13.45
1987	57,952,000	12.18
1986	52,486,000	11.21
1985	41,178,000	9.18
1984	32,659,000	7.48

+ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1988	1987
Services & products	$ 217,550,000	$ 203,539,000
Interest	1,336,000	1,234,000
Total income	$ 218,886,000	$ 204,773,000
Cost of services	184,102,000	172,705,000
Products	2,500,000	5,000,000
Expenses	17,588,000	14,883,000
Income before taxes	$ 14,696,000	$ 12,185,000
Income taxes	5,628,000	6,114,000
Net income	$ 9,068,000	$ 6,071,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,886,000 in 1988 and $2,556,000 in 1987.

Assets

As of March 31	1988	1987
Cash	$ 3,904,000	$ 2,677,000
Short-term invest.	9,328,000	22,414,000
Acct. receiv. net	63,288,000	50,277,000
Prepaid expenses	1,572,000	1,688,000
Current Assets	$ 78,092,000	$ 77,056,000
# Fixed assets	7,544,000	6,657,000
Total Assets	$ 85,636,000	$ 83,713,000

Liabilities

Accts. payable	$ 6,772,000	$ 8,300,000
Accrued payroll	15,004,000	13,357,000
Income taxes	3,381,000	4,104,000
Curr. Liabilities	$ 25,157,000	$ 25,761,000
+Common stock	450,000	476,000
Add. paid-in capital	7,750,000	7,936,000
Retained earnings	52,908,000	49,820,000
Unearned compensation	(229,000)	(280,000)
Total Liabilities & Shareholders' Equity	$ 85,636,000	$ 83,713,000

Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to sales	6.76	5.99
%Net Income to Sales	4.17	2.98
%Net Income to Equity	14.99	10.48
Working Capital	$ 52,935,000	$ 51,295,000
Current Ratio	3.10	2.99
Shareholders' Equity	$ 60,479,000	$ 57,952,000

LogiMetrics, Inc.

121-03 duPont Street
Plainview, New York 11803
(516) 349-1700

Officers: Murray H. Feigenbaum, president; Jerome Deutsch, exec. v.p.; George Rabin, v.p.-operations; Eugene Blum, v.p.-marketing.

Directors: Murray H. Feigenbaum, Alfred Mendelsohn, Jerome Deutsch, Ralph Wertheimer, George Rabin.

Areas of Work: Engaged in the development, manufacture and sale of traveling wave tube amplifiers, radio frequency signal generators, and complete electronic test systems.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	85	1984	66
1986	75	1983	47
1985	N.A.		

Plant Footage:

1987	26,000 sq. ft.	1984	20,000
1986	26,000	1983	18,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income #
1987	$ 9,240,827	$ 225,891
1986	7,742,585	794,779
1985	7,339,642	(221,789)
1984	6,890,042	130,282
1983	4,863,799	187,045

	No. of Com. Shares +	Earn. per Share‡ #
1987	2,630,690	$ 0.07
1986	2,616,940	0.33
1985	1,865,577	—
1984	1,861,952	0.06
1983	1,557,952	0.09

(Loss)
+ Class A and Class B common shares combined adjusted to reflect stock split.
‡ Based on the weighted average number of Class A and Class B common shares combined adjusted to reflect stock split.
# Including extraordinary gains of $617,062 ($0.26 per share) in 1986, $68,000 ($0.03 per share) in 1984 and $73,900 ($0.03 per share) in 1983.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	25%	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,505,608	$ 0.95
1986	2,267,216	0.87
1985	1,465,188	0.79
1984	1,683,857	0.90
1983	1,529,375	0.98

‡ Based on Class A and Class B common shares combined adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 9,240,827	$ 7,742,585
Cost of sales	6,754,473	5,544,723
Expenses	1,787,250	1,579,540
Interest expense	280,787	289,216
Income bef. taxes	$ 418,317	$ 329,106
Income taxes	192,426	151,389
Net Income	$ 225,891	$ 177,717
Extraord. gain	—	617,062
Net income & extraord. gain	$ 225,891	$ 794,779

* Included in Costs and Expenses, Depreciation and Amortization: $169,144 in 1987 and $134,033 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 83,192	$ 68,396
Accts. receiv., net	1,974,140	811,430
Costs in exc. of billings	3,049,029	3,688,045
*Inventories	1,681,267	1,634,799
Prepaid exp. & other assets	43,748	57,261
Current Assets	$ 6,831,376	$ 6,249,311
# Fixed assets	717,226	792,430
Other assets	68,604	79,679
Total Assets	$ 7,617,206	$ 7,122,040

LogiMetrics, Inc.

Liabilities

Accts. payable & accruals	$ 1,369,465	$ 1,706,615
Long-term debt, curr.	188,627	137,467
Deferred inc. taxes	599,434	406,998
Curr. Liabilities	$ 2,157,516	$ 2,251,080
Long-term debt	2,954,082	2,603,743
+ Common Stock		
Class A	230,069	236,694
Class B	25,000	25,000
Add. paid-in capital	2,092,847	2,091,472
Retained earnings	507,692	281,801
Stock subscrip. receiv.	(358,000)	(367,750)
Total Liabilities & Shareholders' Equity	$ 7,617,206	$ 7,122,040

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.53	4.25
%Net Income to Sales	2.44	2.30
%Net Income to Equity	9.02	7.84
Sales to Inventories	5.50	4.77
Debt to Equity	1.25	1.21
Working Capital	$ 4,673,860	$ 3,988,231
Current Ratio	3.17	2.78
Shareholders' Equity	$ 2,505,608	$ 2,267,217

Loral Corporation

600 Third Avenue
New York, New York 10016
(212) 697-1105

Officers: Bernard L. Schwartz, chairman of the board & chief executive officer; Frank C. Lanza, president & chief operating officer; Michael P. DeBlasio, sr. v.p.-finance; Stephen L. Jackson, v.p.-administration; Robert V. LaPenta, v.p. & controller; Michael B. Targoff, v.p., gen. counsel & secretary; Gerard E. Dorsey, treasurer; Jack Davis, v.p. & president-Loral Electro-Optical Systems; Harry Emerzian, group v.p.-Microwave; Robert Welte, v.p. & president-Loral Electronic Systems; William F. Gates, v.p. & pres.-Loral Reaction Systems; Lawrence H. Schwartz, v.p.-technology; Elizabeth Heller Allen, dir.-communications; Bertram Bell, asst. v.p.; Lisa Stein, asst. secretary; Harold Penn, asst. treasurer.

Directors: Bernard L. Schwartz*, chairman; Homer Chapin, Robert B. Hoden*, Gershon Kekst*, E. Donald Shapiro, Allen Shinn, Malvin Ruderman, Frank C. Lanza, Daniel Yankelovich, Thomas J. Stanton, Jr..

* Member of the Executive Committee

Area of Work: Designs, develops and manufactures electronics products including systems and components for airborne and shipboard self-protection, antisubmarine warfare, scene correlation guidance and target recognition including high-resolution imaging, C3 (command, control, communications) reconnaissance, and simulation for military training.

Divisions and Subsidiaries:

Loral Systems Group

Loral Defense Systems-Akron
1210 Massillon Road
Akron, Ohio 44315
(216) 796-4929
Manufactures undersea warfare systems; tactical ordnance systems; guidance & control systems; digital data processors; recovery and retardation systems; simulators and trainers.

Loral Defense Systems-Arizona
100 South Litchfield Rd.
Goodyear, Arizona 85340-0085
(602) 925-7000
Manufactures synthetic aperture airborne reconnaissance systems; radar systems; guidance & control systems; simulators & trainers; geoscience mapping services; target recognition image processor, missile ground support, transport & launch systems; shelters; transparent plastic products.

Loral Engineered Fabrics
669 Goodyear St.
P.O. Box 548
Rockmart, Georgia 30153
(404) 684-7855
Manufactures aircraft and ground vehicle fuel tanks; crashworthy fuel tanks; self-sealing coatings for fuel tanks & lines; fire-retardant foams for fuel tanks; fabric tanks for fuel storage; erosion coatings & cements; special purpose coated fabric products; electric aircraft ice protection equipment.

Loral Aircraft Braking Systems
1210 Massillon Rd.
Akron, Ohio 44315
(216) 796-4929
Manufactures wheels, brakes & brake friction materials; skid control systems; brake temperature monitoring systems; helicopter rotor brakes; industrial and special purpose wheels and brakes.

Loral Electronic Systems
Ridge Hill
Yonkers, New York 10710
(914) 968-2500
Develops and manufactures airborne radar warning receivers, self-protection systems, electronic surveillance systems, targeting systems, electronic environment simulators.

Loral Conic
9020 Balboa Avenue
San Diego, California 92123
(714) 279-0411
Supplies telemetry equipment for military applications.

Loral Randtron Systems
130 Constitution Drive
Menlo Park, California 94025
(415) 326-9500
Advanced microwave antenna assemblies.

Loral International
999 Central Park Avenue
Yonkers, New York 10704
(914) 964-6534
Systems design and foreign marketing.

Loral Rolm Mil-Spec Computers
One River Oaks Place
San Jose, California 95134
(408) 432-8000
Militarized computers and software for defense electronic systems in shipboard, airborne, and ground-based applications.

Loral Electro-Optical Systems
P.O. Box 7101
300 North Halstead Street
Pasadena, California 01109
(818) 351-3555
Infrared countermeasures, laser-based simulation systems for military training, electro-optical devices, space power sub-systems.

Loral Instrumentation
8401 Aero Drive
San Diego, California 92123
(619) 560-8260
Data acquisition and analysis systems for real time applications.

Loral Information Display Systems
6765 Peachtree Industrial Boulevard
Atlanta, Georgia 30360
(404) 448-1604
Information and graphic display systems.

Narda Microwave
435 Moreland Road
Hauppauge, New York 11788
(516) 231-1700
Passive and active microwave components, integrated microwave assemblies, test equipment.

Narda Microwave Western Operation
214 Devcon Drive
San Jose, California 95112
(408) 995-0600
Passive and active microwave components, GaAs FET semiconductors, integrated assemblies.

Frequency Sources
16 Maple Road
Chelmsford, Massachusetts 01824
(617) 256-4113
Passive and active microwave components, specialized semiconductors, integrated assemblies.

Frequency West
1841 Zanker Road
San Jose, California 94112
(408) 436-4500
Microwave signal sources, dielectric resonator oscillators, integrated assemblies for the telecommunications industry.

Loral Terracom
9020 Balboa Avenue
San Diego, California 92123
(619) 278-4100
Portable microwave and high-frequency tactical radios.

Loral American Beryllium
P.O. Box 117
Tallevast, Florida 34270
(813) 355-5105
Precision-machined exotic metals for aerospace and energy applications.

Loral Hycor
North Woburn Industrial Park
Woburn, Massachusetts 01801
(617) 935-5950
Radar and infrared expendable countermeasures systems for shipboard and aircraft defense.

Wavecom
9036 Winnetka Avenue
Northridge, California 91324
(818) 882-3010
High-reliability microwave filters, electro-mechanical switches, and components for satellite applications.

Goodyear Aerospace Corporation
1210 Massillon Road
Akron, Ohio 44306
(216) 796-2121
Products include civil and military aviation landing gear products, weapons systems which utilize miniaturized digital computers, and micro-processors for undersea warfare as well as missile guidance. Also involved in the improvement of existing airborne radar systems and the manufacture of a radar recording device for use in NASA's space shuttle program.

Transfer Agent(s):

The First Jersey National Bank
Jersey City, New Jersey

Stock Exchange(s): New York

Ticker Symbol: LOR

Number of Employees:

1988	13,700	1986	7,500
1987	14,500	1985	6,500

Plant Footage:

1988 ..... 7,885,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 1,440,775,000	$ 74,342,000•
1987	690,043,000	57,460,000
1986	663,818,000	52,993,000
1985	502,287,000	42,052,000
1984	418,340,000	33,893,000

	No. of Com. Shares‡	Earn. per Share x
1988	25,320,000	$ 3.01
1987	24,015,000	2.35
1986	23,691,000	2.21
1985	23,355,000	1.79
1984	23,104,000	1.45

‡ Adjusted to reflect stock split.
x Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Defense electronics	$ 1,063,573	$ 634,081
Aircraft braking	240,892	10,417
Other	136,310	45,545
Total	$ 1,440,775	$ 690,043

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.64	—	—
1986	0.60	—	—
1985	0.52	—	—
1984	0.44	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 438,297,000	$ 17.31
1987	362,899,000	15.11
1986	309,346,000	13.06
1985	260,115,000	11.14
1984	224,946,000	9.74

‡ Adjusted to reflect stock split.

Income Account •
(000's)

Year ended March 31	1988	1987
Net sales	$ 1,440,775	$ 690,043
Cost of sales & expenses	1,260,049	584,990
Interest income	(2,815)	(6,576)
Interest expense	61,668	12,495
Other expense	—	406
Income before taxes	$ 121,873	$ 98,728
Income taxes	47,531	41,268
Net Income	$ 74,342	$ 57,460

• Included in Costs and Expenses, Depreciation and Amortization: $73,145,000 in 1988 and $30,766,000 in 1987.

Assets
(000's)

As of March 31	1988	1987
Cash & market. secur.	$ 27,361	$ 43,058
Accounts receivable	—	30,000
Accts. receiv.	234,967	202,964
Unbilled contract receiv.	58,494	50,042
*Inventories	297,806	271,720
Other curr. assets	12,719	7,795
Current Assets	$ 631,347	$ 605,579
#Fixed assets	422,339	474,244
Intangibles	324,050	351,696
Other assets	37,094	35,424
Total Assets	$ 1,414,830	$ 1,466,944

Liabilities
(000's)

Notes payable	$ 1,189	$ 36,719
Accts. payable	117,809	100,333
Salaries & wages	53,842	60,107
Income taxes	57,151	90,340
Other liab.	95,979	72,450
Curr. liabilities	$ 325,970	$ 359,949
Long-term liabilities	33,750	55,129
Long-term debt	583,642	667,245
Deferred inc. taxes	33,171	21,722
+Common stock	6,341	6,048
Add. paid-in capital	161,034	120,426
Retained earnings	300,001	241,334
Treasury stock	(1,930)	(4,909)
Unearned restricted stock	(27,149)	—
Total Liabilities & Shareholders' Equity	$ 1,414,830	$ 1,466,944

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.46	14.31
%Net Income to Sales	5.16	8.33
%Net Income to Equity	16.96	15.83
Sales to Inventories	4.84	2.54
Debt to Equity	1.33	1.94
Working Capital	$ 305,377,000	$ 245,630,000
Current Ratio	1.94	1.68
Shareholders' Equity	$ 438,297,000	$ 362,899,000

Low & Bonar PLC

Bonar House
Faraday Street
Dundee DD1 9JA Scotland
0382 818171

Directors: Sir Dermot de Trafford, chairman; R. J. Jarvis, managing & group chief executive; G. C. Bonar, B. H. Lewis, W. L. Telfer, finance & deputy group chief executives; Sir Jack Stewart-Clark, M. G. T. Long, secretary; W. H. Jones, chief executive-UK/Europe Packaging Division; J. W. Leng, chief executive-UK/Europe Plastics Division; N. Jones, chief executive-Textiles Division; R. Young, chief executive-Electronics Division; G. R. McKenzie, president-Bonar Inc.; L. A. Williams, chief executive-Africa Division; H. E. Levy, director of new ventures, Low & Bonar UK Limited; N. D. McLeod, deputy group finance director.

Areas of Work: In the electronics area, the Company manufactures products in the areas of power supplies, instrumentation, control systems, and remote switching equipment.

The Company provides very specialized power supplies to applications such as ion implanters, electron microscopes, laser and aircraft cockpit displays systems; designs and manufactures high specification, low voltage, electronic power supplies; and manufactures high performance custom power supplies for applications such as telephone exchanges and cellular radio installations.

In the instrumentation area, the Company manufactures a wide range of analog and digital recorders and plotters, together with digital storage oscilloscopes.

In the control systems and remote switching equipment areas, the Company produces remote switching equipment for fighting ships, including submarines, and fault tolerant computing systems for process control applications.

Other Company activities include the production of packaging products, plastics and textile products.

Electronic Subsidiaries

Advance Power Supplies Limited
England
Power supplies.

Advance Bryans Instruments Limited
England
Instrumentation.

Bonar August Systems Limited (80.2%-owned)
England
Control systems.

Bonar Bray Limited
England
Control systems.

Bonar Brentford Electric Limited
England
Power supplies.

Bonar Cole Electronics Limited
England
Power supplies.

Bonar Hupower Limited
England
Hydraulics.

Bonar Robinson Limited
England
Instrumentation.

Bonar Wallis Electronics Limited
England
Power supplies.

Registrar:

The Royal Bank of Scotland plc
P.O. Box 27
34 Fettes Row
Edinburgh EH3 6UT Scotland

Sales & Earnings

	Net Sales	Net Income†
1986	£ 242,400,000	£ 12,800,000
1985	182,800,000	8,900,000
1984	172,200,000	6,700,000
1983	146,700,000	3,500,000
1982	137,600,000	(1,200,000)

	No. of Com. Shares +	Earn. per Share†‡
1986	62,949,128	19.85p
1985	49,079,652	17.10
1984	N.A.	14.59
1983	N.A.	8.25
1982	N.A.	—

(Loss)
N.A. - Not Available.
£ - pound sterling.
† Excluding extraordinary items.
+ Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Low & Bonar PLC

Revenues By Line of Business

	1986	1985
Packaging	£ 143,453,000	£ 105,198,000
Plastics	31,736,000	11,376,000
Textiles	36,073,000	30,877,000
Electronics	35,210,000	37,332,000
Other	7,555,000	11,562,000
Share of related cos.	(11,673,000)	(13,579,000)
Total	£ 242,354,000	£ 182,761,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	5.35p	—	2-for-1
1985	4.75	—	3-for-2
1984	4.00	—	—
1983	2.50	—	—
1982	1.67	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	£ 82,900,000	131.84p
1985	47,100,000	103.53
1984	47,400,000	104.12
1983	39,300,000	93.64
1982	39,200,000	93.40

‡ Adjusted to reflect stock split.
p pence

Income Account *
(000's)

Year ended Nov. 30	1986	1985
Net sales	£ 242,354	£ 182,761
Cost of sales & expenses	225,170	169,078
Share of earn. of rel. cos.	(989)	(823)
Interest expense	1,713	1,413
Interest income	(650)	(305)
Income before taxes	£ 17,110	£ 13,398
Income taxes	4,349	4,540
Minority interests	1,276	850
Net income	£ 11,485	£ 8,008
Extraord. items	(228)	3,117
Net income & extraord. items	£ 11,257	£ 11,125

* Included in Costs and Expenses, Depreciation: £ 6,668,000 in 1986 and £ 4,383,000 in 1985.

Assets
(000's)

As of Nov. 30	1986	1985
Cash	£ 3,419	£ 3,942
Accts. receiv., net	55,980	32,696
* Stocks	40,395	24,502
Current Assets	£ 99,794	£ 61,140
Investments	7,095	7,683
#Fixed assets	70,123	36,693
Intangibles	1,387	—
Total Assets	£ 178,399	£ 105,516

Liabilities
(000's)

Bank & other borrowings	£ 15,174	£ 9,902
Other creditors	50,686	33,221
Curr. Liabilities	£ 65,860	£ 42,723
Bank & other borrowings	14,132	3,495
Other creditors	2,176	3,094
Minority interest	9,064	5,225
Deferred income	340	401
Deferred taxes	3,566	3,049
+ Preferred stock:		
6% first cumulative	100	100
6% second cumulative	100	100
6% third cumulative	200	200
++ Common stock	31,425	12,270
Add. paid-in capital	15,264	3,022
Revaluation reserve	2,627	2,196
Exchange reserve	(268)	(1,092)
Other reserves	(3,425)	1,602
Retained earnings	37,238	29,131
Total Liabilities & Shareholders' Equity	£ 178,399	£ 105,516

* At lower of cost net realizable value.
# Less accumulated depreciation.
+ No par value.
++ 50p par value.

Statistical Summary

%Income bef. Taxes to Sales	7.06	7.33
%Net Income to Sales	4.74	6.38
%Net Income to Equity	13.79	16.85
Sales to Inventories	6.00	7.46
Debt to Equity	0.35	0.27
Working Capital	£ 33,934,000	£ 18,417,000
Current Ratio	1.52	1.43
Shareholders' Equity	£ 83,261,000	£ 47,529,000

LSI Logic Corporation

1551 McCarthy Boulevard
Milpitas, California 95035
(408) 433-8000

Officers: Wilfred J. Corrigan, chairman & chief exec.-officer; George D. Wells, president & chief operating officer; Robert N. Blair, v.p.-U.S. marketing & sales; Mitchell D. Bohn, pres.-LSI Logic Corporation of Canada, Inc.; Keinke K. Yawata, pres.-LSI Logic K.K.; William J. O'Meara, pres.-G-2 Incorporated; Gerald B. Thomas, pres.-LSI Logic Europe plc; Robert M. Walker, v.p. & chief engineering officer; Murray L. McLachlan, v.p. & chief development officer; D. Scott Mercer, v.p. & chief financial officer; Norman W. Chaneski, v.p.-Military/Aerospace; Perry G. Constantine, v.p.-marketing, LSI Logic Corporation of Canada, Inc.; Conrad J. Dell'Oca, v.p.-research & development; Steven S. Chan, v.p.-ASIC design; Bruce L. Entin, v.p.-investor relations & corp. communications; Raymond M. Fritz, v.p. & controller; Cyril F. Hanson, v.p.-components & technology; James S. Koford, v.p.-software & computer services; Ven L. Lee, v.p.-engineering services; Lewis C. Wallbridge, v.p.-industrial relations & corp. srvices; A. Travis White, v.p.-assembly, test & packaging; Joseph M. Zelayeta, v.p.-wafer manufacturing operations.

Directors: Wilfred J. Corrigan, chairman; George D. Wells, James H. Keyes, Thomas J. Perkins, Larry W. Sonsini, Donald T. Valentine.

Areas of Work: Engaged in the design, development, manufacture and marketing of application-specific integrated circuits for use in electronic data processing, the military, aerospace and telecommunications industries. The Company also designs and manufactures standard products, including microprocessors and digital signal processing circuits, as well as chip sets aimed primarily at the personal computer industry.

Major Subsidiaries:

LSI Logic Europe plc
Greenville Place
The Ring
Bracknell, Berkshire RG121BP United Kingdom

LSI Logic K.K.
Kokusai-Shin Akasaka
6-1-20 Akasaka, Minato-ku
Tokyo, 107, Japan

LSI Logic Corporation of Canada, Inc.
Petro-Canada Centre, Suite 3410
150-6th Avenue SW
Calgary, Alberta T2P 3Y7 Canada

G-2 Incorporated
1655 McCarthy Boulevard
Milpitas, California 95035
(408) 433-7397

Markets high volume, highly integrated logic and graphic chip sets for the personal computer marketplace.

Transfer Agent(s):

Bank of America NT & SA
555 California Street
San Francisco, California 94104

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LLSI (NASDAQ)

Number of Employees:

1987	2,322	1984	1,077
1986	1,821	1983	397
1985	1,380		

Plant Footage:

1987 ..... 1,061,472 sq. ft.

Sales & Earnings

	Revenues	Net Income†
1987	$ 262,131,000	$ 11,340,000
1986	194,333,000	3,855,000
1985	140,012,000	10,114,000
1984	84,486,000	15,457,000
1983	34,835,000	12,572,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	40,674,000	$ 0.28
1986	40,191,000	0.10
1985	39,372,000	0.26
1984	38,938,000	0.40
1983	N.A.	0.37

N.A. - Not Available.
† Including extraordinary gains of $594,000 ($0.01 per share) in 1987 and $2,618,000 ($0.08 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Components	63 %	53 %
Design & Technology serv.	37	47
Total	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 308,230,000	$ 7.58
1986	250,989,000	6.24
1985	231,527,000	5.88
1984	205,517,000	5.28
1983	176,010,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 262,131	$ 194,335
Cost of sales	168,403	129,150
Expenses	84,645	61,758
Interest expense	9,903	6,883
Interest income	(18,114)	(11,991)
Income before taxes	$ 17,294	$ 8,535
Income taxes	7,031	4,116
Minority interest	(483)	564
Net income	$ 10,746	$ 3,855
Extraord. gain	594	—
Net income & extraord. gain	$ 11,340	$ 3,855

* Included in Costs and Expenses, Depreciation and Amortization: $40,639,000 in 1987 and $31,298,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 267,298	$ 202,976
Accts. receiv., net	59,031	44,502
*Inventories	51,195	26,636
Prepaid expenses	3,710	3,297
Prepaid inc. taxes	1,296	3,135
Current Assets	$ 382,530	$ 280,546
@Fixed assets	290,479	159,058
Other assets	26,389	11,800
Total Assets	$ 699,398	$ 451,404

Liabilities
(000's)

Long-term debt, curr.	$ 3,169	$ 1,645
Accruals	39,477	14,763
Accrued payroll	7,299	4,201
Other accruals	17,155	4,925
Unearned revenue	3,195	3,284
Income taxes	1,877	3,312
Curr. Liabilities	$ 72,172	$ 32,150
Long-term debt	187,909	106,908
Minority interest	116,225	49,677
Deferred inc. taxes	14,862	11,680
+ Common stock	401	196,380
Add. paid-in capital	212,075	—
Retained earnings	47,639	36,299
Com. treas. adjust.	48,115	18,310
Total Liabilities & Shareholders' Equity	$ 699,398	$ 451,404

* At lower of cost (FIFO) or market.
@ Less accumulated depreci. ion and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.60	4.39
%Net Income to Sales	4.10	1.98
%Net Income to Equity	3.49	1.54
Sales to Inventories	5.12	7.30
Debt to Equity	0.62	0.43
Working Capital	$ 310,358,000	$ 248,396,000
Current Ratio	5.30	8.73
Shareholders' Equity	$ 308,230,000	$ 250,989,000

The LTV Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

LTV Center, 2001 Ross Avenue
P.O. Box 655003
Dallas, Texas 75265-5003
(214) 742-9555

Officers: Raymond A. Hay, chairman of the board & chief exec. officer; Julian Scheer, sr. v.p.-corporate affairs; O. Emmett Smith, sr. v.p. & general counsel; David H. Hoag, exec. v.p.president & chief executive-LTV Steel Co.; James F. Powers, sr. v.p. & chief financial officer; Harry R. Gudenberg, sr. v.p.-human resources; Robert N. Parker, group v.p. & president & chief exec.-LTV Missiles and Electronics Group; Billie M. Smith, group v.p. & president & chief exec.-LTV Aircraft Products Group; Maxine C. Champion, v.p.-government relations; K. C. Caldabaugh, v.p. & treasurer; William P. Twomey, v.p. & controller; Hal C. Hedrick, Jr., secretary.

Directors: Raymond A. Hay*, chairman; David H. Hoag*, William H. Bricker*, Edward C. Joullian, III*, James M. Roche, Roy H. Holdt, Albert V. Casey*, John C. Evans, Donald A. Hicks, B. Charles Ames, George E. Solomon.

* Member of the Executive Committee

Areas of Work: A multi-industry operating company involved in steel, aerospace/defense and energy products. It is a primary supplier of steel products to the automotive, appliance and construction industries; missiles, aircraft components, tactical wheeled vehicles and electronics to the defense and commercial aerospace markets, and tubular products, oil field supplies, and drilling and production equipment to the petroleum industry.

Divisions and Subsidiaries:

LTV Energy Products Company

Continental-Emsco Company

Product line includes a complete range of drilling equipment such as derricks, drawworks, mud pumps, swivels, blocks, rotary machines and other complementary equipment for landbased and offshore rigs, surface and subsurface production equipment and slurry pumping equipment. Also manufacturers marine transfer systems used to load and unload large volumes of petroleum products to and from oil tankers.

LTV Aerospace & Defense Company

Vought Aero Products Division
P.O. Box 5907
Dallas, Texas 75222
(214) 742-9555

Primarily engaged in the design, development and production of military aircraft, commercial aircraft components, missiles, space launch vehicles and other aerospace products, and in furnishing related administrative and technical support services. Also engaged in the research, design, and development of surface transportation systems.

AM General Corporation

Manufactures a High Mobility Multi-purpose Wheeled Vehicle, known as the Hummer, and the M939 heavy-duty 5-ton truck, for sale to the U.S. Army and foreign militaries.

Sierra Research Division
247 Cayuga Road
Buffalo, New York 14225
(716) 631-6200

Designs, develops, and manufactures highly advanced computer-controlled electronic systems for a wide range of applications in both government and industry, including radar, data transmission, aircraft navigation, and factory data collection.

LTV Steel Company, Inc.

Jones & Laughlin Steel Corporation
3 Gateway Center
Pittsburgh, Pennsylvania 15263
(412) 565-3240

Fully integrated steel producer offering a diversified line of carbon steel products which includes hot and cold rolled sheet, tin mill and other flat rolled coated products, light plates and structural shapes and the mining of iron ore. Youngstown Sheet & Tube Company operations complement those of Jones & Laughlin.

Transfer Agent(s):

MBank Dallas
P.O. Box 655415
Dallas, Texas 75265-5415

Stock Exchange(s): New York, Pacific

Ticker Symbol: QLTV

Number of Employees:

1987	48,200	1984	58,600
1986	48,300	1983	57,300
1985	56,900		

Sales & Earnings

	Net Sales† (000's)	Net Income + (000's)
1987	$ 7,581,800	$ 502,600
1986x	7,271,400	(3,260,300)
1985	8,198,800	(723,900)
1984	7,046,100	(378,200)
1983	4,577,900	(180,700)

	No. of Com. Shares	Earn. per Shares +‡
1987	100,264,408	$ 4.24
1986x	94,727,919	—
1985	88,599,104	—
1984	83,186,066	—
1983	54,648,950	—

(Loss)
x Restated to reflect change in accounting for income taxes.
† Of continuing operation only.
+ Including extraordinary gains of $47,600,000 in 1985 and $23,400,000 per share in 1983.
‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Steel	$ 4,803,500	$ 4,464,300
Aircraft prods.	1,009,600	1,083,200
Missiles & electronics	1,511,000	1,437,400
Energy prods. & serv.	257,700	286,500
Total	$ 7,581,800	$ 7,271,400

Common Stock Equity
(000's)

	Total Equity +	Equity Per Share
1987	$ (2,052,900)	$ —
1986x	(2,587,200)	—
1985	660,600	4.02
1984	1,354,600	12.87
1983	1,135,400	17.75

(Deficiency)
x Restated
+ After allowing for preferred stock at par values.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Net sales & revenues	$ 7,581,800	$ 7,271,400
Cost of sales	6,448,200	6,500,300
Expenses	355,500	385,100
Depreciation & amortization	250,400	239,000
Write-down of steel facilities	—	3,235,000
Int. & debt discount	28,200	203,000
Int. & other income	(52,300)	(40,600)
Chap. XI adm. exp.	29,000	10,200
Inc. (loss) bef. taxes	$ 522,700	$ (3,260,600)
Income taxes	20,100	7,700
Net Income (Loss)	$ 502,600	$ (3,268,300)

Assets (000's)

As of Dec. 31	1987	1986‡
Cash & temp. invest.	$ 585,400	$ 612,400
Receivables-net	784,100	769,600
*Inventories	1,239,200	1,140,700
Other	92,300	79,200
Current Assets	$ 2,701,000	$ 2,601,900
Investments & other assets	311,800	275,300
#Fixed assets	2,693,300	2,261,600
Total Assets	$ 5,706,100	$ 5,498,700

Liabilities (000's)

Notes payable	—	$ 11,000
Long-term debt & cap. lease oblig., curr.	5,000	18,300
Accts. payable	418,900	322,900
Accrued liabilities	638,000	478,900
Income taxes	22,400	6,900
Curr. Liabilities	$ 1,084,300	$ 838,000
Long-term debt	25,200	108,200
Emp. comp. & benefits	34,200	35,900
Plant rationalization	227,200	258,500
Other liab.	81,500	71,500
Liab. deferred pursuant to Chap. XI proc.	4,194,700	4,637,800
+Series A & Series C preferred stock-mandatory redemp.	100,500	104,400
++Series B pref. stock	6,000	6,000
+++Series D pref. stock	5,200	5,400
++++Class AA special stock	200	200
+++++Common stock	50,100	47,400
Add. paid-in capital	1,641,900	1,616,800
Retained earnings (deficit)	(3,647,000)	(4,149,600)
Exc. of redemp. value over par Series A & Series C pref.	(97,900)	(101,800)
Total Liabilities & Shareholders Equity	$ 5,706,100	$ 5,498,700

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $5 par value; $5 cumulative-Series A. $1 par value; $5.25 cumulative-Series C.
++ $1 par value; $3.06 cumulative.
+++ $1 par value; $1.25 cumulative.
++++ $0.05 par value; 3% cumulative.
+++++ $0.50 par value.

Statistical Summary

%Income bef. Tax to Sales	6.89	—
%Net Income to Sales	6.63	—
Working Capital	$ 1,616,700,000	$ 1,763,900,000
Current Ratio	2.49	3.10
Shareholders' Equity (Deficiency) (000's)	$ (2,041,500)	$ (2,558,900)

Lucas Industries plc

Great King Street
Birmingham B19 2XF England

Officers: A. K. Gill, chairman & chief executive; R. Brown, finance director; R. A. Dale, managing director-automotive; A. K. Watkins, managing director-aerospace; G. M. Norris, secretary.

Directors: Sir Sam Edwards, John F. C. Hull, Jean-Maxime Leveque, C. G. Southgate, J. White, A. K. Gill, R. Brown, R. A. Dale, J. R. Fryer, W. K. Maciver, B. G. Mason, J. Parnaby, A. K. Watkins, D. Whitaker, E. B. Wooten.

Areas of Work: Manufactures electrical, electronic, hydraulic and mechanical equipment used on internal combustion, diesel and gas turbine engines, road and rail vehicles, ships, aircraft, defense and industrial applications.

Subsidiaries (United Kingdom):

Crosland Filters Ltd.
Leslie Hartridge Ltd.
Lucas Aerospace Ltd.
Lucas Bradley Electronics Ltd.
Lucas Bryce Ltd.
Lucas CAV Ltd.
Lucas CEL Instruments Ltd.
Lucas Dewe Ultrasonics Ltd.
Lucas Electrical Ltd.
Lucas Engine Management Systems Ltd.
Lucas Engineering & Systems Ltd.
Lucas Fluid Power Ltd.
Lucas Girling Ltd.
Lucas Industrial Systems Ltd.
Lucas Kienzle Instruments Ltd. (60% owned)
Lucas NSF Ltd.
Lucas Semiconpa Ltd.
Lucas Service UK Ltd.
Lucas Stability Electronics Ltd.
Lucas Trading Ltd.
Lucas World Service Ltd.
Rists Ltd.

Subsidiaries (U.S.A.):

AUL Instruments Inc.
Duralith Corporation
Hartridge Equipment Corporation
Ledex Inc.
Lucas Fluid Power Inc.
Lucas Industries Inc.
Lucas Aerospace
Lucas CAV
Lucas Electrical
Lucas Girling
Lucas Service
Schaevitz Engineering Inc.
Weinschel Engineering Co. Inc.
Western Gear Corp. Inc.

Stock Exchange(s): London

Number of Employees:

1987	62,572	1984	65,845
1986	64,087	1983	66,983
1985	64,855		

Sales & Earnings

	Net Sales	Net Income†
1987	£1,820,400,000	£ 114,500,000
1986	1,715,600,000	95,200,000
1985	1,588,200,000	57,800,000
1984	1,518,800,000	32,600,000
1983	1,364,000,000	2,100,000

	No. of Com. Shares‡	Earn. per Share‡
1987	124,200,020	66.6p
1986	118,600,000	56.2
1985	N.A.	41.1
1984	N.A.	17.1
1983	N.A.	—

N. A. - Not Available.
£ - pound sterling
p - pence
† Income before taxes, minority interests and extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Aerospace	£ 431,800,000	£ 329,900,000
Automotive	1,212,400,000	1,234,500,000
Industrial	176,200,000	161,200,000
Total	£1,820,400,000	£1,715,600,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	16.0p	—	—
1986	13.0	—	—
1985	10.6	—	—
1984	8.3	—	—
1983	8.3	—	—

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	£ 480,500,000	£ 3.87
1986	501,500,000	4.23

† After allowing for preferred stock at stated values.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account (000's)

Year ended July 31	1987	1986
Net sales	£ 1,670,600	£ 1,619,200
Cost of sales	644,100	607,700
Wages & salaries exp.	582,800	575,900
Depreciation	49,000	45,800
Other oper. expenses	261,500	272,100
Minority interest	(5,800)	(3,000)
Interest expense	28,100	25,100
Interest income	(5,300)	(5,500)
Other income	(15,400)	(9,400)
Reorganization costs	17,500	15,300
Income before taxes	£ 114,500	£ 95,200
Income taxes	26,900	23,000
Minority interests	4,900	5,600
Net Income	£ 82,700	£ 66,600
Extraord. loss	(44,500)	(46,300)
Net Income & extraord. loss	£ 38,200	£ 20,300

Assets (000's)

As of July 31	1987	1986
Cash	£ 72,100	£ 77,500
Accts. receiv., net	330,300	293,100
Accts. receiv.-rel. cos.	5,500	2,900
Other receivables	41,300	21,800
Receivables - more than one yr.	6,300	8,300
*Inventories	332,400	314,300
Prepaid expenses	25,000	14,400
Current Assets	£ 812,900	£ 732,300
Investments	30,700	33,600
#Fixed assets	500,400	449,300
Total Assets	£ 1,344,000	£ 1,215,200

Liabilities (000's)

Bank loans & overdrafts	£ 70,000	£ 69,700
Other loans	15,200	—
Accts. payable	212,900	176,200
Fin. lease oblig.	18,900	12,100
Bills of exch.	19,200	17,600
Accrued payroll	49,900	45,300
Amts. owed to rel. unc.	—	900
Accruals & def. inc.	81,600	68,000
Income taxes	20,700	18,100
Proposed dividend	17,500	13,200
Curr. Liabilities	£ 515,300	£ 421,100
Long-term debt	304,600	149,500
Other liabilities	113,700	104,400
Other payables	400	1,000
Deferred income	10,400	6,000
+First preference stock	200	200
+Redeem. preference stock	—	3,000
+Common stock	130,800	122,500
Add. paid-in capital	131,800	100,300
Revaluation reserves	57,400	65,500
Retained earnings	152,200	201,300
Related companies' reserves	8,300	11,900
Minority interests	18,900	28,500
Total Liabilities & Shareholders' Equity	£ 1,344,000	£ 1,215,200

* At lower of cost and net realizable value.
\# Less accumulated depreciation.
\+ £ 1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.85	5.88
%Net Income to Sales	4.95	4.11
%Net Income to Equity	17.20	13.20
Sales to Inventories	5.03	5.15
Debt to Equity	0.62	0.43
Working Capital	£ 297,600,000	£ 311,200,000
Current Ratio	1.58	1.74
Shareholders' Equity	£ 480,700,000	£ 504,700,000

Lumonics Inc.

105 Schneider Road
Kanata, Ontario K2K 1Y3 Canada
(613) 592-1460

Officers: Robert J. Atkinson, chairman; J. Hugh MacDiarmid, president & chief exec. officer; James K. Wright, vice chairman & chairman-Lumonics Ltd.; Philip R. Schmidt, v.p. & president-Laser Marking Corp.; Douglas J. James, president-Lumonics Laser Products & exec. v.p.-Technology Lumonics Inc.; Richard E. Hall, v.p., secretary & treasurer; Colin R. Avery, v.p.-finance & administration.

Directors: Robert J. Atkinson, chairman; Allan R. Buchanan, Douglas C. Cameron, Allan V. Castledine, Charles J. Gardner, Douglas J. James, R. Timothy Kenny, Philip R. Schmidt, James K. Wright, Gordon A. Maschel, J. Hugh MacDiarmid.

Areas of Work: Designs, manufactures and markets a variety of lasers and laser systems for marking, materials, processing, scientific and medical applications.

Divisions and Subsidiaries:

Lumonics Software Ltd. (70%-owned)
105 Schneider Road
Kanata, Ontario K2K 1Y3 Canada
(613) 592-1460

Lumonics Marking Corp.
3269 Vista Mercado
Camarillo, California 93010
(805) 987-2211

Lumonics Ltd.
Cosford Lane, Swift Valley
Rugby, Warwickshire CV21 1QN England

Lumonics Pacific K.K.
8/F Yamachu Building
4-2-1 Nakano, Nakano-Ku
Tokyo 164, Japan

Lumonics Material Processing Corp.
12163 Globe Road
Livonia, Michigan 48150
(313) 591-0101

6690 Shady Oak Road
Eden Prairie, Minnesota 55344
(612) 941-9530

Photon Sources GmbH
Plankenhof Strasse 33
8000 Muenchen 81, West Germany

JK Lasers Deutschland GmbH
Bodenseestrasse 235
Post Fach 66 22 48
8000 Muenchen 66, West Germany

Transfer Agent(s):

The Canada Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: LUM

Number of Employees:

1987	624	1985	614
1986	540	1984	378

Plant Footage:

1987 ..... 275,030 sq. ft.

Sales & Earnings * x

	Net Sales	Net Income†
1987	$ 72,692,000	$ (1,697,000)
1986	65,234,000	(4,499,000)
1985	52,975,000	2,585,000
1984	38,430,000	5,673,000
1983	22,778,000	5,215,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	9,979,000	$ —
1986	9,991,000	—
1985	8,811,000	0.29
1984	8,140,000	0.70
1983	7,826,000	0.41

(Loss)
* Canadian dollars.
x Restated to reflect adjustment of retained earnings due to court case alleging patent infringement.
† Including extraordinary losses of $2,413,000 ($0.25 per share) in 1986 and $3,140,000 ($0.36 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Marking	$ 22,914,000	$ 16,973,000
Materials processing	35,053,000	32,521,000
Scientific	13,963,000	12,905,000
Other	762,000	2,835,000
Total	$ 72,692,000	$ 65,234,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	$ 70,349,000	$ 7.07
1986	71,070,000	7.19
1985	75,050,000	8.52
1984	44,780,000	5.50
1983	35,377,000	4.52

x Restated.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 72,692	$ 65,234
Cost of sales	65,741	58,216
Research & develop.	7,841	7,569
Interest expense	558	142
Unusual items	—	2,359
Loss bef. taxes	$ (1,448)	$ (3,052)
Income taxes (credit)	249	(966)
Net Loss	$ (1,697)	$ (2,086)
Extraord. loss	—	(2,413)
Net Loss & extraord loss	$ (1,697)	$ (4,499)

* Included in Costs and Expenses, Depreciation and Amortization: $2,594,000 in 1987 and $2,854,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash & short-term invest.	$ 14,251	$ 12,956
Accts. receiv., net	26,278	19,560
Refundable taxes	626	1,605
*Inventories	25,585	20,608
Prepaid expenses	1,485	1,045
Current Assets	$ 68,225	$ 55,774
#Fixed assets	17,820	19,081
Def. develop. costs	725	704
Intangibles	22,894	23,568
Total Assets	$ 109,664	$ 99,127

Liabilities
(000's)

Bank indebtedness	$ 15,986	$ 6,450
Long-term debt, curr.	103	400
Accts.payable & accruals	14,960	11,614
Curr. Liabilities	$ 31,049	$ 18,464
Long-term debt	7,193	8,488
Deferred inc. taxes	873	905
+Common stock	57,896	57,469
Retained earnings	11,483	13,180
Per. curr. trans. adj.	1,170	421
Total Liabilities & Shareholders' Equity	$ 109,664	$ 99,127

‡ Restated.
* At lower of cost and net realizable value.
\# Less accumulated depreciation.
\+ No par value.

Statistical Summary

%Sales to Inventories	2.84	3.17
Debt to Equity	0.33	0.33
Working Capital	$ 37,176,000	$ 37,310,000
Current Ratio	2.20	3.02
Shareholders' Equity	$ 70,349,000	$ 71,070,000

M/A-COM, Inc.

7 New England Executive Park
Burlington, Massachusetts 01803
(617) 272-9600

Officers: Thomas F. Burke, president & chief exec. officer; James F. Bunker, exec. v.p. & chief strategic officer; Richard W. Hale, exec. v.p.-Components Group; Joseph C. Bothwell, Jr., sr. v.p.-corp. communications; Hugh E. Bradshaw, sr. v.p., secretary & corp. counsel; Frank A. Brand, sr. v.p. & chief technical officer; Paul F. Brannen, sr. v.p. & comptroller; M. Joel Koskoff, exec. v.p. & chief financial officer; Harold C. Wells, exec. v.p.-Systems Group; Denis N. Maiorani, v.p. & treasurer; Stephen P. Zezima, v.p. & dir.-taxation; George W. McPhee, asst. treasurer; Ralph V. G. Bakkeman, asst. secretary & associate corp. counsel; Richard B. Hart, asst. secretary & associate corp. counsel.

Directors: Frank A. Brand, Thomas F. Burke, Venancio G. Chipas, Richard T. DiBona, Nelson S. Gifford, Irving J. Heiman, George N. Hutton, Jr., George Ingram, Sidney S. Kahn, Robert E. LaBlanc, James D. Meindl, E. James Morton, William F. Pounds, John G. Puente, Paul E. Tsongas.

Areas of Work: Manufactures microwave and millimeter wave components and integrated assemblies, utilizing advanced microwave and semiconductor technology, for defense applications in radar, electronic warfare, missile guidance and communications systems. Digital equipment and software are manufactured by the Company for defense applications principally in satellite systems. The Company also manufactures microwave transmission equipment for commercial terrestial communication applications.

Divisions and Subsidiaries:

M/A-COM Semiconductor Division
Silicon and gallium arsenide RF, microwave and millimeter wave diodes, transistors and monolithic integrated circuits.
M/A-COM Semiconductor Operation
M/A-COM Power Hybrid Operation
M/A-COM Advanced Semiconductor Operation

M/A-COM Solid State Circuits Division
Microwave detectors, mixers, control circuits and modules.

M/A-COM Radar Products Division
Microwave and millimeter components: ferrite components, control assemblies and components, waveguide components and magnetron tubes.

M/A-COM General Products Division
Microwave connectors and adaptors, stripline and coaxial passive components, electromechanical switches.
M/A-COM Component Operation
M/A-COM Interconnect Operation
M/A-COM Puerto Rico, Inc.

M/A-COM, Ltd.
Microwave semiconductors, passive components, discrete devices and subsystems for the international market.
Microwave Associates, Ltd.
Omni Spectra, Ltd.

M/A-COM Active Assemblies Division
Amplifiers, oscillators and subsystems for defense applications operating in the 1 GHZ to 20 GHZ range.

M/A-COM Subsystems Division
High power solid state amplifiers and complex, multifunction assemblies and subsystems for defense electronic warfare, missile guidance and radar systems.
M/A-COM Radar Subsystems Operation
M/A-COM Missile Subsystems Operation
M/A-COM EW Subsystems Operation

M/A-COM Government Systems Division
Digital and secure equipment and software for defense communications networks.

M/A-COM MAC Division
Point-to-point analog transmission equipment for the broadcast and private communications market, microwave radios for very small aperture earth stations.

M/A-COM Corporate Technology Center
Development of advanced microwave technology, subassemblies, antenna arrays.

M/A-COM MDM Operation

M/A-COM Corporate Marketing
Worldwide marketing network.

M/A-COM Government Relations
Activities in research and development, public policy and defense technology issues.

Transfer Agent(s):

Bank of Boston
Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Boston, Pacific

Ticker Symbol: MAI

Number of Employees:

1987	6,756	1984	10,541
1986	9,027	1983	9,508
1985	11,790		

Plant Footage:

1987	2,040,000 sq. ft.	1984	3,695,000
1986	2,600,000	1983	2,780,000
1985	3,071,000		

Sales & Earnings

	Net Sales‡	Net Income ±
1987*	$ 436,107,000	$ (35,360,000)
1986	447,722,000	8,800,000
1985	420,197,000	39,375,000
1984	357,964,000	38,200,000
1983	302,408,000	29,664,000

	No. of Com. Shares	Earn. per Share ± +
1987*	31,428,000	$ —
1986	42,696,000	0.20
1985	43,534,000	0.92
1984	43,297,000	0.90
1983	43,102,000	0.72

(Loss)
* 53 weeks
‡ Of Continuing operations only.
± Including extraordinary loss of $4,100,000 ($0.09 per share) in 1986.
+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.24	—	—
1986	0.24	—	—
1985	0.235	—	—
1984	0.215	—	—
1983	0.19	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 268,702,000	$ 8.55
1986	453,853,000	10.63
1985	465,045,000	10.68
1984	426,289,000	9.85
1983	391,647,000	9.09

Income Account * (000's)

Year ended	10/3/87 (53 weeks)	9/27/86
Net sales	$ 436,107	$ 447,722
Cost of sales	328,999	305,636
Expenses	158,243	156,675
Interest income	(9,198)	(6,322)
Interest expense	7,063	5,346
Loss bef. taxes	$ (48,900)	$ (11,613)
Tax credit	(19,600)	(4,877)
Loss - cont. operations	$ (29,300)	$ (6,736)
Inc. (loss) - discont. operations	(6,060)	19,636
Net Income (Loss)	$ (35,360)	$ 12,900
Extraord. inc.	—	(4,100)
Net Income (Loss) & extraord. loss	$ (35,360)	$ 8,800

* Included in Costs and Expenses, Depreciation and Amortization: $28,162,000 in 1987 and $28,838,000 in 1986.

Assets (000's)

As of	10/3/87	9/27/86
Cash & market. secur.	$ 87,644	$ 290,759
Receiv. from sale of bus.	110,000	—
Accts. receiv., net	83,752	116,943
Unbilled costs under cost. cont.	36,288	78,114
*Inventories	77,887	108,586
Other curr. assets	7,797	8,054
Assets of discont. oper.	—	59,225
Current Assets	$ 403,368	$ 661,681
#Fixed assets	150,164	212,180
Other assets & notes receiv.	28,213	20,723
Total Assets	$ 581,745	$ 894,584

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 13,055	$ 61,669
Accts. payable	20,207	30,090
Accruals	82,540	84,754
Accrued payroll	29,830	30,364
Income taxes	10,506	53,834
Curr. Liabilities	$ 156,138	$ 260,711
Long-term debt	109,837	134,073
Deferred inc. taxes	—	17,000
Other long-term liabilities	47,068	28,947
+ Common stock	44,006	43,810
Add. paid-in capital	236,022	234,684
Retained earnings	179,750	223,037
Deferred comp.	(18,521)	(30,196)
Treasury stock	(172,555)	(17,482)
Total Liabilities & Shareholders' Equity	$ 581,745	$ 894,584

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 per value.

Statistical Summary

%Net Income to Equity	—	1.94
Sales to Inventories	5.60	4.12
Debt to Equity	0.46	0.43
Working Capital	$ 247,230,000	$ 400,970,000
Current Ratio	2.58	2.54
Shareholders' Equity	$ 268,702,000	$ 453,853,000

Magna International, Inc.

36 Apple Creek Boulevard
Markham, Ontario L3R 4Y4 Canada
(416) 477-7766

Officers: Frank Stronach, chairman of the board & chief exec. officer; Manfred Gingl, president & chief operating officer; Robert M. Jones, v.p. sales; Harry Bytzek, group operating executive; Richard G. Hrga, group operating executive; Werner Ertel, group operating executive; Ueli Spring, group operating executive; Michael R. Hottinger, group operating executive; Neil De Koker, group operating executive; Fred Jaeckni, group operating executive; David A. Copeland, treasurer; James R. McAlpine, exec. v.p. & chief financial officer; J. Brian Colburn, v.p. secretary & general counsel; Paul G. Robinson, controller; Gary N. Bunninger, v.p.; Alfred Hessler, v.p.-engineering; Lloyd P. Jones, III, v.p. marketing; Frank Kouck, v.p.-mfg. & quality assurance; Donald Parker, v.p.-business systems; Stephen C. Akerfeldt, v.p.-finance; James Nicol, v.p.-special projects.

Directors: Manfred Gingl, James P. McCallum, Frank Stronach, D. Robin Sloan, William B. Boggs, William J. Corcoran, George C. Hitchman, Donald Resnick, William G. Davis, Michael R. Hottinger, R. John Lawrence, James R. McAlpine, Heather Reisman, Lionel H. Schipper.

Areas of Work: Manufacturer of metal products, decorative products, mechanical devices, electronic and sheet metal components, and parts for the North American automotive industry.

Divisions:

ATOMA International
Products a large variety of electro-mechanical devices, electronic components, instrument clusters and intricate mechanical assemblies for the automotive industry.

DECOMA International
Develops and produces a variety of metal trim and plastic components including bumper covers, fascias, body panels and decorative trim products.

COSMA International
Manufacturer of exterior body sheet metal components and brake component systems.

TESMA International
Manufacturers engine, transmission, and cooling components and systems and aluminium die cast and machined components.

Transfer Agent(s):

The Canada Trust Company
Toronto, Canada

Bank of Nova Scotia Trust Company of New York
New York, New York

Stock Exchange(s): Toronto; Over-the-Counter

Ticker Symbol: MG.A & MG.B (Toronto); MAGAF (NASDAQ)

Number of Employees:

1987	12,000	1984	5,000
1986	10,300	1983	4,000
1985	7,500		

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,152,463,000	$ 40,345,000
1986	1,027,776,000	47,259,000
1985	690,400,000	38,165,000
1984	493,559,000	29,489,000
1983	302,451,000	14,253,000

	No. of Com. Shares #	Earn per Share†
1987	27,886,919	$ 1.52
1986	25,371,747	1.93
1985	23,956,849	1.77
1984	17,024,911	1.81
1983	14,604,911	1.07

Class A Common and Class B shares combined adjusted to reflect stock dividend.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.48	—	—
1986	0.48	—	—
1985	0.46	—	—
1984	0.26	—	—
1983	0.10	100%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 448,905,000	$ 16.10
1986	345,910,000	13.63
1985	289,403,500 +	12.08
1984	140,060,000 +	8.23
1983	80,075,000 +	5.48

+ After allowing for preferred stock at stated value.
† Adjustad to reflect stock dividend.

Income Account
(000's)

Year ended July 31	1987	1986‡
Net sales	$ 1,152,463	$ 1,027,776
Cost of sales	875,749	786,205
Depreciation & amortization	55,012	36,375
Expenses	123,366	100,822
Interest expense	28,196	14,985
Income before taxes	$ 70,140	$ 89,389
Income taxes	27,524	38,992
Minority interest	2,271	3,138
Net Income	$ 40,345	$ 47,259

Assets
(000's)

As of July 31	1987	1986
Accts. receiv., net	$ 182,930	154,650
* Inventories	165,773	133,669
Prepaid expenses	6,787	4,669
Current Assets	$ 355,510	$ 292,988
# Fixed Assets	881,239	590,294
Investments	33,207	17,969
Other assets	13,026	7,040
Total Assets	$ 1,282,982	$ 908,291

Liabilities
(000's)

Long-term debt, curr.	$ 11,173	$ 12,966
Bank indebtedness	111,550	53,900
Accts. payable and accruals	173,899	135,620
Income taxes payable	889	2,171
Curr. Liabilities	$ 297,511	$ 224,657
Long-term debt	370,059	279,180
Convert. subord. bonds	99,577	—
Minority interest	15,900	14,683
Deferred inc. taxes	51,030	43,061
+ Class A common stock	289,976	215,786
+ Class B common stock	1,390	1,390
Curr. trans. adjust.	2,370	—
Retained earnings	154,969	128,534
Total Liabilities & Shareholders' Equity	$ 1,282,982	$ 908,291

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. taxes to Sales	6.09	8.70
% Net Income to sales	3.50	4.60
% Net Income to Equity	8.99	13.66
Sales to Inventories	6.95	7.69
Debt to Equity	1.10	1.00
Working Capital	$ 57,999,000	$ 68,331,000
Current Ratio	1.19	1.30
Shareholders' Equity	$ 448,905,000	$ 345,910,000

Mangood Corporation

155 Wicks Street
Grayslake, Illinois 60030
(312) 223-4801

Officers: Regis A. Vey, president; John L. Westermann, III, v.p.-finance, treasurer & secretary; Charles E. Heckman, v.p. & controller.

Directors: Marvin B. Levine, John L. Westermann, III, Regis A. Vey, Stanley Tulchin, Norman Tulchin, Irwin Nelson, Carroll Ladt, Anders Brag, Douglas L. Jackson, Marvin Schiller, Phillip W. Trueman.

Areas of Work: Produces electronic weighing systems for commerce and industry, in motion weighers, electronic process control and measurement systems, strain gauge load cells and related transducers, traffic counters and detectors, warning lights, emergency vehicle lights, and industrial and scientific counting systems.

Divisions and Subsidiaries:

Streeter Richardson Division
680 Van Houten Avenue
Clifton, New Jersey 07015

Streeter Richardson Division
155 Wicks Street
Grayslake, Illinois 60030

Howe Richardson, Inc.
217 Brunswick Boulevard
Pointe Claire, Quebec H9R 4R7 Canada

Chronos Richardson GmbH
Frandfurter Strasse 89-95
D-5205 Hennef 1, West Germany

Chronos Richardson SA
2/4 Avenue de la Cerisaie
Platane 306
F 94266 Fresnes Cedex, France

Chronos Richardson SA
Viale delle Industrie 11/3
1-20020 Arese, Milano, Italy

Chronos Richardson Ltd.
Arnside Road, Bestwood
Nottingham NG5 5HD England

Mangood Corporation

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: MAB

Number of Employees:

1986 ..... 1,060 1985 1,120

Plant Footage:

1986 ..... 635,000 sq. ft. 1985 660,000

Sales & Earnings

	Net Sales	Net Income +
1986	$ 70,132,000	$ (3,143,000)
1985	60,618,000	(4,801,000)
1984	64,048,000	(1,397,000)
1983	17,417,000	730,000
1982	18,427,000	311,000

	No. of Com. Shares‡	Earn. per Share‡ +
1986	1,028,000	$ —
1985	628,748	—
1984	628,748	—
1983	628,748	0.84
1982	628,000	0.81

(Loss)
+ Including extraordinary gain of $3,092,000 in 1986
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ (3,286,000)	$ —
1985	(1,297,000)	—
1984	2,872,000	4.57
1983	4,771,000	7.59
1982	4,329,000	6.89

(Deficiency)
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 70,132,000	$ 60,618,000
Cost of sales	53,688,000	42,936,000
Expenses	20,195,000	19,486,000
Interest expense	2,500,000	2,743,000
Loss before taxes	$ (6,251,000)	$ (4,547,000)
Income taxes (credit)	(16,000)	254,000
Net Loss	$ (6,235,000)	$ (4,801,000)
Extraord. gain	3,092,000	—
Net Loss & extraord. gain	$ (3,143,000)	$ (4,801,000)

* Included in Costs and Expenses, Depreciation and Amortization: $650,000 in 1986 and $629,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 887,000	$ 1,791,000
Receiv., net	18,200,000	14,371,000
* Inventories	18,549,000	17,636,000
Prepaid expenses	1,867,000	965,000
Current Assets	$ 39,503,000	$ 34,763,000
# Fixed assets	5,831,000	4,787,000
Other assets	1,289,000	1,482,000
Total Assets	$ 46,623,000	$ 41,032,000

Liabilities

Long-term debt, curr.	$ —	$ 18,967,000
Accts. payable	8,417,000	7,347,000
Accruals	9,060,000	8,192,000
Income taxes	372,000	84,000
Notes payable	969,000	317,000
Curr. Liabilities	$ 18,818,000	$ 34,907,000
Long-term debt	23,899,000	4,298,000
Other liabilities	4,692,000	3,124,000
Redeem. preferred stock	2,500,000	—
+ Common stock	19,000	7,000
Add. paid-in capital	3,921,000	2,783,000
Retained earnings (deficit)	(6,310,000)	(3,167,000)
Cum. trans. adj.	(285,000)	(289,000)
Treasury stock	(631,000)	(631,000)
Total Liabilities & Shareholders' Equity	$ 46,623,000	$ 41,032,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	3.78	3.44
Working Capital	$ 20,685,000	—
Current Ratio	2.10	—
Shareholders' Equity (Deficiency)	$ (3,286,000)	$ (1,297,000)

Mark Controls Corporation

5202 Old Orchard Road
Skokie, Illinois 60077
(312) 470-8585

Officers: Gary E. MacDougal, chairman of the board; William E. Bendix, president & chief executive officer; J. Emmett Hammond, sr. v.p.-finance & secretary; Eugene J. Tully, sr. v.p.; R. Mark Mallory, v.p. & controller; Michael N. Powell, v.p.; Donald C. Bennett, Jr., asst. treasurer & asst. secretary; George J. Uhrich, asst. secretary.

Directors: Gary E. MacDougal, chairman; Merle H. Banta, William E. Bendix, Frederic V. Malek, Thomas C. Mattick, James M. Reed.

Areas of Work: The Company manufactures, sells and services industrial and commercial equipment. Products of the current business units are primarily used in flow control applications, and include pneumatic and electronic controllers, regulators, temperature controllers, mixing valves, valves controlled by pneumatic and electric actuators and associated instruments, as well as manually controlled valves and iron castings.

Divisions and Subsidiaries:

Center Line
1007 East Admiral Boulevard
Tulsa, Oklahoma 74120
(918) 587-9401
Standard butterfly and wafer check valves.

FlowSeal
3201 Walnut Avenue
Long Beach, California 90807
(213) 426-2531
High-performance butterfly valves.

Powers Process Controls
3400 Oakton Street
Skokie, Illinois 60076
(312) 673-6700
Temperature and pressure controls.

Pacific Valves
3201 Walnut Avenue
Long Beach, California 90807
(213) 426-2531
Gate, globe and check valves.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MRCC (NASDAQ)

Number of Employees:

1987 ..... 492 1984 762
1986 ..... 629 1983 787
1985 771

Plant Footage:

1987 ..... 369,000 sq. ft.

Sales & Earnings x

	Net Sales	Net Income #
1987	$ 58,473,000	$ 2,371,000
1986	66,485,000	(7,659,000)
1985	75,509,000	2,098,000
1984	68,236,000	(8,757,000)
1983	65,279,000	(8,013,000)

	No. of Com. Shares‡†	Earn. per Share‡†#
1987	4,906,000	$ 0.48
1986	4,906,000	—
1985	4,906,000	0.43
1984	4,906,000	—
1983	4,906,000	—

(Loss)
x Restated to reflect a merging with Landis & Gyr, Powers Inc., and a restructuring of the new company.
Including extraordinary gains of $1,000,000 ($0.20 per share) in 1987 and $1,000,000 ($0.21 per share) in 1985.
† Pro forma.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 21,067,000	$ 4.39
1986*	38,618,000	—
1985*	41,053,000	—
1984*	48,219,000	—
1983*	27,667,000	—

* Net investment of company before restructuring.

Income Account *
(000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 58,473	$ 66,485
Cost of sales	41,102	47,969
Expenses	14,837	20,187
Interest expense	212	—
Eq. in earn. of affil.	(49)	(12)
Prov. for restruc.	—	6,000
Income (loss) before taxes	$ 2,371	$ (7,659)
Income taxes	1,000	—
Net Income (Loss)	$ 1,371	$ (7,659)
Extraord. gain	1,000	—
Net income (Loss) & extraord. gain	$ 2,371	$ (7,659)

* Included in Costs and Expenses, Depreciation: $1,873,000 in 1987 and $2,378,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash	$ 2,163	$ —
Accts. receiv., net	9,436	9,587
*Inventories	15,228	15,965
Tax refund receiv.	—	3,700
Assets held for sale	14,081	—
Other curr. assets	1,631	1,376
Current Assets	$ 42,539	$ 30,628
Assets held for sale	—	10,661
Investment in affil.	—	4,092
#Fixed assets	7,157	7,583
Total Assets	$ 49,696	$ 52,964

Liabilities
(000's)

Notes payable	$ 7,000	$ —
Accts. payable	4,337	4,632
Accruals	14,147	7,955
Curr. Liabilities	$ 25,484	$ 12,587
Deferred gain & other liab.	3,145	2,114
+ Common stock	48	—
Add. paid-in capital	20,508	—
Retained earnings	820	—
For. exch. adjust.	(309)	(355)
Intra-co. accts. of former co.	—	38,618
Total Liabilities & Shareholders' Equity	$ 49,696	$ 52,964

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.05	—
%Net Income to Sales	2.34	—
%Net Income to Equity	6.51	—
Sales to Inventories	3.84	4.16
Debt to Equity	0.33	—
Working Capital	$ 17,055,000	$ 18,041,000
Current Ratio	1.67	2.43
Shareholders' Equity	$ 21,067,000	$ 38,263,000

Mark IV Industries, Inc.

One Towne Centre, 501 John James Audubon Parkway
P.O. Box 450
West Amherst, New York 14228
(716) 689-4972

Officers: Sal H. Alfiero, chairman; Clement R. Arrison, president; William P. Montague, exec. v.p. & chief financial officer; E. Maclin Roby, exec. v.p.; Gerald S. Lippes, secretary; Frederic L. Cook, sr. v.p.-administration; John J. Byrne, v.p.-finance & chief accounting officer; Ronald A. Riggs, v.p.

Directors: Sal H. Alfiero, chairman; Clement R. Arrison, Joseph G. Donohoo, Gerald S. Lippes.

Areas of Work: The Company's operations involved three industry segments: technical products; professional audio systems; and aerospace and defense.

Technical products include a wide variety of microprocessor and computer-based instruments and electronic components, equipment, and systems used for measuring, monitoring, information display and communication. Professional audio systems include sound equipment and components such as loudspeakers, speaker systems, and microphones for commercial and professional use. Aerospace and defense products include electronics and fluids control systems which are specially designed and engineered to operate with a high degree of reliability in outer space and other harsh environments.

Divisions and Subsidiaries:

TECHNICAL PRODUCTS

Automatic Signal
55 Green Street
Clinton, Massachusetts 01510
(617) 835-1000
Traffic signals and controls.

Clarke Container Co.
45 Norwood Avenue
Jamestown, New York 14701
(716) 487-1959
Child-resistant prescription enclosures.

Glar-Ban
199 Wales Avenue
Tonawanda, New York 14150
(716) 694-5076
Non-infrared instrument lighting.

Goodrich
3560 Chicago Drive
Hudsonville, Michigan 49426
(616) 669-1000
Resistance welding transformers.

Graphic Instruments
Gulton Industrial Park
East Greenwich, Rhode Island 02818
Low frequency recorders.

Industrial Systems
55 Green Street
Clinton, Massachusetts 01510
(617) 835-1000
Extrusion process control systems.

Instruments Division of LFE
11655 Chillicothe Road
Chesterland, Ohio 44026
(216) 729-1681
Specialized microprocessor controllers.

Interstate Highway Sign
6005 Scott Hamilton Drive
Little Rock, Arkansas 72219
(501) 565-8484
Large-scale reflective highway signs.

Plasma Systems
55 Green Street
Clinton, Massachusetts 01510
(617) 835-1000
Plasma ashing and cleaning systems.

Lustreprint
622 Northumberland Avenue
Buffalo, New York 14215
(716) 835-2711
Flexible plastic packaging.

NRD
2937 Alt Boulevard
Grand Island, New York 14072
(716) 773-7634
Ionication elements and self-illuminating light sources.

Protective Closures (Caplugs)
2150 Elmwood Avenue
Buffalo, New York 14207
(716) 876-9855
Plastic closures.

Mokon
2150 Elmwood Avenue
Buffalo, New York 14207
(716) 876-9855
Oil and water temperature controls.

Rixson-Firemark
9100 West Belmont Avenue
Franklin Park, Illinois 60131
(312) 671-5670
Door control equipment.

West Instruments
Gulton Limited
The Hyde, Brighton
Sussex BN2 4JU England
01144273606271
Multiple-point temperature controllers.

PROFESSIONAL AUDIO AND INFORMATION PRODUCTS

Alston
1600 South Mountain Avenue
Duarte, California 91010
(818) 357-2121
Telephone answering bureau equipment.

Altec Lansing
10500 West Reno
Oklahoma City, Oklahoma 73128
(405) 324-5311
Fixed-installation professional sound systems, broadcast dynamic microphones, and high performance loudspeakers.

Display Products-Asia
Conrac Singapore Pte. Ltd.
BLK 3015A, UBI Road 1-04-13
Kampong UBI, Industrial Estate Singapore 1440
011-6574?0177
High performance video displays.

Display Products-Europe
Conrac Elektron GmbH
Industriestrasse 18
D-6992 Weikersheim, Federal Republic of Germany
011-4979341010
High performance video displays.

Display Products-U.S.
1724 South Mountain Avenue
Duarte, California 91010
(818) 303-0095
High performance video displays.

Electro-Voice
600 Cecil Street
Buchanan, Michigan 49107
(616) 695-6831
Fixed-installation professional sound systems, broadcast dynamic microphones and high performance loudspeakers.

Electro-Voice, S.A.
Kaltenstrasse 5
CH-2563 Ipsach, Switzerland
011-4132516833

Fenco
2000 Bethel Drive
High Point, North Carolina 27261
(919) 887-2611
Control carrier radio communications.

Luminator
1200 East Plano Parkway
Plano, Texas 75074
(214) 424-6511
Mobile programmable information displays.

Systems Components
1700 South Mountain Avenue
Duarte, California 91010
(818) 359-9141
Ruggedized video monitors.

AEROSPACE AND DEFENSE PRODUCTS

Mark IV Industries, Inc.

FCD
100 Skiff Street
Hamden, Connecticut 06514
(203) 281-8000
Environmental control systems.

Gulton Data Systems
6600 Gulton Ct. NE
Albuquerque, New Mexico 87109
(505) 345-9031
Satellite telemetry and command equipment.

Servonic
1644 Whittier Avenue
Costa Mesa, California 92627
(714) 642-2400
Military and aerospace pressure transducers.

Acquisition:

Eagle Signal Controls
8004 Cameron Road
Austin, Texas 78753
(512) 837-8300
Specialized control systems for industrial markets.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: IV

Number of Employees:

1988 ..... N.A. 1987 4,000

Plant Footage:

1988 ..... N.A. 1987 .. 2,019,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 402,992,000	$ 17,041,000
1987	291,529,000	10,210,000
1986	82,958,000	4,738,000
1985	38,649,000	2,785,000
1984	34,829,000	1,958,000

	No. of Com. Shares†	Earn. per Share‡
1988	10,811,364	$ 1.71
1987	8,510,615	1.20
1986	8,309,942	0.68
1985	N.A.	0.45
1984	N.A.	0.30

N.A. - Not Available.
† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1988	1987
Scientific, technical & industrial prods.	$ 171,641	$ 123,144
Professional audio syst.	175,316	100,787
Aerospace & defense	56,035	67,598
Total	$ 402,992	$ 291,529

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	3-for-2 & 3-for-2
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 92,546,000	$ 8.56
1987	40,369,000	4.74
1986	28,988,000	3.41
1985	10,496,000	—
1984	7,709,000	—

‡ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Feb. 28	1988	1987
Net sales	$ 402,992	$ 291,529
Cost of sales	251,436	190,005
Expenses	87,819	61,683
Depreciation & amortization	11,082	6,885
Interest expense	26,930	14,346
Gain on sale	(2,025)	—
Income before taxes	$ 27,750	$ 18,610
Income taxes	10,709	8,400
Net Income	$ 17,041	$ 10,210

Assets
(000's)

As of Feb. 28	1988	1987
Cash	$ 8,901	$ 6,513
Marketable securities	183,796	79,086
Accts. receiv., net	73,085	47,746
*Inventories	118,367	64,855
Other curr. assets	3,638	4,903
Current Assets	$ 387,787	$ 203,103
Investments	6,581	4,765
Notes receivable	34,290	12,219
#Fixed assets	113,774	73,139
Intangibles	69,654	18,877
Total Assets	$ 612,086	$ 312,103

Liabilities
(000's)

Notes payable	$ 9,575	$ 13,809
Long-term debt, curr.	4,127	725
Accts. payable	19,174	13,933
Accruals	15,861	11,623
Accrued interest	7,736	5,900
Accrued compensation	15,401	9,641
Income taxes	5,322	1,359
Curr. Liabilities	$ 77,196	$ 56,990
Long-term debt	434,756	208,635
Deferred inc. taxes	7,588	6,130
+Common stock	110	87
Add. paid-in capital	48,940	15,098
Retained earnings	41,126	24,085
For. curr. trans adjust.	2,437	1,166
Treasury stock	(67)	(67)
Total Liabilities & Shareholders' Equity	$ 612,086	$ 312,103

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	6.89	6.38
%Net Income to Sales	4.23	3.50
%Net Income to Equity	18.41	25.29
Sales to Inventories	3.40	4.50
Debt to Equity	4.85	5.53
Working Capital	$ 310,591,000	$ 146,113,000
Current Ratio	5.02	3.56
Shareholders' Equity	$ 92,546,000	$ 40,369,000

Marlton Technologies, Inc.

(formerly TeleSciences, Inc.)

300-G Lincoln Drive East
Marlton, New Jersey 08053
(609) 985-1933

Officers: Fred Cohen, chairman of the board & president; Seymour Hersen, exec. v.p., secretary & treasurer.

Directors: Fred Cohen, chairman; Seymour Hersen, Samuel W. Fleming, III, William F. Hamilton.

Areas of Work: The Company, through its 38% interest in Audio Information Sciences, Inc., is involved in the production of systems that utilize Interactive Voice Reponse technology for the audiotext market.

Subsidiaries:

Audio Information Sciences, Inc.
(38% interest)

URIX Corporation

Telephone Announcement Systems, Inc.

Telesciences Capital Corporation

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: MTY

Sales & Earnings

	Net Sales	Net Income†
1987	$ 6,702,812	$ (4,934,113)
1986	27,282,705	(12,289,412)
1985	45,315,298	1,022,868
1984	64,858,140	3,239,949
1983	52,280,230	(13,522,482)

	No. of Com. Shares	Earn. per Share #†
1987	3,338,263	$ —
1986	3,338,263	—
1985	3,338,138	0.31
1984	3,337,288	0.96
1983	3,330,176	—

(Loss) —
† Including extraordinary gains of $2,187,500 ($0.65 per share) in 1987, $494,000 ($0.15 per share) in 1985 and $1,318,000 ($0.39 per share) in 1984.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 6,041,484	$ 1.81
1986	10,975,597	3.29
1985	23,264,023	6.97
1984	11,748,428	3.52
1983	8,354,185	2.52

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 6,702,812	$ 27,282,705
Cost of sales	4,611,451	25,730,535
Sales of tech. to AT&T	—	(7,500,000)
Expenses	3,563,699	21,781,751
Other income	(373,247)	(440,169)
Eq. in loss of unconsol. subsid.	3,537,068	—
Writedown of invest. in subsid.	2,487,454	—
Net Loss	$ (7,121,613)	$ (12,289,412)
Extraord. gain	2,187,500	—
Net loss & extraord. gain	$ (4,934,113)	$ (12,289,412)

Assets

As of Dec. 31	1987	1986
Cash	$ 412,507	$ 174,702
Commercial paper	700,000	8,800,000
Accts. receiv., net	20,033	1,362,597
*Inventories	—	2,324,236
Prepaid expenses	451,098	344,310
Current Assets	$ 1,583,638	$ 13,005,845
#Fixed assets	17,799	275,990
Other assets	9,025,082	11,745,943
Total Assets	$ 10,626,519	$ 25,027,778

Liabilities

Accts. payable	$ 323,518	$ 1,436,010
Accts. payable-affil.	94,118	—
Accruals	1,667,399	5,961,504
Legal fees payable	2,500,000	1,875,000
Curr. Liabilities	$ 4,585,035	$ 9,272,514
Legal fee	—	3,750,000
Long-term oblig.	—	1,029,667
+Common stock	334,326	334,326
Add. paid-in capital	19,146,520	19,146,520
Retained earnings (deficit)	(13,327,685)	(8,393,572)
Treasury stock	(111,677)	(111,677)
Total Liabilities & Shareholders' Equity	$ 10,626,519	$ 25,027,778

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	—	11.74
Debt to Equity	—	0.09
Working Capital	—	$ 3,733,331
Current Ratio	—	1.40
Shareholders' Equity	$ 6,041,484	$ 10,975,597

Marshall Industries

9674 Telstar Avenue
El Monte, California 91731-3004
(818) 459-5500

Officers: Gordon S. Marshall, chairman of the board, president, chief executive & chief operating officer; George J. Tarnawsky, sr. v.p.; Richard Bentley, v.p.-sales; Peter B. Heric, v.p.-management information systems; Carl R. Sittmann, v.p.-facilities; David O. Zertuche, v.p.-finance, chief financial office and secretary; Henry W. Chin, corp. controller & asst. secretary.

Directors: Gordon S. Marshall, chairman; Ralph W. James, Mason Phelps, Donald Royce, Jr., Raymond G. Rinehart, William G. Bone, Lathrop Hoffman.

Areas of Work: Engaged in the distribution of electronic components, wire termination devices, production supplies, hand tools, and assembly work station equipment to the electronics industry. Also performs assembly and wire stripping operations.

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 2097, Terminal Annex
Los Angeles, California 90054

Stock Exchange(s): New York

Ticker Symbol: MI

Number of Employees:

1987	1,100	1984	1,008
1986	1,083	1983	700
1985	1,112		

Sales & Earnings

	Net Sales	Net Income+
1987	$ 286,623,000	$ 5,145,000
1986	244,777,000	2,857,000
1985	265,276,000	5,718,000
1984	245,591,000	10,467,000
1983	130,364,000	1,518,000

	No. of Com. Shares #	Earn. per Share #+
1987	7,466,000	$ 0.69
1986	7,391,000	0.39
1985	7,346,000	0.78
1984	6,790,000	1.54
1983	5,084,000	0.30

+ Including extraordinary gain of $146,000 ($0.03 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 60,925,000	$ 8.16
1986	54,944,000	7.43
1985	51,568,000	7.02
1984	45,503,000	6.70
1983	12,196,000	2.40

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account*

Year ended May 31	1987	1986
Net sales	$ 286,623,000	$ 244,777,000
Cost of sales	216,465,000	185,855,000
Expenses	55,210,000	51,481,000
Interest expense	3,950,000	2,479,000
Income before taxes	$ 10,998,000	$ 4,962,000
Income taxes	5,853,000	2,105,000
Net Income	$ 5,145,000	$ 2,857,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,720,000 in 1987 and $1,984,000 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 1,613,000	$ 1,047,000
Investments	—	2,935,000
Receiv., net	42,563,000	37,539,000
*Inventories	65,326,000	66,711,000
Prepaid expenses	349,000	188,000
Current Assets	$ 109,553,000	$ 108,420,000
#Fixed assets	27,837,000	25,792,000
Other assets	535,000	671,000
Total Assets	$ 137,925,000	$ 134,883,000

Liabilities

Long-term debt, curr.	$ 1,834,000	$ 727,000
Bankline, curr.	—	3,000,000
Accts. payable	18,929,000	24,293,000
Accruals	4,608,000	5,188,000
Income taxes	2,669,000	924,000
Deferred income taxes	2,571,000	3,305,000
Curr. Liabilities	$ 30,601,000	$ 37,437,000
Long-term debt	46,399,000	42,502,000
+Common stock	7,469,000	7,373,000
Add. paid-in capital	29,164,000	28,424,000
Retained earnings	24,292,000	19,147,000
Total Liabilities & Shareholders' Equity	$ 137,925,000	$ 134,883,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.84	2.03
%Net Income to Sales	1.80	1.17
%Net Income to Equity	8.44	5.20
Sales to Inventories	4.39	3.67
Debt to Equity	0.79	0.79
Working Capital	$ 78,952,000	$ 70,983,000
Current Ratio	3.58	2.90
Shareholders' Equity	$ 60,925,000	$ 54,944,000

Martin Marietta Corporation

6801 Rockledge Drive
Bethesda, Maryland 20817
(301) 897-6000

Officers: Thomas G. Pownall, chairman of the board; Norman R. Augustine, vice chairman & chief exec. officer; Caleb B. Hurtt, president & chief operating officer; Melvin A. McCubbin, v.p. & chief financial officer; Frank H. Menaker, Jr., v.p. & general counsel; Peter B. Tetts, sr. vice president; A. Thomas Young, sr. vice president; David C. Dressler, sr. vice president; Dan A. Peterson, sr. vice president; Bobby F. Leonard, vice president; Richard M. Davis, vice president; Robert G. Morras, vice president; Philip H. Sendel, vice president; Marcus Bennett, vice president; Robert J. Polutchko, vice president; Melvin A. McCubbin, v.p. & chief financial officer; Janice K. Henry, secretary; Robert W. Powell, Jr., v.p. & treasurer.

Directors: John J. Byrne, A. James Clark*, James L. Everett, III, Melvin R. Laird*, Griffin B. Bell*, Thomas G. Pownall*, J. Donald Rauth*, Laurence J. Adams*, Edward L. Hennessy, Jr., John K. McKinley, John W. Vessey, Jr.*, Norman R. Augustine*, John B. Slaughter, Edwin I. Colodny, Caleb B. Hurtt*.

* Member of the Executive Committee

Areas of Work: The Company's Astronautics Group is engaged in the design, development, engineering and production of space launch vehicles, spacecraft, space-and ground-based strategic systems, the Space Shuttle External Tanks, and associated electronics and instrumentation.

The Electronics & Missiles Group is engaged in the design, development, engineering, and production of missiles and missile launching systems; electronic systems for precision guidance and air defense programs; electro-optical target acquisition, designation, and navigation systems; under-

ion systems; ordnance; and aircraft components manufacturing and assembly.

The Information Systems Group is engaged in the design, integration, and servicing of a broad range of information management and engineering systems, combining high-speed communications and information processing for such purposes as command, control, and communications; air traffic control; telecommunications; and integrated communications networks.

The Materials Group consists of aggregates operations principally engaged in producing and selling crushed stone and gravel, primarily for highway and general construction and railroad ballast; and magnesia specialties operations, which produce and sell refractory materials and other magnesia products used in steel production, chemical processing, and various industrial applications.

Martin Marietta Astronautics Group
Martin Marietta Commercial Titan, Inc.
Martin Marietta Space Launch Systems
Martin Marietta Space Systems
Martin Marietta Strategic Systems

Martin Marietta Manned Space Systems
New Orleans, Louisiana

Martin Marietta Electronics & Missiles Group
Orlando, Florida
Martin Marietta Electronic Systems
Martin Marietta Missile Systems

Martin Marietta Aero & Naval Systems
Baltimore, Maryland

Martin Marietta Ordnance Systems, Inc.
Bethesda, Maryland

Martin Marietta Information Systems Group
Bethesda, Maryland

Martin Marietta Data Systems
Greenbelt, Maryland

Martin Marietta Information & Communications Systems
Denver, Colorado

Martin Marietta Materials Group
Bethesda, Maryland

Martin Marietta Aggregates
Raleigh, North Carolina

Martin Marietta Magnesia Specialties
Hunt Valley, Maryland

International Light Metals Corporation
Torrance, California

Martin Marietta Energy Systems, Inc.
Oak Ridge, Tennessee

Martin Marietta Laboratories
Baltimore, Maryland

Transfer Agent(s):

Maryland National Bank
225 North Calvert Street
Baltimore, Maryland 21203

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Pacific, Midwest, Philadelphia, London

Ticker Symbol: ML

Number of Employees:

1987	70,020	1984	61,000
1986	N.A.	1983	42,860
1985	66,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 5,165,124	$ 230,650
1986	4,752,537	202,344
1985	4,410,064	249,392
1984	3,920,400	(191,764)
1983	3,228,861	141,331

	No. of Com. Shares #	Earn. per Share #
1987	54,318,363	$ 4.25
1986	55,147,793	3.67
1985	56,619,040	4.36
1984	52,319,480	—
1983	46,254,220	2.82

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business
($000's)

	1987	1986
Aerospace:		
Space & strategic syst.	2,043,500	1,831,000
Electronics & Tactical syst.	2,021,300	1,886,600
Basic Prods.	380,600	344,100
Info. Systems	910,900	888,600
Corporate	34,000	31,400
Intersegment	(253,200)	(229,200)
Total	$ 5,165,100	$ 4,752,500

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 1.05	—	—
1986	1.00	—	—
1985	0.973	—	3-for-2
1984	0.893	—	—
1983	0.863	—	3-for-2

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 907,732,000	$ 16.71
1986	843,376,000	15.29
1985	707,957,000	12.50
1984	511,113,000 ‡	9.77
1983	730,356,000 ‡	15.79

Based on the average number of shares outstanding adjusted to reflect stock splits.
‡ After allowing for preferred stock at liquidation value.

Income Account*
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 5,165,124	$ 4,752,537
Cost of sales & expenses	4,758,289	4,421,794
Oper. profit	$ 406,835	$ 330,743
Other expense (income)	2,798	(17,882)
Total	$ 404,037	$ 348,625
Interest expense	24,037	21,181
Income bef. taxes	$ 380,000	$ 327,444
Income taxes	149,350	125,100
Net Income	$ 230,650	$ 202,344

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $173,335,000 in 1987 and $152,990,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & marketable securities	$ 153,523	$ 194,995
Accts. & notes receiv., net	395,092	421,468
*Inventories	369,406	363,993
Other curr. assets	52,137	24,786
Current Assets	$ 1,130,160	$ 1,005,376
Investments	206,870	240,217
# Fixed assets	1,135,704	1,099,071
Other assets	321,374	166,081
Total Assets	$ 2,794,116	$ 2,470,745

Liabilities
($000's)

Long-term debt, curr.	$ 70,106	$ 3,003
Accts. payable & accruals	384,456	383,696
Accrued payroll	209,402	216,214
Income taxes	149,578	226,728
Curr. Liabilities	$ 813,542	$ 829,641
Long-term debt	281,861	227,700
Other liabilities	250,242	116,998
Deferred inc. taxes	540,739	453,030
+Common stock	109,404	109,404
Add. paid-in capital	697,009	680,843
Retained earnings	1,357,806	1,184,173
Treasury stock	(1,256,487)	(1,541,046)
Total Liabilities & Shareholders' Equity	$ 2,794,116	$ 2,470,745

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation, depletion and amortization.
+ $1 per value.

Statistical Summary

%Income bef. Taxes to Sales	7.36	6.89
%Net Income to Sales	4.47	4.26
%Net Income to Equity	25.41	23.99
Sales to Inventories	13.98	13.06
Debt to Equity	0.31	0.27
Working Capital	$ 316,618,000	$ 175,735,000
Current Ratio	1.39	1.21
Shareholders' Equity	$ 907,732,000	$ 843,376,000

MATEC Corporation

75 South Street
Hopkinton, Massachusetts 01748
(508) 435-9039

Officers: Ted Valpey, Jr., chairman & chief exec. officer; Neil S. Bernstein, president & chief operating officer; Michael J. Kroll, v. p. & treasurer; John J. McArdle, III, secretary.

Directors: Ted Valpey, Jr., chairman; Neil S. Bernstein, Richard Damon, Eli Fleisher, Robert B. Gill, Lawrence Holsborg, John D. Hunt, Joseph Tiberio, Robert W. Valpey.

Areas of Work: Operates in three industry segments: Steel Cable, Electronics, and Diffusion Coating

Subsidiaries:

Alloy Surfaces Company, Inc.
100 Locke Road
Wilmington, Delaware 19809
(302) 792-8900
Application of corrosion-resistant coatings to gas turbine engines; production of proprietary specialty chemicals sold to gas turbine engine manufacturers; production of pyrophoric materials for military countermeasure application.

Bergen Cable Technologies, Inc.
Gregg Street
Lodi, New Jersey 07644
(201) 487-3521
Manufacturers mechanical cable and cable assemblies.

Crystal Biotech, Inc.
New Englander Industrial Park
Holliston, Massachusetts 01746
(617) 429-5977
Designs and produces ultrasonic doppler systems for measuring blood flow in research and clinical applications.

Fiberoptic Fabrications, Inc.
56 Hudson Street
Northboro, Massachusetts 01532
(617) 393-3753
Produces a wide variety of custom-built fiberoptic components for industrial, medical, military and scientific customers.

Metric Instruments, Inc.
75 South Street
Hopkinton, Massachusetts 01748
(617) 435-9039
Designs and manufactures high-powered pulsed radio frequency (RF) instruments.

MEKontrol, Inc.
56 Hudson Street
Northboro, Massachusetts 01532
(617) 393-2451
Designs and manufactures photoelectric controls.

Valpey-Fisher Corporation
Frequency Control Division
75 South Street
Hopkinton, Massachusetts 01748
(617) 435-6831
Manufactures quartz crystals and crystal oscillators.

Valpey-Fisher Corporation
Ultrasound Division
75 South Street
Hopkinton, Massachusetts 01748
(617) 435-6831
Fabricates a broad range of piezoelectric components for industrial, medical, military and research applications.

Affiliates

Sawyer Research Products, Inc. (34.2% interest)
Produces single crystal cultured quartz used extensively in electronic and optional applications.

Transfer Agent(s):

Bank of Boston
Shareholder Services Division
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: MXC

Number of Employees:

1987	320

Plant Footage:

1987	355,400 sq. ft.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 20,742,000	$ 316,000
1986	19,894,000	479,000
1985	20,044,000	(122,000)
1984	20,268,000	1,395,000
1983	16,499,000	617,000

	No. of Com. Shares‡	Earn. per Share‡
1987	3,333,000	$ 0.09
1986	3,330,000	0.14
1985	3,409,000	—
1984	3,409,000	0.41
1983	3,413,000	0.18

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Steel cable	$ 5,962,000	$ 6,712,000
Electronics	10,214,000	6,829,000
Diffusion coating	4,566,000	6,353,000
Total	$ 20,742,000	$ 19,894,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 13,239,660	$ 3.97
1986	14,128,700	4.24
1985	13,977,099	4.10
1984	14,121,632	4.14
1983	12,768,443	3.74

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 20,742,000	$ 19,894,081
Cost of sales	14,368,322	13,629,123
Expenses	6,073,052	5,100,742
Interest income	(194,078)	(291,184)
Eq. in loss (inc.) of Sawyer Research Prods.	(211,064)	94,966
Other expense (income)	70,065	(207,114)
Income before taxes	$ 615,703	$ 1,567,548
Income taxes	300,000	783,000
Income-cont. oper.	$ 315,703	$ 784,548
Loss-discont. oper.	—	(305,700)
Net Income	$ 315,703	$ 478,847

* Included in Costs and Expenses, Depreciation and Amortization: $1,108,592 in 1987 and $845,110 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,846,182	$ 2,694,568
Accts. receiv., net	3,413,124	4,491,983
*Inventories	3,832,117	3,597,231
Deferred inc. taxes	983,564	616,327
Current Assets	$ 10,074,987	$ 11,400,109
Investment in Sawyer Research Prods.	1,274,957	1,063,893
#Fixed assets	7,581,018	7,892,769
Other assets	1,644,768	1,576,574
Total Assets	$ 20,575,730	$ 21,933,345

Liabilities

Note payable	$ —	145,000
Long-term debt, curr.	290,940	290,940
Accts. payable	1,035,367	844,510
Accruals	1,099,565	1,782,271
Income taxes	318,036	197,607
Curr. Liabilities	$ 2,942,898	$ 3,260,328
Long-term debt	2,868,752	3,155,101
Deferred income	70,250	82,250
Deferred inc. taxes	1,454,170	1,326,966
+Common stock	188,350	187,100
Add. paid-in capital	6,296,243	6,186,593
Retained earnings	9,802,839	9,487,136
Treasury stock	(1,047,772)	(1,734,089)
Total Liabilities & Shareholders' Equity	$ 20,575,730	$ 21,933,345

* At Lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.97	—
%Net Income to Sales	1.52	—
%Net Income to Equity	2.38	3.39
Sales to Inventories	5.41	5.53
Debt to Equity	0.24	0.25
Working Capital	$ 7,132,089	$ 8,139,781
Current Ratio	3.42	3.50
Shareholders' Equity	$ 13,239,660	$ 14,128,700

Materials Research Corporation

Route 303
Orangeburg, New York 10962
(914) 359-4200

Officers: Sheldon Weinig, chairman, president & chief executive officer; Garrett E. Pierce, exec. v.p., treasurer & chief financial officer; Nancy M. Jakobs, v.p.; Melvin H. Lipton, v.p.; Daniel F. Yorke, v.p.; Frank Shemanman, v.p.; Thomas S. Catalano, v.p. & controller; Herbert Stoller, secretary.

Directors: Sheldon Weinig, Herbert Stoller, Joseph C. Abeles, Luther H. Hodges, Jr., Edward E. David, Jr., Robert E. Davis, Garrett E. Pierce.

Areas of Work: Supplies high purity metals, ceramics, sputtering and etching equipment to the electronics and telecommunications industries.

Divisions:

Advanced Materials Division
Refines and fabricates high purity metals and alloys into the forms required for industrial thin-film application.

Hybrid Products Division
Manufactures highest purity ceramic substrates for such hybrid circuit applications as microwaves and telecommunications.

Process Equipment Division
Designs, develops and manufactures thin film deposition and etching equipment (sputtering equipment).

Subsidiaries:

Materials Research, Ltd.
Penn, United Kingdom

Materials Research GmbH
Munich, West Germany

Materials Research, S.A.
Toulouse, France

Materials Research Srl
Milan, Italy

Materials Research B.V.
The Netherlands

Materials Research Corporation

Nihon MRC Company, Ltd. (73%-owned)
Tokyo, Japan

Transfer Agent(s):

Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10081

Stock Exchange(s): American

Ticker Symbol: MTL

Number of Employees:

1987	680	1984	989
1986	N.A.	1983	787
1985	1,014		

Plant Footage:

1987	415,800 sq. ft.	1984	298,300
1986	N.A.	1983	298,300
1985	417,800		

N.A. – Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 97,977,000	$ (1,964,000)
1986	89,093,000	(10,117,000)
1985*	104,321,000	2,560,000
1984	96,559,000	3,781,000
1983	62,031,000	(3,284,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	$ 4,142,000	$ —
1986	4,110,000	—
1985*	4,059,000	0.63
1984	4,051,000	0.93
1983	3,808,000	—

(Loss)
* 53 weeks.
‡ Based on the average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.080	—	—
1985	0.120	—	—
1984	0.120	—	—
1983	0.120	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 30,759,000	$ 7.43
1986	32,312,000	7.80
1985	40,992,000	10.09
1984	37,649,999	9.29
1983	34,766,000	8.59

Income Account *

Year ended	10/31/87	11/1/86
Net sales	$ 97,977,000	$ 89,093,000
Cost of sales	73,025,000	71,393,000
Expenses	15,653,000	16,537,000
Development exp.	8,524,000	10,910,000
Interest expense	3,207,000	2,687,000
Other income	(334,000)	(158,000)
Loss bef. taxes	$ (1,894,000)	$ (12,274,000)
Income tax (credit)	70,000	(2,157,000)
Net Loss	$ (1,964,000)	$ (10,117,000)

* Included in Costs and Expenses, Depreciation: $3,771,000 in 1987 and $3,612,000 in 1986.

Assets

As of	10/31/87	11/1/86
Cash	$ 1,343,000	$ 580,000
Receiv., net	27,923,000	22,433,000
*Inventories	24,536,000	24,466,000
Prepaid expenses & other assets	2,430,000	4,502,000
Current Assets	$ 56,230,000	$ 51,981,000
#Fixed assets	29,211,000	27,709,000
Other assets	1,110,000	1,058,000
Total Assets	$ 86,551,000	$ 80,748,000

Liabilities

Notes payable	$ 6,040,000	$ 4,126,000
Long-term debt, curr.	1,816,000	903,000
Accts. payable	14,176,000	11,409,000
Curr. Liabilities	$ 22,032,000	$ 16,438,000
Long-term debt	31,379,000	29,784,000
Other liabilities	2,381,000	2,214,000
+Common stock	4,142,000	4,142,000
Add. paid-in capital	22,536,000	22,536,000
Retained earnings	3,089,000	5,053,000
Cum. trans. adj.	992,000	581,000
Total Liabilities & Shareholders' Equity	$ 86,551,000	$ 80,748,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.99	3.64
Debt to Equity	1.28	1.08
Working Capital	$ 34,198,000	$ 35,543,000
Current Ratio	2.55	3.16
Shareholders' Equity	$ 30,759,000	$ 32,312,000

Matrix Corporation

One Ramland Road
Orangeburg, New York 10962
(914) 365-0190

Officers: Peter R. Harvey, chairman; Franklin G. Bishop, president & chief exec. officer; Michael Kochman, v.p.; Bruce Laskin, v.p.-strategic planning; Michael Druckman, v.p., chief financial officer & asst. secretary; Joseph L. Horowitz, v.p., secretary & gen. counsel; Evelyn Bishop, asst. secretary & dir.-investor relations; Mark Z. Sapper, dir.-human resources; H. Philip Farnham, dir.-quality assurance.

Directors: Peter R. Harvey, chairman; Franklin G. Bishop, Michael Kochman, W. Campbell Allen, Edward J. Beattie, Robert Chappell, Lawrence B. Cohen, Andre Comiz, Thomas P. Farkas, Edward Knight, Harold E. May, Gloria Brooks Rainish.

Areas of Work: Designs, manufactures and markets equipment used for electronic image acquisition, recording, processing, storage, transmission and display. Also designs, manufactures and markets communication and computer systems for linking signal sources with reproduction, switching or controlling devices.

Subsidiaries:

Industrial Communication Company
21470 Coolidge Highway
Oak Park, Michigan 48237
(313) 399-4900
Design and installation of custom sound and communication systems for commercial and institutional use.

Matrix (UK) Limited
Manufactures film recorders.

Matrix (PEI) Inc.
Canada
Manufactures film recorders and other computer graphics products.

Matrix Europe B.V.
Repair and service of company products.

Matrix Imaging Palo Alto Corporation
Palo Alto, California
Employs electronic x-ray film replacement technology using Reusable Image Medium to convert medical diagnostic imaging data into a computer readable format.

New Media Graphics Corporation
Billerica, Massachusetts
Manufactures video graphic display generators.

Matrix Videometrix Inc.
Westlake Village, California
Manufactures video coordinate measurement, image analysis and flaw detection systems for the manufacturing and scientific research markets.

Ramgraticus Research, Inc. (51%-owned)
115 Roosevelt Avenue
Belleville, New Jersey 07109
(201) 751-6833

Transfer Agent(s):

Midlantic National Bank (common stock)
Corporate Trust Department
Metro Park Plaza, P.O. Box 600
Edison, New Jersey 08818

Continental Illinois National Bank & Trust Company of Chicago (convertible subordinated debentures)
30 North LaSalle Street
Chicago, Illinois 60693

Stock Exchange(s): American

Ticker Symbol: MAX (common); MAX.A, MAX.B (debentures)

Number of Employees:

1987	1,276	1986	1,133

Plant Footage:

1987	411,000 sq. ft.	1986	351,000

Sales & Earnings

	Net Sales	Net Income†
1987	$ 106,600,000	$ 300,000
1986 *	92,900,000	10,100,000
1985	93,300,000	12,100,000
1984	75,000,000	9,600,000
1983	54,400,000	5,400,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	13,000,000	$ 0.02
1986 *	13,100,000	0.77
1985	12,900,000	0.96
1984	12,000,000	0.78
1983	10,700,000	0.50

* Eleven months.
† Including extraordinary gain of $200,000 ($0.01 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1987	1986
Optical/electronic systems	$ 97,900,000	$ 86,600,000
Sound & communications systems	8,700,000	6,300,000
Total	$ 106,600,000	$ 92,900,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 93,000,000	$ 7.15
1986	94,400,000	7.21
1985	82,800,000	6.42
1984	69,100,000	5.76
1983	53,400,000	4.99

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended July 31	1987	1986 (11 months)
Net sales	$ 106,600	$ 92,900
Cost of sales	66,100	52,600
Expenses	38,400	25,100
Restruc. costs	1,600	—
Interest expense	2,600	200
Other income	(500)	(1,800)
Income (loss) before taxes	$ (1,600)	$ 16,800
Income taxes (credit)	(1,700)	6,700
Net income	$ 100	$ 10,100
Extraord. gain	200	—
Net income & extraord. gain	$ 300	$ 10,100

* Included in Costs and Expenses, Depreciation and Amortization: $3,900,000 in 1987 and $2,500,000 in 1986.

Assets
(000's)

As of July 31	1987	1986
Cash	$ 100	$ 1,800
Marketable securities	34,000	58,100
Accts. receiv., net	27,500	31,900
*Inventories	47,800	31,000
Prepaid expenses	8,600	5,700
Current Assets	$ 118,000	$ 128,500
Marketable securities	23,300	27,800
#Fixed assets	23,000	20,600
Other assets	5,800	4,100
Intangibles	23,800	16,300
Total Assets	$ 193,900	$ 197,300

Liabilities
(000's)

Accts. payable	$ 5,500	$ 5,300
Accruals	8,700	5,500
Income taxes	—	1,300
Deferred income taxes	400	1,500
Curr. Liabilities	$ 14,600	$ 13,600
Long-term debt	82,800	86,300
Deferred inc. taxes	3,500	3,000
+Common stock	13,200	13,200
Add. paid-in capital	38,500	38,700
Retained earnings	44,100	43,800
Unearned compensation	(100)	(100)
Treasury stock	(2,000)	(600)
Net unreal. loss on market. secur.	(400)	(300)
For. curr. trans.	(300)	(300)
Total Liabilities & Shareholders' Equity	$ 193,900	$ 197,300

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	18.08
%Net Income to Sales	0.09	10.87
%Net Income to Equity	0.11	10.70
Sales to Inventories	2.23	3.00
Debt to Equity	0.89	0.91
Working Capital	$ 103,400,000	$ 114,900,000
Current Ratio	8.08	9.45
Shareholders' Equity	$ 93,000,000	$ 94,400,000

Matshushita Electric Industrial Co., Ltd.

Kadoma, Osaka, Japan

Officers: Masaharu Matsushita, chairman of the board; Akio Tenii, president; Shoji Sakuma, executive v.p.; Shigeru Hayakawa, senior managing director; Mitsuo Nakai, senior managing director; Keiya Toyonaga, senior managing director; Masahiko Hirata, senior managing director; Toshio Nakao, managing director; Hiroyuki Mizuno, managing director; Shiro Donishi, managing director; Kazuhiko Toyama, managing director; Tsuzo Matsuo, managing director; Akira Matsuda, managing director; Sohei Nakayama, director; Kyonosuke Ibe, director; Shigeyuki Nishizuka, director; Keiichi Takahata, director; Hideo Takahashi, director; Masayuki Matsushita, director; Masaya Nakajima, director; Sukeji Ito, director; Kazuo Ichikawa, director; Hiroshi Kitayama, director; Yoichi Morishita, director; Tadakazu Yamamoto, director; Konosuke Matsushita, director & executive advisor; Toshihiko Yamashita, director & executive advisor.

Areas of Work: Manufactures Video Equipment, include video tape recorders and related equipment, color TVs, video projection systems, and video disc players; Audio Equipment, including radios, radio/cassette recorders, tape recorders, stereo hi-fi equipment, compact disc players, and electronic organs; Home Appliances, including refrigerators, air conditioners, home laundry equipment, vacuum cleaners, microwave ovens and other cooking equipment, electric fans and heaters; Communication and Industrial Equipment, including office automation equipment, communications equipment, air conditioning equipment; Energy and Kitchen-Related Products, including dry batteries, lead-acid storage batteries, lithium, solar and other cells, gas appliances, kitchen sinks and cabinets, and solar energy equipment; Electronic Components, including LSIs, ICs, transistors, diodes, cathode ray tubes, image pickup tubes, electric lamps, tuners, capacitors, resistors, speakers, and printed circuits. Other manufactured products include records, music tapes, photographic equipment, bicycles, electric pencil sharpeners, and water purifiers.

Subsidiaries (Japan):

Matsushita Electric Industrial Co., Ltd.
Matsushita Electronics Corporation
Victor Company of Japan, Ltd.
Matsushita Electronic Components Co., Ltd.
Matsushita Battery Industrial Co., Ltd.
Matsushita Seiko Co., Ltd.
Matsushita Kotobuki Electronics Industries, Ltd.
Matsushita Communication Industrial Co., Ltd.
Matsushita Refrigeration Company
Kyushu Matsushita Electric Co., Ltd.
Matsushita Electric Trading Co., Ltd.
Matsushita Housing Products Co., Ltd.
Matsushita Industrial Equipment Co., Ltd.
Matsushita Graphic Communication Systems, Inc.
Teichiku Records Co., Ltd.
Matsushita Electric Corporation of America
Matsushita Electric (Taiwan) Co., Ltd.
Matsushita Industrial Corporation Sdn. Bhd.
Matsushita Refrigeration Industries (S) Pte. Ltd.

Subsidiaries (U.S.A.)

MANUFACTURING:

Matsushita Electric Corporation of America
Panasonic Company
Panasonic Industrial Company
Quasar Company
Panasonic Broadcast Systems Company
Matsushita Industrial Company
Matsushita Services Company

SALES:

Panafax Corporation
Panasonic Hawaii, Inc.
AMAC Corporation

Transfer Agent(s):

Chuo Trust and Banking Co., Ltd. (common stock)
Higashi-ku
Osaka, Japan

Morgan Guaranty Trust Company of New York
(American Depository Receipts)
New York, New York

Stock Exchange(s): Tokyo, New York*, Pacific*, Amsterdam, Frankfurt, Dusseldorf, Paris

Ticker Symbol: MC (New York and Pacific)* *Trades as an American Depository Receipt.

Number of Employees:

1987	134,764	1984	132,814
1986	135,881	1983	134,825
1985	133,963		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1987*	¥ 1,682,429	¥ 47,376
1986	4,574,905	165,666
1985	5,052,722	246,447
1984	4,730,674	238,365
1983	3,988,519	182,748

	No. of Com. Shares	Earn. per Share†
1987*	1,790,525,068	¥ 25.97
1986	1,790,513,909	89.74
1985	1,781,749,456	135.08
1984	N.A.	134.83
1983	N.A.	103.72

¥ -Yen
N.A.-Not Available
* 4 months
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1987 (4 months)	1986
Video equipment	¥ 510,053	¥ 1,502,813
Audio equipment	119,288	391,253
Home appliances	201,474	706,975
Communication & industrial equip.	290,031	858,970
Energy & kitchen-related prods.	73,123	207,584
Electronic products	182,649	529,014
Other	105,769	378,296
Total	¥ 1,682,429	¥ 4,574,905

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 4.00	—	—
1986	10.00	—	—
1985	10.00	—	—
1984	9.09	—	—
1983	11.36	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1987	¥ 2,212,690	¥1,235.78
1986	2,171,359	1,212.70
1985	2,061,030	1,156.75
1984	1,830,664	—
1983	1,602,074	—

Income Account * (millions)

Year ended	3/31/87	11/20/86
Net sales	¥ 1,482,429	¥ 4,574,905
Cost of sales	1,018,348	3,128,192
Expenses	390,016	1,134,946
Interest expense	17,400	56,167
Interest income	(51,248)	(132,304)
Eq. in earn. of nonconsol. subsid.	(4,500)	(19,000)
Other income	(17,396)	(34,153)
Income before taxes	¥ 129,809	¥ 441,057
Income taxes	70,988	238,762
Minority interests	11,447	38,631
Net income	¥ 47,374	¥ 163,664

* Included in Costs and Expenses, Depreciation: ¥ 60,059,000,000 in 1987 and ¥ 165,191,000,000 in 1986.

Assets (millions)

As of	3/31/87	11/20/86
Cash	¥ 862,464	¥ 878,287
Marketable securities	303,767	203,589
Accts. receiv., net	371,554	554,156
*Inventories	553,658	586,794
Other curr. assets	209,695	222,082
Current Assets	¥ 2,301,138	¥ 2,444,908
Investments & advances	1,120,436	1,173,756
#Fixed assets	549,502	560,751
Other assets	197,281	193,304
Total Assets	¥ 4,168,357	¥ 4,372,719

Liabilities (millions)

Short-term debt & long-term debt, curr.	¥ 159,489	¥ 186,558
Accts. payable	292,813	419,652
Accrued income taxes	59,434	95,500
Accrued payroll	99,747	142,355
Other accruals	197,847	255,749
Deposits & advances from cust.	92,895	79,462
Employees' deposits	119,262	111,671
Other current liabilities	72,110	73,550
Curr. Liabilities	¥ 1,093,597	¥ 1,364,297
Long-term debt	148,993	141,259
Retirement & severance benefits	186,446	178,292
Minority interest	526,631	517,512
+ Common stock	89,537	89,526
Add. paid-in capital	243,825	240,235
Legal reserve	38,080	37,232
Retained earnings	1,909,227	1,867,605
Cum. trans. adj.	(67,909)	(63,239)
Total Liabilities & Shareholders' Equity	¥ 4,168,357	¥ 4,372,719

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.76	9.64
%Net Income to Sales	3.20	3.58
%Net Income to Equity	2.14	7.54
Sales to Inventories	2.68	7.80
Debt to Equity	0.14	0.15
Working Capital	¥1,207,541,000	¥1,080,611,000
Current Ratio	2.10	1.79
Shareholders' Equity	¥2,212,690,000	¥2,171,359,000

McDonnell Douglas Corporation

P.O. Box 516
St. Louis, Missouri 63166
(314) 232-0232

Officers: Sanford N. McDonnell, chairman of the board & chief executive officer; John F. McDonnell, president & chief operating officer; Robert C. Little, corporate v.p. & aerospace group exec.; James E. Worsham, corp. v.p. & aerospace group exec.; Gerald J. Meyer, corp. v.p. communications; James S. McDonnell, III, corp. v.p.; James H. MacDonald, corp. v.p.; Jerry G. Brown, corp. v.p. finance; Robert L. Harmon, corp. v.p.-civic affairs; Walter E. Diggs, Jr., corporate secretary; John T. Sant, corp. v.p.-general counsel; John W. Close, corporate treasurer; Donald Malvern, corp. v.p.; James T. McMillan, president-McDonnell Douglas Finance Corporation; William P. Brown, president-McDonnell Douglas Helicopter Company; Paul W. Wiedemann, corp. v.p.-IBG Finance; Jeremy J. Causley, corp. v.p.-IBG executive officer; William H. Brinks, v.p.-human resources; Robert L. Brand, controller; Aerospace Group staff officers; Robert H. Hood, Jr., v.p.-aerospace business development; Robert L. Kerber, v.p.-advanced systems & technology; Ernie H. Ridenhour, v.p.-information resource management; William S. Ross, president-McDonnell Aircraft Company; Irving L. Burrows, Jr., exec. v.p. program management; John D. Wolf, exec. v.p.-operations; William T. Gross, president; Edward Curtis, sr., v.p.; Louis T. Harrington, sr., v.p.-commercial products; Richard M. Randall, sr., v.p.-finance & resource development; Thomas M. Ryan, Jr., sr. v.p.-government products; Kenneth A. Francis, sr. v.p.-operations; John F. Yardley, president McDonnell Douglas Astronautics Company; Erwin F. Bramhall, exec. v.p.; C. James Dorrenbacher, exec. v.p.; Fred J. Sanders, v.p. & gen. mgr. St. Louis; Gerald A. Johnston, v.p. & gen. mgr.-Huntington Beach; Garret G. Adkerson, president-McDonnell Douglas Canada, Ltd.; Allan C. Haggerty, exec. v.p. engineering & operations Ltd. McDonnell Douglas Helicopter Co.; Norman B. Hirsh, exec. v.p.-program management McDonnell Douglas Helicopter Co..

Directors: Sanford N. McDonnell*, chairman of the board, George H. Capps*, William H. Danforth, Donald S. MacDonald, Donald W. Douglas, Jr., George S. Graf*, Robert C. Little, John F. McDonnell*, William R. Orthwein, Jr.*, James S. McDonnell, III, Michael N. Chetkovich, B. A. Bridgewater, Jr., Jerry McAfee, Julian B. Goodman, William A. McDonnell, William E. Cornelius, William S. Kanaga.

* Member of the Executive Committee

Areas of Work: The Company's operations can be divided into five areas: Combat aircraft, which includes the design, development and production of attack and fighter aircraft, including helicopters; Transport aircraft, which includes both commercial and military transport aircraft, training, spare parts, and related services; Space systems and missiles, which includes advanced studies and development and production of tactical and strategic missiles, satellite launching vehicles, space shuttle components and payloads, space station, laser communications, and ballistic missile defense systems; Information systems, which includes providing information systems solutions involving computer hardware, software, communications networking, and related services; and Financing and Leasing.

Divisions and Subsidiaries:

McDonnell Douglas Finance Corporation (Subsidiary)
3855 Lakewood
Long Beach, California 90846
(213) 593-1722

Vitek Systems Inc. (Subsidiary)
595 Anglum Drive
Hazelwood, Missouri 63042
(314) 232-8444

MDC Realty Company (Subsidiary)
3855 Lakewood Boulevard
Long Beach, California 90846
(213) 593-5941

McDonnell Douglas Canada Ltd. (Subsidiary)
Malton, Ontario L5P 1B7 Canada
(416) 677-4341

McDonnell Douglas International Sales Corp. (Subsidiary)
Box 516
St. Louis, Missouri 63166
(314) 232-0232

McDonnell Douglas Astronautics Company (Division)

St. Louis, Missouri

Titusville, Florida

McDonnell Douglas-Tulsa (Division)
200 North Memorial Drive
Tulsa, Oklahoma 74115
(918) 836-1616

McDonnell Aircraft Company (Division)
Box 516
St. Louis, Missouri 63166
(314) 232-0232

Douglas Aircraft Company (Division)
3855 Lakewood Boulevard
Long Beach, California 90846
(213) 593-5511

McDonnell Douglas Helicopter Company
Mesa, Arizona

Information Systems Group

McDonnell Douglas Health Systems Company
McDonnell Douglas Manufacturing & Engineering Systems Company
McDonnell Douglas Network Systems Company
McDonnell Douglas Payment Systems Company
McDonnell Douglas Communications Industry Systems Company
McDonnell Douglas Computer Systems Company
McDonnell Douglas Diversified Information Systems Company
McDonnell Douglas Field Service Company
McDonnell Douglas Information Processing Company
McDonnell Douglas Information Systems International
McAuto Systems Group Inc. (MSGI)
Unitas

Transfer Agent(s):

Shareholder Records Department
McDonnell Douglas Corporation
St. Louis, Missouri

The Chase Manhattan Bank
Or Chase Manhattan Plaza
New York, New York 10015

Stock Exchange(s): New York, Pacific, Brussels, Amsterdam. Listed and/or traded.

Ticker Symbol: MD

Number of Employees:

1987	112,400	1984	88,391
1986	105,696	1983	74,466
1985	97,067		

Sales & Earnings
(000's)

	Revenues	Net Income
1987	$ 13,344,500	$ 313,000
1986	12,831,500	277,500
1985	11,665,800	345,700
1984	9,861,000	325,300
1983	8,292,800	274,900

	No. of Com. Shares	Earn. per Share‡
1987	38,700,000	$ 7.75
1986	40,600,000	6.86
1985	40,300,000	8.60
1984	40,000,000	8.10
1983	39,400,000	6.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1987
Combat aircraft	$ 5,924,800	$ 5,888,200
Transport aircraft	3,976,700	3,681,000
Space systems & missiles	2,146,100	2,012,900
Information systems	1,241,800	1,199,800
Net earn. of MDFC	42,600	34,600
Non-oper. income	12,500	25,000
Total Sales	$ 13,344,500	$ 12,831,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 2.32	—	—
1986	2.08	—	—
1985	1.84	—	—
1984	1.62	—	—
1983	1.42	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	$ 2,969,900	$ 76.71
1986	2,844,800	70.13
1985	2,634,600	65.34
1984	2,343,800	58.55
1983	2,067,900	52.39

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 13,146,100	$ 12,660,600
Other income	198,400	170,900
Revenues	$ 13,344,500	$ 12,831,500
Cost of sales	10,756,100	10,439,100
Expenses	2,013,300	1,828,600
Interest & debt exp.	128,700	101,600
Income before taxes	$ 446,400	$ 462,200
Income taxes	133,400	184,700
Net Income	$ 313,000	$ 277,500

* Included in Costs and Expenses, Depreciation and Amortization: $396,500,000 in 1987 and $369,400,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term investments	$ 52,700	$ 77,500
Receiv., net	1,445,000	1,463,400
Inventories & contracts	3,793,800	3,296,300
Prepaid expenses	105,100	106,100
Current Assets	$ 5,396,600	$ 4,941,300
#Fixed Assets	2,291,300	2,007,600
Investment in MDFC	213,000	172,600
Rental equip.	98,700	199,100
Intangibles	256,800	305,800
Other assets	279,200	284,300
Total assets	$ 8,535,600	$ 7,910,700

Liabilities
(000's)

Notes payable	$ 786,000	$ 199,000
Long-term debt, curr.	38,100	43,000
Accts. payable	1,063,500	997,100
Accruals	217,700	207,600
Employee compensation	301,200	327,900
Contract adjustments	1,363,500	1,514,800
Income taxes	1,026,700	1,017,200
Curr. Liabilities	$ 4,796,700	$ 4,306,600
Long-term debt	769,000	759,300
+Common stock	40,700	40,600
Add. paid-in capital	421,000	416,900
Retained earnings	2,607,500	2,388,500
Foreign curr. trans.	15,900	(1,200)
Treasury stock	(115,200)	—
Total Liabilities & Shareholders' Equity	$ 8,535,600	$ 7,910,700

Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	3.35	3.60
%Net Income to Revenues	2.35	2.16
%Net Income to Equity	10.54	9.75
Debt to Equity	0.26	0.35
Working Capital	$ 599,900,000	$ 634,700,000
Current Ratio	1.13	1.15
Shareholders' Equity	$ 2,969,900,000	$ 2,844,800,000

McRae Industries, Inc.

P.O. Box 726
Mount Gilead, North Carolina 27306
(919) 439-6147

Officers: Branson J. McRae, chairman, president & treasurer; D. Gary McRae, first v.p.; Victor A. Karam, v.p.-footwear; Thaddeus R. Tedder, secretary; Harold W. Smith, v.p.-finance & accounting; James W. McRae, v.p. & asst. secretary; Charles V. Rose, controller.

Directors: Branson J. McRae, chairman; Thaddeus R. Tedder, George M. Bruton, Brady W. Dickson, Victor A. Karam, D. Gary McRae, Harold W. Smith, Hilton J. Cochran, James W. McRae.

Areas of Work: Through its Compaes, Inc. subsidiary, the Company designs, manufactures and markets optical data collection systems and related computer peripherals. The optical character recognition (OCR) and bar code readers produced by the Company interface with IBM, IBM-compatible, and Sperry terminals and are used in retail point-of-sale applications. In addition, the Company is engaged in the manufacture of military boots, conducts various leasing and financing activities, operates a restaurant and lodging facility, sells and services photocopies, and operates a printing business.

Subsidiaries:

Compaes, Inc.
McRae Graphics, Inc.
McRae Boot, Inc.
Reeprint Packaging, Inc.
Facts Business Equipment, Inc.
Sandhill Fabricators, Inc.
Hoke Development Company

Transfer Agent(s):

First Union National Bank
Securities Transfer Dept. CM6-5
Suite 450, UCB Building
212 South Tryon Street
Charlotte, North Carolina 28281

Stock Exchange(s): American

Ticker Symbol: MRI-A and MRI-B

Number of Employees:
1987 ..... 410 1986 490

Sales & Earnings

	Net Sales	Net Income
1987	$ 27,982,957	$ 2,253,050
1986	23,278,681	1,184,822
1985*	22,338,782	831,200
1984	15,558,625	(398,607)
1983	12,369,319	141,215

	No. of Com. Shares‡	Earn. per Share‡
1987	2,675,654	$ 0.84
1986	2,675,654	0.44
1985*	2,675,654	0.31
1984	2,675,654	—
1983	2,671,970	0.05

(Loss)
* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Footwear & apparel mfg.	$ 20,859,933	$ 16,508,044
Elec. syst. develop. & sales	3,271,761	3,196,529
Financing & leasing	53,604	67,621
Food & lodging	614,767	616,982
Photocopier sales & leasing	3,182,885	2,889,505
Total	$ 27,982,957	$ 23,278,681

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.46	—	—
1986	0.10	—	—
1985	0.10	—	—
1984	—	—	—
1983	0.025	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 8,395,217	$ 3.21
1986	6,971,912	2.61
1985	5,921,080	2.21
1984	5,221,679	1.95
1983	5,830,287	2.18

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

McRae Industries, Inc.

Income Account

Year ended		
Net revenues	$ 27,982,957	$ 23,278,681
Cost of sales	20,029,800	18,035,631
Expenses	3,519,804	2,996,936
Other income	(171,573)	(149,897)
Interest expense	146,531	184,765
Eq. in loss of investees	25,404	59,774
Income before taxes	$ 4,432,991	$ 2,151,472
Income taxes	2,167,063	966,650
Minority interest	12,878	—
Net Income	$ 2,253,050	$ 1,184,822

* Included in Costs and Expenses, Depreciation: $482,782 in 1987 and $478,464 in 1986.

Assets

As of	8/1/87	8/2/86
Cash	$ 937,522	$ 80,169
Short-term invest.	713,214	12,570
Marketable securities	226,744	232,972
Accts. receiv., net	1,831,740	2,733,337
*Inventories	4,171,985	3,482,746
Invest. in cap. leases	405,127	367,265
Prepaid expenses	86,546	123,497
Current Assets	$ 8,372,878	$ 7,032,556
Investment – rel. cos.	167,914	193,318
Notes receiv. – rel. cos.	408,574	365,187
#Fixed assets	3,409,853	3,361,203
Invest. in cap. leases	597,468	401,047
Undeveloped land	196,920	196,920
Other assets	180,425	190,501
Total Assets	$ 13,334,032	$ 11,740,732

Liabilities

Notes payable	$ 1,050,108	$ 1,046,800
Long-term debt, curr.	72,445	190,118
Accts. payable	1,079,294	1,100,776
Accrued emp. benefits	647,365	475,519
Other accruals	736,841	669,005
Income taxes	361,873	78,971
Curr. Liabilities	$ 3,947,926	$ 3,561,189
Long-term debt	214,702	621,612
Deferred inc. taxes	563,309	586,019
Minority interest	12,878	—
+ Common stock:		
Class A	1,410,765	1,343,888
Class B	1,264,889	1,331,766
Add. paid-in capital	576,771	576,771
Retained earnings	5,342,792	3,719,487
Total Liabilities & Shareholders' Equity	$ 13,334,032	$ 11,740,732

* At lower of cost or market. Footwear inventories at LIFO, all others at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.84	9.24
%Net Income to Sales	8.05	5.09
%Net Income to Equity	26.21	16.99
Sales to Inventories	6.71	6.68
Debt to Equity	0.16	0.27
Working Capital	$ 4,424,952	$ 3,471,367
Current Ratio	2.12	1.97
Shareholders' Equity	$ 8,595,217	$ 6,971,912

Measurex Corporation

One Results Way
Cupertino, California 95014-5991
(408) 255-1500

Officers: David A. Bossen, president & chief executive officer; John C. Gingerich, exec. v.p.; Fernand Ostiguy, exec. v.p.; Jerome Rafel, sr. v.p.-manufacturing operations; Robert McAdams, Jr., sr. v.p.-finance & administration; Doris S. Bossen, v.p.-corp. communications; Phillip E. Peterson, v.p.-personnel; John G. Preston, v.p. & managing director-Europe; Glenn R. Wienkoop, president-Measurex Automation Systems; Harish S. Rao, v.p.-corp. engineering & marketing; Ralph R. Hodges, chairman-MDCC; Fred R. Bierbrauer, treasurer; Carl A. Thomsen, v.p. & controller; John W. Larson, secretary; Willis Lumpkin, asst. treasurer.

Directors: Graham Tyson, Paul Bancroft, III, Dwight C. Baum, Orion L. Hoch, David A. Bossen, John W. Larson, John W. McKittrick.

Areas of Work: Develops, manufactures and markets automatic control systems (high-accuracy proprietary sensors linked to digital computers). Product line provides materials control, through output control, energy control and quality control for manufacturers in the continuous process industries.

Subsidiaries:

Measurex (Ireland) Ltd.
Industrial Estate
Waterford, Ireland

Measurex (Ireland) Ltd.
Malton Industrial Estate
Cork, Ireland

Measurex Automatic Systems (MAS)
Cupertino, California

Transfer Agent(s):

Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): New York, Pacific

Ticker Symbol: MX

Number of Employees:

1987 2,540
1986 2,490
1985 2,360
1984 2,300
1983 2,050

Plant Footage:

1987 ..... 320,140 sq. ft.

Sales & Earnings

	Operating Revenues	Net Income‡
1987	$ 227,353,000	$ 26,815,000
1986	192,707,000	21,068,000
1985	176,614,000	17,720,000
1984	160,268,000	14,424,000
1983	122,705,000	4,795,000

	No. of Com. Shares #	Earn. per Share #‡
1987	19,228,000	$ 1.39
1986	18,882,000	1.12
1985	18,340,000	0.97
1984	17,642,000	0.83
1983	14,704,000	0.33

(Loss)
Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.
‡ Including extraordinary credit of $1,661,000 ($0.10 per share) in 1984.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1987	$ 0.225	—	—
1986	0.165	—	2-for-1
1985	0.12	—	—
1984	0.10	—	—
1983	—	—	2-for-1

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	170,190,000	$ 8.85
1986	151,866,000	8.04
1985	128,670,000	7.02
1984	110,460,000	6.33
1983	81,412,000	5.54

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account * (000's)

Year ended	11/29/87	11/30/86
Oper. revenues	$ 227,353	$ 192,707
Cost of sales, rentals & serv.	128,877	106,270
Expenses	52,729	47,793
New prod. devel. costs	16,709	14,123
Interest expense	1,143	1,041
Other income	(9,654)	(7,387)
Income before taxes	$ 37,549	$ 30,867
Income taxes	10,734	9,799
Net Income	$ 26,815	$ 21,068

* Included in Cost and Expenses, Depreciation and Amortization: $5,683,000 in 1987 and $4,568,000 in 1986.

Assets (000's)

	11/29/87	11/30/86
Cash	$ 107,179	$ 88,391
Accts. receiv., net	57,116	44,077
*Inventories	37,236	31,781
Prepaid expenses	2,611	4,921
Current Assets	$ 204,142	$ 169,170
Lease contracts receiv.	5,907	5,805
Investments	3,103	3,938
Serv. parts	4,109	6,818
#Fixed assets	31,220	29,945
Other assets	10,173	9,191
Total Assets	$ 258,654	$ 224,867

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 276	$ 486
Accts. payable	6,812	5,349
Accruals	53,482	40,743
Income taxes	2,621	1,347
Curr. Liabilities	$ 63,191	$ 47,925
Long-term debt	5,938	6,084
Deferred inc. taxes	19,335	18,992
+Common stock	190	185
Add. paid-in capital	68,862	64,404
Retained earnings	113,790	91,187
For. curr. trans. adj.	892	(3,910)
Treasury stock	(13,544)	—
Total Liabilities & Shareholders' Equity	$ 258,654	$ 224,867

* At lower of standard cost or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Oper. Rev.	16.52	16.02
%Net Income to Oper. Rev.	11.79	10.93
%Net Income to Equity	15.76	13.87
Debt to Equity	0.04	0.04
Working Capital	$ 140,951,000	$ 121,245,000
Current Ratio	3.23	3.53
Shareholders' Equity	$ 170,190,000	$ 151,866,000

Mechanical Technology Incorporated

968 Albany-Shaker Road
Latham, New York 12210
(518) 785-2211

Officers: Harry Apkarian, chairman & chief executive officer; Richard Schmidt, president & chief operating officer; J. Bradford Perkins, group v.p.; John Recupero, treasurer; V. B. Boghosian, secretary; Bruce Goldwater, v.p. & gen. mgr.-Technology Group; Steve Sullivan, exec. v.p. & gen. mgr.-Ling Electronics, Inc.; Ignatius MacBrinn, v.p. & controller; John Dority, gen. mgr.-L.A.B. Division; Denis Chaves, gen. mgr.-Instruments Division; Marshall Gladchun, gen. mgr.-SCMP; Lawrence Maciarello, v.p.-human resources; Emily Ross, dir.-communications; Joseph P. Cleary, corp. counsel; Gary Walker, v.p. & gen. mgr.-Turbonetics Energy, Inc.; Robert Rose, v.p.-Turbonetics Energy, Inc.; Harold T. Sher, president-United Telecontrol Electronics, Inc.; Raymond F. Herter, v.p.-United Telecontrol Electronics, Inc..

Directors: Harry Apkarian, chairman; Benno Sternlicht, V. B. Boghosian, H. Kaye Kerr, Charles Jamtgian, Wayne B. Lyon, Richard G. Mosteller, Feliz J. Pouzak, Alfred S. Howes, Richard K. Schmidt.

Areas of Work: Operates in four different areas. Defense/Aerospace develops and manufactures electronic and elector-mechanical systems and subsystems primarily for the military and also provides defense-related contract research and development. Energy Systems develops, manufactures, and sells steam turbines and waste energy recovery systems. Quality Assurance Equipment and Instrumentation produces high accuracy inspection systems, shock and vibration testing systems; and electronic instruments using non-contact measurement techniques. Transportation manufactures decorative trim, stampings, and hardware, primarily for the auto industry.

Divisions:

Research & Development Division
Latham, New York
Malta, New York
Arlington, Virginia

Stirling Engine Systems Division
Latham, New York

Instruments Division
Latham, New York

L.A.B. Division
P.O. Box G
Skaneateles, New York 13152
(315) 685-5781

Shaker Research Division
Latham, New York

Subsidiaries:

Ling Electronics, Inc.
4890 East LaPalma Avenue
Anaheim, California 92806

Ling Electronics Limited
Clydebank, Scotland

Turbonetics Energy, Inc.
Malta, New York

St. Clair Metal Products Company
1721 Dove Street
Port Huron, Michigan 04860
(313) 984-5123

Acquisition:

United Telecontrol Electronics, Inc.
3500 Sunset Avenue
Asbury Park, New York 07712
(201) 922-1000
Manufactures electronic products for military use, specifically radar transponders, telemetry equipment, missile launchers, and video and trigger amplifiers.

Transfer Agent(s):

Mechanical Technology Incorporated
968 Albany-Shaker Road
Latham, New York 12110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTIX (NASDAQ)

Number of Employees:

1987	938	1984	871
1986	741	1983	822
1985	823		

Plant Footage:

1987	396,500 sq. ft.	1984	310,000
1986	260,000	1983	310,000
1985	260,000		

Sales & Earnings

	Revenues +	Net Income
1987	$ 68,697,000	$ 3,125,000
1986	66,257,000	2,614,000
1985	60,134,000	1,325,000
1984	54,402,000	79,000
1983	49,884,000	(5,070,00)

	No. of Com. Shares	Earn. per Share #
1987	3,540,243	$ 0.86
1986	3,538,318	0.74
1985	3,516,268	0.38
1984	3,516,268	0.03
1983	2,816,268	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 26,911,000	$ 7.60
1986	23,709,000	6.70
1985	21,006,000	5.97
1984	19,681,000	5.60
1983	14,702,000	5.22

Income Account *

Year ended Sept. 30	1987	1986
Sales	$ 68,697,000	$ 66,257,000
Cost of sales	47,665,000	47,076,000
Expenses	13,003,000	12,275,000
Prod. develop. costs	1,055,000	1,921,000
Oper. profit	$ 6,944,000	$ 4,985,000
Interest expense	449,000	462,000
Other expense (income)	89,000	(503,000)
Income bef. taxes	$ 6,406,000	$ 5,026,000
Income taxes	3,281,000	2,412,000
Net Income	$ 3,125,000	$ 2,614,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,113,000 in 1987 and $1,651,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash & cert. of dep.	$ 8,694,000	$ 5,398,000
Refundable income taxes	1,086,000	969,000
Receiv. net	13,348,000	12,934,000
*Inventories	9,832,000	7,150,000
Prepaid expenses	1,239,000	598,000
Current Assets	$ 34,199,000	$ 27,049,000
#Fixed assets	12,092,000	8,859,000
Other assets	13,837,000	2,420,000
Total Assets	$ 60,128,000	$ 38,328,000

Liabilities

Note payable	$ 700,000	$ —
Long-term debt & cap. leases, curr.	2,857,000	1,003,000
Accts. payable	3,415,000	4,778,000
Accrued & other liabilities	5,931,000	4,373,000
Curr. Liabilities	$ 12,903,000	$ 10,154,000
Long-term debt & cap. leases	17,143,000	1,999,000
Deferred federal income taxes	2,646,000	2,466,000
Minority interest	525,000	—
+Common stock	3,540,000	3,538,000
Add. paid-in capital	13,072,000	13,062,000
Retained earnings	10,234,000	7,109,000
For. curr. trans. adjust.	65,000	—
Total Liabilities & Shareholders' Equity	$ 60,128,000	$ 38,328,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.33	7.59
%Net Income to Sales	4.55	3.95
%Net Income to Equity	11.61	11.03
Sales to Inventories	6.99	9.27
Debt to Equity	0.77	0.13
Working Capital	$ 21,296,000	$ 16,895,000
Current Ratio	2.65	2.66
Shareholders' Equity	$ 26,911,000	$ 23,709,000

Medtronic, Inc.

7000 Central Avenue N.E.
Minneapolis, Minnesota 55432
(612) 574-4000

Officers: Earl E. Bakken, sr. chairman of the board; Winston R. Wallin, chairman, president & chief executive officer; Glen D. Nelson, exec. v.p.; R. J. Dittrich, v.p. & general counsel; Gerard C. Planchon, exec. v.p.-worldwide distribution; Richard F. Seuter, v.p.-ventures; Bobby I. Griffin, v.p.-pacing business unit; Daniel R. Lutzinghausen, v.p.-international; Douglas E. Hopton, v.p.-corp. strategy & development; Lowell P. Jacobsen, v.p.-human resources; John A. Meslow, v.p.-neurological business; Paul Citron, v.p.-ventures technology; B. Kristine Johnson, v.p.-corp. affairs; Thomas E. Morin, v.p.-corp. services; David P. Niles, v.p.-corp. quality & regulatory affairs; Lawrence W. Shearon, corp. technology; Richard W. Nunn, asst. treasurer; Franklin R. Rich, v.p. & controller.

Directors: Earl E. Bakken, Thomas E. Holloran, Gerald W. Simonson, Richard L. Schall, Winston R. Wallin, Jr., Richard E. Horner, F. Caleb Blodgett, Richard A. Swalin, Glen D. Nelson, Vernon G. Heath.

Areas of Work: Designs, manufactures and markets cardiac pacemakers and other cardiovascular, neurological and rehabilitative medical devices, patient monitoring & follow-up services, prosthetic heart valves and nuclear and ultra-sound imaging software.

Medtronic, Inc.

Divisions and Subsidiaries:

Applied Concepts Research Division

Promeon Division
6700 Shingle Creek Parkway
Brooklyn Center, Minnesota 55430

Andover Medical Incorporated
Manufactures disposable electrodes and cable systems for medical diagnosis and patient monitoring.

Micro-Rel Division
2343 W. 10th Place
Tempe, Arizona 85283
(602) 968-6411
Markets custom integrated circuits for high-technology instrumentation.

Medtronic Fabrication
Zone Industrielle Sud
Route d'Anor
59610 Fourmies, France

New England Research Center Division
45 William Street
Wellesley, Massachusetts

Medtronic Physiological Research Laboratories
1500 Northdale Boulevard
Coon Rapids, Minnesota 55433

Medtronic Biomedical Pty. Ltd.
Suite 8
409 King George's Road
Beverly Hills, 2209 N.S.W., Australia

Medtronic do Brasil Ltda.
Avenida Tambore' 1433
Alphaville, 06400 Barueri
Sao Paulo, Brazil

Medtronic of Canada Ltd.
6733 Kitimat Rd.
Mississauga, Ontario L5N 1W3 Canada
(416) 826-6020

Medtronic Europe S.N.C.
European Headquarters
25, rue Chateaubriand
75008 Paris, France

Medtronic Japan Co., Ltd.
Shuwa Kioi-cho Park Bldg., 5F
3-6 Kioi-cho, Chiyoda-ku
Tokyo 102, Japan

Medtronic B.V.
Wenckebachstraat, 10
6466 Kerkrade-West The Netherlands

Cardiocare Division
425 East 61st Street
New York, New York 10021
Provides heart rate monitoring both in person and through a telephone testing service.

Med Rel, Inc.
P.O. Box 8687
Humacao 00661 Puerto Rico

Medtronic Puerto Rico, Inc.
P.O. Box M
Villalba 00766 Puerto Rico

Neuro Division
Manufactures implantable spinal cord stimulators to relieve chronic pain.

Ventures Technology
Assesses market and technological potential of new ideas.

Medtronic Blood Systems, Inc.
Taseon Medical Technology, Inc.
Irvine, California
Has designed tissue valves intended to provide ease of use and safety at initial implant, and easier and faster replacement.

Xenotech Laborstories, Inc.
Irvine, California
Manufactures the INTACT tissue valve, with its maximum ability to handle stress and pressure within the heart; the INTACT valve is marketed in foreign countries.

Vitatron, N.V.
Dieren, The Netherlands
Pacemaker manufacturer.

Biotec Technologie Biomediche, S.P.A.
Bologna, Italy
Pacemaker manufacturer.

Todd Medical Inc.
Canton, Ohio
Neurological product distributor.

Transfer Agent(s):

Norwest Trust Company, New York
New York, New York

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): New York

Ticker Symbol: MDT

Number of Employees:

1987	4,952	1984	5,219
1986	4,843	1983	5,065
1985	4,945		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 502,011,000	$ 73,816,000
1986	402,811,000	53,413,000
1985	363,883,000	38,155,000
1984	385,461,000	59,123,000
1983	348,597,000	54,149,000

	No. of Com. Shares #	Ears. per Share #
1987	14,072,000	$ 5.25
1986	14,638,000	3.65
1985	15,403,000	2.48
1984	16,263,000	3.64
1983	16,209,000	3.34

+ Includes commissions.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.88	—	—
1986	0.08	—	—
1985	0.76	—	—
1984	0.72	—	—
1983	0.64	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 386,987,000	$ 27.52
1986	348,702,000	24.27
1985	328,553,000	21.76
1984	335,414,000	20.69
1983	291,800,000	17.94

Income Account *
(000's)

Year ended April 30	1987	1986
Net sales & commissions	$ 502,011	$ 402,811
Cost of sales	169,175	150,905
Expenses	227,075	175,539
Interest expense	4,102	4,130
Interest income	(7,011)	(12,184)
Litigation settlement	—	(7,300)
Income before taxes	$ 108,670	$ 91,701
Income taxes	34,854	24,263
Inc.-cont. oper.	$ 73,816	$ 67,438
Loss-discont. oper.	—	(14,025)
Net income	$ 73,816	$ 53,413

* Included in Costs and Expenses, Depreciation and Amortization: $26,371,000 in 1987 and $23,315,000 in 1986.

Assets
(000's)

As of April 30	1987	1986
Cash & temp. invest	$ 113,733	$ 135,407
Accts. receiv., net	146,686	118,811
* Inventories	84,147	77,299
Prepaid expenses	16,336	17,231
Prepaid inc. taxes	4,978	6,038
Current Assets	$ 365,862	$ 354,786
Assets of discont. oper.	2,192	(12,441)
Market. securities	12,079	14,912
# Fixed assets	115,130	108,638
Intangibles	45,333	48,274
Other assets	23,507	13,243
Total Assets	$ 559,719	$ 527,412

Liabilities
(000's)

Short-term borrowings	$ 31,893	$ 36,056
Accts. payable	26,857	34,564
Accrued payroll	27,582	21,831
Accruals	29,177	31,468
Income taxes	10,109	9,096
Curr. Liabilities	$ 125,618	$ 133,015
Long-term debt	5,508	10,500
Product warranties	14,641	14,374
Deferred inc. taxes	17,104	15,998
Other liabilities	9,861	4,823
+ Common stock	1,406	1,437
Retained earnings	381,933	348,036
Curr. trans. adjust.	3,648	(771)
Total Liabilities & Shareholders' Equity	$ 559,719	$ 527,412

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bc. Taxes to Sales	21.65	—
%Net Income to Sales	14.70	—
%Net Income to Equity	19.07	15.32
Sales to Inventories	5.97	5.21
Debt to Equity	0.10	0.13
Working Capital	$ 240,244,000	$ 221,771,000
Current Ratio	2.91	2.67
Shareholders' Equity	$ 386,987,000	$ 348,702,000

Megadata Corporation

35 Orville Drive
Bohemia, New York 11716
(516) 589-6800

Officers: Y.N. Bachana, chairman of the board, president, treasurer & chief exec. officer; John R. Keller, exec. v.p. & secretary.

Directors: Yitzhak N. Bachana, chairman; John R. Keller, Richard R. Schilling, Jr., Ronald S. Goldstein, Paul Alessandrini.

Areas of Work: Designs and assembles intelligent video display computer terminals and develops the related software, tailored to serve the specific business applications of its customers. The products are marketed for use in systems related to international monetary transfers for commercial banks; ground communications for airlines; text editing for news wire services and newspapers; data collection for telephone facilities, word processing systems for general office use; inventory control for large retail chains; and the monitoring of process controls for certain industries.

Subsidiaries:

TSD Display Products, Inc.
35 Orville Drive
Bohemia, New York 11716
(516) 589-6800
Develops, manufactures and markets touch screen digitizers, display monitors, and welded wire frames.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MDTA (NASDAQ)

Number of Employees:

1987	101	1985	110
1986	100	1984	127

Plant Footage:

1987	36,000 sq. ft.	1985	36,000
1986	36,000	1984	36,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 12,544,003	$ 1,317,523
1986	9,002,776	294,707
1985	12,384,453	886,237
1984	15,045,405	1,552,725
1983	11,627,703	934,876

	No. of Com. Shares +	Earn. per Share #
1987	2,130,816	$ 0.62
1986	2,152,310	0.14
1985	2,296,727	0.39
1984	2,303,100	0.67
1983	2,303,100	0.41

+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 8,622,228	$ 4.05
1986	7,381,080	3.43
1985	7,503,910	3.27
1984	6,885,736	2.99
1983	5,333,011	2.32

Adjusted to reflect stock split.

Income Account*

Year ended Oct. 31	1987	1986
Net sales	$ 12,544,003	$ 9,002,776
Cost of sales	8,466,906	7,144,748
Expenses	1,864,628	1,526,618
Interest income	(161,034)	(124,937)
Interest expense	—	6,640
Income before taxes	$ 2,393,523	$ 449,707
Income taxes	1,076,000	155,000
Net Income	$ 1,317,523	$ 294,707

* Included in Costs and Expenses, Depreciation and Amortization: $550,722 in 1987 and $659,517 in 1986.

Assets

As of October 31	1987	1986
Cash	$ 2,205,028	$ 2,525,561
Accts. receiv., net	1,909,723	1,636,974
*Inventories	3,058,583	2,852,037
Prepaid expenses	375,254	228,946
Current Assets	$ 7,548,588	$ 7,243,518
#Fixed assets	2,784,652	1,241,719
Other assets	16,207	14,625
Total Assets	$ 10,349,447	$ 8,499,862

Liabilities

Accts. payable	$ 603,169	$ 486,475
Accruals	712,470	436,602
Income taxes	312,272	66,320
Curr. Liabilities	$ 1,627,911	$ 989,397
Deferred inc. taxes	99,308	129,385
+Common stock	23,031	23,031
Add. paid-in capital	1,883,731	1,883,731
Retained earnings	7,477,441	6,159,918
Treasury stock	(761,975)	(685,600)
Total Liabilities & Shareholder's Equity	$ 10,349,447	$ 8,499,862

* At lower of cost (FIFO) or market (replacement cost).
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	19.08	5.00
%Net Income to Sales	10.50	3.27
%Net Income to Equity	15.28	3.99
Sales to Inventories	4.10	3.16
Working Capital	$ 5,920,677	$ 6,254,121
Current Ratio	4.64	7.32
Shareholders' Equity	$ 8,622,228	$ 7,381,080

Mentor Graphics Corporation

8500 S.W. Creekside Place
Beaverton, Oregon 97005-7191
(503) 626-7000

Officers: Thomas H. Bruggere, chairman of the board & chief executive officer; Gerard H. Langeler, president & chief operating officer; David C. Moffenbeier, executive v.p.; Richard J. Anderson, v.p.-human resources; Michael F. Bosworth, v.p. & president-Context Corporation; David L. Brinker, v.p. & gen. mgr.-Asia Pacific; Jean-Claude Carasa, v.p. & gen. mgr.-Europe; Frank J. Costa, v.p. & gen. mgr.-Design & Analysis Division; Frank S. Della, v.p., general counsel & secretary; Thomas J. Fretz, v.p.-corporate accounts; Gary C. Gesalen, v.p.-customer service; Brian C. Henry, v.p. & chief financial officer; Brian W. Magga, v.p.-North American sales; Berkeley T. Merchant, v.p.-support products; Stephen Swerling, v.p.-Advanced Products Division; Marvin S. Wolfson, v.p. & gen. mgr.-Electronic Packaging Division; John C. Carveth, treasurer & asst. secretary.

Directors: Thomas H. Bruggere, chairman; Gerard H. Langeler, David R. Hathaway, Fontaine K. Richardson, Robert E. Schroeder, David N. Strohm.

Areas of Work: Develops, manufactures, markets and services electronic design automation systems for use in the design, analysis, physical layout, testing, documentation and packaging of complex electronic products.

Divisions and Subsidiaries:

Context Corporation (85%-owned)
Design and Analysis Division
Advanced Products Division
Electronic Packaging Division

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
P.O. Box 2971
Portland, Oregon 97208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MENT (NASDAQ)

Number of Employees:

1987	1,213	1985	777
1986	909		

Sales & Earnings

	Net Sales	Net Income†
1987	$ 221,823,000	$ 20,325,000
1986	173,545,000	11,000,000
1985	136,748,000	7,909,000
1984	87,906,000	9,888,000
1983	25,822,000	(221,000)

	No. of Com. Shares‡	Earn. per Share†‡
1987	16,981,000	$ 1.20
1986	16,370,000	0.67
1985	15,496,000	0.52
1984	13,882,000	0.71
1983	2,994,000	—

(Loss)
† Including extraordinary gain of $1,546,000 ($0.09 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 187,524,000	$ 11.04
1986	155,231,000	9.48
1985	140,112,000	9.04
1984	71,345,000	5.13
1983	10,343,000	3.99

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Mentor Graphics Corporation

Income Account * (000's)

Year ended Dec. 31	1987	1986
Revenues:		
System	$ 177,945	$ 148,669
Service	43,858	24,876
Total revenues	$ 221,823	$ 173,545
Cost of revenues	109,146	96,470
Expenses:		
Research & develop.	24,179	16,798
Mktng., gen. & adm.	61,181	47,840
Other income	(4,423)	(4,108)
Income before taxes	$ 31,740	$ 16,545
Income taxes	11,415	5,545
Net Income	$ 20,325	$ 11,000

* Included in Costs and Expenses, Depreciation and Amortization: $10,634,000 in 1987 and $8,499,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 97,562	$ 81,494
Accts. receiv., net	57,053	56,917
Other receivables	6,370	2,415
*Inventories	26,301	28,867
Prepaid expenses	5,334	3,171
Deferred taxes	2,040	3,484
Current Assets	$ 194,560	$ 176,348
#Fixed assets	29,943	29,482
Other assets	4,663	6,191
Total Assets	$ 229,166	$ 212,021

Liabilities (000's)

Short-term borrowings	$ 5,745	$ 19,918
Accts. payable	11,752	14,637
Accrued vacation	2,045	1,085
Accruals	9,006	7,780
Deferred revenues	5,028	3,336
Income taxes	5,463	7,245
Curr. Liabilities	$ 39,039	$ 54,001
Deferred inc. taxes	2,424	1,916
Other deferrals	179	873
+Common stock	132,125	125,924
Retained earnings	46,491	26,166
For. curr. trans. adjust.	6,908	3,141
Total Liabilities & Shareholders' Equity	$ 229,166	$ 212,021

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

% Income bef. Taxes to Revenues	14.31	9.53
% Net Income to Revenues	9.16	6.34
% Net Income to Equity	10.84	7.09
Debt to Equity	0.03	0.13
Working Capital	$ 155,521,000	$ 122,347,000
Current Ratio	4.98	3.27
Shareholders' Equity	$ 187,524,000	$ 155,231,000

Metex Corporation

200-C Corporate Court
South Plainfield, New Jersey 07080
(201) 756-3400

Officers: Attilio F. Petrocelli, chairman of the board; Mason N. Carter, president & chief executive officer; Robert E. Scheffhauser, v.p.-finance, treasurer & secretary; David P. Lavery, controller; Lyonel E. Zunz, asst. secretary; Lorraine A. Brown, asst. secretary & asst. treasurer.

Directors: Attilio F. Petrocelli, chairman; Mason N. Carter, Marvin Eisenson, Walter F. Gips, Jr., Leonard Gubar, Samuel Lieben, Anthony J. Petrocelli, Robert E. Scheffhauser, Bernard Turial.

Areas of Work: The Company's operations are divided into three principal operating units: Dorne & Margolin, Inc., the Technical Products Division, and the Field Transformer Division. The Dorne & Margolin business unit designs, manufactures and markets electronic rescue equipment and antenna systems for aircraft and ground-based operations. The Technical products business unit designs, manufactures and markets gaskets, seals, filters, silencers, mufflers, and shock and vibration isolators, all of which must function in adverse environments. The Field Transformer business unit designs, manufactures and markets dry-type specialty transformers and reactors for motor controllers, rectifiers, inverters and other electrical devices.

Divisions and Subsidiaries:

Dorne & Margolin, Inc.
Bohemia, New York

Technical Products Division
Edison, New York
Field Transformers Division

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: MTX

Number of Employees:

1987 ..... 370 1985 475
1986 363

Plant Footage:

1987 ..... 113,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 31,003,000	$ 246,000
1986	27,651,000	1,048,000
1985	29,437,000	2,030,000
1984	28,247,000	1,649,000
1983	14,874,000	1,136,000

	No. of Com. Share‡	Earn. per Share‡
1987	1,334,134	$ 0.18
1986	1,350,086	0.78
1985	1,343,491	1.51
1984	1,300,960	1.27
1983	1,248,534	0.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjust to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 18,851,000	$ 14.13
1986	18,342,000	13.59
1985	17,636,000	12.98
1984	15,343,000	11.79
1983	13,156,000	10.54

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	12/26/87	12/27/86
Net sales	$ 31,001,599	$ 27,630,889
Cost of sales	23,523,779	20,930,650
Expenses	5,375,589	5,441,003
Other expense (income)	1,105,176	(30,251)
Income before taxes	$ 998,015	$ 1,271,487
Income taxes	752,000	223,500
Net Income	$ 246,015	$ 1,047,987

* Included in Costs and Expenses, Depreciation and Amortization: $1,428,600 in 1987 and $1,632,479 in 1986.

Assets

As of	12/26/87	12/27/86
Cash	$ 83,924	$ 143,305
Marketable securities	3,725,478	140,000
Accts. receiv., net	6,650,631	5,252,345
*Inventories	5,106,406	4,584,952
*Prepaid expenses	180,676	199,753
Deferred inc. taxes	360,000	—
Current Assets	$ 16,113,113	$ 15,229,136
Assets pledged as collateral	3,643,750	3,643,750
#Fixed assets	6,716,984	7,175,883
Land and bldg. held for sale	1,045,464	1,028,771
Notes receivable	179,260	709,475
Other assets	802,154	792,606
Intangibles	—	318,000
Total Assets	$ 28,502,727	$ 27,868,863

Liabilities

Long-term debt, curr.	$ 265,000	$ 110,300
Short-term notes	—	600,000
Accts. payable	1,401,800	1,239,016
Accruals	1,546,168	1,483,511
Income taxes	1,499,089	630,409
Deferred income taxes	—	104,000
Curr. Liabilities	$ 4,710,147	$ 4,217,236
Long-term debt	3,447,305	3,797,798
Deferred inc. taxes	1,496,000	1,512,000
+Common stock	350,220	338,707
Add. paid-in capital	1,107,532	809,271
Retained earnings	17,796,551	17,538,536
Unrealized loss	(197,428)	(151,105)
Treasury stock	(193,600)	(193,600)
Total Liabilities & Shareholders' Equity	$ 28,502,727	$ 27,868,943

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.22	4.60
%Net Income to Sales	0.79	3.79
%Net Income to Equity	1.31	5.71
Sales to Inventories	6.07	3.25
Debt to Equity	0.20	0.21
Working Capital	$ 11,404,968	$ 9,983,119
Current Ratio	3.42	3.37
Shareholders' Equity	$ 18,851,275	$ 18,341,809

Methode Electronics, Inc.

7444 West Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600

Officers: William J. McGinley, president; William T. Jensen, executive vice president; Kevin Hayes, v.p. & treasurer; Dennis L. Stalzer, exec. v.p.; Michael O. Andre, exec. v.p.; Arnold A. Brevick, v.p.-Electrical Products Division; William T. Dwyer, v.p.-Technical Components Co., Inc.; Daniel D. Ferguson, gen. mgr.-Interconnect Products Division; John L. Glasser, v.p.-Methode Electronics, Inc.-East; William J. Green, v.p.-Methode Development Company; Gerald E. Kirschbraun, v.p.-Trace Laboratories; Chen K. Leong, v.p.-Methode Electronics, Far East PTE, Ltd.; James W. McGinley, gen. mgr.-Connector Division; Terry W. O'Brien, gen. mgr.-Methode NSF Connectors Ltd.; James A. Robinson, pres.-Trace Instruments Co., Inc.; John A. Sider, gen. mgr.-Bus Bar Division; George A. Smith, v.p.-Trace Laboratories East; Eric L. Vollmer, pres.-Graphic Research, Inc.; James M. Monahan, gen. mgr.-Backplane Division.

Directors: William J. McGinley, William T. Jensen, George C. Wright, Robert C. Keck, Raymond J. Roberts, William C. Croft, Kevin Hayes, Dennis L. Stalzer, Michael O. Andre.

Areas of Work: Develops and manufactures electronic component devices, including printed circuits, connectors, switches, busbars and back-planes, used in the production of equipment such as computers, communication systems and consumer electronic equipment. Produces automated circuit verification test equipment and performs qualification testing and certification of printed circuit boards.

Divisions and Subsidiaries:

Methode Development Company
7447 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Electronic chemicals, materials, process refinement.

Electrical Products Division
7444 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Printed circuits.

Methode Electronics, Inc. East
Printed Circuit Division
One Industrial Park, Box M
Willingboro, New Jersey 08046
(609) 871-3500

Methode Electronics, Inc.-Rolling Meadows Division
1700 Hicks Road
Rolling Meadows, Illinois 60008
(312) 392-3500
Power/signal distribution systems, laminar bus bars, backplanes, voltage and ground plane distribution systems.

Connector Division
7447 W. Wilson Avenue
Chicago, Illinois 60656
(312) 867-9600
Connectors-card receptable, rack and panel, punched plate, connector circuit, card panel assemblies and wire panels, plyoduct conductor cables.

Graphic Research, Inc.
9334 Mason Avenue
Chatsworth, California 91311
(213) 886-7340
Printed circuits.

Technical Components Company, Inc.
6633 W. 99th Street
Chicago, Illinois 60415
(312) 735-7363
High voltage leads and harnesses, jacks, and jack panel assemblies.

Trace Instruments Co., Inc.
9020 Eton Ave.
Canoga Park, California 91304
(213) 341-5593
Electronic testing equipment.

Trace Laboratories
Interconnect Products Division
Bus Bar Division;
Backplane Division
Methode Electronics, Far East PTE, Ltd.
Methode NSF Connectors Ltd.

Transfer Agent(s):

Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbols: METHA and METHB (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 95,662,301	$ 2,942,221
1986	95,992,692	5,864,561
1985	82,641,504	5,107,669
1984	66,349,215	3,159,617
1983	53,176,335	2,321,106

	No. of Com. Shares†	Earn. per Share†
1987	10,631,000	$ 0.27
1986	10,473,000	0.56
1985	9,260,000	0.55
1984	8,780,000	0.36
1983	7,484,000	0.31

† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividends‡	Stock Dividend	Stock Split
1987	$ 0.13	—	—
1986	0.126	—	2-for-1
1985	0.11	—	—
1984	0.11	—	2-for-1
1983	0.1075	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity‡	Equity Per Share†
1987	$ 43,100,767	$ 3.98
1986	40,408,327	3.74
1985	27,937,043	2.92
1984	20,532,234	2.32
1983	17,577,801	2.02

‡ After allowing for preferred stock at par value of $100 per share.
† Adjusted to reflect stock splits.

Income Account *

Year ended April 30	1987	1986
Net sales	$ 95,662,301	$ 95,992,692
Other income	591,966	797,169
Total income	$ 96,254,267	$ 96,789,861
Cost of sales	72,001,240	68,796,400
Expenses	17,730,350	16,748,984
Interest expense	580,456	679,916
Income before taxes	$ 5,942,221	$ 10,564,561
Income taxes	3,000,000	4,700,000
Net income	$ 2,942,221	$ 5,864,561

* Included in Costs and Expenses, Depreciation and Amortization: $4,204,357 in 1987 and $3,333,880 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 5,589,346	$ 6,121,021
Accts. receiv.,	16,386,179	14,818,380
*Inventories	13,969,282	14,217,343
Prepaid expenses	770,351	431,442
Current Assets	$ 36,617,158	$ 35,578,186
@ Fixed assets	25,085,414	23,329,224
Other assets	1,270,273	477,513
Total Assets	$ 62,972,845	$ 59,384,843

Liabilities

Long-term debt, curr	$ 996,888	$ 512,349
Accts. payable	1,806,334	4,752,767
Accruals	2,325,080	1,630,639
Accrued payroll	2,620,182	2,511,430
Income taxes	2,707,739	2,210,309
Curr. Liabilities	$ 12,517,023	$ 11,617,394
Long-term debt:		
Bank note	2,480,000	3,110,000
Mortgage	1,019,304	1,082,225
Equip. contract	785,000	875,000
Deferred inc. taxes	850,000	725,000
Def. compensation	2,212,751	1,496,897
+Preferred stock	100,000	100,000
++Common stock, class A	4,698,751	4,658,858
++Common stock class B	772,497	788,115
Stock awards	(387,109)	(226,229)
Add. paid-in capital	12,360,801	11,846,126
Retained earnings	25,626,135	23,454,346
For. curr. trans. adjust.	(26,022)	(70,583)
Treasury stock	(44,306)	(44,306)
Total Liabilities & Shareholders' Equity	$ 62,972,845	$ 59,384,843

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $100 par value, Series A, 4% cumulative convertible.
++ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.17	11.01
%Net Income to Sales	3.06	6.11
%Net Income to Equity	6.83	14.48
Sales to Inventories	6.85	6.75
Debt to Equity	0.12	0.14
Working Capital	$ 24,100,135	$ 23,960,792
Current Ratio	2.93	3.07
Shareholders' Equity	$ 43,100,767	$ 40,508,327

Metro Tel Corp.

485-13 South Broadway
Hicksville, New York 11801-5071
(516) 937-3420

Officers: Venerando J. Indelicato, president, chief executive officer & treasurer; Lloyd Frank, secretary.

Directors: Sheppard Baidler, Venerando J. Indelicato, Lloyd Frank, Michael Michaelson, Leopold Swergold.

Areas of Work: Engaged in the manufacture of telephone test and maintenance equipment, telephone subscriber equipment, telephone power supplies and coupling units, chemically-heated soldering irons, and transmission test equipment.

Subsidiary:

Design Development, Inc.
Santa Clara, California

Metro Tel Corp.

Acquisitions:

Buscon Systems, Inc.
Santa Clara, California
Manufacturers and markets specialty telephone products.

Transfer Agents:

Registrar & Transfer Co.
10 Commerce Drive
Cranford, New Jersey
Manufactures and markets specialty telephone products.

Stock Exchange(s): Over-the Counter

Ticker Symbol: MTRO (NASDAQ)

Number of Employees:

1987	74	1984	N.A.
1986	58	1983	54
1985	69		

Plant Footage:

1987	34,700 sq. ft.	1984	N.A.
1986	30,525	1983	23,000
1985	32,525		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 5,833,015	$ (106,372)
1986	5,489,193	320,787
1985	4,415,229	386,804
1984	4,834,384	422,108
1983	4,834,065	294,312

	No. of Comm. Shares	Ears. per Share† #
1987	1,999,705	$ —
1986	1,905,183	0.16
1985	1,838,844	0.20
1984	1,661,199	0.22
1983	1,324,033	0.15

(Loss)
† Including extraordinary gain of $17,794 ($0.01 per share) in 1983.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.03	5%	—
1986	0.03	5%	—
1985	0.03	5%	—
1984	0.025	—	—
1983	0.025	2.5%	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 2,470,252	$ 1.24
1986	2,649,422	1.39
1985	2,454,582	1.33
1984	1,996,188	1.20
1983	1,611,272	1.22

Income Account *

Year ended June 30	1987	1986
Net Sales	$ 5,833,015	$ 5,489,193
Cost of sales	4,014,721	3,145,301
Expenses	1,871,634	1,595,382
Interest expense	229,573	231,470
Interest income	(111,531)	(22,751)
Interest (loss) before taxes	$ (171,372)	$ 930,787
Income taxes (credit)	(65,000)	270,000
Net Income (Loss)	$ (106,372)	$ 320,787

* Included in Cost and Expenses, Depreciation and Amortization: $201,264 in 1987 and $131,705 in 1986

Assets

As of June 30	1987	1986
Cash	$ 452,830	$ 714,207
Accts. receiv., net	1,028,946	767,910
*Inventories	1,977,734	1,527,332
Prepaid expenses	218,779	73,680
Current Assets	$ 3,678,309	$ 3,083,129
#Fixed assets	713,395	821,437
Other assets	1,942,556	1,224,608
Total Assets	$ 6,334,260	$ 5,129,174

Liabilities

Long-term debt, curr.	$ 347,952	$ 224,993
Accts. payable	471,310	271,107
Accruals	187,512	154,086
Income taxes	—	6,175
Curr. Liabilities	$ 1,006,774	$ 656,361
Long-term debt	2,413,609	1,762,766
Deferred income taxes	83,625	60,625
+Redeem. preferred stock	360,000	—
++ Common stock	20,617	48,254
Add. paid-in capital	1,889,038	1,501,498
Retained earnings	599,347	1,168,420
Treasury stock	(68,750)	(68,750)
Total Liabilities & Shareholders' Equity	$ 6,334,260	$ 5,129,174

* At lower of cost (weighted average) or market.
# Less accumulated depreciation and amortization.
+ $1 per value; 7% cumulative convertible .
++ $0.025 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	10.76
%Net Income to Sales	—	5.84
%Net Income to Equity	—	12.11
Sales to Inventories	2.95	3.59
Debt to Equity	1.12	0.75
Working Capital	$ 2,671,535	$ 2,400,954
Current Ratio	3.65	4.52
Shareholders' Equity	$ 2,470,252	$ 2,649,422

Micom Systems, Inc.

4100 Los Angeles Avenue
P.O. Box 8100
Simi Valley, California 93062-8100
(805) 583-8600

Officers: William A. Norred, chairman; Roger L. Evans, president & chief executive officer; Christoper G. Kember, v.p.-marketing; Gilbert Cabral, v.p.-manufacturing; Michael E. Barker, v.p. & pres.-MICOM-Interlan, Inc.; Raymond V. Thomas, v.p.-finance & administration, chief financial officer & secretary; Alexander W. Saunders, v.p.-product operations; Robert A. Weaver, v.p.-industry relations; Roger D. Shober, v.p. & pres.-sales division.

Directors: William A. Norred, chairman; Roger L. Evans, David M. Goodenan, Francis F. Lucier, Thomas F. Stephenson, Sally B. Thornton, John M. Thornton, Charles P. Waite, Bertram H. Witham.

Areas of Work: The company is a leading producer of micro-computer-based data communications products. MICOM's products enable its customers, primarily mini-computer users, to move economically and efficiently communicate data among computer terminals and computers. The products are in three major categories: remote communication applications, where data are transmitted primarily over leased telephone lines; local network applications, where terminals and their host computers are located within a building or complex of buildings; and cabling sales of low-cost data communications devices.

Subsidiaries:

Black Box Corporation
Mayview Road at Park Drive
Lawrence, Pennsylvania 15055
(412) 746-2910

MICOM-Interlan, Inc.
155 Swanson Road
Boxborough, Massachusetts 01719
(617) 263-9929

MICOM-Borer Ltd.
Netlink House
448A Basingstoke Road
Reading, Berkshire RG2 OSE United Kingdom

MICOM Caribe, Inc.
Vicks Marrell Drive, Lot 10
Cayey 00634 Puerto Rico
(809) 738-4221

MICOM Asia Ltd.
1609 Shun Tak Centre
200 Connaught Road, Central Hong Kong

Transfer Agent(s):

Security Pacific National Bank
Shareholder Relations Department
P.O. Box 3546, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MISC (NASDAQ)

Number of Employees:

1987	2,043	1984	1,847
1986	2,032	1983	987
1985	2,155		

Plant Footage:

1987	712,416 sq. ft.	1985	569,800
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 196,694,000	$ 12,216,000
1986	189,538,000	10,789,000
1985	193,277,000	25,712,000
1984	139,286,000	20,876,000
1983	86,651,000	12,361,000

	No. of Com. Shares‡	Ears. per Share‡†
1987	17,519,000	$ 0.70
1986	17,538,000	0.62
1985	17,371,000	1.48
1984	17,062,000	1.22
1983	16,061,000	0.77

† Including extraordinary gains of $130,000 ($0.01 per share) in 1986, $570,000 ($0.03 per share) in 1985 and $60,000 in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 171,782,000	$ 9.81
1986	157,739,000	8.99
1985	144,825,000	8.34
1984	117,119,000	6.86
1983	59,137,000	3.68

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*
(000's)

Year ended Mar. 31	1987	1986
Net sales	$ 196,694	$ 189,538
Cost of sales	96,002	93,109
Expenses	87,629	85,109
Interest income	(2,869)	(1,654)
Income before taxes	$ 15,932	$ 12,674
Income taxes	3,716	2,015
Net income	$ 12,216	$ 10,659
Extraord. gain	—	130
Net income & extraord. gain	$ 12,216	$ 10,789

* Included in Costs and Expenses, Depreciation and Amortization: $7,698,000 in 1987 and $8,272,000 in 1986.

Assets
(000's)

As of Mar. 31	1987	1986
Cash & cash equiv.	$ 32,630	$ 20,877
Accts. receiv., net	40,499	40,120
*Inventories	43,198	42,170
Def. tax benefit	2,393	1,936
Other curr. assets	4,558	4,169
Current Assets	$ 123,278	$ 109,272
Investments	28,325	22,675
#Fixed assets	50,231	48,987
Other assets	6,941	5,847
Total Assets	$ 208,775	$ 186,781

Liabilities
(000's)

Notes payable	$ 274	$ 2,089
Long-term debt, curr.	1,565	1,023
Accts. payable	8,548	5,492
Accruals	3,539	3,962
Accrued payroll	5,343	4,395
Income taxes	9,432	3,677
Curr. Liabilities	$ 28,701	$ 20,638
Long-term debt	5,784	6,904
Deferred inc. taxes	2,508	1,500
+Common stock	75,841	74,535
Retained earnings	95,490	83,274
Cum. trans. adj.	451	(70)
Total Liabilities & Shareholders' Equity	$ 208,775	$ 186,781

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.10	6.69
%Net Income to Sales	6.21	5.69
%Net Income to Equity	7.11	6.84
Sales to Inventories	4.55	4.49
Debt to Equity	0.03	0.06
Working Capital	$ 94,577,000	$ 88,634,000
Current Ratio	4.30	5.29
Shareholders' Equity	$ 171,782,000	$ 157,739,000

Micro Mask, Inc.

695 Vaqueros Avenue
Sunnyvale, California 94086
(408) 245-7342

Officers: Joseph C. Ross, Jr., chairman of the board & president; Johnny H. Ashcraft, v.p.-finance & chief financial officer; Donald J. Holthaus, v.p. & asst. secretary; Russell W. Weiss, sr. v.p.; William E. Parker, v.p. & gen. mgr.-EMC Division; Victor A. Hebert, secretary; Edward C. Grady, v.p.-marketing & sales.

Directors: Joseph C. Ross, Jr., chairman; Joseph Chulick, Jr., Noel J. Fenton, Gordon E. Moore*, Isaac Stein.

* Member of the Executive Committee

Areas of Work: Manufacturer of photomasks and hard surface photoplates required in the design, engineering and production of integrated circuits and semiconductors. Also manufactures high-quality Winchester disk substrates for computer memory storage and probe cards and related semiconductor equipment.

Divisions and Subsidiaries:

Micro Mask Division
Sunnyvale, California
Supplier of photomasks for the semiconductor and integrated circuit markets.

EMC Division
Azusa, California
Supplier of hard surface glass photoplates, required for manufacturing hard surface photomasks, used in the production of integrated circuits.

Probe Technology Corporation
Santa Clara, California
Develops, manufactures and markets high-quality probe cards and related products used to test integrated and hybrid circuits.

Transfer Agent(s):

First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MCRO (NASDAQ)

Number of Employees:

1987	425	1984	420
1986	331	1983	415
1985	440		

Plant Footage:

1987	101,000 sq. ft.	1984	132,000
1986	101,000	1983	150,000
1985	144,000		

Sales & Earnings

	Net Sales+	Net Income
1987	$ 28,034,000	$ 47,000
1986	21,428,000	(4,477,000)
1985	20,666,000	(1,861,000)
1984	24,624,000	1,659,000
1983	22,665,000	1,583,000

	No. of Com. Shares #	Earn. per Share #
1987	2,199,740	$ 0.02
1986	2,154,689	—
1985	2,140,943	—
1984	2,128,425	0.78
1983	2,104,166	0.75

(Loss)
+ Of continuing operations only.
#: Based on the weighted average number of common shares and, when material, common share equivalents outstanding during the period, adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 10,786,000	$ 4.87
1986	10,616,000	4.91
1985	14,968,000	7.00
1984	16,837,000	7.89
1983	14,964,000	7.01

‡ Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net sales	$ 28,034	$ 21,428
Cost of sales	22,731	20,626
Expenses	4,424	4,599
Gain on disp. of assets	(198)	—
Interest expense	1,010	1,006
Inc. (loss)- bef. taxes	$ 67	$ (4,803)
Tax credit	—	(620)
Inc. (loss) cont. oper.	$ 67	$ (4,183)
Loss-discont. oper.	—	(294)
Net Income (Loss)	$ 67	$ (4,477)

* Included in Cost and Expenses, Depreciation and Amortization: $3,688,000 in 1987 and $3,689,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash	$ 679	$ 361
Accts. receiv., net	4,613	3,900
*Inventories	2,381	2,407
Prepaid expenses	327	175
Investment prop.	—	131
Current Assets	$ 8,000	$ 6,974
#Fixed assets	16,115	19,188
Restricted funds	29	334
Deposits & other assets	331	217
Note receivable	253	288
Total Assets	$ 34,728	$ 27,001

Liabilities
(000's)

Note payable	$ 2,400	$ 2,613
Long-term debt & cap. lease oblig., curr.	1,964	6,675
Accts. payable	1,688	2,086
Accrued payroll	649	499
Other curr. liab.	403	727
Curr. Liabilities	$ 7,104	$ 12,560
Long-term debt	5,493	1,989
Cap. lease oblig.	1,045	1,536
Deferred inc. taxes	300	300
+ Common stock	2,213	2,162
Add. paid-in capital	3,668	3,596
Retained earnings	4,905	4,858
Total Liabilities & Shareholders' Equity	$ 34,728	$ 27,001

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Sales	0.17	—
%Net Income to Equity	0.44	—
Sales to Inventories	11.77	8.90
Debt to Equity	1.01	1.21
Working Capital	$ 996,000	—
Current Ratio	1.13	—
Shareholders' Equity	$ 10,786,000	$ 10,616,000

Microdyne Corporation

P.O. Box 7213

491 Oak Road
Silver Springs Shores Industrial Park
Ocala, Florida 32672
(904) 687-4633

Officers: Louis H. Wolcott, chairman of the board; Kenneth G. Harple, president & chief executive officer; Donald L. Feller, exec. v.p. & secretary; Michael S. Balbus, v.p.; Hauk S. Lin, v.p.; Eugene R. Day, v.p.-finance, treasurer, asst. secretary & chief financial officer; R. B. Elam, v.p.-marketing/Telemetry Products; David L. Alvarez, v.p.-marketing/Satellite Communications; William M. Lennon, v.p.-Maryland operations; William E. Drouillard, v.p. & gen. mgr.-Antennas for Communications.

Directors: Louis H. Wolcott, chairman; Donald L. Feller, Michael S. Balbus, Carl H. Cahill, Sean Boland, Kenneth G. Harple, Robert L. Cantor, Kenneth F. Yarbrough.

Areas of Work: Electronic hardware manufacturer specializing in sophisticated radio receivers and related test equipment. These products are used in satellite communications (data, TV and weather), electronic surveillance systems, specialized ground communications, and in the testing of airplanes, guided missiles, and automobiles.

Divisions and Subsidiaries:

Rockville Operations
P.O. Box 1527
627 Lofstrand Lane
Rockville, Maryland 20850
(301) 762-8500

Cumberland Operations
11950 Upper Potomac
Valley Industrial Park
Cumberland, Maryland 21502

Microdyne Satellite Systems, Inc.

Shores Service Station, Inc.

Antennas for Communications, Inc.
344 Cypress Road
Silver Springs Shores Industrial Park
Ocala, Florida 32672
(904) 687-4121

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MCDY (NASDAQ)

Number of Employees:

1987 ..... N.A. 1986 465

Plant Footage:

1987 ..... N.A. 1986 ...169,244 sq. ft.

N. A. - Not Available.

Sales & Earnings

	Net Sales†	Net Income
1987	$ 19,178,000	$ (1,842,362)
1986	24,734,000	(6,029,017)
1985	26,427,000	558,195
1984	27,975,000	221,837
1983	23,661,000	1,403,043

	No. of Com. Shares	Earn. per Share +
1987	4,557,648	$ —
1986	4,557,648	—
1985	4,557,648	0.12
1984	4,684,648	0.05
1983	4,613,648	0.30

(Loss)
† Of continuing operations only.
+ Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.06	—	—
1986	0.06	—	—
1985	0.06	—	—
1984	0.06	—	—
1983	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 24,163,988	$ 5.30
1986	27,325,459	6.00
1985	33,768,032	7.41
1984	33,688,146	7.19
1983	34,287,481	7.43

Income Account *

Year ended	11/1/87	11/2/86
Net sales	$ 19,170,332	$ 24,734,470
Cost of sales	16,919,247	20,978,572
Expenses	3,852,541	4,076,092
Interest income	(259,219)	(3,288)
Investment loss	258,125	—
Writedown of invest.	250,000	—
Loss bef. taxes	$ (1,842,362)	(316,906)
Tax credit	—	(62,098)
Loss - cont. oper.	$ (1,842,362)	(254,808)
Loss - discont. oper.	—	(5,774,209)
Net Loss	$ (1,842,362)	(6,029,017)

* Included in Costs and Expenses, Depreciation and Amortization: $988,393 in 1987 and $935,484 in 1986.

Assets

As of	11/1/87	11/2/86
Cash	$ 344,765	$ 1,237,159
Short-term invest.	6,302,089	1,312,348
Accts. receiv., net	6,516,367	8,141,515
*Inventories	8,210,537	10,096,587
Prepaid expenses	138,583	120,392
Income taxes	54,312	965,182
Current Assets	$ 21,466,653	$ 21,873,283
#Fixed assets	4,979,817	5,400,937
Market. securities	241,875	300,000
Receiv. on install. sales	1,065	108,834
Net assets held for dispos.	—	2,504,183
Other assets	201,268	545,825
Total Assets	$ 26,970,678	$ 30,733,062

Liabilities

Bank loan payable	$ —	$ 375,829
Cap. lease oblig., curr.	14,196	13,371
Notes payable	80,888	96,000
Accts. payable	699,574	557,280
Accruals	923,979	1,019,114
Customer deposits	48,237	101,156
Dividends payable	125,443	134,690
Curr. Liabilities	$ 1,892,317	$ 2,297,443
Net. liab. of discont. oper.	81,227	—
Long-term debt	833,146	1,110,160
+Common stock	455,765	455,765
Add. paid-in capital	20,353,618	20,353,618
Net unreal. invest. loss	—	(200,000)
Retained earnings	4,915,417	7,014,864
Treasury stock	(1,560,812)	(298,788)
Total Liabilities & Shareholders' Equity	$ 26,970,678	$ 30,733,062

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.34	2.45
Debt to Equity	0.03	0.06
Working Capital	$ 19,574,336	$ 19,575,840
Current Ratio	11.34	9.52
Shareholders' Equity	$ 24,163,988	$ 27,325,459

Micropolis Corporation

21123 Nordhoff Street
Chatsworth, California 91311
(818) 709-3300

Officers: Stuart P. Mabon, chairman of the board & president; Ericson M. Dunstan, sr., v.p.-corporate engineering & secretary; Chester Baffa, sr., v.p.-marketing & sales; Dundas I. Flaherty, sr., v.p.-finance & chief financial officer; Edwin P. Hescox, sr. v.p.-operations; Constance J. Friedman, v.p.-human resources; Eugene F. Hovanec, v.p. & controller; Barry L. Kasarda, v.p.-materials; Terrance Ostridge, v.p. European operations; Robert L. Rauch, v.p.-quality; A.T.M. Robertson, v.p.-engineering; Peter M. Scheffler, v.p.-manufacturing; Lin-Hong Wong, v.p.-Singapore operations.

Directors: Stuart P. Mabon, chairman; Ericson M. Dunstan, E.E. Ferrey, J. Burgess Jamieson, Robert J. Loarie, Theodore J. Smith, .

Areas of Work: Designs and manufactures high-performance 5.25-inch Winchester disk drives and markets these to original equipment manufacturers.

Subsidiaries:

Micropolis GmbH
Garmischer Strasse 4
8000 Munchen 2, West Germany

Micropolis SARL
2 rue du Buisson aux Fraises
Z.I de la Bonde
91300 Massy, France

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MLIS (NASDAQ)

Number of Employees:

1986 1,792

Plant Footage:

1986 ..... 220,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 288,256,000	$ 27,240,000
1986	213,135,000	18,250,000
1985	94,895,000	2,777,000
1984	60,147,000	819,000
1983	51,594,000	3,536,000

	No. of Com. Shares‡	Earn. per Share‡
1987	11,335,000	$ 2.40
1986	10,585,000	1.72
1985	9,350,000	0.30
1984	9,313,000	0.09
1983	8,209,000	0.43

‡ Based on the weighted average number of common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 139,317,000	$ 12.29
1986	110,719,000	10.46
1985	63,609,000	6.81
1984	60,691,000	6.52
1983	59,775,000	7.28

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	12/25/87	12/26/86
Net sales	$ 288,256	$ 213,135
Cost of sales	218,397	161,232
Expenses:		
Res. & develop.	13,599	10,613
Selling, gen. & adm.	21,760	11,188
Interest income	(1,820)	(2,315)
Income before taxes	$ 36,320	$ 32,397
Income taxes	9,080	14,147
Net Income	$ 27,240	$ 18,250

* Included in Costs and Expenses, Depreciation and Amortization: $8,740,000 in 1987 and $8,257,000 in 1986.

Assets
(000's)

As of	12/25/87	12/26/86
Cash	$ 105,538	$ 38,234
Accts. receiv., net	60,062	38,027
*Inventories	52,359	27,275
Other curr. assets	8,545	2,761
Current Assets	$ 221,504	$ 106,297
#Fixed assets	39,536	25,973
Other assets	2,497	569
Total Assets	$ 263,537	$ 132,839

Liabilities

Accts. payable	$ 28,170	$ 10,579
Accrued payroll	2,632	1,852
Other accruals	4,140	1,250
Income taxes	9,612	—
Curr. Liabilities	$ 44,554	$ 21,681
Convert. subord. deben.	75,000	—
Deferred inc. taxes	4,666	439
+Common stock	11,386	84,520
Add. paid-in capital	74,492	—
Retained earnings	53,439	26,199
Total Liabilities & Shareholders' Equity	$ 263,537	$ 132,839

* At lower of cost (standard) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. taxes to Sales	12.60	15.20
%Net Income to Sales	9.46	8.56
%Net Income to Equity	19.55	16.48
Sales to Inventories	5.51	7.81
Working Capital	$ 176,950,000	$ 84,616,000
Current Ratio	4.97	4.90
Shareholders' Equity	$ 139,317,000	$ 110,719,000

Microsemi Corporation

2830 South Fairview Street
Santa Ana, California 92704
(714) 979-8220

Officers: Philip Frey, Jr., chairman of the board, president & chief exec. officer; Richard L. Geiger, vice chairman of the board; Jiri Sanders, v.p.-engineering; David R. Sonksen, v.p.-finance, chief financial officer, treasurer & secretary.

Directors: Richard L. Geiger, chairman; Philip Frey, Jr., Lester Kilpatrick, Jiri Sanders, Fred Burns, Brad Davidson, Herman Fialkov.

Areas of Work: The Company designs and manufactures a broad line of discrete semiconductors and other electronic component products and provides related services principally for military, aerospace, medical, computer, telecommunications and other electronics markets. Major products are silicon rectifiers, zener diodes, low leakage and high voltage diodes, temperature compensated zener diodes and a family of subminiature high power transient suppressor diodes.

Subsidiaries:

Microsemiconductor Ltd.
Hong Kong
Manufacturer of semiconductor products.

Microsemi Corp.- Scottsdale
Scottsdale, Arizona

Microcap, Inc.
San Diego, California
Manufacture of multilayer ceramic capacitors.

Semcon Electronics Ltd.
Bombay, India

Bikor Corporation
Torrance, California
Manufactures power supplies for the telecommunications industry.

Acquisitions:

Hybrid Components, Inc.
Beverly, Massachusetts
Screens and tests components.

Omni Technology Corporation
Fremont, California
Screens and tests components.

Salem Scientific, Inc.
Salem, Massachusetts
Distributes specialty semiconductor dice.

Vitrarel Microelectronics, Inc. (60% owned)
San Diego, California
Manufactures microelectronic hybrid circuits.

Coors Components, Inc.
Golden, Colorado
Manufactures and markets power semiconductors.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MSCC (NASDAQ)

Number of Employees:

1987	N.A.	1984	1,115
1986	1,120	1983	890
1985	1,120		

Plant Footage:

1987	N.A.	1984	208,000
1986	208,000 sq. ft.	1983	208,000
1985	208,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 46,821,000	$ 5,310,000
1986	38,742,000	5,475,000
1985	34,578,000	4,046,000
1984	30,278,000	2,717,000
1983	24,422,000	1,111,000

	No. of Com. Shares‡	Earn. per Share‡
1987	9,220,000	$ 0.58
1986	8,581,000	0.64
1985	7,856,000	0.52
1984	7,362,000	0.38
1983	6,854,000	0.17

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 37,076,000	$ 4.02
1986	33,360,000	3.88
1985	17,301,000	2.20
1984	11,573,000	1.57
1983	4,682,000	0.68

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	9/27/87	9/28/86
Net sales	$ 46,821,000	$ 38,742,000
Cost of sales	28,453,000	24,007,000
Expenses	8,155,000	5,870,000
Gain on sale	(265,000)	(318,000)
Interest expense	1,732,000	399,000
Other expense (income)	319,000	(301,000)
Income before taxes	$ 8,427,000	$ 9,125,000
Income taxes	3,117,000	3,650,000
Net Income	$ 5,310,000	$ 5,475,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,513,000 in 1987 and $871,000 in 1986.

Microsemi Corporation

Assets

As of	9/27/87	9/28/86
Cash	$ 1,653,000	$ 1,078,000
Certificate of deposit	3,032,000	1,038,000
Marketable securities	23,554,000	10,493,000
Accts. receiv., net	10,784,000	6,195,000
*Inventories	14,603,000	10,772,000
Deferred income taxes	604,000	702,000
Other curr. assets	2,669,000	1,675,000
Current Assets	$ 56,197,000	$ 31,953,000
#Fixed assets	20,962,000	10,945,000
Other assets	14,674,000	5,531,000
Total Assets	$ 92,535,000	$ 48,429,000

Liabilities

Notes payable	$ 698,000	$ 2,415,000
Long-term debt, curr.	241,000	83,000
Accts. payable & accruals	7,258,000	5,095,000
Income taxes	—	299,000
Curr. Liabilities	$ 8,197,000	$ 7,892,000
Long-term debt	46,870,000	6,746,000
Other liabilities	392,000	431,000
+Common stock	1,824,000	1,852,000
Add. paid-in capital	17,280,000	17,529,000
Retained earnings	17,972,000	13,979,000
Total Liabilities & Shareholders' Equity	$ 92,535,000	$ 48,429,000

* At lower of cost (FIFO) or market; Scottsdale, A.C., inventory at LIFO.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.00	23.55
%Net Income to Sales	11.34	14.13
%Net Income to Equity	14.32	18.41
Sales to Inventories	3.21	3.60
Debt to Equity	1.29	0.28
Working Capital	$ 48,702,000	$ 24,061,000
Current Ratio	6.94	4.05
Shareholders' Equity	$ 37,076,000	$ 33,360,000

Microwave Filter Company, Inc.

6743 Kinne Street
East Syracuse, New York 13057
(315) 437-3953

Officers: Carson Buck, chairman; Glyn Bostick, president; Emily Bostick, exec. v.p.-corp. secretary & director of sales; Alice Berry, v.p. & director of employee development; William P. Johnson, v.p. & director of engineering; Richard L. Jones, v.p. & treasurer.

Directors: Carson Buck, chairman of the board; Glyn Bostick, Emily Bostick, Trudi Berwick Artini, Michael Chiappone, Henry Crauser, Edward Dietrich, Frederick Dix, Carl F. Fahrenkrug, William J. Fraser, Louis Misenti, David Robinson.

Area of Work: Designs and manufactures microwave components and integrated microwave assemblies and systems for use in electronic communications industries, including cable television, satellite communications, microwave communications (including defense electronics), personal communications (amateur radio), and radio frequency electronics.

Subsidiary:

Microwave Filter International, Ltd.

Transfer Agent(s):

Microwave Filter Company, Inc.
East Syracuse, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MFCO (NASDAQ)

Number of Employees:

1987	N.A.	1985	118
1986	92		

Fiscal Footage:

1987	N.A.	1986	24,000 sq. ft.

N.A. - Not Available

Sales & Earnings

	Net Sales	Net Income
1987	$ 4,647,900	$ 322,426
1986	5,301,012	234,549
1985	5,032,572	393,310
1984	4,491,192	381,607
1983	3,649,542	184,593

	No. of Com. Shares‡	Earn. per Share‡
1987	2,481,990	$ 0.13
1986	2,473,648	0.09
1985	2,459,652	0.16
1984	2,448,408	0.16
1983	2,439,747	0.08

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	5%	—
1986	—	5%	—
1985	—	1.5%	—
1984	—	2%	—
1983	—	15%	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,235,169	$ 0.90
1986	1,901,706	0.77
1985	1,630,876	0.66
1984	1,197,837	0.49
1983	781,657	0.32

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Income Account*

Year ended Sept. 30	1987	1986
Net sales	$ 4,647,900	$ 5,301,012
Cost of sales	2,259,403	2,612,731
Expenses	1,868,037	2,387,523
Rental income	(52,020)	(50,970)
Other income	(6,114)	(7,863)
Interest income	(25,615)	(3,851)
Interest expense	50,019	74,375
Income before taxes	$ 556,190	$ 289,067
Income taxes	231,764	54,518
Net Income	$ 322,426	$ 234,549

* Included in Costs and Expenses, Depreciation and Amortization: $158,917 in 1987 and $155,466 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 38,765	$ 49,708
Cert. of deposit	565,324	—
Accts. receiv., net	724,430	807,340
Refundable income taxes	—	141,257
*Inventories	724,752	790,545
Prepaid expenses	116,805	81,400
Current Assets	$ 2,170,076	$ 1,870,250
#Fixed assets	1,532,308	1,444,417
Other assets	28,747	40,000
Total Assets	$ 3,731,131	$ 3,354,667

Liabilities

Notes payable	$ 93,942	$ 245,186
Accts. payable	284,762	228,754
Accrued payroll	186,423	189,480
Accrued inc. taxes	148,648	—
Accrued profit sharing	25,000	25,000
Curr. Liabilities	$ 738,775	$ 688,400
Long-term debt	566,522	618,098
Deferred comp.	48,029	38,429
Deferred inc. taxes	142,636	108,034
+Common stock	236,475	234,622
Add. paid-in capital	1,146,143	947,232
Retained earnings	858,640	733,155
Treasury stock	(4,089)	(3,303)
Total Liabilities & Shareholders' Equity	$ 3,731,131	$ 3,354,667

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.92	5.45
%Net Income to Sales	6.94	4.42
%Net Income to Equity	14.43	12.33
Sales to Inventories	6.41	6.71
Debt to Equity	0.30	0.45
Working Capital	$ 1,431,301	$ 1,181,850
Current Ratio	2.94	2.72
Shareholders' Equity	$ 2,235,169	$ 1,901,706

Milgray Electronics, Inc.

77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-9800

Officers: Herbert S. Davidson, chairman & president; Richard Hyman, exec. v.p. & v.p.-sales; Herschel M. Weinberg, secretary; John R. Tortorici, v.p.-finance & treasurer; Darren O'Donnell, v.p.-marketing; Steven Sokoloff, v.p.-marketing; Thomas Woolf, regional v.p.-sales; Gary Adams, regional v.p.-sales; Elliott Stevens, regional v.p.-sales; Elio Carlino, controller.

Directors: Herbert S. Davidson, chairman; Robert G. Davidoff, Richard Hyman, Herschel M. Weinberg.

Area of Work: Engaged in the distribution of electronic components produced by a large number of manufacturers. Items sold consist principally of semiconductors, electromechanical devices (relays and electronic hardware) and capacitors.

Divisions and Subsidiaries:

Milgray/Cleveland, Inc.
6155 Rockside Road
Cleveland, Ohio 44131
(216) 447-1520

Milgray/Florida, Inc.
1850 Lee Road, Suite 104
Winter Park, Florida 32789
(407) 647-5747

Milgray/International, Inc./Milgray Electronics AG
77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-9800

Milgray/International, Inc.
33 Bond Street
Brighton, Sussex BN1 IRD England

7320 Goeppingen West Germany

Chamerstrasse 50
Zug, Switzerland

Milgray/Delaware Valley, Inc.
3001 Greentree Executive Campus
Marlton, New Jersey 08053
(609) 983-5010

Milgray/Atlanta
3000 Northwoods Parkway
Norcross, Georgia 30071
(404) 446-9777

Milgray/Kansas City, Inc.
6400 West 63rd Street
Overland Park, Kansas 66202
(913) 236-8800

Milgray/New York, Inc.
77 Schmitt Boulevard
Farmingdale, New York 11735
(516) 391-3000

Milgray/Upstate New York
1200-A Scottsville Road
Rochester, New York 14624
(716) 235-0830

Milgray/Washington, Inc.
9801 Broken Land Parkway
Columbia, Maryland 21046
(301) 995-6169

Birnbach Co., Inc.
81 Schmitt Boulevard
Farmingdale, New York 11735
(516) 420-0400

Milgray/Connecticut
326 West Main Street
Milford, Connecticut 06460
(203) 878-5538

Milgray/Chicago, Inc.
765 Route 83
Bensenville, Illinois 60106
(312) 350-0490

Milgray/Dallas, Inc.
17060 Dallas Parkway
Dallas, Texas 75248
(214) 248-1603

Milgray/California
23901 Calabasas Road
Calabasas, California 91302

Milgray/New England
187 Ballardvale Street
Wilmington, Massachusetts 01887
(617) 657-5900

Milgray/Toronto
150 Consumers Road
Willowdale, Ontario M2J 4R4 Canada
(416) 756-4481

Milgray/Utah
4190 South Highland Drive
Salt Lake City, Utah 84124
(801) 272-4999

Milgray Electronics/Puerto Rico
Calle #1, Carr. 188
Canovanas 00629 Puerto Rico
(809) 876-8285

Transfer Agent(s):

Registrar and Transfer Co.
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	330	1984	260
1986	300	1983	225
1985	280		

Plant Footage:

1987	80,000 sq. ft.	1984	80,000
1986	80,000	1983	80,000
1985	80,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 73,797,920	$ 851,628
1986	62,004,437	175,738
1985	57,533,211	616,352
1984	75,496,907	4,180,257
1983	56,275,099	2,088,744

	No. of Com. Shares	Earn. per Share
1987	778,690	$ 1.09
1986	778,690	0.23
1985	778,690	0.79
1984	778,690	5.37
1983	778,690	2.68

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 11,399,237	$ 14.90
1986	10,747,609	13.80
1985	10,571,871	13.58
1984	9,955,519	12.78
1983	5,775,262	7.42

Income Account °

Year ended Dec. 31	1987	1986
Net sales	$ 73,797,920	$ 62,004,437
Cost of sales	56,008,683	46,810,264
Expenses	16,285,821	14,335,883
Interest expense	755,556	649,539
Income before taxes	$ 747,860	$ 208,751
Income taxes	247,432	33,013
Cum. effect of change in inventory method	(351,300)	—
Net income	$ 851,628	$ 175,738

° Included in Costs and Expenses, Depreciation and Amortization: $203,335 in 1987 and $235,419 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,025,168	$ 760,022
Accts. receiv., net	11,646,905	9,913,307
°Inventories	15,803,733	15,746,798
Inc. tax refunds receiv.	—	32,123
Prepaid expenses & sundry expenses	263,095	263,660
Current Assets	$ 28,940,901	$ 26,715,890
#Fixed assets	2,311,008	2,246,780
Other assets	160,875	204,814
Total Assets	$ 31,412,784	$ 29,167,484

Liabilities

Notes payable	$ —	$ 4,500,000
Long-term debt, curr.	116,841	144,571
Accts. payable	7,680,805	7,049,077
Accruals & sundry liabilities	1,573,380	1,199,327
Inc. taxes payble	484,522	—
Def. income taxes	744,896	1,103,178
Curr. Liabilities	$ 10,608,444	$ 13,996,153
Long-term debt	8,862,370	4,301,322
Deferred income taxes payable	342,733	122,400
+Common stock	200,003	200,003
Add. paid-in capital	26,675	26,675
Retained earnings	11,423,124	10,571,496
Treasury stock	(50,565)	(50,565)
Total Liabilities & Shareholders' Equity	$ 31,412,784	$ 29,167,484

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.25 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.01	0.34
%Net Income to Sales	1.15	0.28
%Net Income to Equity	7.34	1.64
Sales to Inventories	4.67	3.94
Debt to Equity	0.77	0.83
Working Capital	$ 18,332,457	$ 12,719,737
Current Ratio	2.73	1.91
Shareholders' Equity	$ 11,599,237	$ 10,747,609

Milton Roy Company

Suite 900, 111 Second Avenue N.E.
P.O. Box 12169
St. Petersburg, Florida 33733
(813) 823-4444

Officers: Richard E. Schmidt, chairman & president; H. Rodman Smith, sr. v.p.; C. Edward Liggans, v.p.-administration; W. Barry Gilbert, v.p.; Stephen G. Matthews, v.p.; Douglas J. Bingler, v.p.; Jean-Claude Degremont, v.p.-international; John M. McNamara, v.p.-finance & secretary; Darrell N. Clark, v.p.-human resources; Eileen L. Cole, asst. sec.; J. Ronald Moore, v.p. & controller; Luis E. Leon, treasurer.

Directors: Robert T. Sheen°, Dan L. McGurk, Edmund H. Damon, Raleigh W. Greene, James F. Healey°, John P. Horgan°, Philip A. Sprague°, John T. Subak° , Robert F. Murphy, Albert R. Sauber, Richard E. Schmidt°, Jean-Claude Degremont.

° Member of the Executive Committee

Divisions and Subsidiaries:

Analytical Instruments Group
High performance liquid chromatography components and systems, mass spectrometers, spectrophotomers, laser light scattering instruments, image and color analyzers, diffraction gratings.

Analytical Products
Rochester, New York

Laboratory Data Control Division
Riviera Beach, Florida
(305) 844-5241

Process Analytical
Anaheim, California

LDC-S.A.
Paris, France

Milton Roy (U.K.) Ltd.
Stone, England

Laboratory Data Control-Shannon
Shannon, Ireland

Milton Roy Company

Milton Roy (Deutschland) GmbH
Frankfurt, West Germany

Milton Roy K.K.
Tokyo, Japan

Milton Roy (Belgium) N.V.
Oostende, Belgium

Milton Roy (Hong Kong) Ltd.
Wanchai, Hong Kong

Fluid Control Group
Controlled volume pumps; water quality systems; engineered chemical feed systems; special purpose centrifugal pumps; electronic actuators.

Hartell Division
Ivyland, Pennsylvania

Flow Control Division
Ivyland, Pennsylvania

Milton Roy Industries, Inc.
Peterborough, Ontario, Canada

Dosapro-Milton Roy S.A.
Pont-Saint-Pierre, France

Dosilsistemas S.A. de C.V. (joint venture)
Mexico City, Mexico

Dosapro-Milton Roy Iberica S.A.
Madrid, Spain

Dosapro-Milton Roy S.P.A.
Milan, Italy

Dosapro-Milton Roy GmbH
Oberhausen, West Germany

Dosapro-Milton Roy (UK) Ltd.
Wokingham, England

Transfer Agent(s):

Mellon Bank (East) N.A.
P.O. Box 444
Pittsburg, Pennsylvania 15230
(412) 456-8170

Stock Exchange(s): New York

Ticker Symbol: MRC

Number of Employees:

1987	1,145	1984	1,114
1986	1,324	1983	853
1985	1,456		

Plant Footage:

1987 ..... 545,211 sq. ft.

Sales & Earnings

	Net Sales†	Net Income
1987	$ 112,937,000	$ 3,778,000
1986	115,065,000	(3,786,000)
1985	97,887,000	882,000
1984	70,396,000	4,053,000
1983	62,375,000	3,394,000

	No. of Com. Shares	Earn. per Share #
1987	4,290,000	$ 0.90
1986	4,263,000	—
1985	4,199,000	0.22
1984	4,128,000	1.01
1983	4,086,000	0.86

(Loss)
† Of continuing operations only; includes services.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Laboratory Analytical Instrumentation	$ 53,310	$ 50,210
Fluid Control Instrumentation	59,627	58,246
Total	$ 112,937	$ 115,065

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.44	—	—
1986	0.44	—	—
1985	0.43	—	—
1984	0.39	—	—
1983	0.35 2/3	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 41,902,000	$ 9.77
1986	36,800,000	8.63
1985	40,024,000	9.53
1984	38,488,000	9.32
1983	36,171,000	8.85

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 112,937,000	$ 115,065,000
Cost of sales	61,004,000	66,881,000
Expenses	45,460,000	43,351,000
Loss on dispos. on prod. lines	—	7,400,000
Interest expense	2,951,000	3,822,000
Other income	(826,000)	(653,000)
Income (loss) bef. taxes	$ 6,348,000	$ (5,736,000)
Income taxes (credit)	2,570,000	(1,950,000)
Net Income (Loss)	$ 3,778,000	$ (3,786,000)

* Included in Costs and Expenses, Depreciation and Amortization: $4,279,300 in 1987 and $5,114,00 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 6,364,000	$ 2,786,000
Accounts & notes receiv.	27,440,000	24,087,000
*Inventories	22,326,000	22,786,000
Prepaid expenses	4,264,000	2,160,000
Deferred inc. taxes	3,658,000	5,203,000
Current Assets	$ 64,052,000	$ 57,022,000
#Fixed assets	25,410,000	23,781,000
Project fund	6,241,000	8,129,000
Notes receiv. & other assets	3,220,000	5,311,000
Intangibles	4,378,000	2,275,000
Total Assets	$ 103,301,000	$ 96,518,000

Liabilities

Long-term debt, curr.	$ 2,299,000	$ 1,317,000
Notes payable	7,683,000	4,359,000
Accts. payable & accruals	20,544,000	20,071,000
Income taxes	419,000	764,000
Curr. Liabilities	$ 30,935,000	$ 26,511,000
Long-term debt.	26,664,000	30,109,000
Deferred inc. taxes	2,292,000	1,769,000
Other liab.	1,528,000	1,329,000
+ Common stock	4,290,000	4,263,000
Add. paid-in capital	9,174,000	8,664,000
Equity adjustment	2,177,000	(686,000)
Retained earnings	26,261,000	24,359,000
Total Liabilities & Shareholders' Equity	$ 103,301,000	$ 96,518,000

* At lower of cost (?FIFO) or market; Portland Valve valued at LIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.62	—
%Net Income to Sales	3.35	—
%Net Income to Equity	9.02	—
Sales to Inventories	5.06	5.05
Debt to Equity	0.87	0.97
Working Capital	$ 33,117,000	$ 30,511,000
Current Ratio	2.07	2.15
Shareholders' Equity	$ 41,902,000	$ 36,800,000

Mini-Computer Systems, Inc.

5 Corporate Park Drive
White Plains, New York 10604
(914) 694-1101

Officers: William R. Doniger, chairman of the board & chief financial officer; Michael W. Brennan, president & chief executive officer; Lawrence Howell, president-Campus America, Inc..

Directors: William R. Doniger, chairman of the board; Michael W. Brennan, Michael Epstein.

Areas of Work: Engaged primarily in the sale of computer administrative systems for colleges and universities; the maintenance of Data General Corporation based computer systems; and the operation of credit collection agencies which primarily service hospitals. The Company is also engaged in the sale of computer hardware as part of an integrated computer system.

Subsidiaries:

Optim Computer Group Ltd. (37%-owned)
London, England
Amsterdam, The Netherlands
Distributes computer hardware and software systems and provides extensive maintenance support to business markets.

Micos Financial Services, Inc.
Credit collection services.

Dakota Computer Services
Involved in the maintenance of Data General Corporation based computer systems.
Gregg Data, Inc.

Campus America, Inc.
Supplies administrative software to colleges and universities nationwide.

Prime Company, Inc.
Roswell, New Mexico
Supplies administrative software to colleges and universities.

Transfer Agent(s):

American Transfer Company
44 Beaver Street
New York, New York 10022

Stock Exchange(s): Pacific

Ticker Symbol: MCS

Number of Employees:

1987	90	1984	46
1986	N.A.	1983	30
1985	50		

Plant Footage:

1987	25,947 sq. ft.	1985	10,000
1986	N.A.	1984	11,480

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income†
1987	$ 6,486,000	$ 11,541
1986	3,773,000	(1,509,176)
1985	5,117,000	540,788
1984	6,447,000	(456,215)
1983	6,179,000	594,033

	No. of Com. Shares ÷	Earn. per Share ÷÷
1987	7,247,863	$ —
1986	5,744,139	—
1985	5,510,025	0.08
1984	4,386,926	—
1983	2,013,535	0.30

(Loss)
† Including extraordinary gains of $240,000 ($0.04 per share) in 1985, $225,575 in 1984 and $246,500 ($0.13 per share) in 1983.
÷ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ (962,676)	$ —
1986	(1,593,712)	—
1985	(1,055,620)	—
1984	(1,440,078)	—
1983	(2,409,416)	—

(Deficiency)

Income Account *

Year ended Oct. 31	1987	1986
Revenues	$ 6,485,588	$ 3,773,105
Cost of sales	2,868,496	2,432,754
Research & develop.	—	692,100
Cost of oth. sold	599,524	—
Expenses	2,991,483	1,647,528
Reversal of accts. pay.	(381,649)	—
Interest expense	388,180	272,217
Loss on write-off of software	—	280,116
Amortization of goodwill	115,083	58,349
Loss bef. taxes	$ (95,529)	$ (1,609,959)
Income taxes (credit)	10,930	(48,190)
Minority interest	(118,000)	(52,993)
Net Income (Loss)	$ 11,541	$ (1,509,176)

* Included in Costs and Expenses, Depreciation and Amortization: $215,976 in 1987 and $266,873 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 327,928	$ 177,036
Accts. & notes receiv., net	1,232,697	560,821
Loans receiv.	136,224	107,734
*Inventories	391,814	99,852
Prepaid expenses	26,589	17,498
Current Assets	$ 2,110,252	$ 962,941
Notes receiv.	58,360	—
Goodwill	1,804,788	1,132,011
#Fixed assets	625,035	581,996
Invest. in OPTIM	438,834	382,253
Other assets	43,949	57,919
Total Assets	$ 5,081,218	$ 3,117,125

Liabilities

Accounts payable	$ 680,009	$ 732,824
Notes payable	423,998	775,529
Accruals	243,812	349,980
Long-term debt, curr.	1,594,866	31,724
Def. serv. revenue	493,680	337,923
Curr. Liabilities	$ 3,444,365	$ 2,127,980
Long-term debt	2,599,529	2,582,857
÷ Common stock	786,435	613,911
Add. paid-in capital	7,659,199	7,258,728
Retained earnings (deficit)	(8,971,662)	(8,983,203)
For. trans. adjust.	(168,148)	(222,148)
Notes receiv.	(261,000)	(261,000)
Unearned portion of stock issued	(7,500)	—
Total Liabilities & Shareholders' Equity	$ 5,081,218	$ 3,117,125

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
÷ $0.10 par value.

Statistical Summary

%Net Income to Sales	0.18	—
Sales to Inventories	16.55	37.79
Shareholders' Equity (Deficiency)	$ (962,676)	$ (1,593,712)

Minnesota Mining and Manufacturing Company

3M Center
St. Paul, Minnesota 55144-1000
(612) 733-1110

Officers: Allen F. Jacobson, chairman of the board & chief executive officer; L.D. DeSimone, exec. v.p.-Industrial Electronics Sector; Allan J. Huber, exec. v.p.-Commercial & Consumer Sector; M. J. Monteiro, exec. v.p.-International operations; Kenneth A. Schoen, exec. v.p.-Information & Imaging Technologies Sector; Jerry E. Robertson, exec. v.p.-Life Sciences Sector; Stanley W. Thiele, sr. v.p.-administrative services; Darrell H. Boyd, v.p.-Audio Visual and Commerical Graphics; William E. Coyne, v.p.-Health Care Group; Charlton Dietz, v.p.-legal affairs & general counsel; Ralph D. Ebbott, v.p. & treasurer; Harry A. Hammerly, v.p.-Europe; Douglas R. Hanson, v.p.-Australia-Asia-Canada; George L. Hegg, v.p.-strategic planning services; Lester C. Krogh, v.p.-research & development; Joseph L. Kuhn, v.p.-Tape & Automotive Group; Carl A. Kuhrmeyer, v.p.-administration; Sidney M. Leahy, v.p.-Chemicals, Film & Allied Products Group; Ronald A. Mitsch, v.p.-Traffic and Personal Safety Products Group; J. Marc Adam, v.p.-Consumer Products Group; Lawrence E. Eaton, v.p.-Memory Technologies Group; Dona R. Osmon, v.p.-marketing and public affairs; Gerard G. Mueller, v.p.-engineering; Gerald D. Pint, v.p.-Electro-Telecommunications Group; Howard D. Punch, v.p.-Abrasives, Cleaning Products & Industrial Minerals Group; Joseph F. Ramey, v.p.-Commercial Markets Group; Roger W. Roberts, v.p.-finance; Benjamin I. Shely, v.p.-Imaging Systems Group; Thomas P. Skoog, v.p.-Advertising Services Group; Christopher J. Wheeler, v.p.-human resources; Arlo D. Levi, v.p. & secretary; JoAnn J. Bohne, asst. secretary; Raymond E. Johnson, asst. secretary; Thomas J. Lyons, asst. secretary; James A. Smith, asst. secretary; Roger P. Smith, asst. secretary; Dwight A. Peterson, asst. treasurer.

Directors: Joseph W. Barr, Charlton Dietz*, Lewis W. Lehr, Lee L. Morgan, Allen E. Murray, John G. Ordway, Jr., Norma T. Pace, Peter G. Peterson, J. Alexander McMahon, Allen F. Jacobson*, Edward A. Brennan, L. D. DeSimone*, Allan J. Huber*, M. J. Monteiro*, F. Alan Smith.

* Member of the Executive Committee

Areas of Work: The Company's operations are organized into four sectors: Industrial and Electronic; Information and Imaging Technologies; Life Sciences; and Commerical and Consumer.

Operating Units

INDUSTRIAL AND ELECTRONIC

Abrasives, Cleaning Products and Industrial Minerals Group
Principal products include pressure-sensitive tapes; coated abrasives; low-density abrasives, adhesives, coatings and sealants; fluorochemicals; specialty films and chemicals; roofing granules; fastening systems; floor pads; floor maintenance products; non-slip surfacing materials; advanced ceramic materials; energy control products; decorative marking films; tape dispensing/application equipment; electric/electronic connectors; wiring and cabling products; insulating and conductive materials; flame-retardant materials; shielding and protective products; test and measuring products; and fiber-optic products and systems.
Chemicals, Film and Allied Products Group
Electro-Telecommunications Group
Tape and Automotive Group

INFORMATION AND IMAGING TECHNOLOGIES

Audio Visual and Commercial Graphics Group
Principal products include lithographic plates and films; color proofing systems; photographic films; x-ray films and screens; overhead projection systems; graphic film materials; digital image processing systems; micrographic products; audio, video and computer tapes; diskettes and data cartridges; dry silver films; and laser-based optical media.
Imaging Systems Group
Memory Technologies Group

LIFE SCIENCES

Health Care Group
Principal products include disposable diaper closures; garment insulation and specialty fabrics; respiratory protection products; traffic control materials and systems; surveillance and monitoring devices; security films; filtration systems; optical components; pharmaceuticals; surgical drapes and masks; tapes and dressings; wound closures; vision care products; casting materials; powered surgical instruments; dental materials; orthodontic products; electrodes; heart-lung machines; oxygenators; intravenous infusion systems; drug-delivery components; infection control products; electronic pain control devices; animal care products; diagnostic products; health information systems; surgical prepping solutions; skin and internal staplers; and stethoscopes.
Traffic and Personal Safety Products Group

COMMERCIAL AND CONSUMER

Advertising Services Group
Principal products include household cleaning devices; chemical cleaners and protectors; window insulating systems; caulks; pressure-sensitive tapes; repositionable paper products; carbonless papers; coated abrasives; personal care products; outdoor advertising; print media advertising; shopping mall directories; computer software for publishers; and music/messaging systems.
Commercial Markets Group
Consumer Products Group

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
(common stock)
161 North Concord Exchange
P.O. Box 738
South St. Paul, Minnesota 55075

Minnesota Mining and Manufacturing Company

First Trust Company, Inc.
(notes & debentures)
P.O. Box 64008
St. Paul, Minnesota 55164

Morgan Guaranty Trust Company of New York
(notes & debentures)
30 West Broadway
New York, New York 10007

Manufacturers Hanover Trust Company
(notes and debentures)
40 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Pacific, Midwest, Paris, Amsterdam, Switzerland, Germany, Tokyo.

Ticker Symbol: MMM

Number of Employees:

1987	82,405	1984	86,707
1986	81,847	1983	85,702
1985	85,466		

Sales & Earnings

	Net Sales‡ (000's)	Net Income (000's)
1987	$ 9,429,000	$ 918,000
1986	8,602,000	779,000
1985	7,846,000	664,000
1984	7,705,000	733,000
1983	7,039,000	667,000

	No. of Com. Shares	Earn. per Share #
1987	227,492,769	$ 4.02
1986	228,532,762	3.40
1985	229,144,574	2.89
1984	232,596,730	3.14
1983	234,470,042	2.84

‡ Includes other operating revenues.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Industrial & electronic	$ 3,448,000	$ 3,055,000
Information & imaging technologies	2,648,000	2,480,000
Life sciences	2,001,000	1,667,000
Commercial & consumer	1,327,000	1,199,000
Eliminations	5,000	1,000
Total	$ 9,429,000	$ 8,602,000

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 1.86	—	2-for-4
1986	1.80	—	—
1985	1.75	—	—
1984	1.70	—	—
1983	1.65	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1987	$ 5,060,000	$ 22.24
1986	4,463,000	19.53
1985	4,008,000	17.49
1984	3,814,000	16.40
1983	3,698,000	15.77

Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales & revenues	$ 9,429,000	$ 8,602,000
Cost of sales	5,513,000	5,074,000
Expenses	2,338,000	2,118,000
Interest expense	95,000	106,000
Other income	(82,000)	(44,000)
Income before taxes	$ 1,565,000	$ 1,348,000
Income taxes	647,000	569,000
Net Income	$ 918,000	$ 779,000

* Included in Costs and Expenses, Depreciation and Amortization: $564,000,000 in 1987 and $507,000,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & securities	$ 594,000	$ 545,000
Accts. receiv., net	1,615,000	1,442,000
*Inventories	1,770,000	1,654,000
Other assets	250,000	320,000
Current Assets	$ 4,229,000	$ 3,961,000
Investments	506,000	433,000
#Fixed assets	2,931,000	2,754,000
Other assets	365,000	200,000
Total Assets	$ 8,031,000	$ 7,348,000

Liabilities
(000's)

Short-term debt	$ 264,000	$ 411,000
Accts. payable	506,000	519,000
Accrued payroll	284,000	271,000
Income taxes	276,000	254,000
Other liab.	521,000	368,000
Curr. Liabilities	$ 1,931,000	$ 1,823,000
Long-term debt	435,000	436,000
Deferred inc. taxes	312,000	386,000
Other liabilities	293,000	240,000
+Common stock	296,000	296,000
Retained earnings	5,195,000	4,734,000
Treasury stock	(393,000)	(313,000)
Cum. translation	(48,000)	(254,000)
Total Liabilities & Shareholders' Equity	$ 8,031,000	$ 7,348,000

* At lower of cost (FIFO) or market (lower of replacement cost or realizable value).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	16.60	15.67
%Net Income to Sales	9.74	9.06
%Net Income to Equity	18.14	17.45
Debt to Equity	0.14	0.19
Working Capital	$ 2,298,000,000	$ 2,138,000,000
Current Ratio	2.19	0.19
Shareholders' Equity	$ 5,060,000,000	$ 4,463,000,000

Missouri Research Laboratories, Inc.

3800 West Clay Street
St. Charles, Missouri 63301
(314) 946-6900

Officers: Walter Funk, Jr., chairman of the board; Lawrence C. Grazevich, vice chairman & chief executive officer; Jerome E. Adams, president; Noel E. Ewing, vice president; Wilbur D. Hailiger, vice president; John O. Frederick, treasurer; Alan O. Johnson, secretary.

Directors: Walter Funk, Jr., chairman; Robert J. Portlefer, William W. Halliday, John H. Pahlmann, Lawrence C. Grazevich, Jerome E. Adams, Alan O. Johnson, Charles E. Silva, Jr., Virgil Stoner.

Areas of Work: The company manufactures products and supplies services in the following areas: electronics, metal fabrication, and utility products.

Divisions:

Electronics Group
Piggott, Arkansas
Manufactures high quality printed circuit boards and a wide variety of electronic assemblies.

Utility Products Group
Hoffman, Illinois
Manufactures and sells a line of mobile power equipment containing electrical generating capacity and other support equipment used by underground utility system construction and maintenance crews and also manufactures asphalt paving equipment.

Metal Fabrication Group
St. Charles, Mississippi
Performs general job shop fabrication services involving machining, welding, and sheetmetal forming operations.

Acquisition:

Stewart Equipment Company
Manufactures Asphalt Pavers.

Transfer Agent(s):

Ameritrust Company
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MRES (NASDAQ)

Number of Employees:

1987	222	1986	356

Plant Footage:

1987	175,000 sq. ft.	1986	204,900

Sales & Earnings

	Net Sales +	Net Income
1988	$ 14,310,000	$ (318,000)
1987	15,652,000	127,000
1986	15,494,000	322,000
1985	13,312,000	23,000
1984	12,448,000	332,000

	No. of Com. Shares‡	Earn. per Share‡
1988	2,142,000	$ —
1987	2,180,000	0.06
1986	2,189,000	0.15
1985	2,189,000	0.01
1984	2,206,000	0.15

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.07	—	—
1987	0.07	—	—
1986	0.05	—	—
1985	0.09	—	—
1984	0.09	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1988	$ 4,280,000	$ 2.00
1987	4,861,000	2.23
1986	4,910,000	2.26
1985	4,712,000	2.15
1984	4,885,000	2.21

† Based on the weighted average number of common shares outstanding.

Income Account
(000's)

Year ended Jan. 31	1987	1988
Net sales	$ 14,310	$ 15,452
Cost of sales	12,027	13,592
Expenses	2,307	1,819
Interest expense	292	283
Interest income	(106)	(142)
Other expense (income)	230	(40)
Inc. (loss) before taxes	$ (440)	$ 140
Income taxes (credit)	(122)	13
Net Income Loss	$ (318)	$ 127

* Included in Costs and Expenses, Depreciation and Amortization: $618,000 in 1988 and $671,000 in 1987.

Assets
(000's)

As of Jan. 31	1988	1987
Cash	$ 429	$ 43
Marketable securities	1,037	2,386
Accts. receiv., net	1,474	2,337
*Inventories	2,334	1,434
Prepaid expenses	124	116
Refundable income taxes	91	68
Current Assets	$ 5,489	$ 6,384
@ Fixed assets	2,736	2,797
Other assets & deferr. charges	183	259
Total Assets	$ 8,408	$ 9,440

Liabilities
(000's)

Long-term debt, curr.	$ 396	$ 373
Accts. payable	340	696
Accruals	177	172
Accrued payroll	367	349
Curr. Liabilities	$ 1,280	$ 1,590
Long-term debt	2,848	2,916
Deferred income taxes	—	73
+Common stock	232	232
Add. paid-in capital	1,329	1,328
Retained earnings	3,145	3,615
Treasury stock	(426)	(314)
Total Liabilities & Shareholders' Equity	$ 8,408	$ 9,440

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

	% Income bef. Taxes
%Income before Taxes to Sales	0.89
%Net Income to Sales	0.81
%Net Income to Equity	2.61
Sales to Inventories	10.91
Debt to Equity	0.68
Working Capital	$ 4,209,000 $ 4,794,000
Current Ratio	4.29 4.02
Shareholders' Equity	$ 4,280,000 $ 4,861,000

Mitsubishi Electric Corporation

Mitsubishi Denki Building
2-3, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100, Japan
(03) 218-2111

Officers: Nihachiro Katayama, chairman; Moriya Shiki, president; Shinichi Yufu, exec. v.p. & gen. mgr.-International Operations Group; Fukuichi Hirose, exec. v.p. & gen. mgr.-marketing; Yasuo Endo, exec. v.p. & gen. mgr.-Information and Communications Systems Group; Bujiro Kobayashi, sr. managing director & gen. mgr.-Electronic Devices Group; Kunikazu Sakata, sr. managing director & gen. mgr.-corp. strategic planning office; Hisao Oka, sr. managing director & gen. mgr.-research & development; Hideo Mori, sr. managing director; Hiroshi Morikawa, managing director & gen. mgr.-Electronic Products and Systems Group; Akimi Kamiya, managing director & gen. mgr.-Consumer Products Group; Takashi Kai, managing director & gen. mgr.-Energy and Industry Systems Group; Koichi Ando, managing director & gen. mgr.-Kansai Branch Office; Junnoke Amano, managing director; Tsuyoshi Haruta, managing director; Yohei Mimura, director; Yoshimasa Yonemura, deputy gen. mgr.-Information and Communication Systems Group; Ratio Sakai, gen. mgr.-Personnel Affairs and Labor Relations Dept.; Sensuo Mokiti, deputy gen. mgr.-Consumer Products Group; Takashi Aita, deputy gen. mgr.-Electronic Products and Systems Group; Kazuhiro Ihara, deputy gen. mgr.-International Operations Group; Tetsuo Tokuchi, deputy gen. mgr.-Energy and Industry Systems Group; Takashi Kitaoka, gen. mgr.-Kita-Itami Works; Keijiro Ikeda, gen. mgr.-Communications Equipment Works; Hajime Okamoto, gen. mgr.-Itami Works; Toshio Ito, gen. mgr.-Central Research Laboratory and Manufacturing Development Lab.; Tadao Amakasu, gen. mgr.-Power and Industrial Systems Center; Kenzo Shimozuma, gen. mgr.-Kyoto Works.

Areas of Work: Communication and Information Processing products include mobile telephone systems and equipment; information network systems and equipment; radar and guidance systems; computers; peripherals, including flexible- and hard-disk drives, printers, and CRT display monitors; terminals, including POS systems and facsimile transceivers; and Diamond Vision and Diamond Vision Mark II.

Electronic Devices include ICs, LSIs, and VLSIs; power semiconductor devices; optical semiconductor devices; transistors and diodes.

Consumer Products include color and projection TVs, VCRs, radios, tape recorders, stereo sets, amplifiers, turntables, speaker systems, and CD players; room and central air conditioners, clean heaters, fan heaters, ventilators, and electric fans; refrigerators, microwave ovens, rice cookers, tabletop grills, toasters, juicers, and blenders; washing machines, clothes dryers, water heaters, bedding air-dryers, electric irons, vacuum cleaners, and centralized vacuum-cleaning systems; electric shavers, hair dryers, and other personal-care electric aids, and dry-cell batteries; fluorescent and mercury-vapor lamps and luminaires.

Space Development products include satellite-communication systems and equipment; and satellite spacecraft and attitude-control systems; Energy products include generators -- steam-turbine, hydroturbine, diesel, motor, high-frequency, AC, and DC types; nuclear-power equipment; and substations -- transformers, rectifiers, circuit breakers, gas-insulated substations, switchgear, surge arresters, control centers, controllers, uninterruptible power supplies, blowers, modular- and mobile-type substations, and other static machines.

Building Equipment and Systems include elevators, escalators, moving walks, building automation systems, service modules for buildings, and air-conditioning, refrigeration and freezing equipment.

Transportation products include electric-propulsion equipment -- traction motors, main drive gears, traction-control gears, main transformers, rectifiers, main alternators, and VVVF inverters; electric locomotives; rail-system auxiliary electrical equipment; automatic train-control equipment; train air-conditioning equipment; and electrical automotive equipment.

Industrial Equipment includes motors -- small and medium-sized, standard AC and DC, specialized, geared, and submersible types; magnetic contactors and starters, programmable controllers, inverters, electromagnetic clutches and brakes; molded-case circuit breakers, air and vacuum circuit breakers, watthour meters, industrial time switches, electric meters, instrument transformers, and distribution transformers; welding equipment, electrical-discharge machines, laser processing machines, NC equipment, and industrial robots; specialized alloys, ferrite products, life preservers, rafts and boats, and spiral escape chutes; industrial blowers and fans, hoists, pumps, and industrial sewing machines; palm-recognition systems, Linacs, and water-quality monitoring systems; and digital-audio recorders.

Subsidiaries (Japan):

Ryoden Service Co., Ltd.
Ryoden Unyu Co., Ltd.
Mitsubishi Electric Service Engineering Co., Ltd.
Ryoden Estate Co., Ltd.
The Kodensha Co., Ltd.
SPC Electronics Corporation
Toyo Electric Co., Ltd.
Nakayama Kikai Co., Ltd.
Tada Electric Co., Ltd.
Shiga Bolt Co., Ltd.
Meiden Business-Machines Co., Ltd.
Ryowa Shoko Co., Ltd.
Ryoden Engineering Co., Ltd.
Ad. Meiden Co., Ltd.
Mitsubishi Space Software Co., Ltd.
Ryoden Elevator Construction Co., Ltd.
Ryoreisha Co., Ltd.
Mitsubishi Electric Home Appliances Co., Ltd.

Subsidiaries (U.S.A.):

Mitsubishi Electric America, Inc.
645 Fifth Avenue, Suite 505
New York, New York 10022
(212) 223-2250

Mitsubishi Electric Sales America, Inc.
5757 Plaza Drive
P.O. Box 6007
Cypress, California 90630-0007
(714) 220-2500

Mitsubishi Electronics America, Inc.
991 Knox Street
Torrance, California 90502
(213) 515-3993

Mitsubishi Consumer Electronics America, Inc.
2001 E. Carnegie Avenue
Santa Ana, California 92705
(714) 261-3200

Mitsubishi Semiconductor America, Inc.
Three Diamond Lane
Durham, North Carolina 27704
(919) 479-3333

Horizon Research, Inc.
1432 Main Street
Waltham, Massachusetts 02154
(617) 466-8300

Joint Ventures (U.S.A.):

Diamond Vision, Inc.
430 Park Avenue, 17th Floor
New York, New York 10022
(212) 644-5760

Los Angeles Office
The Sheraton Grande Centre
345 South Figueroa Street, Suite 313
Los Angeles, California 90071
(213) 680-4705

Astronet Corporation
400 Rinehart Road
Lake Mary, Florida 32746
(305) 849-4903

WM Power Products Inc.
Five Foster Plaza
651 Holiday Drive
Pittsburgh, Pennsylvania 15220
(412) 923-2570

Powerex, Inc.
Hillis Street
Youngwood, Pennsylvania 15697
(412) 925-4400

Stock Exchange(s): Tokyo, Osaka, Nagoya, Sapporo, Niigata, Kyoto, Hiroshima, and Fukuoka, Japan; Amsterdam, Frankfurt.

Mitsubishi Electric Corporation

Number of Employees

1987	73,536	1984	65,904
1986	71,479	1983	64,432
1985	68,745		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1987	¥ 2,107,505	¥ 10,598
1986	2,109,483	30,047
1985	2,034,823	47,035
1984	1,740,799	38,876
1983	1,557,560	35,021

	No. of Com. Shares	Earn. per Share‡
1987	1,929,122,492	¥ 5.49
1986	1,798,727,341	13.67
1985	N.A.	26.51
1984	N.A.	24.25
1983	N.A.	22.18

N.A. – Not Available.
¥ – Yen.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 6.65	—	—
1986	7.58	—	—
1985	6.40	—	—
1984	6.50	—	—
1983	6.00	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1987	¥ 506,502	¥ 262.56
1986	463,449	257.65
1985	706,123	218.04
1984	343,313	214.16
1983	305,313	193.37

Income Account * (millions)

Year ended Mar. 31	1987	1986
Net sales	¥ 2,107,505	¥ 2,109,483
Other income	41,977	48,225
Total income	¥ 2,149,482	¥ 2,157,708
Cost of sales	1,625,497	1,611,843
Expenses, -		
Res. & develop.	94,615	89,118
Sell., gen., & adm.	319,220	324,333
Interest expense	37,198	40,805
Other expense	34,777	19,148
Income before taxes	¥ 38,175	¥ 72,461
Income taxes	28,943	45,719
Minority interest	(1,366)	(3,305)
Net Income	¥ 10,598	¥ 30,047

* Included in Costs and Expenses, Depreciation: ¥ 100,468,000,000 in 1987 and ¥ 84,290,000,000 in 1986.

Assets (millions)

As of Mar. 31	1987	1986
Cash	¥ 150,388	¥ 102,119
Marketable securities	117,642	109,215
Accts. receiv., net	456,695	439,667
Deferred inc. taxes	35,082	32,163
*Inventories	370,183	400,423
Short-term loans receiv.	101,005	28,913
Prepaid expenses	53,819	72,518
Current Assets	¥ 1,284,614	¥ 1,204,998
Long-term receiv.	36,367	51,644
Investments	150,834	136,619
#Fixed Assets	409,459	388,487
Other assets	19,361	16,925
Defer. charges	43,264	34,345
Total Assets	¥ 1,943,779	¥ 1,833,018

Liabilities (millions)

Bank loans	¥ 309,797	¥ 270,093
Long-term debt, curr.	27,177	37,400
Accts. payable	466,335	472,227
Rep. rec. deposits	58,562	55,517
Accruals	147,365	144,696
Income taxes	17,042	10,678
Other current liabilities	87,037	73,384
Curr. Liabilities	¥ 1,133,315	¥ 1,064,193
Long-term debt	204,528	215,532
Accrued pension liab.	95,292	86,129
Minority interest	4,142	3,715
+Common stock	139,154	117,638
Add. paid-in capital	122,503	97,229
Legal reserve	20,681	19,137
Retained earnings	270,031	233,810
For. curr. trans.	(5,867)	(4,385)
Total Liabilities & Shareholders' Equity	¥ 1,943,779	¥ 1,833,018

* At lower of cost or estimated realizable value.
# Less accumulated depreciation.
+ ¥ 50 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.81	3.44
%Net Income to Sales	0.50	1.42
%Net Income to Equity	2.09	6.48
Sales to Inventories	5.69	5.27
Debt to Equity	1.11	1.13
Working Capital	¥ 151,299,000*	¥ 140,805,000*
Current Ratio	1.13	1.13
Shareholders' Equity	¥ 506,502,000*	¥ 463,449,000*

* (000's)

Modern Controls, Inc.

6820 Shingle Creek Parkway
Minneapolis, Minnesota 55430
(612) 560-2900

Officers: William N. Mayer, chairman, president & chief executive officer; Robert L. Demorest, exec. v.p.-sales & marketing and secretary; Ronald A. Meyer, v.p.-finance & administration and treasurer; Vernon J. Vander Weide, asst. secretary.

Directors: William N. Mayer, chairman; Francis Faber, Dean B. Chenoweth, Ronald Esau, J. Leonard Pranc, William Price, Howard L. Demorest, Wallace W. Lindemann.

Areas of Work: Manufactures and markets precision instruments used for quality control, production control, and testing purposes, primarily in the food, pharmaceutical, chemical, and packaging industries. Also manufactures and markets high-speed capsule sorting and weighing systems for the pharmaceutical industry.

Acquisitions

Chemical Sensor Development, Inc.
Manufactures a process sensing device.

Transfer Agent(s):

National City Bank
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MOCO (NASDAQ)

+Common stock	209,939	213,431

Number of Employees

1987	54	1984	N.A.
1986	48	1983	38
1985	57		

Plant Footage:

1987	23,500 sq. ft.	1984	N.A.
1986	21,600	1983	20,000
1985	21,600		

N.A. - Not Available.

Sales & Earnings

	Net Sales+	Net Income
12/31/87	$ 7,129,718	$ 1,304,057
12/31/86	5,875,863	818,576
12/31/85	6,402,247	1,020,480
12/31/84*	5,056,802	674,418
1/31/84	3,471,917	434,303

	No. of Com. Shares	Earn. per Share‡
12/31/87	2,099,386	$ 0.61
12/31/85	2,134,308	0.38
12/31/85	2,108,332	0.45
12/31/84*	2,177,894	0.36
12/31/84	1,802,134	0.25

* 11 months.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
12/31/87	$ 6,320,614	$ 3.01
12/31/86	5,472,127	2.56
12/31/85	4,856,982	2.30
12/31/84	4,501,698	2.07
1/31/84	2,115,599	1.32

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 7,129,718	$ 5,875,863
Cost of sales	2,510,830	2,129,851
Research & development costs	484,573	427,641
Expenses	2,462,056	2,293,809
Interest income	(308,967)	(274,335)
Interest expense	9,103	9,123
Other income	(8,904)	(18,802)
Income before taxes	$ 1,981,057	$ 1,308,576
Income taxes	677,000	490,000
Net Income	$ 1,304,057	$ 818,576

* Included in Costs and Expenses, Depreciation and Amortization: $135,137 in 1987 and $130,753 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & temp. cash invest.	$ 5,177,754	$ 3,874,047
Accts. receiv., net	659,584	707,401
*Inventories	946,518	876,466
Prepaid expenses	90,767	71,925
Deferred income taxes	65,400	53,600
Current Assets	$ 6,940,023	$ 5,583,437
#Fixed assets	263,218	299,176
Other assets	197,039	205,466
Total Assets	$ 7,400,280	$ 6,088,079

Liabilities

Long-term debt, curr.	$ 29,350	$ 26,877
Accts. payable	299,167	187,500
Accruals	588,440	304,375
Warranty costs	34,000	17,100
Income taxes	91,058	—
Curr. Liabilities	$ 1,032,015	$ 535,852
Notes payable	32,051	61,400
Def. inc. taxes	15,600	18,700
+Common stock	209,939	213,431
Add. paid-in capital	2,770,255	3,009,699
Retained earnings	3,340,420	2,248,997
Total Liabilities & Shareholders' Equity	$ 7,400,280	$ 6,088,079

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	27.79	22.27
%Net Income to Sales	18.29	28.46
%Net Income to Equity	20.63	14.96
Sales to Inventories	7.53	6.70
Debt to Equity	0.01	0.02
Working Capital	$ 5,908,008	$ 5,047,585
Current Ratio	6.72	10.42
Shareholders' Equity	$ 6,320,614	$ 5,472,127

Molex Incorporated

2222 Wellington Court
Lisle, Illinois 60532
(312) 969-4550

Officers: John H. Krehbiel, chairman; John H. Krehbiel, Jr., President; Frederick Krehbiel, exec. v.p.; Kerry Krafthefer, v.p.-sales & marketing; Ronald L. Schubel, v.p.-operations; Ronald Canaday, v.p.-finance; John C. Psaltis, v.p. & treasurer; Louis A. Hecht, secretary & general counsel; J. Joseph King, v.p.; Werner W. Fichtner, v.p..

Directors: John H. Krehbiel, chairman; John H. Krehbiel, Jr., Frederick A. Krehbiel, Lewis E. Platt, Robert J. Potter, Robert H. Hayes, Edgar D. Jannotta.

Areas of Work

Engaged in the production and sale of connectors, conductor cable, terminals, interconnection systems, switches and associated application equipment for electrical and electronic products. Also involved in the extrusion of plastics, the laminating of multi-conductor cable, the further processing (notching, slitting, cutting) of such cable and fabricating these into cable connector assemblies.

Divisions and Subsidiaries:

Molex S.A. de C.V.
Molex Far East Management Ltd.
Molex Japan Co. Ltd.
Molex Singapore Pte. Ltd.
Molex Taiwan Ltd.
Taiwan Connections Ltd.
Molex Hong Kong Ltd.
Molex Electronics Ltd (Canada)
Molex Electronica Ltda
Molex European Management Ltd.
Molex Export Inc.
France Connexion S.A. (85% owned)
Molex Connection S.A. (85% owned)
Molex-ETC Division
Molex International Inc.
Molex Electronics Ltd (U.K.)
Molex Italia S.p.A.
Molex G.m.b.H.
Molex Svenska A.B.
Molex (Benelux) B.V.
Commercial Division
Data Products Division
Automotive Division
Data/Comm. Division
Switch Division
Special Products Division
Application Tooling Division
Manufacturing Tooling Division
Industrial Interface Division
Molex Ltd. Japan
Molex Illinois S.A.
Molex Parkfield Ltd.
Smithstown Light Eng. Ltd. (50% owned)
Tachnor (Pty.) Ltd. (50% owned)

Transfer Agent(s):

Harris Trust and Savings

Bank of Chicago

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MOLX (NASDAQ)

Number of Employees:

1987	4,962	1984	4,166
1986	4,403	1983	3,053
1985	4,163		

Plant Footage:

1987 ..... 1,476,000 sq. ft. 1986 1,357,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 386,758,534	$ 43,416,034
1986	291,912,549	32,039,408
1985	253,213,654	30,900,672
1984	252,222,277	38,240,807
1983	175,976,080	22,020,163

	No. of Com. Shares‡	Earn per Share‡
1987	25,283,142	$ 1.72
1986	25,186,391	1.27
1985	25,150,801	1.23
1984	24,992,109	1.53
1983	24,829,842	0.89

‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.03	25%	—
1986	0.02	—	—
1985	0.02	—	—
1984	0.02	100%	—
1983	0.02	50%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity +	Equity Per Share‡
1987	$ 315,755,092	$ 12.49
1986	254,562,901	10.11
1985	186,099,932	7.40
1984	157,115,216	6.29
1983	118,225,815	4.76

+ After allowing for preferred stock at par value
‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends

Income Account *

Year ended June 30	1987	1986
Net sales	$ 386,758,534	$ 291,912,549
Cost of sales	211,916,901	158,400,049
Expenses	101,192,142	81,341,571
Other income	(2,109,435)	(1,414,606)
Income before taxes	$ 75,753,926	$ 53,585,535
Income taxes	32,001,000	21,294,000
Minority interest	336,892	252,127
Net income	$ 43,416,034	$ 32,039,408

* Included in Costs and Expenses: Depreciation and Amortization: $33,159,070 in 1987 and $26,175,828 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 14,163,345	$ 7,846,633
Accts. receiv. net	81,326,476	76,359,679
*Inventories	44,777,618	35,266,365
Prepaid expenses	2,393,839	1,457,002
Cert. of deposit	86,416,794	64,894,211
Current Assets	$ 229,078,092	$ 185,823,890
#Fixed assets	153,271,585	133,514,420
Other assets	14,373,746	8,901,726
Total Assets	$ 398,723,423	$ 328,240,036

Liabilities

Note payable	$ 484,128	$ 735,095
Long-term debt, curr.	640,730	1,046,990
Accts. payable	30,739,614	26,463,040
Accruals	25,557,732	15,510,351
Dividends payable	305,312	154,300
Income taxes	7,902,331	12,408,228
Curr. Liabilities	$ 65,529,847	$ 56,318,004
Long-term debt	9,627,055	10,132,876
Deferred income	4,363,899	4,343,252
Deferred inc. taxes	2,108,181	1,690,387
Other deferred items	16,995	—
Minority interest	1,274,990	1,145,052
+Preferred stock	47,364	47,364
++Class B common stock	4,713	4,713
++Common stock	1,268,126	1,008,025
Add. paid-in capital	18,939,654	13,227,262
Retained earnings	261,012,190	218,617,327
Def. unearned comp.	(3,004,529)	(2,398,673)
Treasury stock	(3,361,580)	(1,958,948)
Cum. trans. adjust.	40,696,518	24,023,195
Total Liabilities & Shareholders' Equity	$ 398,723,423	$ 328,240,036

* At lower of cost (FIFO) or market
# Less accumulated depreciation and amortization
+ $100 par value., 6% non-cumulative.
++ $0.05 par value.

Statistical Summary

%Income bef. taxes to Sales	19.59	18.36
%Net Income to Sales	11.23	10.98
%Net Income to Equity	13.75	12.58
Sales to Inventories	8.64	8.28
Debt to Equity	0.03	0.05
Working Capital	$ 163,548,245	$ 129,505,886
Current Ratio	3.50	3.30
Shareholders' Equity	$ 315,802,456	$ 254,610,265

Monsanto Company

800 N. Lindbergh Boulevard
St. Louis, Missouri 63167
(314) 694-1000

Monsanto Company

Officers: Richard J. Mahoney, chairman & chief executive officer; Earle H. Harbison, Jr., president & chief operating officer; Nicolas L. Reding, exec. v.p.; Robert L. Berra, sr. v.p.; Howard A. Schneiderman, sr. v.p.; Harold J. Corbett, sr. v.p.; Francis A. Stroble, sr. v.p. & chief financial officer; Earl N. Brasfield, group v.p.; Robert G. Potter, group v.p.; Richard W. Duesenberg, sr. v.p., secretary & general counsel; Leonard A. Cohn, v.p.; S. Allen Heininger, v.p.; Martin J. Kallen, v.p.; Steward D. Daniels, v.p.; Richard A. Overton, v.p.; David L. Sliney, v.p.; Thomas H. Lafferre, v.p.; James H. Singer, v.p.; Lawrence B. Skatoff, v.p.-finance; B. Clare Harris, v.p. & controller; Juanita H. Hinshaw, treasurer.

Directors: Richard J. Mahoney*, chairman; John W. Hanley*, Donald C. Carroll, C. R. Dahl, Richard I. Fricke, Jean Mayer, Stansfield Turner, Howard M. Love, Buck Mickel, John B. Slaughter, Joan T. Bok, Earle H. Harbison*, Jr., John S. Reed, William D. Ruckelshaus, Marguerite R. Barnett.

* Member of the Executive Committee

Areas of Work Engaged in the worldwide manufacture and sale of a widely diversified line of chemical and agricultural products, prescription pharmaceuticals, low caloric sweeteners, industrial process control equipment, man-made fibers, plastics, and electronic materials. In the electronics field, the Company manufactures silicon materials, semi-conductor materials, process controls, develops and produces power sources for the Atomic Energy Commission, space programs, the life sciences and oceanographic research.

Operating Units:

Monsanto Agricultural Company
Monsanto Chemical Company
Monsanto Electronic Materials Company
Fisher Controls International, Inc.
G.D. Searle & Co.
The NutraSweet Company

Electronics & Related Subsidiaries:

Fisher Controls International, Inc.
Manufactures and markets process measurement and control equipment.

Monsanto Enviro-Chem Systems, Inc.
Develops and markets engineered chemical facilities and pollution abatement systems.

Monsanto Research Corporation
Conducts research for government agencies and for Monsanto; produces nuclear sources; operates a government-owned laboratory for the Atomic Energy Commission.

Monsanto do Brasil, S.A.
Manufactures rubber chemical, phosphates and process control equipment.

Monsanto Electronics
Sendirian Berhad, Malaysia
Processes silicon wafers from slicing through polishing.

Kemp Company of Maryland
Designs and manufactures gas processing equipment.

Transfer Agent(s):

The First National Bank of Boston
Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Amsterdam, Brussels, Frankfurt, Geneva, London, Paris, Zurich.

Ticker Symbol: MTC

Number of Employees:

1987	49,734	1984	50,754
1986	51,703	1983	48,835
1985	56,103		

Sales & Earnings

	Net Sales ($000's)	Net Income‡ ($000's)
1987	$ 7,639,000	$ 436,000
1986	6,879,000	433,000
1985	6,747,000	(98,000)
1984	6,691,000	439,000
1983	6,299,000	402,000

	No. of Com. Shares†	Earn. per Share #‡
1987	76,097,317	$ 5.63
1986	77,639,089	5.55
1985	76,752,553	—
1984	78,281,026	5.42
1983	81,842,592	4.89

(Loss)
‡ Including extraordinary gains of $30,000,000 ($0.40 per share) in 1985, and $33,000,000 ($0.41 per share) in 1983.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
($000's)

	1987	1986
Agricultural prods.	$ 1,305,000	$ 1,153,000
Chemicals	3,858,000	3,548,000
Electronic materials	185,000	154,000
Fisher controls	749,000	645,000
NutraSweet	722,000	711,000
Pharmaceuticals	820,000	645,000
Corp. items & eliminations	—	3,000
Total	$ 7,639,000	$ 6,879,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 2.75	—	—
1986	2.575	—	—
1985	2.45	—	—
1984	2.25	—	2-for-1
1983	2.075	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share†
1987	$ 3,901,000	$ 52.65
1986	3,781,000	48.69
1985	3,407,000	44.39
1984	3,634,000	46.42
1983	3,677,000	44.93

† Adjusted to reflect stock split.

Income Account*
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 7,639,000	$ 6,879,000
Cost of sales	4,755,000	4,344,000
Expenses	2,150,000	1,900,000
Oper. income	$ 734,000	$ 635,000
Other income	111,000	202,000
Total	$ 845,000	$ 837,000
Interest expense	172,000	201,000
Inc. bef. taxes	$ 673,000	$ 636,000
Income taxes	237,000	203,000
Net Income	$ 436,000	$ 433,000

* Included in Costs and Expenses, Depreciation, Obsolescence and Depletion: $679,000 in 1987 and $780,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash	$ 180,000	$ 206,000
Marketable securities	43,000	68,000
Receiv., net	1,699,000	1,465,000
*Inventories	1,081,000	1,069,000
Current Assets	$ 3,003,000	$ 2,808,000
Investments & other assets	2,376,000	2,548,000
#Fixed assets	3,076,000	2,913,000
Total Assets	$ 8,455,000	$ 8,269,000

Liabilities
($000's)

Accounts payable	$ 527,000	$ 460,000
Wages & commissions	145,000	133,000
Income & other taxes	101,000	157,000
Misc. accruals	488,000	577,000
Short-term debt	539,000	389,000
Curr. Liabilities	$ 1,800,000	$ 1,716,000
Long-term debt	1,564,000	1,630,000
Other liabilities	606,000	594,000
Deferred inc. taxes	584,000	548,000
+Common stock	164,000	164,000
Add. paid-in capital	872,000	861,000
Accum. curr. adj.	100,000	(98,000)
Retained earnings	3,282,000	3,058,000
Treasury stock	(517,000)	(204,000)
Total Liabilities & Shareholders' Equity	$ 8,455,000	$ 8,269,000

* At lower of cost (domestic inventories at LIFO; all others at FIFO) or market.
# Less accumulated depreciation and depletion, etc.
+ $2 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.81	9.25
%Net Income to Sales	5.71	6.29
%Net Income to Equity	11.18	11.45
Sales to Inventories	7.07	6.43
Debt to Equity	0.54	0.53
Working Capital	$ 1,203,000,000	$ 1,092,000,000
Current Ratio	1.67	1.64
Shareholders' Equity	$ 3,901,000,000	$ 3,781,000,000

Moog Inc.

East Aurora, New York 14052
(716) 652-2000

Officers: William C. Moog, president & chairman; Jerald D. Bidlack, v.p. & pres.-International Group; Richard A. Aubrecht, admin. v.p. & secretary; Robert T. Brady, v.p. & president-Aerospace Group; Robert R. Banta, v.p.-finance; Daniel C. Clark, v.p. & president-Industrial Controls Group; Kenneth D. Garnjost, v.p.-engineering; Joe C. Green, v.p.-human resources; Robert H. Maskrey, v.p.; William J. Thayer, v.p.; William P. Burke, treasurer.

Directors: William C. Moog, Jerald D. Bidlack, Jane B. Moog, Kenneth J. McIlraith, Arthur S. Wolcott, Joe C. Green, Richard A. Aubrecht, Peter P. Poth, Steven B. Sample, Robert T. Brady, William B. Cutting, Director Emeritus.

Areas of Work: Manufactures advanced controls and control systems which utilize high performance servovalves for industrial and aerospace applications.

Divisions:

Industrial Controls Group
Manufactures electrohydraulic controls for the guidance systems of space boosters, missiles, and aircraft. For industrial markets, produces controls for machine tools, computer memory access systems, construction equipment, plastic molding equipment, and other process control systems.

Electronic Motion Controls Division
Manufactures and markets electronic motion controls products.

International Controls Division
Identifies and develops markets outside North America for precision control components and systems.

Aerospace Group

Missile Systems Division
Supplier of servovalves for missiles.

Aircraft Controls Division
Manufactures various types of servoactivators, hydromechanical control systems and helicopter products.

Space Products Division
Produces components for propulsion systems to control flight path.

Engine Controls Division

Electronics & Systems Division
Product lines include plastic controls, secure radio controls, custom control systems, and specialized electronics assemblies.

Automotive Systems Division

Subsidiaries:

Market Development
East Aurora, New York

Moog GmbH
Boblingen, West Germany

Moog Japan Ltd. (75% owned)
Hiratsuka, Japan

Moog S.A.R.L.
Rungis, France

Moog Australia Pty. Ltd.
Melbourne, Australia

Moog Italiana S.R.L.
Italy

Moog (Ireland) Ltd.
Ringaskiddy, Ireland

Moog Controls Limited
Tewkesbury, England

Moog do Brasil
Sao Paulo, Brazil

Moog Norden A.B.
Sweden

Moog Korea Ltd.
South Korea

Transfer Agent(s):

Mellon Securities Trust Company
67 Broad St.
New York, New York 10004

Stock Exchange(s): American

Ticker Symbol: MOG

Number of Employees:

1987	3,784	1984	2,991
1986	3,645	1983	2,908
1985	3,336		

Sales and Earnings

	Net Sales +	Net Income
1987	$ 307,069,000	$ 11,831,000
1986	268,464,000	10,193,000
1985	216,920,000	9,810,000
1984	176,072,000	7,441,000
1983	145,096,000	963,000

	No. of Com. Shares #	Earn per Share #
1987	8,908,000	$ 1.33
1986	8,842,000	1.15
1985	8,781,000	1.12
1984	8,701,000	0.86
1983	8,650,000	0.11

+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business

	1987	1986
Government	$ 211,774,000	$ 192,592,000
Commercial	95,295,000	75,872,000
Total	$ 307,069,000	$ 268,464,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.48	—	
1986	0.48	—	—
1985	0.48	—	—
1984	0.48	—	
1983	0.48	—	

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 111,276,000	$ 12.49
1986	98,759,000	11.17
1985	85,897,000	9.78
1984	75,919,000	8.73
1983	74,642,000	8.63

† Based on the average number of shares outstanding.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 307,069,000	$ 268,464,000
Other income	2,114,000	1,194,000
Total income	$ 309,183,000	$ 269,658,000
Cost of sales	229,871,000	197,031,000
Expenses	49,308,000	44,183,000
Interest expense	12,526,000	10,120,000
Other charges	383,000	358,000
Loss (inc.) from currency trans.	287,000	(247,000)
Income before taxes	$ 16,808,000	$ 18,213,000
Income taxes	7,597,000	8,221,000
Inc.-cont. oper.	$ 9,211,000	$ 9,992,000
Inc.-discont oper.	2,620,000	201,000
Net income	$ 11,831,000	$ 10,193,000

* Included in Costs and Expenses, Depreciation and Amortization: $14,332,000 in 1987 and $11,733,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 9,242,000	$ 4,985,000
Accts. receiv., net	106,270,000	94,814,000
*Inventories	75,885,000	70,224,000
Deferred inc. taxes	8,997,000	9,076,000
Prepaid expenses	756,000	1,395,000
Current Assets	$ 201,150,000	$ 180,494,000
#Fixed assets	115,307,000	107,629,000
Other assets	4,099,000	4,073,000
Total Assets	$ 320,556,000	$ 292,196,000

Liabilities

Note payable	$ 14,498,000	$ 14,789,000
Long-term debt, curr.	7,322,000	6,200,000
Accts. payable	24,895,000	21,368,000
Accruals	8,467,000	7,543,000
Accrued payroll	21,707,000	18,951,000
Income taxes	6,718,000	5,181,000
Customer advances	3,720,000	4,197,000
Current Liabilities	$ 87,327,000	$ 78,229,000
Long-term debt	75,628,000	69,460,000
Pension obligation	4,123,000	3,295,000
Minority interest	593,000	536,000
Deferred credits	249,000	224,000
Deferred inc. taxes	16,360,000	16,693,000
Convert. subord. debentures	25,000,000	25,000,000
+ Common stock	8,947,000	8,873,000
Add paid-in capital	45,722,000	44,821,000
Retained earnings	52,948,000	43,417,000
Foreign curr. trans.	3,705,000	1,650,000
Treasury stock	(46,000)	(2,000)
Total Liabilities & Shareholders' Equity	$ 320,556,000	$ 292,196,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	10.63	10.32
Sales to Inventories	4.05	3.82
Debt to Equity	0.88	0.92
Working Capital	$ 113,823,000	$ 102,265,000
Current Ratio	2.30	2.31
Shareholders' Equity	$ 111,276,000	$ 98,759,000

Moore Products Co.

Sumneytown Pike
Spring House, Pennsylvania 19477
(215) 646-7400

Moore Products Co.

Officers: Edwin G. Rorke, chairman of the board & chief exec. officer; William B. Moore, president & chief operating officer; Edward J. Curry, v.p. & dir.-corp. planning; Robert B. Adams, v.p.-engineering; Richard J. Faber, v.p.-mfg.; George W. Tall, v.p.-sales; Hugh S. Wilson, v.p.-int'l operations; William J. Young, v.p.-finance; Charles H. Welles, III, secretary.

Directors: Robert W. Buhner, Thomas C. Moore, Edwin G. Rorke*, Charles H. Welles, III, Ralph H. Owens, William J. Young*, James O. Moore, William B. Moore*, Edward J. Curry*, George W. Tall*, Robert B. Adams*.

* Member of the Executive Committee

Areas of Work: Designs, manufactures and markets measurement and control equipment and systems for the process industries and dimensional measurement and control equipment for the bearing, automotive, and other hard good manufacturers. Researches and manufactures fluidic devices.

Subsidiaries:

Moore Instruments Ltd./Ltee.
Brampton, Ontario, Canada

Moore Products Co. (U.K.), Limited
Yeovil
Somerset, England

Moore Products Co. B.V.
Breda, The Netherlands

Moore Products Co. (Italia) S.r.l.
Milan, Italy

Moore Products de Mexico S.A. de C.V. (joint venture)
Ciudad Juanez
Chihuahua, Mexico

Transfer Agent(s):

Girard Bank
Philadelphia, Pennsylvania 15230

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MORP (NASDAQ)

Number of Employees:

1987	N.A.	1986	1,149

Plant Footage:

1987	374,000 sq. ft.	1984	374,000
1986	374,000	1983	374,000
1985	374,000		

N. A. -- Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 84,242,000	$ 4,825,000
1986	79,769,000	4,710,000
1985	71,680,000	3,074,000
1984	62,309,000	3,028,000
1983	53,150,000	2,982,000

	No. of Com. Shares	Earn. per Share‡
1987	2,083,092	$ 2.31
1986	2,083,092	2.27
1985	2,069,579	1.48
1984	2,069,579	1.46
1983	2,069,579	1.44

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.88	—	—
1986	0.88	—	—
1985	0.88	—	—
1984	0.88	—	—
1983	0.88	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	$ 50,460,000	$ 24.22
1986	46,235,000	22.20
1985	42,816,000	20.69
1984	41,207,000	19.91
1983	40,893,000	19.76

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year. ended Dec. 31	1987	1986
Net sales	$ 84,242	$ 79,769
Cost of sales	36,975	35,257
Expenses	39,377	36,483
Other income	(1,102)	(609)
Income before taxes	$ 8,992	$ 8,638
Income taxes	4,167	3,928
Net Income	$ 4,825	$ 4,710

* Included in Costs and Expenses, Depreciation and Amortization: $2,614,000 in 1987 and $2,452,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term investments	$ 16,990	$ 9,495
Accts. receiv., net	12,915	12,498
*Inventories	15,434	18,888
Prepaid expenses	1,663	1,713
Current Assets	$ 46,962	$ 42,594
#Fixed assets	16,123	14,575
Total Assets	$ 63,085	$ 57,169

Liabilities
(000's)

Accounts payable	$ 3,402	$ 2,275
Accruals	2,393	2,127
Adv. from cust.	2,370	1,124
Income taxes	78	1,161
Curr. Liabilities	$ 8,243	$ 6,687
Def. inc. taxes	1,606	1,451
Pension	930	1,308
Long-term debt	1,670	1,312
+Preferred stock	176	176
++Common stock	2,083	2,083
Add. paid-in capital	3,343	3,343
Retained earnings	45,324	42,343
For. curr. trans. adjust.	(290)	(1,534)
Total Liabilities & Shareholders' Equity	$ 63,085	$ 57,169

* At lower of cost or market. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value, 5% cumulative convertible.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.67	10.83
%Net Income to Sales	5.73	5.90
%Net Income to Equity	9.53	10.15
Sales to Inventories	5.46	4.22
Debt to Equity	0.03	0.03
Working Capital	$ 38,719,000	$ 35,907,000
Current Ratio	5.70	6.37
Shareholders' Equity	$ 50,636,000	$ 46,411,000

Morton Thiokol, Inc.

110 North Wacker Drive
Chicago, Illinois 60606-1560
(312) 807-2000

Officers: Charles S. Locke, chairman & chief exec. officer; S. Jay Stewart, president & chief operating officer; Robert C. Hyndman, vice chairman; U. Edwin Garrison, group v.p.-aerospace; William E. Johnston, Jr., group v.p.-salt; Robert B. Covalt, group v.p.-chemicals; John R. Bowen, v.p.-finance & treasurer; Perry R. Grace, v.p.-management information and services; Hugh C. Marx, v.p.-human resources; James A. Robertson, v.p.-government relations; Thomas S. Russell, v.p.-corp. development & strategic planning; James R. Stanley, v.p.-legal affairs & general counsel; Thomas F. McDevitt, controller; P. Michael Phelps, secretary.

Directors: Charles S. Locke, chairman of the board; Ralph M. Barford, William T. Creson, Dennis C. Fill, Everett A. Gilmour, Robert C. Hyndman, Robert T. Marsh, Neil McKay, Barry J. Shillito, S. Jay Stewart, A. Dean Swift, Harry H. Wetzel.

Areas of Work: The Company operates in three business segments: aerospace, specialty chemicals, and salt.

The aerospace segment consists of propulsion and ordnance products and services performed principally under contracts and subcontracts with various U.S. government agencies and aerospace prime contractors. Propulsion includes research, development, and production of solid propellant rocket motors systems for space vehicles, such as the Space Shuttle (booster motors); to position satellites in orbit; for strategic missiles, such as the Trident (submarine launched) and Peacekeeper; and for tactical missiles, such as the Maverick, Sidewinder and HARM.

This propulsion technology has also been applied in the manufacture of gas generators for use in automobile passive restraint systems. Ordnance includes the development and production of air-dropped flares, ground-launched flares, munitions simulators for training, and conventional artillery munitions. Services include launch and recovery operations for the Space Shuttle.

The specialty chemical segment manufactures high technology chemical products for a wide variety of customer applications. The largest product group consists of laminating adhesives and coatings designed primarily for use in the manufacture of food packaging materials from paper, film and foil. The second largest group consists of chemicals for the electronics market, including principally dry film photoresists and curable screen resists used as part of a process to imprint patterns onto printed circuit boards and semiconductors (silicon chips).

The salt segment produces and sells salt principally in the U.S. and Canada under the MORTON and WINDSOR trademarks, for human and animal consumption, water conditioning, and highway ice melting, as well as for industrial and chemical uses.

Aerospace Divisions and Subsidiaries:

Aerospace Group
3340 Airport Road
Ogden, Utah 84405

Elkton Division
P.O. Box 241
Elkton, Maryland 21921

Huntsville Division
Huntsville, Alabama 35807-7501

Longhorn Division
P.O. Box 1149
Marshall, Texas 75671

Louisiana Division
P.O. Box 30058
Shreveport, Louisiana 71130

Omneco, Inc.
909 Industrial Park Drive
Carson City, Nevada 89701

Utah Division
3350 Airport Road
Ogden, Utah 84405

Wasatch Operations
P.O. Box 524
Brigham City, Utah 84302

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: MTI

Number of Employees:

1987	19,600	1984	17,300
1986	17,900	1983	15,700
1985	17,900		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 1,987,300,000	$ 138,000,000
1986	1,949,900,000	132,900,000
1985	1,832,300,000	53,000,000
1984	1,735,000,000	46,200,000
1983	1,270,400,000	38,500,000

	No. of Com. Shares‡	Earn. per Share‡
1987	47,644,000	$ 2.90
1986	47,423,000	2.80
1985	45,186,000	4.01
1984	50,669,000	2.17
1983	45,692,000	1.72

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Aerospace	$ 901,200,000	$ 933,100,000
Specialty chemicals	744,400,000	651,800,000
Salt	341,700,000	365,000,000
Total	$ 1,987,300,000	$ 1,949,900,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.745	—	—
1986	0.685	—	—
1985	0.627	—	—
1984	0.574	—	—
1983	0.527	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 940,000,000	$ 19.87
1986	821,900,000	17.43
1985	704,800,000	14.98
1984	636,300,000	12.51
1983	550,500,000	10.93

Income Account *
(000's)

Year ended	1987	1986
Net sales	$ 1,987,300	$ 1,949,900
Other income	11,300	16,200
Total income	$ 1,998,600	$ 1,966,100
Cost of sales	1,490,400	1,476,000
Expenses	241,300	241,300
Interest expense	11,900	23,600
Income before taxes	$ 230,800	$ 225,200
Income taxes	92,800	92,300
Net income	$ 138,000	$ 132,900

* Included in Costs and Expenses, Depreciation and Amortization: $81,200,000 in 1987 and $72,500,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash & short-term invest.	$ 40,300	$ 46,100
Receivables	386,600	316,600
°Inventories	272,700	221,500
Prepaid expenses	29,000	12,400
Current Assets	$ 728,600	$ 596,600
#Fixed assets	655,900	593,900
Other assets	41,900	34,500
Intangibles	239,600	192,000
Total Assets	$ 1,666,000	$ 1,417,000

Liabilities
(000's)

Notes payable & long term debt, curr.	$ 96,000	$ 26,500
Accts. payable	177,400	128,900
Accrued payroll	60,800	55,400
Other accruals	81,700	85,200
Income taxes	57,300	57,000
Curr. Liabilities	$ 473,200	$ 353,000
Long-term debt	30,700	31,700
Deferred inc. taxes	176,400	161,700
Other liabilities	45,700	48,700
Common stock	51,100	51,100
Add. paid-in capital	75,900	75,800
Retained earnings	902,100	799,300
For. curr. trans. adjust.	1,800	(7,900)
Treasury stock	(92,900)	(96,400)
Total Liabilities & Shareholders' Equity	$ 1,666,000	$ 1,417,000

° At lower of cost or market. Domestic inventories of LIFO; foreign at FIFO.
Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	11.61	11.55
%Net Income to Sales	6.94	6.82
%Net Income to Equity	14.68	16.17
Sales to Inventories	7.29	8.80
Debt to Equity	0.13	0.07
Working Capital	$ 255,400,000	$ 243,600,000
Current Ratio	1.54	1.69
Shareholders' Equity	$ 940,000,000	$ 821,900,000

Motorola, Inc.

Motorola Center
1303 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-5000

Officers: Robert W. Galvin, chairman of the board; William J. Weisz, vice chairman; John F. Mitchell, vice chairman; George M. C. Fisher, president & chief operating officer; Arnold S. Brenner, sr. v.p. & gen. mgr.-Japanese operations; Gary L. Tooker, sr. exec. v.p. & chief operating officer; Levy Kaizir, sr. v.p. & gen. mgr.-new enterprises; Donald R. Jones, exec. v.p. & chief financial officer; David W. Hickie, sr. v.p. & asst. chief financial officer; Kenneth J. Johnson, corp. v.p., controller & director-corp. audit; Richard H. Weise, sr. v.p., general counsel & secretary; Jack Germain, sr. v.p. & dir.-quality; H. Richard Klotz, corp. v.p. & dir.-taxes; Victor R. Kopidlansky, corp. v.p. & asst. gen. counsel; Keith J. Bane, corp. v.p. & dir.-strategy; William B. Dimitro, corp. v.p. & dir.-Career Redirection Center; C. Travis Marshall, sr. v.p. & dir.-government relations; Vincent J. Rauner, corp. v.p.-patents, trademarks & licensing; James D. Burge, corp. v.p. & dir.-employment regulatory affairs; James Donnelly, exec. v.p. & dir.-personnel; Joseph Miraglia, corp. v.p. & asst. dir.-personnel; Arthur P. Sundry, exec. v.p. & gen. mgr.-Communications Sector; James A. Norling, exec. v.p. & general manager-Semiconductor Products Sector; Carl E. Lindholm, exec. v.p.-International operations; Gerhard Schulmeyer, sr. v.p. & gen. mgr.-Automotive & Industrial Electronics Group; David G. Wolfe, Sr., v.p. & gen. mgr.-Government Electronics Group; Edward F. Staiano, exec. v.p. & gen. mgr.-General Systems Group; A. Peter Lawson, corp. v.p. & asst. general counsel; Garth Milne, corp. v.p. & treasurer; David K. Bartram, sr. v.p. & asst. gen. mgr.; Morton L. Topfer, sr. v.p. & asst. gen. mgr.; Theodore Saltzberg, sr. v.p. & dir.-research & new business; Thomas D. George, sr. v.p. & asst. gen. mgr.; Andre Borrel, sr. v.p. & gen. mgr.-International Semiconductor Group; Gordon C. Chilton, sr. v.p. & gen. mgr.-Discrete & Special Technologies Group; Murray A. Goldman, sr. v.p. & gen. mgr.-Microprocessor Products Group; Gary M. Johnson, sr. v.p. & gen. mgr.-Standard Logic and Analog Integrated Circuits Group; Geno Ori, sr. v.p. & dir.-customer relations; Charles E. Thompson, sr. v.p. & sector dir.-world marketing.

Directors: Robert W. Galvin, William J. Weisz, John F. Mitchell, Arthur C. Nielsen, Jr., Stephen L. Levy, B. Kenneth West, John T. Hickey, Wallace C. Doud, William G. Salatich, M. Joseph Lambert, Gardiner L. Tucker, Lawrence Howe, Anne P. Jones, Walter E. Massey, David R. Clare, George M. C. Fisher, Gary L. Tooker.

Areas of Work: Engaged in the design, manufacture and sale of a diversified line of electronic equipment and components, including two-way radios and other forms of electronic communication systems; semi-conductors, including integrated circuits, discrete semiconductors, and microprocessor units; information systems products such as multifunction computer systems, low, medium and high speed modems, multiplexers and network processors and multifunction computer systems for distributed data processing and office automation applications; electronic equipment for military and aerospace use; electronic engine controls; digital appliance controls, automobile radios and other automotive and industrial electronic equipment.

Divisions:

Automotive and Industrial Electronics Group
1299 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-8000

Products include automotive engine control systems, recording and monitoring systems for trucks, very- and ultra-high resolution monochrome monitors for use in the phototypesetting industry, cellular telephone equipment, and controls for appliances.

Automotive Powertrain and Chassis Electronics Division
Automotive Body and Appliance Electronics Business
Sensors and Power Controls Business

Communications Sector
1301 East Algonquin Road
Schaumburg, Illinois 60196
(312) 397-1000

Mobile and portable FM two-way radio communications systems, radio paging systems, communications control centers, radio operations; microwave communications equipment and systems; single sideband radio equipment; and cellular mobile telephone systems.

Communications Systems Group

State and Local Market Systems Division
Commercial Market Systems Division
Special/National Market Systems Division

Distribution Service Group

Motorola, Inc.

National Service
Parts Division

Domestic Distribution Group

Commercial Markets Division
National Markets Division
State and Local Government Markets Division

International Group

Export Sales Division

Manufacturing Technologies Group

Motorola-Storno Communications Group

Radio Technologies Group

Component Products Division
Portable Products Division
Portable Products Division
Data Products Division
Paging Products Division
Radius Division
U.S. Federal Government Division

Semiconductor Products Sector
5005 East McDowell Road
Phoenix, Arizona 85008
(602) 244-6900
MOS and bipolar integrated circuits; power and small signal transistors; thyristors, varactors, zener and tuning diodes; optoelectronics, semiconductor chips, RF modules, microwave devices, triggers, suppressors; field effect transistors.

Discrete and Special Technologies Group

Low-frequency Power Transistor/Thyristor & Elec. Mat. Div.
RF and Optoelectronic Products Division
Small Signal and Sensor Products Division
Zener/Rectifier Products Division

Final Manufacturing and Equipment Engineering Group

International Semiconductor Group

Asia Pacific Semiconductor Products Division

European Semiconductor Group

Discrete and Analog Products Division (Toulouse)
Logic, ASIC and Microsystems Products Division (Munich)
MOS Memory and Microprocessor Division (East Kilbride)

Microprocessor Products Group

High End MPU Division
Microcontroller Division

Standard Logic and Analog Integrated Circuits Group

Bipolar Analog Integrated Circuits Division
Logic Integrated Circuits Division
MOS Digital-Analog Integrated Circuits Division
Application Specific Integrated Circuits Division
MOS Memory Products Division

Government Electronics Group
8201 East McDowell Road
Scottsdale, Arizona 85252
(602) 949-3033
Products include government electronics products, such as diversified military and space electronic equipment, including aerospace telecommunications systems, military communications equipment, radar systems, data links display systems, positioning and navigation systems, missile guidance equipment, electronic ordnance devices and drone electronic systems.
Communications Division
Tactical Electronics Division
Radar Systems Division
Strategic Electronics Division

General Systems Group
Supplies cellular telephone systems and manufactures microcomputers and related communications software.

Computer Group

Computer Systems Division
Field Service Division
International Division
Microcomputer Division

Radio-telephone Systems Group

Cellular Infrastructure Division

Cellular Subscriber Division

North American Subscriber Division

Information Systems Group
Provides customers with products to handle complex data communication needs.

Codex Corporation
Canton, Massachusetts

Universal Data Systems, Inc.
5000 Bradford Drive
Huntsville, Alabama 35805
(205) 837-8100

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60603

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: MOT

Number of Employees:

1987	97,700	1984	99,900
1986	94,400	1983	88,900
1985	90,200		

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 6,707,000	$ 308,000
1986	5,888,000	194,000
1985	5,443,000	72,000
1984	5,536,000	349,000
1983	4,328,000	244,000

	No. of Com. Shares #	Earn. per Share #
1987	128,900,000	$ 2.39
1986	126,500,000	1.53
1985	119,000,000	0.61
1984	118,491,000	3.27
1983	117,138,000	2.09

+ Includes other revenue.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business ($000's)

	1987	1986
Communications products	$ 2,515,000	$ 2,343,000
Semiconductor products	2,193,000	1,807,000
Information systems products	526,000	465,000
Gov't electronic products	540,000	526,000
Other products	1,141,000	1,029,000
Eliminations	(210,000)	(182,000)
Total	$ 6,707,000	$ 5,888,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.64	—	—
1986	0.64	—	—
1985	0.64	—	—
1984	0.61	—	3-for-1
1983	0.53	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share‡
1987	$ 3,008,000	$ 23.34
1986	2,754,000	21.77
1985	2,284,000	19.19
1984	2,278,000	19.23
1983	1,948,000	16.63

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account ($000's)

Year ended Dec. 31	1987	1986
Net sales & other revenues	$ 6,707,000	$ 5,888,000
Cost of sales	4,059,000	3,647,000
Expenses	1,659,000	1,431,000
Depreciation	494,000	459,000
Interest expense	79,000	86,000
Income before taxes	$ 416,000	$ 265,000
Income taxes	108,000	71,000
Net Income	$ 308,000	$ 194,000

Assets ($000's)

As of Dec. 31	1987	1986
Cash & short-term investments	$ 258,000	$ 185,000
Accts. receiv., net	1,101,000	851,000
Future tax benefits	237,000	194,000
*Inventories	873,000	831,000
Other assets	238,000	178,000
Current Assets	$ 2,707,000	$ 2,239,000
# Fixed assets	2,[illegible]	2,140,000
# Equip. leased to others	115,000	130,000
Sundry assets	170,000	173,000
Total Assets	$ 5,321,000	$ 4,682,000

Liabilities ($000's)

Long-term debt, curr.	$ 380,000	$ 307,000
Accts. payable	546,000	411,000
Accruals	662,000	536,000
Income taxes	80,000	117,000
Curr. Liabilities	$ 1,668,000	$ 1,371,000
Long-term debt	344,000	334,000
Deferred taxes	137,000	110,000
Other liabilities	164,000	113,000
+Common stock	388,000	385,000
Add. paid-in capital	843,000	817,000
Retained earnings	1,777,000	1,552,000
Total Liabilities & Shareholders' Equity	$ 5,321,000	$ 4,682,000

* At lower of average cost (FIFO) or market.
# Less accumulated depreciation.
+ $3 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.20	4.50
%Net Income to Sales	4.59	3.29
%Net Income to Equity	10.24	7.04
Sales to Inventories	7.68	7.09
Debt to Equity	0.34	0.23
Working Capital	$ 1,039,000,000	$ 868,000,000
Current Ratio	1.62	1.63
Shareholders' Equity	$ 3,008,000,000	$ 2,754,000,000

MSI Data Corporation

340 Fischer Avenue
Costa Mesa, California 92626
(714) 549-6000

Mailing address:
P.O. Box 11466
Santa Ana, California 92711

Officers: William J. Bowers, chairman of the board; Charles S. Strauch, president & chief executive officer; Richard W. Hoag, sr. v.p.-marketing & sales; Paul J. Schneider, v.p., secretary & chief financial officer; Herbert R. Espeland, sr. v.p.-operations; Lars H. Turndal, v.p.-international; Harold H. Simeroth, v.p.-engineering; George J. Harris, v.p.-field service; Richard A. Kain, v.p.-manufacturing.

Directors: William J. Bowers, chairman; John C. Martin, John A. Karsten, Harvey Klein, Jerry E. Goldress, Charles S. Strauch, Archie J. McGill.

Area of Work: Designs, manufactures, sells and services handheld source data entry systems, designed for use in the collection of business information.

Subsidiaries:

MSI Data Limited
Data House
85-87, Basingstoke Road
Reading, Berkshire RG2 OEZ England

MSI France S.a.R.L.
2/4 Avenue de la Cerisaie
Platanes 311
94266 Fresnes Cedex, France

MSI Data GmbH
Dreiherrnsteinplatz 14-19
6078 Neu-Isenburg/Gravenbruch
Frankfurt, Federal Republic of Germany

MSI Data Italia s.r.l.
Via Crisofo[illegible]mbo, 49
20090 Trezzano S. Naviglio
Milan, Italy

MSI Data GmbH
18 Ortsstrasse
A-2331 Vosendorf, Austria

MSI Switzerland
7 Chemin de la Besconnette
CP. 66, Chene-Bougeric CH-1224 Geneva

Transfer Agent(s):

First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): American

Ticker Symbol: MSI

Sales & Earnings

	Revenues +	Net Income
1987	$ 70,733,000	$ 1,339,000
1986	62,545,000	172,000
1985	56,159,000	(1,487,000)
1984	61,178,000	4,060,000
1983	58,672,000	3,422,000

	No. of Com. Shares #	Earn. per Share #
1987	2,615,208	$ 0.51
1986	2,556,618	0.07
1985	2,505,944	—
1984	2,494,892	1.63
1983	2,479,960	1.38

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.30	—	—
1984	0.40	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share+
1987	$ 30,125,000	$ 11.52
1986	27,300,000	10.68
1985	25,834,000	10.31
1984	28,782,000	11.54
1983	25,852,000	10.42

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	3/28/87	3/29/86
Revenues:		
Net sales	$ 52,984,000	$ 45,583,000
Field serv. & maint. support	17,749,000	16,962,000
Total revenues	$ 70,733,000	$ 62,545,000
Cost of revenues	39,551,000	35,540,000
Expenses	28,271,000	26,143,000
Interest exp.	62,000	290,000
Inc. bef. taxes	$ 2,849,000	$ 564,000
Income taxes	1,510,000	392,000
Net income	$ 1,339,000	$ 172,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,680,000 in 1987 and $2,419,000 in 1986.

Assets

As of	3/28/87	3/29/86
Cash	$ 6,426,000	$ 5,523,000
Income taxes receiv.	—	219,000
Accts. receiv., net	18,502,000	14,978,000
* Inventories	10,927,000	10,068,000
Deferred inc. taxes	2,328,000	1,185,000
Prepaid expenses	445,000	903,000
Current Assets	$ 38,628,000	$ 32,476,000
# Fixed assets	8,648,000	8,702,000
Intangibles	1,556,000	1,675,000
Other assets	163,000	99,000
Total Assets	$ 48,995,000	$ 42,952,000

Liabilities

Accts. payable	$ 3,389,000	$ 3,438,000
Accrued payroll	3,449,000	3,049,000
Income taxes payable	2,060,000	—
Taxes payable	196,000	360,000
Deferred revenues	2,958,000	2,617,000
Other liabilities	3,113,000	2,084,000
Curr. Liabilities	$ 15,175,000	$ 11,548,000
Long-term debt	2,347,000	2,608,000
Deferred revenues	1,057,000	1,029,000
Other liabilities	291,000	467,000
+ Common stock	2,537,000	2,528,000
Add. paid-in capital	7,410,000	7,254,000
Retained earnings	19,839,000	18,500,000
Foreign currency trans.	339,000	(982,000)
Total Liabilities & Shareholders' Equity	$ 48,995,000	$ 42,952,000

* At cost (FIFO) which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $1.00 par value.

Statistical Summary

%Income before Taxes to Revenues	4.03	0.90
%Net Income to Revenues	1.89	0.28
%Net Income to Equity	4.44	0.63
Debt to Equity	0.08	0.10
Working Capital	$ 23,453,000	$ 20,928,000
Current Ratio	2.55	2.81
Shareholders' Equity	$ 30,125,000	$ 27,300,000

MSI Electronics, Inc.

34-32 57th Street
Woodside, New York 11377
718-672-4500

Officers: Albert Lederman, president, chief exec. officer & chairman of the board; T. K. Bushkow, secretary.

Directors: T. K. Bushkow, Albert Lederman, E. L. Hurd.

Area of Work: Manufactures voltage variable capacitor diodes, semiconductor components, instruments and test instruments.

Subsidiaries:

Elyon Electronics, Ltd. (98% owned)
East Grinstead, Sussex, England

MSI Semiconductor Corp.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MSIE (NASDAQ)

Number of Employees:

1987	23	1984	26
1986	N.A.	1983	24
1985	26		

Plant Footage:

1987	8,400 sq. ft.	1984	6,200
1986	7,440	1983	6,200
1985	6,200		

N. A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,509,273	$ (71,166)
1986	2,533,615	580,521
1985	2,513,423	376,227
1984	2,344,031	584,127
1983	2,106,650	500,033

	No. of Com. Shares†	Earn per Share†
1987	1,364,268	$ —
1986	1,365,214	0.43
1985	1,367,622	0.27
1984	1,408,448	0.41
1983	1,408,448	0.36

† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 3,719,660	$ 2.73
1986	3,832,452	2.81
1985	3,258,181	2.38
1984	3,005,614	2.13
1982	2,421,487	1.72

† Adjusted to reflect stock split.

Income Account

Year ended Sept. 30	1987	1986
Net sales	$ 1,509,273	$ 2,533,615
Cost of sales	1,074,795	1,150,176
Expenses	795,436	774,601
Interest & dividend income	(210,175)	(342,052)
Income (loss) before taxes	$ (150,783)	$ 950,890
Income taxes (credit)	(79,117)	370,369
Net Income (Loss)	$ (71,666)	$ 580,521

* Included in Costs and Expenses, Depreciation: $95,069 in 1987 and $76,781 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 395,823	$ 312,906
Treasury notes	2,392,794	2,534,151
Accts. receiv. net	355,011	583,243
Marketable securities	217,744	314,653
Interest receiv.	36,859	47,436
*Inventories	366,243	282,706
Prepaid expenses	13,122	4,042
Current Assets	$ 3,677,396	$ 4,078,737
#Fixed assets	655,971	510,484
Other assets	2,300	2,300
Total Assets	$ 4,335,667	$ 4,591,521

Liabilities

Accts. payable	$ 616,007	$ 636,333
Income taxes	—	122,736
Curr. Liabilities	$ 616,007	$ 759,069
+Common stock	42,554	42,554
Add. paid-in capital	420,201	420,201
Retained earnings	3,430,441	3,502,107
Treasury stock	(173,536)	(132,410)
Total Liabilities & Shareholders' Equity	$ 4,335,667	$ 4,591,521

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.03 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	37.53
%Net Income to Sales	—	22.97
%Net Income to Equity	—	15.15
Sales to Inventories	5.67	8.96
Working Capital	$ 3,061,389	$ 3,319,668
Current Ratio	5.97	5.37
Shareholders' Equity	$ 3,719,660	$ 3,832,452

MTS System Corporation

14000 Technology Drive
Eden Prairie, Minnesota 55344
(612) 937-4000

Mailing Address:
P.O. Box 24012
Minneapolis, Minnesota 55424

Officers: George N. Butzow, chairman; Donald M. Sullivan, president & chief executive officer; Marshall L. Carpenter, v.p. & treasurer; George Doering, v.p.-Automation Systems Group; Richard W. Clarke, Milan L. Sebek, J. Howell Owens, v.p.; Keith D. Zell, v.p.-prod. group; Gerald E. Magnuson, secretary.

Directors: Charles A. Brickman, George N. Butzow, Thomas E. Holloran, E. Thomas Binger, Thomas Stolcis, Donald M. Sullivan, Marcelo Gumucio.

Areas of Work: Designs, manufactures and markets electronic instruments and software products; also hydraulic devices such as high-technology fluid power systems used in basic scientific research on materials, in the evaluation of new products, for production line quality control and for material forming manufacturing.

Division:

Temposonics Division
111 East Ames Court
Plainview, New York 11803
(516) 349-1950
Manufactures a proprietary line of position measuring instruments.

Subsidiaries:

MTS Systems GmbH
Potsdamer Str. 23/24
1000 Berlin 37, West Berlin

MTS (Japan) Ltd.
4-8-13 Kudan Minami
Chiyoda-Ku, Tokyo T102 Japan
MTS Systems France
MTS Systems (Hong Kong) Inc.
MTS Limited (UK)
MTS Testing Systems (Canada) Ltd.
MTS Systems SRL (Italy)
MTS International Ltd. (Barbados, West Indies)
MTS Systems Norden AB (Sweden)
MTS Sistemas do Brasil, Ltda
MTS Systems (China/Limited)

Transfer Agent(s):

Norwest Bank of Minneapolis, N.A.
Minneapolis, Minnesota 55440

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MTSC (NASDAQ)

Number of Employees:

1987	1,194	1984	973
1986	1,199	1983	829
1985	1,161		

Plant Footage:

1987 ..... 223,000 sq. ft. 1986 249,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 112,305,000	$ 1,259,000
1986	109,724,000	6,914,000
1985	95,278,000	5,025,000
1984	74,873,000	3,069,000
1983	67,457,000	2,361,000

	No. of Com. Shares #	Earn. Per Share #
1987	4,487,000	$ 0.28
1986	4,353,000	1.59
1985	4,198,000	1.19
1984	4,107,000	0.94
1983	4,004,000	0.59

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 0.226	—	3-for-2
1986	0.173	—	—
1985	0.16	—	—
1984	0.142	—	3-for-2
1983	0.142	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 51,331,000	$ 11.65
1986	48,805,000	11.43
1985	40,314,000	9.80
1984	35,178,000	8.71
1983	31,921,000	8.00

+ Adjusted to reflect stock splits.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 112,305,000	$ 109,724,000
Cost of sales	65,098,000	64,941,000
Expenses	35,627,000	30,393,000
Prof. sh. plan	1,370,000	1,857,000
Interest expense	324,000	854,000
Other income	(1,630,000)	(2,755,000)
Income before taxes	$ 11,516,000	$ 14,434,000
Income taxes	4,416,000	6,349,000
Inc.-cont. oper	$ 7,100,000	$ 8,185,000
Loss-discont. oper	(5,841,000)	(1,271,000)
Net Income	$ 1,259,000	$ 6,914,000

*Included in Costs and Expenses, Depreciation and Amortization: $3,958,000 in 1987 and $3,630,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 3,525,000	$ 4,340,000
Interest bearing invest.	6,954,000	7,554,000
Accts. receiv., net	37,802,000	32,269,000
Income tax refund	630,000	1,102,000
* Inventories	22,050,000	21,942,000
Prepaid expenses	1,559,000	1,560,000
Current Assets	$ 72,520,000	$ 68,787,000
#Fixed assets	21,685,000	20,424,000
Other assets	226,000	7,245,000
Total Assets	$ 98,431,000	$ 96,456,000

Liabilities

Note payable	$ 140,000	$ 229,070
Long-term debt, curr.	1,134,000	1,617,000
Accts. payable	4,213,000	4,493,000
Accruals	13,358,000	9,973,000
Advance billings	4,369,000	4,137,000
Income taxes	9,416,000	14,321,000
Curr. Liabilities	$ 32,630,000	$ 34,770,000
Other liabilities	—	150,000
Long-term debt	11,849,000	9,995,000
Deferred inc. taxes	2,621,000	2,736,000
+ Common stock	1,102,000	712,000
Add. paid-in capital	6,384,000	5,570,000
Retained earnings	42,031,000	41,757,000
Cum. trans. adjust.	1,814,000	766,000
Total Liabilities & Shareholders' Equity	$ 98,431,000	$ 96,456,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	2.45	14.17
Sales to Inventories	5.09	5.00
Debt to Equity	0.26	0.24
Working Capital	$ 39,890,000	$ 11,841,000
Current Ratio	2.22	1.98
Shareholders' Equity	$ 51,331,000	$ 48,805,000

Napco Security Systems, Inc.

333 Bayview Avenue
Amityville, New York 11701
(516) 842-9400

Officers: Richard Soloway, chairman of the board & secretary; Kenneth Rosenberg, president & treasurer; John J. Grein, v.p.-finance; Larry Badash, v.p.-sales; Raymond Gaudio, v.p.-engineering, software applications; Alfred DePierro, v.p.-engineering, micro computer applications; Edward Leff, v.p.-marketing.

Directors: Richard Soloway, chairman; Kenneth Rosenberg, Randy S. Bluestein, Ben Z. Kadem.

Areas of Work: Manufactures electronic burglar and fire alarms and devices. Products include commercial and residential control panels, telephone dialers, sirens, passive infrared detection systems, and shock processors.

Subsidiaries:

E.E. Electronic Components, Inc.
Raitech Logic, Inc.
Napco Security Systems International, Inc. (DISC)
UMI Manufacturing Corp.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NSSC (NASDAQ)

Number of Employees:

1987	362	1985	296
1986	273	1984	238

Plant Footage:

1987	42,200 sq. ft.	1985	42,200
1986	42,200	1984	40,700

Sales & Earnings

	Net Sales	Net Income
1987	$ 27,588,254	$ 3,375,121
1986	23,561,308	2,933,404
1985	18,823,272	2,407,169
1984	14,207,054	1,649,173
1983	9,284,112	625,613

	No. of Com. Shares†	Earn per Share #
1987	4,351,947	$ 0.77
1986	4,345,467	0.67
1985	4,335,681	0.00
1984	4,334,211	0.85
1983	4,333,346	0.32

† Adjusted to reflect stock dividends.
# Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	50% & 50%	—
1984	—	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 14,000,454	$ 3.22
1986	10,613,832	2.44
1985	7,662,341	1.77
1984	5,251,944	1.22
1983	3,601,138	0.84

‡ Adjusted to reflect stock dividends.

Income Account

Year ended June 30	1987	1986
Net sales	$ 27,588,254	$ 23,561,308
Cost of sales	16,952,305	14,376,689
Expenses	4,592,541	4,042,238
Interest income	(106,961)	(88,403)
Interest expense	111,248	62,610
Other income	—	(1,030)
Income before taxes	$ 6,039,121	$ 5,169,404
Income taxes	2,664,000	2,236,000
Net Income	$ 3,375,121	$ 2,933,404

° Included in Costs and Expenses, Depreciation and Amortization: $302,249 in 1987 and $243,367 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 1,870,990	$ 1,529,212
Munic. bonds held for invest.	1,000,000	—
Accts. receiv., net	4,535,038	3,584,988
° Inventories	5,570,427	4,709,001
Prepaid assets	741,364	303,196
Current assets	$ 13,717,819	$ 10,426,397
# Fixed assets	5,344,587	2,399,903
Other assets	1,210,629	3,188,642
Total Assets	$ 20,273,035	$ 16,014,942

Liabilities

Long-term debt, curr.	$ 228,830	$ 3,407
Accts. payable	1,090,742	679,978
Accrued payroll	443,588	351,199
Income taxes	81,645	29,946
Retention on constrc.-in-prog. costs	328,566	—
Other accruals	212,210	232,850
Curr. Liabilities	$ 2,392,581	$ 1,297,280
Long-term debt	3,600,000	3,903,830
Deferred inc. taxes	280,000	200,000
+ Common stock	58,808	58,743
Add. paid-in capital	668,598	657,162
Retained earnings	13,274,181	9,999,060
Treasury stock	(1,133)	(1,133)
Total Liabilities & Shareholders' Equity	$ 20,273,035	$ 16,014,942

° At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ 0.01 par value.

Statistical Summary

% Income bef. Taxes to Sales	21.89	21.94
% Net Income to Sales	12.23	12.45
% Net Income to Equity	24.11	27.64
Sales to Inventories	4.95	5.00
Debt to Equity	0.27	0.37
Working Capital	$ 11,325,238	$ 9,129,117
Current Ratio	5.73	8.04
Shareholders' Equity	$ 14,000,454	$ 10,613,832

National Computer Systems, Inc.

11000 Prairie Lakes Drive
Eden Prairie, Minnesota 55344
(612) 829-3000

Officers: Charles W. Oswald, chairman of the board & chief executive officer; David C. Mainzer, president & chief operating officer; Robert J. Korkowski, v.p. & chief financial officer; Richard L. Poss, v.p.-organization & management development; John W. Fenton, Jr., secretary & treasurer; Peter B. Crawford, v.p.-systems; Donald J. Olson, v.p.-scanning products.

Directors: Charles W. Oswald°, chairman; David C. Mainzer°, David P. Campbell, Edward C. Lund, Arthur E. Weisberg°, Robert F. Zicarelli°, David C. Cox, Stephen G. Shank, John W. Vasey.

° Member of the Executive Committee

Areas of Work: The Company's business is primarily comprised of two segments: the production and marketing of optical mark reading systems, input documents, materials and test scoring services, and the production and marketing of data processing and services for bank trust department and medical institutions.

Subsidiary:

Kaiser Datentechnik GmbH
Nuremberg, Germany
Optical mark reading equipment supplier.

Transfer Agent(s):

Norwest Bank, Minneapolis, N.A.
Minneapolis, Minnesota 55479

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NLCS (NASDAQ)

Number of Employees:

1988	2,150	1985	1,589
1987	2,001	1984	1,333
1986	1,859		

Sales & Earnings

	Revenues +	Net Income
1988	$ 209,164,000	$ 17,996,000
1987	197,628,000	15,750,000
1986	156,317,000	15,191,000
1985	123,567,000	9,682,000
1984	81,570,000	7,284,000

	No. of Com. Shares #	Earn. per Share #
1988	18,555,000	$ 0.97
1987	18,842,000	0.84
1986	17,105,000	0.89
1985	15,611,000	0.62
1984	14,894,000	0.49

+ Includes rentals & maintenance; of continuing operations only
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1988	$ 0.22	—	—
1987	0.17	—	—
1986	0.13	—	3-for-2
1985	0.10	—	3-for-2
1984	0.09	—	3-for-2

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1988	$ 103,799,000	$ 6.07
1987	116,120,000	6.14
1986	76,249,000	4.45
1985	48,884,000	3.19
1984	41,216,000	2.69

† Adjusted to reflect stock splits.

Income Account * (000's)

Year ended Jan. 31	1988	1987
Net sales	$ 163,597	$ 157,538
Rental & maintenance	45,567	40,090
Total income	$ 209,164	$ 197,628
Cost of sales	96,606	95,155
Cost of rentals & maint.	32,593	25,647
Expenses	51,606	51,614
Other expense (income)	(17,136)	465
Income before taxes	$ 45,695	$ 24,747
Income taxes	19,000	10,961
Inc. - cont. oper.	$ 26,695	$ 13,786
Inc. (loss) - discont. oper.	(8,699)	1,964
Net Income	$ 17,996	$ 15,750

* Included in Costs and Expenses, Depreciation: $11,677,000 in 1988 and $11,816,000 in 1987.

Assets (000's)

As of Jan 31	1988	1987
Cash	$ 29,788	$ 591
Receivables, net	48,884	42,423
*Inventories	26,216	22,593
Other curr. assets	1,950	1,280
Current Assets	$ 106,846	66,887
#Fixed assets	40,295	40,589
Goodwill & other assets	55,388	58,111
Total Assets	$ 202,529	$ 165,587

Liab/Shlder (000's)

Notes payable	$ 1,358	$ 1,139
Long-term debt, curr.	1,989	1,761
Accts. payable	12,360	11,287
Accruals	16,822	12,523
Deferred income	4,859	4,268
Income taxes	8,813	2,049
Curr. Liabilities	$ 46,201	$ 33,027
Long-term debt	1,196	10,254
Deferred inc. taxes	6,340	6,186
Convert. subord. deben	44,993	—
+ Common stock	512	568
Add. paid-in capital	31,564	58,161
Retained earnings	71,723	57,391
Total Liabilities & Shareholders' Equity	$ 202,529	$ 165,587

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.03 par value.

Statistical Summary

% Net Income to Equity	17.34	13.56
Debt to Equity	0.04	0.11
Working Capital	$ 60,645,000	$ 33,860,000
Current Ratio	2.31	2.03
Shareholders' Equity	$ 103,799,000	$ 116,120,000

National Micronetics, Inc.

71 Smith Avenue
Kingston, New York 12401
(914) 338-0333

Officers: Charles J. Lawson, Jr., chairman of the board & acting chief executive officer; Eric W. Markrud, president, chief financial officer & secretary; Jan V. Peer, executive v.p.-international operations; Robert C. Ristagno, vice president; Joseph R. Sequenzia, vice president; Tugrul Yasar, vice president.

Directors: Charles J. Lawson, Jr., chairman of the board; George O. Pfaff, Edward R. Bedrosian, Charles C. Francisco, Eric W. Markrud, Owen J. Gaffney.

Areas of Work: Manufactures magnetic recording heads primarily for computer disc drives using Winchester technology. The Company manufactures ferrite cores as well as final recording heads assemblies.

Transfer Agent(s):

Mellon Financial Services
Fort Lee, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NMIC (NASDAQ)

Number of Employees:

1987	580	1985	900
1986	600		

Plant Footage:

1987	131,000 sq.ft.	1985	189,700
1986	189,700		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 35,385,000	$ (1,585,000)
1986	36,332,000	(7,152,000)
1985	42,809,000	(44,637,000)
1984	58,026,000	4,398,000
1983	40,229,000	2,755,000

	No. of Com. Shares #	Earn. per Share#
1987	9,287,000	—
1986	9,182,000	—
1985	8,635,000	—
1984	7,905,000	0.56
1983	6,773,000	0.41

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 8,855,000	$ 0.95
1986	10,078,000	1.10
1985	16,683,000	1.93
1984	53,945,000	6.82
1983	32,304,000	4.77

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account * (000's)

Year ended June 30	1987	1986
Net sales	$ 35,385	$ 36,332
Cost of sales	31,699	33,378
Research, develop. & engin.	1,842	3,158
Expenses	4,084	5,471
Interest expense	1,257	1,862
Interest income	(27)	(17)
Other expense (income)	(196)	1,601
Loss - cont. oper.	$ (3,074)	$ (9,121)
Inc. - discont. oper.	1,489	1,969
Net Loss	$ (1,585)	$ (7,152)

* Included in Costs and Expenses, Depreciation and Amortization: $2,787,000 in 1987 and $3,087,000 in 1986.

Assets (000's)

As of June 30	1987	1986
Cash	$ 2,613	$ 1,024
Accts. receiv., net	5,570	5,930
*Inventories	4,981	6,769
Net assets held for sale	—	2,322
Other current assets	361	612
Current Assets	$ 13,325	$ 16,677
#Fixed assets	12,366	15,395
Assets held for sale	585	2,319
Other assets	155	224
Total Assets	$ 26,431	$ 34,615

Liabilities (000's)

Long-term debt, curr.	$ 1,602	$ 708
Short-term debt	3,250	10,956
Accts. payable	2,100	4,827
Accrued payroll	1,003	913
Other accruals	1,513	1,955
Curr. Liabilities	$ 9,468	$ 19,359
Long-term debt	7,987	5,057
Deferred inc. taxes	121	121
+Common stock	933	918
Add. paid-in capital	48,123	47,776
Retained earnings (deficit)	(40,201)	(38,616)
Total Liabilities & Shareholders' Equity	$ 26,431	$ 34,615

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	7.10	5.37
Debt to Equity	1.45	1.66
Working Capital	$ 3,857,000	—
Current Ratio	1.41	—
Shareholders' Equity	$ 8,855,000	$ 10,078,000

National Semiconductor Corporation

2900 Semiconductor Drive
P.O. Box 58090
Santa Clara, California 95052-8090
(408) 721-5000

Officers: Peter J. Sprague, chairman of the board; Charles E. Sporck, president & chief exec. officer; David N. Martin, exec. v.p.-Information Systems Group & president-National Advanced Systems; F. Joseph Van Poppelen, v.p.-semiconductor marketing; Johnny M. Hinsphreys, v.p. & president-DATACHECKER/DTS Corp.; Clements E. Pauna, v.p.-instructional manufacturing; James M. Smaha, exec. v.p.-Semiconductor Group; Gary Arnold, v.p.-finance, treasurer & chief financial officer; J. Philip Russell, v.p. & controller; John G. Webb, v.p., general counsel & secretary; H. Gene McCown, asst. treasurer; Peter S. Feliciano, asst. treasurer.

Directors: Peter J. Sprague, chairman; Donald E. Weeden, Charles E. Sporck, Robert Beuhar, Harry H. Wetzel, Neil Goldschmidt, David N. Martin, James M. Smaha.

Areas of Work: Engaged in the manufacture of monolithic integrated circuits, transistors, semiconductor devices and hybrid integrated circuits which are used in amplifying, switching, gating, commutating elements in telemetry, data processing and multiplexing; also high reliability testing, calculators, electronic watches, watch and clock modules, and POS electronic check-out systems.

Division and Subsidiaries:

National Advanced Systems
800 East Middlefield Road
Mountain View, California 94042
(415) 962-6000

National Semiconductor
DATACHECKER/DTS
800 Central Expressway
P.O. Box 58112
Santa Clara, California 95052
(408) 982-3000

National Semiconductor (UK) Ltd.
The Maple
Kembrey Park
Swindon, Wiltshire SN2 6UT England

National Advanced Systems
John Busch House
277 London Road, Isleworth
Middlesex TW7 5AX England

National Semiconductor Pte., Ltd.
51 Goldhill Plaza
Newton Road
Singapore 1130

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Pacific

Ticker Symbol: NSM

Number of Employees:

1986	30,800	1983	35,600
1985	37,100	1982	38,300
1984	41,700		

Plant Footage:

1986 ..... 5,969,000 sq. ft. 1985 5,800,000

Sales & Earnings

	Net Sales +	Net Income†
1986	$1,478,100,000	$ (91,500,000)
1985	1,787,500,000	43,200,000
1984	1,655,126,000	63,960,000
1983	1,210,499,000	(14,176,000)
1982	1,104,095,000	(10,694,000)

	No. of Com. Shares #	Earn. per Share #†
1986	89,800,000	$ —
1985	89,800,000	0.48
1984	85,325,000	0.75
1983	70,608,000	—
1982	68,607,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary credits of $5,600,000 ($0.06 per share) in 1986, $8,800,000 ($0.10 per share) in 1985 and $7,755,000 ($0.09 per share) in 1984.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-1
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 592,000,000 †	$ 7.91
1985	681,200,000	7.64
1984	619,029,000	7.12
1983	335,679,000	4.68
1982	336,607,000	4.83

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account ° (000's)

Year ended May 31	1986	1985
Net sales	$ 1,478,100	$ 1,787,900
Cost of sales	1,096,900	1,258,500
Expenses	498,900	469,500
Interest expense	16,100	7,700
Inc. (loss) bef. taxes	$ (133,800)	$ 51,800
Income taxes	14,500	17,600
Net Income (Loss)	$ (148,300)	$ 34,400
Extraord. gain	5,600	8,800
Cum. effect of accntg. change	51,200	—
Net Income (Loss) & extraord. gain	$ (91,500)	$ 43,200

° Included in Costs and Expenses, Depreciation and Amortization: $157,800,000 in 1986 and $143,300,000 in 1985.

Assets

As of May 31	1986	1985
Cash	$ 21,800	$ 12,200
Receiv., net	220,800	244,700
°Inventories	205,800	223,400
Prepaid expenses	34,200	29,000
Pat. inc. tax ben.	66,800	99,100
Current Assets	$ 549,400	$ 608,400
#Fixed assets	705,900	757,900
Goodwill	22,500	29,000
Other assets	17,600	15,200
Total Assets	$ 1,295,400	$ 1,410,500

Liabilities (000's)

Loans payable	$ 5,000	$ 28,400
Accts. payable	161,800	147,400
Accruals	132,700	109,800
Income taxes	19,700	12,900
Def. inc. on shipments	—	91,600
Other liabilities	34,200	15,700
Curr. Liabilities	$ 353,400	$ 375,800
Long-term debt	123,400	225,900
Other liabilities	9,400	9,900
Deferred inc. taxes	92,200	117,700
+Preferred stock	100	—
++Common stock	45,300	44,500
Add. paid-in capital	484,500	350,900
Retained earnings	187,100	285,900
Total Liabilities & Shareholders' Equity	$ 1,295,400	$ 1,410,500

° At lower of standard cost (which approximates actual cost) or market.
Less accumulated depreciation and amortization.
+ $0.50 par value; $40.00 convertible exchangeable.
++ $0.50 par value.

Statistical Summary

%Income before Taxes to Sales	—	2.90
%Net Income to Sales	—	1.92
%Net Income to Equity	—	5.05
Sales to Inventories	7.18	8.00
Debt to Equity	0.18	0.37
Working Capital	$ 196,000,000	$ 232,600,000
Current Ratio	1.55	1.62
Shareholders' Equity	$ 717,000,000	$ 681,200,000

NBI, Inc.

P.O. Box 9001
3450 Mitchell Lane
Boulder, Colorado 80301
(303) 444-5710

NBI, Inc.

Officers: Thomas S. Kavanagh, president; Jane A. Simmons, v.p., treasurer & secretary; David Klein, exec. v.p.; Charles L. Dumas, vice president; Robert K. Reid, vice president; Richard LaBarbera, vice president; Donald A. Oliverio, vice president; Ernest T. Pope, vice president; Douglas G. Swartz, president; Bernard A. Cohen, v.p. & president, Office Place.

Directors: Thomas A. Kavanagh, Howard W. Selby, III, Richard Hodgson, Robert M. Collins, Richard W. Hanselman.

Areas of Work: Designs, manufactures and markets software-based office automation systems used in information and word processing and for communications within the office. Also supplier of office products to the end user, including furniture, equipment, supplies and related services.

Divisions and Subsidiaries:

NBI Office Products Division
NBI Office System Division

Commercial Office Products Co.
Aurora, Colorado

Integrated Solutions, Inc.
2240 Landy Avenue
San Jose, California 95131
Designs, manufactures and markets high-performance computers for engineering, scientific and other technical professionals.

Commercial Office Products Company
13800 East 39th Avenue
Aurora, Colorado 80011

Yukon Office Supply, Inc.
300 S.W. 41st Street
Renton, Washington 98055

Peninsula Office Supply, Inc.
1089 Mills Way
P.O. Box 8010
Redwood City, California 94063
Foreign sales subsidiaries.
NBI Canada Inc.
NBI Ltd. (United Kingdom)
NBI GmbH (West Germany)
NBI, SA (France)
NBI Systems, Inc. (Hong Kong)

Kershaw's, Inc.
Spokane, Washington
Office products distribution and retail sale in the Spokane, Washington area.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Pacific

Ticker Symbol: NBI

Number of Employees:

1987	N.A.	1984	2,052
1986	3,193	1983	1,846
1985	3,291		

N.A. - Not Available.

Plant Footage:

1987	N.A.	1984	N.A.
1986	560,653 sq. ft.	1983	390,000
1985	1,197,490		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 219,620,000	$ (5,405,000)
1986	228,534,000	(3,868,000)
1985	174,798,000	13,215,000
1984	141,764,000	13,776,000
1983	96,780,000	4,590,000

	No. of Com. Shares #	Earn. per Share #†
1987	9,272,000	$ —
1986	9,679,000	—
1985	9,367,000	1.41
1984	9,969,000	1.40
1983	10,171,000	0.45

(Loss)
† Including extraordinary gains of $509,000 in 1987 and $330,000 in 1986.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 86,903,000 ‡	$ 9.72
1986	100,371,000 ‡	10.32
1985	101,442,000 ‡	10.65
1984	82,219,000	9.02
1983	86,432,000	8.65

‡ After allowing for preferred stock at liquidation value.

Income Account *
(000's)

Year-ended June 30	1987	1986
Net sales	$ 219,620	$ 228,534
Rental & serv.	58,635	53,820
Total income	$ 278,255	$ 282,354
Cost of sales	158,292	162,306
Expenses	124,858	122,888
Inc. from invest.	(2,409)	(2,437)
Interest expense	7,370	7,329
Loss bef. taxes	$ (9,856)	$ (7,632)
Tax credit	(3,942)	(3,434)
Net loss	(5,914)	(4,198)
Extraord. gain	509	330
Net Loss & extraord. gain	$ (5,405)	$ (3,868)

* Included in Costs and Expenses, Depreciation: $18,752,000 in 1987 and $16,473,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash & cash equiv.	$ 27,028	$ 34,147
Receivables	50,386	57,681
Marketable securities	6,346	1,314
*Inventories	41,680	42,800
Other curr. assets	2,940	2,691
Current Assets	$ 128,380	$ 138,633
Installment receiv.	5,288	6,328
# Rental equip.	2,437	2,978
‖ Field spare parts	6,979	10,529
# Fixed assets	50,701	54,970
Deferred comm.	15,528	11,987
Total Assets	$ 209,313	$ 225,425

Liabilities
(000's)

Notes payable	$ 16,485	$ 17,937
Accts. payable	16,284	16,071
Accruals	23,018	19,064
Deferred inc. taxes	542	1,924
Curr. Liabilities	$ 56,329	$ 54,996
Long-term debt	53,633	57,674
Deferred inc. taxes	8,174	6,451
+ Preferred stock	43	39
++ Common stock	974	1,043
Add. paid-in capital	57,664	73,622
Retained earnings	40,732	46,426
Curr. trans. adj.	(143)	(187)
Treasury stock	(8,093)	(14,699)
Total Liabilities & Shareholders' Equity	$ 209,313	$ 225,425

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated amortization.
+ $1 par value; Series A, 9% cumulative convertible.
++ $0.10 par value.

Statistical Summary

Sales to Inventories	5.27	5.34
Debt to Equity	0.77	0.54
Working Capital	$ 72,051,000	$ 83,637,000
Current Ratio	2.28	2.52
Shareholders' Equity	$ 91,177,000	$ 106,304,000

NCR Corporation

1700 South Patterson Boulevard
Dayton, Ohio 45479
(513) 445-5000

Officers: C. E. Exley, Jr., chairman of the board & chief exec officer; Gilbert P. Williamson, president; Donald J. Herman, exec. v.p.; William F. Buster, exec. v.p.; R. Elton White, exec. v.p.; D. W. Ruesler, sr. v.p.-finance & administration; Richard B. Reese, v.p.-customer services; D. G. Laws, v.p. & president-Applied Digital Data Systems; Tom T. Tang, v.p.-research & development; Charles P. Russ, III, v.p., secretary & general counsel; Roger C. Listera, controller; James E. McElwain, v.p.-personnel resources; S. Richard Reece, v.p. & treasurer; Giuseppe Bassani, v.p.-stakeholder relations; Gary W. Burnett, v.p.-Customer Services Division; A. Johann Oosthuizen, v.p.-Business Systems Division; Norman A. Cocke, v.p.-finance & adm.; V. W. Yates, v.p.-Personal Computer Division; Robert C. James, v.p.-product marketing & support; Warren A. Castray, v.p.-Pacific; D. L. Clark, v.p.-Financial Systems D&P Division; C. N. Jorgensen, v.p.-manufacturing; Raymond L. Miolla, v.p.-Financial Systems Division; A. Daniel Figotti, v.p. & president-NCR Comten Inc.; R. K. Kruse, v.p.-quality assurance; H. J. Lynch, v.p.-General Purpose Systems D&P Division; J. H. Van Tassel, v.p.-Microelectronics Division; Carl J. Steinmetz, v.p.-Retail Systems Division; Edward J. McHugh, v.p.-Systemedia Group; Frederick Newall, v.p.-Europe Group; Mohsen Y. Stephan, v.p.-Latin America/Middle-East/Africa Group; Allan M. Quick, v.p.-Retail Systems D&P Division.

Directors: William S. Anderson*, C. A. Anderson*, W. O. Bowen, C. E. Exley, Jr.*, C. H. Hardesty, Jr.*, H. Holiday, Jr.*, J. J. Horan, Nicholas F. Brady, C. S. Morawetz, E. J. Schlegel, Harold A. Poling, R. Elton White, Gilbert P. Williamson.

* Member of the Executive Committee

Areas of Work: Develops, manufactures, markets, installs and services total business information processing systems for selected worldwide markets. These markets are primarily in the retail, financial, commercial, industrial, healthcare, education, and government sectors. Computers range from small business systems to powerful general-purpose processors, and are supported by a spectrum of terminals, peripherals, data communications networks and an extensive library of software products. Supplemental services and products include field engineering, data centers, systems services, educational centers, and a line of business forms and supplies. Also manufactures components, including semiconductor products and component subassemblies, which are marketed to other manufacturers.

Divisions and Subsidiaries

Data Processing Group
Direct Marketing and Customer Support

NCR markets its products through 1,200 offices in more than 120 countries. It operates 87 facilities worldwide for the development and manufacture of products and systems. Operates 48 Data Centers worldwide. Products and systems are marketed through 831 districts in the United States and, internationally, through 72 company-owned organizations and 21 authorized distributors.

The Systemedia Group

Business Forms and Supplies Division
Business forms and supplies are manufactured in 9 U.S. plants and 46 overseas facilities, and are sold to both NCR and non-NCR equipment users.

The Micrographic Systems Division
Mountain View, California
Manufactures and markets a complete line of Computer Output Microfiche recorders, duplicators, and readers, and is a supplier of COM equipment.

Direct Marketing Division
Provides catalog sales of business forms and supplies for smaller users.

Source Document Services Division
Kettering, Ohio
Markets conventional microfiche and ultrafiche processing systems and related equipment for publishers, printers, and libraries.

NCR Comten, Inc.
St. Paul, Minnesota
Produces, markets, and services programmable communications processors, proprietary communications software, and computer performance measurement systems.

Independent Marketing Organization
Responsible for new markets not covered by the traditional direct sales organization. Markets NCR computers, terminals and subsystems to independent software houses, system integrators, distributors, dealers and manufacturers of information processing equipment.

Development and Production Group
Consists of 5 divisions: Retail Systems, General Purpose Systems, CI/MEO Systems, Financial Systems and Microelectronics. Comprises 24 operating units in 9 countries.

Applied Digital Data Systems, Inc.
Hauppauge, New York
Manufactures and markets a line of general-purpose computer video display terminals and small business computers.

Transfer Agent(s):

Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, London, Main Swiss Exchanges.

Number of Employees:

1987	62,000	1984	62,000
1986	62,000	1983	62,000
1985	62,000		

Plant Footage:

1987 ..... 7,100,000 sq. ft.

Sales & Earnings

	Net Sales‡ + ($000's)	Net Income ($000's)
1987	$ 5,640,667	$ 419,330
1986	4,881,641	336,524
1985	4,317,166	315,216
1984	4,074,327	342,660
1983	3,730,951	287,683

	No. of Com. Shares #	Earn. per Share†
1987	84,000,556	$ 4.51
1986	93,984,451	3.42
1985	97,895,256	3.15
1984	99,636,988	3.30
1983	105,717,120	2.64

‡ Includes income from sales, services and equipment rental.
+ Of continuing operations only.
# Adjusted to reflect stock split.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.08	—	—
1986	0.92	—	—
1985	0.80	—	—
1984	0.80	—	4-for-1
1983	0.65	—	—

+ Adjusted to reflect stock split.

Common Stock Equity ($000's)

	Total Equity	Equity Per Share†
1987	$ 2,161,519	$ 23.75
1986	2,396,332	25.50
1985	2,318,350 ‡	23.68
1984	2,075,932 ‡	20.84
1983	2,044,841 ‡	19.34

‡ After allowing for preferred stock at par value.
† Adjusted to reflect stock split.

Income Account * ($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,467,304	$ 2,914,087
Rentals and services	2,173,363	1,967,554
Revenues	$ 5,640,667	$ 4,881,641
Cost of sales	3,045,175	2,585,071
Expenses	1,866,101	1,698,912
Other income	(39,548)	(57,629)
Interest expense	26,509	35,563
Income before taxes	$ 762,430	$ 619,724
Income taxes	343,100	283,200
Net income	$ 419,330	$ 336,524

* Included in Costs and Expenses, Depreciation: $294,244,000 in 1987 and $277,294,000 in 1986.

Assets ($000's)

As of Dec. 31	1987	1986
Cash & investments	$ 712,070	$ 669,585
Receiv., net	1,115,462	1,048,347
Other current assets	177,749	123,181
*Inventories	782,664	671,621
Current Assets	$ 2,787,945	$ 2,511,634
#Rental equip.	222,444	226,057
#Fixed assets	835,740	736,225
Exc. of acq. cost over assets of bus. acq.	120,353	126,174
Invest. & other assets	241,020	414,901
Total Assets	$ 4,187,485	$ 4,014,991

Liabilities ($000's)

Short-term borrowings	$ 104,215	$ 53,713
Accts. payable	245,917	172,681
Accrued payrol	213,243	157,152
Accrued taxes	258,791	191,144
Deposits & prepayments	367,408	319,284
Other liab.	419,885	358,574
Curr. Liabilities	$ 1,609,461	$ 1,251,868
Long-term debt	109,866	129,417
Int'l emp. pension	131,159	104,218
Minority interest	175,502	133,156
+Common stock	564,125	564,125
Retained earnings	2,782,643	2,443,192
For. curr. transl.	17,644	(78,763)
Treasury stock	(1,182,693)	(512,222)
Total Liabilities & Shareholders' Equity	$ 4,187,485	$ 4,014,991

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.52	12.69
%Net Income to Revenues	7.43	6.89
%Net Income to Equity	19.40	14.04
Debt to Equity	0.10	0.08
Working Capital	$ 1,158,484,000	$ 1,259,766,000
Current Ratio	1.72	2.01
Shareholders' Equity	$ 2,161,519,000	$ 2,396,332,000

Network Systems Corporation

7600 Boone Avenue North
Minneapolis, Minnesota 55428
(612) 424-4888

Officers: James E. Thornton, chairman of the board; Lyle D. Altman, president & chief exec. officer; Gary S. Christensen, v.p.-advanced development; Malcolm L. Moore, v.p.-sales & marketing; Gerald R. Olson, v.p.-operations; Richard A. Fisher, v.p.-finance & treasurer; Malcolm Reid, v.p., general counsel & secretary; Harold W. Durrett, v.p.-information systems; James W. Checco, v.p.-LAN development; Donald Humphrey, v.p.-advance design; David M. Brown, v.p.-field services; Walter W. Miller, v.p.-international operations; William R. Presta, v.p.-computer networking & consulting services; Ralph R. Fetter, v.p.-manufacturing; Jeffrey O. Jacobsen, v.p.-marketing administration; Warren L. Pillsbury, v.p.-marketing; Richard A. Heller, v.p.-U.S. sales; C. Donald Haney, v.p.-marketing services.

Directors: James E. Thornton, chairman; Lyle D. Altman, Donald W. Fodderson, Eugene F. Barth, Daniel J. Haggerty, Thomas G. Herschbach, Jan R. Marnak, James O. Miles, William A. Hodder, .

Areas of Work: The company designs, manufactures, markets and services high-performance data communications systems composed of HYPERchannel and HYPERbus adapters and NETEX software which together create very high-speed computer and terminal networks.

Network Systems Corporation

Subsidiaries:

Network Systems Ltd.
Toronto, Ontario, Canada

Network Systems France
Neuilly sur Seine, France

Network Systems Norge A/S
Oslo, Norway

NSC Network Systems AB
Sollentuna Sweden

Network Systems (Schweiz) AG
Zurich, Switzerland

Network Systems Nederland b.v.
Maarssen, The Netherlands

Network Systems Limited
Ascot, Berkshire, United Kingdom

Network Systems GmbH
Frankfurt, West Germany

Network Systems Belgium
Brussels, Belgium

Network Systems Denmark A/S
Hvidovre, Denmark

Network Systems Italia S.r.l.
Milan, Italy

Transfer Agent(s):

Norwest Bank of Minnesota, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NSCO (NASDAQ)

Number of Employees:

1987	1,006	1984	675
1986	911	1983	662
1985	908		

Plant Footage:

1987	100,000 sq. ft.	1984	92,000
1986	100,000	1983	76,000
1985	100,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 120,506,000	$ 17,452,000
1986	108,792,000	18,007,000
1985	90,084,000	17,054,000
1984	71,179,000	15,621,000
1983	47,030,000	10,030,000

	No. of Com. Shares #	Earn. per Share #
1987	29,212,000	$ 0.60
1986	29,042,000	0.62
1985	29,091,000	0.59
1984	27,894,000	0.56
1983	27,394,000	0.37

Based on the weighted average number of common shares and dilutive common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 191,362,000	$ 6.55
1986	170,530,000	5.87
1985	150,442,000	5.17
1984	103,646,000	3.72
1983	85,900,000	3.14

Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 120,506	$ 108,792
Cost of sales	42,302	33,699
Expenses	54,721	49,430
Interest expense	432	439
Interest income	(3,741)	(6,083)
Income bef. taxes	$ 26,892	$ 31,307
Income taxes	11,440	13,300
Net income	$ 17,452	$ 18,007

* Included in Costs and Expenses, Depreciation: $6,697,000 in 1987 and $4,019,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 102,366	$ 88,136
Accts. receiv., net	55,864	53,340
Notes receiv. from off.	567	367
*Inventories	23,856	21,800
Prepaid expenses	2,054	1,633
Deferred inc. taxes	2,950	2,340
Current Assets	$ 187,657	$ 167,615
#Fixed assets	21,857	20,279
Other assets	9,934	5,936
Total Assets	$ 219,448	$ 193,830

Liabilities (000's)

Accts. payable	$ 4,506	$ 2,618
Accruals	9,172	7,858
Income taxes	4,866	5,515
Long-term debt, curr.	24	19
Current Liabilities	$ 18,568	$ 16,010
Cap. lease oblig.	2,950	2,977
Deferred inc. taxes	4,980	3,376
Deferred comp.	1,488	943
+Common stock	583	581
Add. paid-in capital	101,201	99,830
Retained earnings	96,704	69,252
Foreign curr. translation adjust.	2,749	867
Total Liabilities & Shareholders' Equity	$ 219,448	$ 193,830

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.02 per value.

Statistical Summary

%Income bef. Taxes to Sales	23.98	28.78
%Net Income to Sales	14.48	16.55
%Net Income to Equity	9.12	10.56
Sales to Inventories	5.05	4.99
Debt to Equity	0.02	0.02
Working Capital	$ 169,089,000	$ 151,605,000
Current Ratio	10.11	10.47
Shareholders' Equity	$ 191,362,000	$ 170,530,000

Networks Electronic Corp.

9730 Deering Avenue
Chatsworth, California 91311
(818) 341-0440

Officers: Mihir D. Parrish, chairman of the board, president, treasurer & chief executive officer; Edwin J. Turner, exec. v.p.; Herman J. Landek, v.p., secretary & gen. mgr.-U.S. Bearing Division.

Directors: Mihir D. Parrish, Edwin J. Turner, Kenneth S. Yamamoto, Gerald M. McDonnell, Meldrim P. Burrill.

Areas of Work: Produces and markets spherical bearings used in the aircraft industry, and thermal relay switches, glass-to-metal seals and miniaturized electro-pyrotechnic devices used in the missile and space industry.

Divisions:

U.S. Bearing Division
Ordnance Division

Transfer Agent(s):

First Interstate Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NWRK (NASDAQ)

Number of Employees:

1987	136	1984	117
1986	126	1983	139
1985	129		

Plant Footage:

1987	85,000 sq. ft.	1984	85,000
1986	85,000	1983	85,000
1985	85,000		

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 7,530,000	$ 600,729
1986	6,343,000	(334,738)
1985	6,153,000	1,527,802
1984	4,532,000	(878,313)
1983	5,129,000	32,889

	No. of Com. Shares	Earn. per Share #
1987	2,012,342	$ 0.30
1986	2,275,672	—
1985	2,279,672	0.67
1984	3,331,372	—
1983	2,340,872	0.01

(Loss)
Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,571,936	$ 1.78
1986	4,300,619	1.85
1985	4,555,480	2.00
1984	3,224,181	1.38
1983	4,137,397	1.77

Income Account *

Year ended June 30	1987	1986
Net sales	$ 7,529,880	$ 6,342,579
Cost of sales	5,240,740	5,601,159
Expenses	1,052,427	1,167,100
Interest expense	129,635	119,767
Other income	(7,604)	(81,405)
Inc. (loss) bef. taxes	$ 1,114,605	$ (464,042)
Income taxes (credit)	513,876	(129,304)
Net Income (Loss)	$ 600,729	$ (334,738)

* Included in Costs and Expenses, Depreciation and Amortization: $512,789 in 1987 and $502,912 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 398,634	$ 279,760
Accts. receiv., net	1,488,993	1,212,034
Receivables	21,804	32,718
*Inventories	2,259,706	1,918,623
Prepaid expenses	16,710	585
Refund inc. taxes	—	376,688
Deferred inc. taxes	117,543	87,543
Current Assets	$ 4,303,440	$ 3,907,951
Investments	43,996	43,996
#Fixed assets	2,441,915	2,484,553
Total Assets	$ 6,788,951	$ 6,436,100

Liabilities

Notes payable	$ 1,250,000	$ 450,000
Long-term debt, curr.	28,415	19,551
Accts. payable	208,240	215,480
Accruals	394,233	413,508
Income taxes	287,000	—
Curr. Liabilities	$ 2,167,896	$ 1,098,539
Long-term debt	801,272	816,885
Deferred inc. taxes	247,857	320,057
+Common stock	503,085	616,999
Add. paid-in capital	1,210,253	2,325,761
Retained earnings	1,858,588	1,257,859
Total Liabilities & Shareholders' Equity	$ 6,788,951	$ 6,436,100

* At lower of cost (moving average) or market.
# Less accumulated depreciation.
+ $0.25 per value.

Statistical Summary

%Income bef. Taxes to Sales	14.80	—
%Net Income to Sales	7.98	—
%Net Income to Equity	16.82	—
Sales to Inventories	3.33	3.31
Debt to Equity	0.58	0.31
Working Capital	$ 2,135,544	$ 2,809,412
Current Ratio	1.99	3.56
Shareholders' Equity	$ 3,571,926	$ 4,200,619

New Brunswick Scientific Co., Inc.

P.O. Box 4005
44 Talmadge Road
Edison, New Jersey 08818-4005
(201) 287-1200

Officers: David Freedman, chairman & president; Stanley Yakatan, exec. v.p., & pres. & chief exec. officer-Biosearch, Inc.; Sigmund Freedman, treasurer; Myron Tannenbaum, v.p.-operations; Ezra Weisman, v.p.-corp. development; John A. O'Malley, v.p. & gen. mgr.-Biosearch, Inc.; Adele Lavender, corp. secretary.

Directors: David Freedman, chairman; Sigmund Freedman, Kiyoshi Masuda, Martin Siegel, Ezra Weisman, Marvin Weinstein, Ernest Gross, Myron Tannenbaum, Stanley Yakatan, Harriet Dorman.

Areas of Work: Manufactures a range of research apparatus and instrumentation for the growth, measurement and control of biochemical processes in the life sciences. Also manufactures controlled environment incubation equipment in a variety of models; biological shakers; research fermentors; tissue culture apparatus, DNA synthesizers, and bacterial detection equipment; metering pumps, and distributed centrifugation processing equipment.

Subsidiaries:

New Brunswick Scientific International, Inc.
New Brunswick Scientific (U.K.) Limited
NBS Tech (Ltd.)
NBS GmbH
NBS Benelux B.V.
NBS Sales Company Ltd.

Biosearch, Inc.
Designs, develops, manufactures and markets computerized equipment for the synthesis of DNA and peptide molecules.

Acquisitions:

Koch-Light Limited

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NBSC (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 35,621,000	$ (2,106,000)
1986 x	31,515,000	972,000
1985	26,590,000	728,000
1984	23,324,000	1,600,000
1983	18,425,000	662,000

	No. of Com. Shares	Earn. per Share #
1987	3,714,756	$ —
1986 x	3,720,728	0.26
1985	3,720,728	0.20
1984	3,701,728	0.43
1983	3,796,728	0.19

x Restated for the effects of an understatement of costs and an overstatement of inventories of a subsidiary.
Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 30,795,000	$ 8.29
1986 z	31,469,000	8.46
1985	30,426,000	8.18
1984	28,910,000	7.81
1983	28,567,000	7.52

z Restated.

Income Account *

Year ended Dec. 31	1987	1986‡
Net sales	$ 33,621,000	$ 31,515,000
Cost of sales	19,934,000	17,347,000
Expenses	18,048,000	12,934,000
Interest income	(73,000)	(322,000)
Interest expense	494,000	391,000
Income (loss) before taxes	$ (2,782,000)	$ 1,365,000
Income taxes (credit)	(656,000)	393,000
Net Income (Loss)	$ (2,106,000)	$ 972,000

* Included in Costs and Expenses, Depreciation: $1,695,000 in 1987 and $1,057,000 in 1986.
‡ Restated.

Assets

As of Dec. 31	1987	1986‡
Cash	$ 1,106,000	359,000
Cert. of deposit	4,412,000	7,392,000
Accts. receiv., net	9,564,000	7,680,000
Refund. inc. taxes	290,000	—
*Inventories	16,622,000	14,536,000
Prepaid expenses	382,000	419,000
Current Assets	$ 32,456,000	$ 30,386,000
#Fixed assets	5,744,000	5,351,000
Intangibles	4,695,000	4,025,000
Other assets	1,203,000	915,000
Total Assets	$ 44,098,000	$ 40,597,000

Liabilities

Notes payable	$ 4,725,000	$ 900,000
Long-term debt, curr.	465,000	1,305,000
Accts. payable	5,159,000	3,685,000
Income taxes	600,000	575,000
Curr. Liabilities	$ 10,949,000	$ 6,365,000
Long-term debt	2,354,000	2,358,000
Deferred inc. taxes	—	405,000
+ Common stock	232,000	232,000
Add. paid-in capital	20,518,000	20,324,000
Retained earnings	8,835,000	10,941,000
Cum. trans. adj.	1,210,000	(28,000)
Total Liabilities & Shareholders' Equity	$ 44,098,000	$ 40,597,000

‡ Restated.
* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation.
(Loss)

+ $0.0625 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.33
%Net Income to Sales	—	3.08
%Net Income to Equity	—	3.09
Sales to Inventories	2.14	2.17
Debt to Equity	0.24	0.24
Working Capital	$ 21,507,000	$ 23,941,000
Current Ratio	2.96	4.76
Shareholders' Equity	$ 30,795,000	$ 31,469,000

Newport Corporation

18235 Mt. Baldy Circle
P.O. Box 8020
Fountain Valley, California 92708
(714) 963-9811

Officers: Erwin Tomash, chairman; Milton Chang, president & chief exec. officer; Thomas A. Gaiantowics, sr. v.p.; Aaron Gara, vice president; Dean T. Hodges, vice president; Tony Hsu, vice president; Dennis C. Terry, vice president; Robert C. Hewitt, v.p.-finance, secretary & treasurer.

Newport Corporation

Directors: Edward C. Berry, William J. Biehl, Frank G. Chambers, Milton Chang, H.R. Goff, Vincent N. Marafino, C. Kumar N. Patel, Erwin Tomash.

Areas of Work: The Company designs, manufactures and markets a broad line of vibration isolation table systems, related mechanical and electro-optical components, optical instruments and holographic equipment for laser research, experimentation and other sophisticated applications.

Subsidiaries:

Newport Electro-optics Systems
(70%-owned)
Manufactures acousto-optic laser beam modulators and deflectors.

Newport GmbH
Darmstadt, West Germany

Newport Ltd.
Pembroke House
Thompson Close
Harpenden, Herts AL5 4ES England

Transfer Agent(s):

First Interstate Bank
Corporate Trust Dept.
21021 Ventura Boulevard, 3rd Floor
Woodland Hills, California 91364

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEWP (NASDAQ)

Number of Employees:

1987	341	1984	222
1986	306	1983	128
1985	298		

Sales & Earnings

	Net Sales	Net Income
1987	$ 44,559,000	$ 4,794,000
1986	40,774,000	6,369,000
1985	37,542,000	7,946,000
1984	27,970,000	6,814,000
1983	20,794,000	4,794,000

	No. of Com. Shares‡	Earn. per Share‡
1987	9,427,000	$ 0.51
1986	9,400,000	0.67
1985	9,425,000	0.84
1984	9,306,000	0.73
1983	8,558,000	0.56

N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.06	—	—
1986	0.06	—	—
1985	0.06	—	—
1984	0.053	50%	—
1983	0.053	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 69,125,000	$ 7.33
1986	64,254,096	6.84
1985	58,265,900	6.21
1984	50,530,533	5.40
1983	41,143,600	4.40

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended July 31	1987	1986
Net sales	$ 44,559,000	$ 40,774,441
Cost of sales	22,775,000	19,383,175
Expenses	15,083,000	12,467,514
Interest income	(2,599,000)	(2,023,034)
Income before taxes	$ 9,300,000	$ 11,746,346
Income taxes	4,506,000	5,477,000
Net income	$ 4,794,000	$ 6,269,346

* Included in Costs and Expenses, Depreciation and Amortization: $1,715,000 in 1987 and $1,570,284 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 22,479,000	$ 28,102,265
Marketable securities	6,004,000	1,246,875
Accts. receiv., net	13,229,000	8,527,835
* Inventories	12,925,000	12,198,706
Prepaid expenses	3,299,000	2,450,646
Current Assets	$ 57,936,000	$ 52,526,327
Investments	11,817,000	6,883,641
# Fixed assets	7,871,000	7,416,797
Other assets	378,000	384,664
Total Assets	$ 77,992,000	$ 67,211,429

Liabilities

Accts. payable	$ 615,000	$ 483,659
Accrued payroll	842,000	954,960
Other accruals	4,837,000	647,679
Income taxes	2,573,000	871,035
Curr. Liabilities	$ 8,867,000	$ 3,957,333
+ Common stock	3,302,000	3,386,268
Add. paid-in capital	28,006,000	27,622,763
Retained earnings & trans. adjust.	37,817,000	33,345,065
Total Liabilities & Shareholders' Equity	$ 77,992,000	$ 67,211,429

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $0.35 stated value.

Statistical Summary

%Income bef. Taxes to Sales	20.87	28.81
%Net Income to Sales	10.76	15.38
%Net Income to Equity	6.94	9.96
Sales to Inventories	3.45	3.34
Working Capital	$ 49,059,000	$ 49,568,994
Current Ratio	6.53	17.76
Shareholders' Equity	$ 69,125,000	$ 64,254,096

Newport Electronics, Inc.

630 East Young Street
Santa Ana, California 92705-5687
(714) 540-4914

Officers: Barret B. Weekes, chairman, president & chief executive officer; Harold H. Weiss, v.p.-marketing; Nicholas Testa, v.p.-operations; Francis O. Shinsato, v.p.-finance & chief financial officer; James R. Lees, v.p.-Europe; Karl Hinrichs, v.p.-engineering; John Virtue, secretary.

Directors: Robert H. Davis, Norman E. Gray, John Virtue, Barret B. Weekes, George Pratt.

Areas of Work Engaged in: design, manufacture and marketing of precision digital electronic measurement and control instruments, including digital panel voltmeters and digital temperature meters. Also manufactures complementary products such as two-wire transmitters, counters, panel meters, as printers, digital clocks, comparators and remote digital displays and digital bus controllers.

Subsidiaries:

Newport Electronics International, Inc. (FSC)
Santa Ana, California

Newport Electronics GmbH
7269 Deckenpfronn
Gustavsee 28-30, Republic of Germany

Newport Electronique S.A.R.L.
9 rue Denis Papin
78190 Trappes, France

Newport Electronics B.V.
Postbus 8034
1180 LA Amstelveen The Netherlands

Newport Electronics Ltd.
Cavendish Road
Stevenage, Hertfordshire SG1 2ET United Kingdom

Transfer Agent(s):

U.S. Stock Transfer Corporation
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEWE (NASDAQ)

Number of Employees:

1987	210	1984	185
1986	207	1983	155
1985	185		

Plant Footage:

1987	40,000 sq. ft.	1984	35,000
1986	40,000	1983	35,000
1985	35,000		

Sales & Earnings

	Net Sales +	Net Income +
1987	$ 14,958,000	$ 661,000
1986	13,259,000	527,000
1985	11,062,000	265,000
1984	11,063,000	705,000
1983	8,623,000	(506,000)

	No. of Com. Shares	Earn. per Share ‡†
1987	1,079,019	$ 0.54
1986	1,173,333	0.44
1985	1,188,073	0.22
1984	1,195,476	0.58
1983	1,195,276	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $24,000 ($0.02 per share) in 1986, $88,000 ($0.07 per share) in 1985 and $145,000 ($0.12 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 5,783,000	$ 5.36
1986	5,425,000	4.62
1985	4,951,000	4.13
1984	4,712,000	3.94
1983	4,006,000	3.35

Income Account* (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 14,958,000	$ 13,259,000
Cost of sales	7,326,000	6,932,000
Prod. develop.	969,000	754,000
Expenses	5,461,000	4,687,000
Income before taxes	$ 1,202,000	$ 886,000
Income taxes	541,000	375,000
Net income	$ 661,000	$ 511,000
Extraord. gain	—	26,000
Net income & extraord. gain	$ 661,000	$ 537,000

* Included in Costs and Expenses, Depreciation and Amortization: $445,000 in 1987 and $379,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 380,000	$ 434,000
Accts. & notes receiv., net	3,180,000	2,578,000
Amounts receivable	13,000	327,000
*Inventories	2,758,000	2,527,000
Prepaid expenses	363,000	274,000
Current Assets	$ 6,674,000	$ 6,130,000
@Fixed assets	2,292,000	2,211,000
Other assets	84,000	75,000
Total Assets	$ 9,050,000	$ 8,416,000

Liabilities

Notes payable	$975,000	$300,000
Long-term debt, curr.	156,000	136,000
Accts. payable	703,000	540,000
Accruals	714,000	1,152,000
Income taxes	380,000	445,000
Deferred inc. taxes	21,000	12,000
Current Liabilities	$ 2,949,000	$ 2,587,000
Deferred income taxes	104,000	97,000
Representative indemnity	80,000	60,000
Long-term debt	134,000	247,000
+Common stock	11,000	12,000
Add. paid-in capital	1,295,000	1,274,000
Retained earnings	4,477,000	4,139,000
Total Liabilities & Shareholders' Equity	$ 9,050,000	$ 8,416,000

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.04	6.68
%Net Income to Sales	4.42	3.85
%Net Income to Equity	11.43	9.42
Sales to Inventories	5.42	5.25
Debt to Equity	0.22	0.13
Working Capital	$ 3,725,000	$ 3,543,000
Current Ratio	2.26	2.37
Shareholders' Equity	$ 5,783,000	$ 5,425,000

Nicolet Instrument Corporation

5225 Verona Road
Madison, Wisconsin 53711
(608) 271-3333

Officers: O.E. Powers, chairman & chief exec. officer; John B. Krauss, president & chief operating officer; Hiroshi Bando, v.p. & representative director-Nicolet Japan Corporation; Richard J. Cushing, vice president; Robert C. Joseph, vice president; Robert E. Penrod, vice president; Arthur F. Smith, vice president; L.V. Ackman, secretary.

Directors: L.V. Ackman, John B. Krauss, John G. Bollinger, Jeanette Grasselli, Odell E. Powers, Tania Amochaev, Thomas Skoog.

Areas of Work: Design, manufacture and market electronic instruments for measurement, analysis and display applications. Analytical instruments include infrared spectrometers, data acquisition systems, mass spectrometers, and x-ray diffractometers and imaging systems; Test instruments include digital oscilloscopes, integrated development instruments, logic analyzers and related accessories; Biomedical instruments include electro-diagnostic testing systems, medical data acquisition systems and related accessories. Also produces hearing diagnostic equipment and hearing aid devices.

Divisions and Subsidiaries:

Nicolet X-Ray Products
5225 Verona Road
Madison, Wisconsin 53711

Nicolet Instrument GmbH
Senefelderstrasse 162
D-6050 Offenbach am Main, West Germany

Nicolet Instruments Limited
Bridbrooke Road
Warwick, Warwickshire CV34 5XH England

Nicolet Instrument Canada Limited
1-1200 Aerowood Drive
Mississauga, Ontario L4W 2S7 Canada

Nicolet Analytical Division
5225 Verona Road
Madison, Wisconsin 53711

Nicolet Biomedical Division
5225 Verona Road
Madison, Wisconsin 53711
(608) 271-3333

Test Instruments Division
Madison, Wisconsin
Manufactures digital oscilloscopes and logic analyzers as well as disk drive testers, in-circuit emulators, and application-specific test systems.

Audiodiagnostics Division
Manufactures hearing diagnostic equipment as well as improved hearing aid devices.

Nicolet Japan Corporation
Daisho Building 8-7-6 Chome
Nishi-Nakajima, Yodogawa-ku
Osaka 532, Japan

Nicolet Instrument S.A.R.L.
2-1 Les Gatines
Rue Elsa Triolet
78370 Plaisir, France

Nicolet Instrument-FSC, Inc.
U.S. Virgin Islands

Nicolet Xentronics Corporation
Manufactures area detectors and other accessories for the x-ray diffraction market.

Braintech, Inc.
Developing BEAM (Brain Electrical Activity Mapping) technology.

Nicolet Paratronics Corporation
Manufacturer of logic analyzers.

Transfer Agent(s):

Norwest Bank Minnesota, N.A.
South St. Paul, Minnesota

Stock Exchange(s): New York

Ticker Symbol: NIC

Number of Employees:

1988	1,212	1985	1,289
1987	1,128	1984	1,153
1986	1,069		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 143,746,000	$ (4,368,000)
1987	120,203,000	14,469,000
1986	105,571,000	2,055,000
1985	98,649,000	4,793,000
1984	81,937,000	4,960,000

	No. of Com. Shares #	Earn. per Share #
1988	6,500,000	$ —
1987	6,600,000	2.19
1986	6,500,000	0.44
1985	6,300,000	0.76
1984	6,200,000	0.80

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.09	—	—
1986	0.12	—	—
1985	0.12	—	—
1984	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 70,273,000	$ 11.05
1987	78,486,000	12.02
1986	65,180,000	9.96
1985	59,292,000	9.41
1984	56,834,000	8.84

Income Account * (000's)

Year ended	4/1/88	3/27/87
Revenues	$ 143,746	$ 120,203
Cost of sales	76,087	58,782
Expenses	68,829	51,717
Prov. for organiz. restruc.	979	—
Prov. for patent litigation	877	—
Interest expense	2,503	1,221
Income (loss) before taxes	$ (5,329)	$ 8,483
Income taxes (credit)	(1,161)	3,442
Inc. (loss)-cont. oper.	$ (4,368)	$ 5,041
Income-discont. oper.	—	9,428
Net Income (Loss)	$ (4,368)	$ 14,469

* Included in Costs and Expenses, Depreciation and Amortization: $4,905,000 in 1988 and $3,822,000 in 1987.

Nicolet Instrument Corporation

Assets
(000's)

As of	4/1/88	3/27/87
Cash & marketable securities	$ 1,533	$ 6,178
Receiv., net	42,611	40,084
*Inventories	39,735	32,397
Deposits	1,953	2,770
Recov. inc. taxes	6,648	2,904
Sundry	2,175	2,751
Current Assets	$ 94,655	$ 87,084
#Fixed assets	21,897	20,141
Intangibles, net	15,040	11,168
Other assets	4,350	4,141
Total Assets	$ 135,742	$ 122,534

Liabilities
(000's)

Notes payable	$ 5,807	$ 5,123
Long-term debt, curr.	105	7,429
Accts. payable	14,042	8,973
Accruals	7,985	3,399
Contingency reserve-discont. operations	3,097	1,168
Employee compens.	5,034	3,774
Income taxes	3,020	1,668
Unearned revenue	4,586	7,952
Curr. Liabilities	$ 41,676	$ 39,486
Long-term debt	23,042	3,647
Deferred inc. taxes	751	815
+Common stock	1,589	1,634
Add. paid-in capital	39,167	36,957
Retained earnings	29,251	39,528
Unearned comp.	(540)	—
Cum. trans. adj.	806	467
Total Liabilities & Shareholders' Equity	$ 70,273	$ 122,534

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Net Income to Equity	—	18.41
Debt to Equity	0.41	0.21
Working Capital	$ 52,779,000	$ 47,598,000
Current Ratio	2.27	2.21
Shareholders' Equity	$ 70,273,000	$ 78,586,000

Nixdorf Computer AG

Firstenallee 7
Paderborn D-4790 Federal Republic of Germany
(05251) 506110

Supervisory Board: Gerhard Schmidt, Jurgen Robler, Paul Heggemann, Wolfgang Henseler, Walter Kreib, Gerhard Krueger, Wolfgang Raum, Helmut Rausch, Gunther Subramaniam, Ludwig Schneider, Klaus Schwab, Jurgen Sengera, Ulrich Starke, Christa Stracke, Marianne Thomann-Stahl, Herbert Zapp.

Executive Directors: Klaus Luft, chairman; Arno Bohn, vice chairman; Hartmut Fetzer, Albert Holler, Horst Nasko, Karlheinz Voll, Sven Kado, deputy member.

Areas of Work: Designs, develops, manufactures and markets computers ranging from hand-held computers and PCs to network systems and super-minicomputers; telecommunications systems, including PABXs, digital telephones, videotex-telephone terminals, voice boxes, and facsimile machines; point-of-sales systems for retailers; self-service equipment such as statement printers, ATMs and terminals for financial transactions for the banking industry; self-service ticket printers for the airlines industry; factory automation systems; and a variety of standard program and applications software.

Subsidiaries (North America):

Nixdorf Computer Corporation

Eastern Regional Office
300 Third Avenue
Waltham, Massachusetts 02154
(617) 890-3600

Western Regional Office
6120 Bristol Parkway
Culver City, California 90230
(213) 642-0030

Nixdorf Computer Engineering Corporation
52 Third Avenue
Burlington, Massachusetts 01803
(617) 273-0480

Nixdorf Computer Software Corporation
6517 Everglades Drive
Richmond, Virginia 23225
(804) 276-9200

Nixdorf Computer Canada Ltd.
1131 Leslie Street
Third Floor, Don Mills
Toronto, Ontario M3C 3L8 Canada
(416) 449-0035

Stock Exchange(s): German, Swiss, Austrian and French stock exchanges.

Number of Employees:
1986 ..... 25,576 1985 23,290

Sales & Earnings

	Revenues (000's)	Net Income (000's)
1986	DM 4,503,000	DM 222,000
1985	3,926,000	172,000
1984	3,273,000	121,000
1983	2,712,000	94,000
1982	2,287,000	73,000

	No. of Com. Shares	Earn. per Share‡
1986	11,267,000	DM 19.70

DM - deutsche mark.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	DM	[illegible]	—
1985		10—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	DM 3,042,000	DM 270
1985	2,268,000	—
1984	1,460,000	—
1983	792,000	—
1982	624,000	—

Income Account
(000's)

Year ended Dec. 31	1986	1985
Revenues	DM 4,503,000	DM 3,926,000
Other income	557,000	666,000
Total income	DM 5,060,000	DM 4,592,000
Cost of sales	1,545,000	1,481,000
Personnel expense	1,591,000	1,451,000
Depreciation	512,000	415,000
Interest expense	75,000	79,000
Other expense	976,000	865,000
Income before taxes	DM 361,000	DM 301,000
Income taxes	139,000	129,000
Net Income	DM 222,000	DM 172,000

Assets
(000's)

As of Dec. 31	1986	1985
Accts. receiv., net	DM 1,023,000	DM 973,000
*Inventories	1,170,000	1,082,000
Other curr. assets	465,000	485,000
Current Assets	DM 2,658,000	DM 2,540,000
#Fixed assets	1,373,000	1,142,000
Rental equipment	323,000	465,000
Other assets	50,000	39,000
Total Assets	DM 4,404,000	DM 4,186,000

Liabilities
(000's)

Accruals & reserve for bad debt	DM 486,000	DM 416,000
Curr. Liabilities	DM 486,000	DM 416,000
Long-term liabilities	116,000	239,000
Other liabilities	760,000	1,263,000
+Common stock	560,000	480,000
Reserves & special items	2,381,000	1,704,000
Unapprop. ret. earnings	101,000	84,000
Total Liabilities & Shareholders' Equity	DM 4,404,000	DM 4,186,000

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ DM50 per value.

Statistical Summary

%Income bef. Taxes to Sales	8.02	7.67
%Net Income to Sales	4.93	4.38
%Net Income to Equity	7.30	7.58
Working Capital	DM 2,172,000*	DM 2,124,000*
Current Ratio	5.47	6.11
Shareholders' Equity	DM 3,042,000*	DM 2,268,000*

* (000's)

Nortek, Inc.

50 Kennedy Plaza
Providence, Rhode Island 02903
(401) 751-1600

Officers: Ralph R. Papitto, chairman of the board & chief exec. officer; Richard L. Bready, president, chief financial & chief operating officer; Gordon M. Cooper, exec. v.p.-operations; Frank P. Ganzer, vice president-group operations; William J. Wind, vice president-group operations; George C. Neumann, vice president-group operations; J. R. Potter, v.p., general counsel & secretary; Almon C. Hall, v.p., controller & chief accounting officer; Richard J. Harris, v.p. & treasurer; Dennis R. Olson, v.p. & controller-operations; Eric W. Dehmel, v.p.-employee relations/administration; Bruce E. Fleming, v.p.-corp. development;

Joseph Morrow, group v.p.-Aerospace Division. Ralph R. Papitto, chairman.

Directors: Richard L. Bready, Richard J. Harris, Philip B. Brooks, Leo Goldberg, Edward W. Ricci, Richard H. Hochman, Malcolm M. Donahue.

Areas of Work: Operations are organized into three business segments. In the area of Commercial and Residential Building Products are included home ventilation equipment, range hoods, bathroom cabinets, lighting fixtures, sound system intercoms, and heating and cooling systems. In the area of Aerospace and Industrial Products are included fasteners for military and commercial aircraft, air-powered tools and line support clamps for the aerospace and construction industries, landing gear and precision metal components, and self-contained sanitation units. In the area of Electrical Materials Products are included reinforced plastic composites, flexible steel conduit, PVC-coated conduit and flexible wiring systems, and high-performance wire and cable for the electronics, computer and communications industries.

Divisions and Subsidiaries:

Broan Mfg. Co., Inc.
P.O. Box 140
Hartford, Wisconsin 53027

Monarch Metal Products Corporation
1901 Estes Ave.
Elk Grove Village, Illinois 60007

M & S Systems, Inc.
2861 Congressman Lane
Dallas, Texas 75201

Gemaire Distributors, Inc.
198 Lock Road
Deerfield Beach, Florida 33441

Jerson Industries, Inc.
1946 East Yeth Street
Los Angeles, California 90058

Dixieline Lumber Company
San Diego, California

Monogram Aerospace Fasteners
3423 South Garfield Ave.
Los Angeles, California 90040

Custom Craft
8557 Higuera St.
Culver City, California 90230

J & M Products
1919 Victory Place
Burbank, California 91504

Nordyne
10820 Sunset Office Drive
St. Louis, Missouri 63127

Textone, Inc.
Mammoth
Governair
Temtrol

Peacock Engineering
10620 Firestone Boulevard
Norwalk, California 90650

Sanitation Group
4030 Freeman Boulevard
Redondo Beach, California 90278

Chester Hoist
Salem Road
Lisbon, Ohio 44432

AFC
55 Samuel Barnett Boulevard
New Bedford, Massachusetts 02745

The Glastic Co.
4321 Glenridge Road
Cleveland, Ohio 44121

Montrose Products
Auburn Industrial Park
Auburn, Massachusetts 01501

Quality Aluminum Forge, Inc.
Orange, California
Manufactures aluminum precision forgings.

Broan, Ltd.
Manufactures range hoods, fans, heaters, central vacuums, door chimes, lighting fixtures and other residential products.

Universal-Rundle Corporation
Manufactures bath products, including tubs, lavatories, faucets, fixtures, vanities, and medicine cabinets.

L. J. Smith, Inc.
Manufactures custom hardwood stairs and stair rail parts.

Mohawk Flush Doors, Inc.
Manufactures interior hollow core flush doors.

American Door Company of Michigan, Inc.
Manufactures interior hollow core flush doors.

Bend Millwork Company/Pozzi Window Co.
Manufactures exterior wood doors, insulated windows and millwork.

Acquisitions:

Linear Corp.
2055 Corte Del Nogal
Carlsbad, California 92009
Production of home security systems and garage door operators.

Bradford-White Corp.
24th & Ellsworth Streets
Philadelphia, Pennsylvania 19146
Production of gas and electric water heaters.

Shower-Rite
7519 South Greenwood Avenue
Chicago, Illinois 60619
Production of shower and tub enclosures.

Castle Division of USG Industries
Pittsburg, Kansas
Manufactures residential steel entry doors.

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts 02101

Stock Exchange(s): New York

Ticker Symbol: NTK

Number of Employees:

1987 ..... 12,822 1986 10,900

Plant Footage:

1987 ..... 6,485,589 sq. ft. 1986 5,925,400

Sales & Earnings

	Net Sales +	Net Income‡
1987	$1,245,808,000	$ (7,250,000)
1986	899,289,000	29,000
1985	501,504,000	17,600,000
1984	396,338,000	16,900,000
1983	234,659,000	7,100,000

	No. of Com. Shares†	Earn. per Share‡#
1987	15,228,898	$ —
1986	14,238,000	2.00
1985	13,269,000	1.52
1984	9,123,000	1.83
1983	8,986,000	1.01

+ Of continuing operations only.
‡ Including extraordinary losses of $550,000 in 1987 and $8,000,000 ($0.55 per share) in 1986.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Commercial & residential building products	$ 1,039,190	$ 690,792
Aerospace & industrial prods.	84,605	74,674
Elec. material prods.	122,013	107,061
Businesses sold	—	26,762
Total	$ 1,345,808	$ 899,289

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.140	—	—
1986	0.095	—	4-for-3
1985	0.080	—	—
1984	0.080	—	—
1983	0.080	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 222,822,000	$ 14.63
1986	240,829,000	14.83
1985	177,793,000	13.40
1984	127,343,000	13.96
1983	109,775,000	12.21

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,245,808	$ 899,289
Cost of sales	950,622	663,160
Expenses	215,186	162,175
Interest & debt expense	69,432	48,106
Interest income	(30,131)	(32,752)
Loss (gain) on sale of secur.	23,300	(18,900)
Income bef. taxes	$ 17,400	$ 57,500
Income taxes	8,900	21,850
Inc.–cont. oper.	$ 8,500	$ 35,650
Inc. (loss)–discont. oper.	(15,200)	1,350
Net Income (Loss)	$ (6,700)	$ 37,000
Extraord. items	(550)	(8,000)
Net income (Loss) & extraord. items	$ (7,250)	$ 29,000

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $32,078,000 in 1987 and $23,852,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 46,561	$ 34,359
Market. securities	213,155	256,850
Accts. receiv., net	182,027	137,343
*Inventories	234,057	176,449
Current Assets	$ 685,800	$ 625,001
#Fixed assets	208,159	172,881
Other assets	43,276	53,870
Intangibles	153,952	137,576
Def. debt exp.	12,629	14,443
Invest. in Stanley Interiors	24,018	—
Total Assets	$ 1,127,834	$ 993,771

Liabilities (000's)		
Long-term debt, curr.	$ 92,905	$ 58,546
Accts. payable	86,784	53,160
Accruals	79,197	59,394
Curr. Liabilities	$ 258,486	$ 171,000
Long-term debt	168,073	95,369
Sr. subord. deben.	241,616	250,819
Subord. deben.	92,240	92,081
Convert. deben.	113,250	117,000
Other liabilities	31,347	26,573
+Common stock	14,617	12,347
+Special common stock	1,787	4,056
Add. paid-in capital	136,707	136,703
Retained earnings	°1,838	100,543
Treasury stock	(963)	(3,056)
Deferred comp.	(4)	(9,764)
Total Liabilities & Shareholders' Equity	$ 1,127,834	$ 993,771

° At lower of cost (LIFO & FIFO) or market.
Less accumulated depreciation and depletion.
+ $1 par value.

Statistical Summary		
%Net Income to Equity	—	15.36
Sales to Inventories	5.56	5.10
Debt to Equity	1.17	0.64
Working Capital	$ 427,314,000	$ 453,901,000
Current Ratio	2.65	3.65
Shareholders' Equity	$ 222,822,000	$ 240,829,000

North American Philips Corporation

100 East 42nd Street
New York, New York 10017
(212) 697-3600

(As of November 2, 1987, the Company became an indirect wholly owned subsidiary of N.V. Philips of the Netherlands.)

Officers: Cees Bruynes, chairman & president; Richard A. Dauncras, exec. v.p. & chief financial officer; Frank Hopkins, executive vice president; Edward Klein, executive vice president; Stephen C. Tumminello, executive vice president; Winifred C. J. van't Hoff, executive vice president; Robert T. Cavanagh, senior vice president; Daniel F. Minahan, senior vice president; Wallace E. J. Collins, vice president, secretary & general counsel; Charles F. Dransfield , vice president; Patrick J. Greaney, vice president; Albert A. Ruttner, vice president; Donald L.a Hamilton, vice president; Charles E. Ferguson, vice president; John C. Messerschmitt, vice president; Larry J. French, vice president; Paul S. Friedlander, vice president; Bruce D. Bengston, vice president; Arthur J. Dojan, vice president; Stanley I. Cundey, Jr., v.p. & treasurer; James S. Cole, v.p. & controller; William E. Curran, assistant treasurer; Joseph C. Miranda, asst. secretary; Ronald Phillips, staff vice president; Denis J. Riordan, staff vice president; Emil J. Minisco, staff vice president; James Mooney, staff vice president; John T. D. Rich, staff vice president; Lewis J. Shiolens, staff vice president.

Directors: Edward J. Boling, Cees Bruynes, Joseph A. Rice, Fletcher L. Byron, Frank Chapman, Robert G. Dettmer, Robert L. Newell, Pieter C. Vink, Hamilton B. Mitchell, Robert A. Powers, William M. Rees, Charles S. Minter, Jr., R. J. Ventres, Gerrit Jonof, Scott C. Lee, Johannes Zantman.

Areas of Work: The Company is engaged in four basic areas: consumer products; electrical/electronic components; lighting products, and professional equipment. Products included Magnavox, Philco and Sylvania home entertainment products, Norelco electric razors and coffee makers, Philips lamps, medical systems, and electronic instruments, Genie garage door openers, Ohmitre resistors, Dialight indicators, Selmer musical instruments, and Plumbicon TV camera tubes, among others.

Divisions and Subsidiaries:

Advance Transformer Company
2950 North Western Avenue
Chicago, Illinois 60618
Ballasts for fluorescent and high intensity discharge lamps; dimming and control systems; power units for microwave cooking.

Amperex Electronic Corporation
Slatersville, Rhode Island
Electron tubes, electro-optical devices; semiconductors; integrated circuits; electronic components.

Consumer Products Divisions
Stamford, Connecticut
Norelco electric shavers; hearing aids; personal care and home appliances; electrical housewares; tape recorders and blank cassettes; AKG microphones and headphone; Norelco Service, Inc. for service, parts and accessories.

Dialight Corporation
Manasquan, New Jersey
Indicator lights, numeric readouts, LED devices, switches, plugs, mounting accessories, electronic educational kits.

Electrical Industries
691 Central Avenue
Murray Hill, New Jersey 07974
Hermetic glass-to-metal seals for component manufacturers; glass preforms; wire preforms; metal stamps; coined component parts; screw machine products.

N.A.P. Consumer Electronics Corp.
Knoxville, Tennessee
Manufactures home entertainment products including complete television-stereo consoles, radio-phonograph components and components systems, portable table and clock radios, tape recorders, cassette changers and accessories.

Magnavox Government and Industrial Electronics Company
1700 Magnavox Way
Fort Wayne, Indiana 46804
Engaged in the areas of defense communications, minicomputers and computer terminals, airborne submarine surveillance systems and position-location and navigation systems.

Magnavox Advanced Products and Systems Company
Torrance, California

Magnavox Electronic Systems Company
Fort Wayne, Indiana

Airpax Corporation
Cheshire Industrial Park
Cheshire, Connecticut 06410
Electro-mechanical and electronic timing and control systems; timing, control and stepper motors; aircraft timing systems; microminiature and subminiature electro-mechanical and electronic relays.

North American Philips Lighting Corporation
Somerset, New Jersey
Mercury vapor lamps, sodium lighting products, reflector-type lamps; projections lamps for movies and slides; spotlights and floodlights; flashbulbs; miniature and subminiature lamps; special discharge lamps; lighting fixtures.

Ohmite Manufacturing Company
3601 Howard Street
Skokie, Illinois 60076
Wirewound power resistors and rheostats; power tap switches, variable transformers; relays, solid state power controls and other components.

Philips [illegible] Systems, Inc.
Wo[illegible] York 11797
[illegible]ems including desk, portable and pocket [illegible]room equipment; pocket paging systems; office computers and peripherals.

Philips Electronic Instruments, Inc.
Mahwah, New Jersey 11797
Analytical instrumentation and systems; transmission electron microscopes; X-ray diffraction and spectrographic equipment; X-ray radiographic equipment; IRS, UV, VIS and AA spectrophotometers; liquid chromatographs; air and water pollution monitors; X-ray baggage inspection equipment; canning electron microscopy.

Mepco/nCentralab, Inc.
Rivera, Florida

Philips Laboratories
345 Scarborough Road
Briarcliff Manor, New York 10510
Research and development in electro-optics with related programs in solid state electronics and instrumentation.

American Color & Chemical Corporation
Charlotte, North Carolina

Anchor Brush Company, Inc.
Montgomery, Illinois

Philips ECG, Inc.
Seneca, New York

The Selmer Company
Elkhart, Indiana

Magnavox CATV Systems, Inc.
Manlius, New York

Philips Medical Systems, Inc.
710 Bridgeport Avenue
Shelton, Connecticut 06484
Diagnostic and therapeutic X-ray systems for medical, dental, podiatry and veterinary applications; medical electronic systems; hospital planning and equipment and supplies consulting.

Philips Home Products, Inc.
Akron, Ohio

Number of Employees:

1987	50,500	1984	57,400
1986	50,400	1983	56,550
1985	51,800		

Plant Footage:

1987 ..... 20,860,000 sq. ft.

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 4,846,900	$ (18,100)
1986	4,531,600	68,500
1985	4,395,200	81,500
1984	4,325,900	130,500
1983	3,799,825	95,712

	No. of Com. Shares‡	Earn. per Share #
1987	1,000	$ —
1986	29,100,000	2.36
1985	28,900,000	2.82
1984	28,800,000	4.53
1983	28,704,082	3.38

(Loss)
‡ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Consumer electronics	$ 1,490,500	$ 1,311,600
Elec. consumer prods.	913,700	889,700
Other consumer prods. & services	138,400	201,300
Electrical & electronic components	1,035,100	892,600
Professional equipment	1,269,200	1,236,400
Total	$ 4,846,900	$ 4,531,600

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.75	—	—
1986	1.00	—	—
1985	1.00	—	—
1984	1.00	—	—
1983	0.85	—	2-for-1

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1987	$ 1,073,600	$ —
1986	1,096,200	37.78
1985	1,050,600	36.35
1984	986,800	34.30
1983	883,874	30.79

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 4,846,900	$ 4,531,630
Cost of sales	3,891,300	3,577,300
Expenses	826,300	807,700
Restructuring of oper.	22,500	(10,100)
Other income	(6,400)	(7,100)
Interest expense	69,000	63,000
Income before taxes	$ 43,800	$ 101,800
Income taxes	14,600	20,600
Dividend payable on stock of subsd.	12,700	12,700
Inc.-cont. oper.	$ 16,500	$ 68,500
Loss-discont. oper.	(34,600)	—
Net Income (Loss)	$ (18,100)	$ 68,500

* Included in Costs and Expenses, Depreciation and Amortization: $123,600,000 in 1987 and $110,400,000 in 1986.

Assets
(000's)

As of Dec. 31.	1987	1986
Cash	$ 55,600	$ 48,600
Accts. & notes receiv., net	899,400	965,400
Deferred tax benefits	98,000	45,800
* Inventories	1,026,500	956,800
Prepaid expenses	26,800	29,300
Due from sub.	95,900	17,400
Current Assets	$ 2,202,200	$ 2,063,300
#Fixed Assets	806,800	736,700
Other assets	93,300	83,800
Total Assets	$ 3,102,300	$ 2,885,800

Liabilities
(000's)

Notes payable	$ 135,200	$ 92,500
Long-term debt, curr.	2,800	2,700
Accts. payable	246,400	229,200
Accruals & other liabilities	314,100	442,300
Dividends payable	12,700	7,200
Income taxes	34,400	33,500
Due to affiliates	110,000	91,300
Curr. Liabilities	$ 1,077,600	$ 900,700
Long-term debt	575,400	552,500
Interest in pref. stock of subsid.	212,000	212,000
Deferred income taxes	116,300	109,900
Other liabilities	47,400	14,500
+Common stock	—	151,600
Add. paid-in capital	256,200	107,100
Retained earnings	817,400	849,600
Treasury stock	—	(12,100)
Total Liabilities & Shareholders' Equity	$ 3,102,300	$ 2,885,800

* At lower of cost (FIFO) or market. Electronics inventories at LIFO.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.25
%Net Income to Sales	—	1.51
%Net Income to Equity	—	6.25
Sales to Inventories	4.72	5.29
Debt to Equity	0.68	0.59
Working Capital	$ 1,124,600,000	$ 1,162,600
Current Ratio	2.04	2.29
Shareholders' Equity	$ 1,073,600,000	$ 1,096,200,000

North Atlantic Industries, Inc.

60 Plant Avenue
Hauppauge, New York 11788
(516) 582-6500

Officers: Malcolm D. Widenor, chairman of the board & chief executive officer; Robert A. Carlson, president and chief operating officer; Walter Lipkin, sr. v.p. & secretary; Michael McCrain, v.p. & chief financial officer.

Directors: Walter Lipkin, Malcolm D. Widenor, John D. May, Robert Rosenthal, Robert A. Carlson.

Areas of Work: Manufactures electronic instrumentation for the measurement of complex A.C. signals; manufactures computer peripherals, tape drives, printers, tape storage systems and angle position indicators.

Divisions and Subsidiaries:

Printer Products Division
Engaged in the production of dot matrix, Tempest dot matrix and Tempest laser printers.

Instrumentation Division
Instrument products include specialized analog/digital signal processing equipment used for measurement test, control and maintenance in the aerospace, military and commercial avionic markets.

Military Products Division
Designs, develops and markets militarized computer peripherals.

North Atlantic Industries Singapore, Pte. Ltd. (95% owned)
Produces streaming tape drives for the U.S. and overseas markets.

Transfer Agent(s):

The American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NATL (NASDAQ)

Number of Employees:

1987	355	1985	467
1986	516		

Plant Footage:

1987	154,000 sq. ft.	1984	139,600
1986	154,000	1983	91,000
1985	138,000		

Sales & Earnings‡

	Net Sales	Net Income
1987	$ 32,698,000	$ (5,884,000)
1986	35,242,000	1,409,000
1985	31,563,000	1,038,000
1984	26,198,000	1,393,000
1983	27,133,000	2,386,000

	No. of Com. Shares +	Earn. per Share +
1987	3,559,000	$ —
1986	3,559,000	0.40
1985	3,505,000	0.30
1984	3,489,000	0.40
1983	3,254,000	0.73

+ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 12,573,000	$ 3.53
1986	18,238,000	5.12
1985	16,592,000	4.73
1984	15,370,000	4.41
1983	13,812,000	4.24

+ Based on the average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended	1/2/88	1/3/87
Net sales	$ 32,698,000	$ 35,242,000
Cost of sales	23,452,000	22,559,000
Expenses	7,987,000	8,127,000
Interest income	(76,000)	(39,000)
Interest expense	729,000	510,000
Equity in loss of unconsol. affil.	—	100,000
Gain on sale of prop.	—	(101,000)
Income before taxes	$ 606,000	$ 4,086,000
Income taxes	199,000	1,353,000
Income-cont. oper.	$ 407,000	$ 2,533,000
Loss.-discont. oper.	(6,291,000)	(1,124,000)
Net Income (Loss)	$ (5,884,000)	$ 1,409,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,019,000 in 1987 and $1,017,000 in 1986.

North Atlantic Industries, Inc.

Assets

As of	1/2/88	1/3/87
Cash	$ 344,000	$ 983,000
Accts. receiv., net	6,705,000	8,038,000
Notes receivable	358,000	333,000
Income taxes	1,774,000	357,000
*Inventories	8,091,000	11,430,000
Assets-discont. oper.	2,160,000	1,144,000
Other curr. assets	221,000	115,000
Current Assets	$ 19,653,000	$ 22,400,000
#Fixed assets	7,892,000	8,097,000
Assets-discont. oper.	1,355,000	2,184,000
Other assets & deposits	210,000	431,000
Total Assets	$ 29,110,000	$ 33,112,000

Liabilities

Notes payable	$ 6,127,000	$ 4,775,000
Long-term debt, curr.	852,000	702,000
Accts. payable	2,932,000	2,672,000
Accrued payroll & commissions	362,000	334,000
Accrued pension expense	220,000	241,000
Other accruals	1,778,000	1,215,000
Deferred income taxes	192,000	222,000
Other curr. liab.	153,000	90,000
Curr. Liabilities	$ 12,616,000	$ 10,201,000
Long-term debt	3,658,000	3,879,000
Def. income taxes	—	490,000
Redeem. preferred stock	263,000	304,000
+Common stock	349,000	347,000
Add. paid-in capital	7,458,000	7,231,000
Retained earnings	4,776,000	10,660,000
Treasury stock	(10,000)	—
Total Liabilities & Shareholders' Equity	$ 29,110,000	$ 33,112,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	7.73
Sales to Inventories	4.04	2.80
Debt to Equity	0.85	0.51
Working Capital	$ 7,037,000	$ 12,199,000
Current Ratio	1.56	2.20
Shareholders' Equity	$ 12,573,000	$ 18,238,000

North Hills Electronics, Inc.

1 Alexander Place
Glen Cove, New York 11542
(516) 671-5700

Officers: Leo Staschover, chairman & chief exec. officer; Howard G. Anders, president, chief oper./financial officer & treasurer; Prem Chandran, v.p.-engineering; John F. Wilkens, secretary.

Directors: Leo Staschover, chairman; Howard G. Anders, Joe P. Schindler, Morton Langer.

Areas of Work: Engaged in the design, development, manufacture and sale of high voltage and high current electronic power products and sources, microwave transmitting and receiving equipment, and component integration and wideband signal processing devices.

Divisions:

Communications Products Division
Power Products Division
Special Products Division

Subsidiaries:

Dispiex, Inc.
Markets uninterruptible power supplies and a series of power line conditioners.

North Hills Israel, Ltd.
Yokneam, Israel
Designs and manufactures Mil-Spec power supplies.

North Hills Trading, Ltd.
Israel
Functions as a sales representative for several U.S. companies, including North Hills Electronics.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NOHL (NASDAQ)

Number of Employees:

1988	150	1985	95
1987	N.A.	1984	83
1986	95		

Plant Footage:

1988	32,000 sq. ft.	1985	24,000
1987	N.A.	1984	24,000
1986	24,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales†	Net Income
1988	$ 8,337,000	$ / (477,787)
1987	4,102,000	(1,278,546)
1986	2,471,000	(844,870)
1985	4,220,000	544,512
1984	2,827,000	622,276

	No. of Com. Shares +	Earn. per Share #
1988	2,686,412	$ —
1987	2,654,412	—
1986	2,654,412	—
1985	2,625,186	0.20
1984	2,614,686	0.24

(Loss)
† Of continuing operations only.
+ Adjusted to reflect stock splits.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2 & 2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1988	$ 4,611,006	$ 1.72
1987	5,076,659	1.89
1986	6,301,699	2.37
1985	7,074,442	2.69
1984	6,695,080	2.48

+ Adjusted to reflect stock splits.

Income Account *

Year ended Jan. 31	1988	1987
Net sales	$ 8,337,027	$ 4,101,998
Cost of sales	5,021,288	2,716,029
Expenses	3,521,362	2,943,507
Other income	(56,343)	(293,330)
Interest expense	286,602	122,639
Loss before taxes	$ (435,862)	$ (1,386,847)
Income taxes (credit)	1,000	(261,798)
Loss - cont. oper.	$ (436,862)	$ (1,125,049)
Loss - discont. oper.	(40,925)	(153,497)
Net Loss	$ (477,787)	$ (1,278,546)

* Included in Costs and Expenses, Depreciation and Amortization: $348,528 in 1988 and $309,167 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 666,720	$ 790,174
Accts. receiv., net	1,884,581	781,955
*Inventories	3,073,572	2,446,629
Refundable income taxes	15,630	256,246
Prepaid expenses	575,456	299,699
Receiv. from sale of div.	550,000	—
Current Assets	$ 6,765,949	$ 4,574,703
#Fixed assets	3,408,935	3,166,226
Goodwill	468,016	481,288
Other assets	430,969	419,356
Total Assets	$ 11,073,869	$ 8,641,573

Liabilities

Long-term debt, curr.	$ 164,644	$ 164,644
Notes payable	1,891,367	658,020
Accts. payable	1,330,650	509,065
Accruals	302,556	232,812
Curr. Liabilities	$ 3,689,117	$ 1,564,524
Long-term debt	2,773,746	2,050,390
+Common stock	26,864	26,544
Add. paid-in capital	4,687,820	4,626,006
Retained earnings	(103,678)	374,109
Total Liabilities & Shareholders' Equity	$ 11,073,869	$ 8,641,573

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	2.71	1.68
Debt to Equity	1.05	0.57
Working Capital	$ 3,076,832	$ 3,010,179
Current Ratio	1.83	2.92
Shareholders' Equity	$ 4,611,006	$ 5,026,659

Northern Telecom Limited

(52.5% owned by BCE Inc.)

3 Robert Speck Parkway
Mississauga, Ontario, Canada L4Z 3C8
(416) 897-9000

Officers: Edmund B. Fitzgerald, chairman & chief executive officer; David G. Vice, president; Donald A. Noble, executive v.p.-corporate; John A. Roth, exec. v.p.-product line mgmt.; J. Derek M. Davies, exec. v.p.-corp. strategy; Clive V. Allen, sr. v.p. & gen. counsel; Stephen N. Bowen, sr. v.p.-public affairs; Terry M. Nickerson, sr. v.p.-finance & chief financial officer; John P. Strimas, v.p.-corp. relations; L. C. Beaumont, sr. v.p.-technology; Philip T. Erickson, v.p.-patents & licenses; Margaret O. Kerr, v.p.-environment, health and safety; Anthony J. Lafleur, v.p. & associate general counsel; Robert Kenedia, v.p.-production

line planning; A. R. Ian Munns, v.p.-production line planning; Charles M.H. Sim, v.p.-market development; R. Peter Washburn, v.p.-public affairs; Hugh A. Hamilton, v.p.; Bruce H. Tavner, v.p.; James E. Wilkinson, treasurer; Lenyse Gauvin, secretary & asst. general counsel; Anthony S. Thornley, controller.

Directors: Ian A. Barclay, Owen B. Butler, A. Jean de Grandpre *, Edmund B. Fitzgerald *, Donald S. Harvie, Robert S. Hurlbut *, Walter F. Light, Paul F. Oreffice, Charles Perrault *, Walter M. Robinson, Jr., Donald J. Schuenke, William M. Tobey, E. Peter Lougheed, Bowie K. Kuhn, David G. Vice *, J. Peter Gordon, Betty Kennedy, David L. Nicholson, Paul G. Stern, J. V. Raymond Cyr.

* Member of the Executive Committee

Areas of Work: Electromechanical and electronic analog and digital switching systems; cable systems; optoelectronic systems; channel banks; repeaters; fuses; relays; drytead relays; power equipment; printed-circuit boards and packs; step-by-step switching systems; sheet metal and piece parts; networks and sensors; residential and business telephones and components; electronic equipment and test sets; analog and digital transmission equipment; multiplex, voice frequency and radio equipment; capacitors; protectors; custom large-scale-integrated circuits; distributed data processing terminals and systems, disks and disk storage devices, video displays, printers, magnetic tape drives, software development, printed circuit boards, on-line terminal system, remote batch and multifunction terminal systems; private switching networks; test equipment, data communications diagnostic systems, analog and digital private branch exchanges.

Divisions and Subsidiaries

Bell-Northern Research Ltd. (70% owned)
3500 Carling Avenue
Ottawa, Ontario K2H 8E9, Canada
(613) 726-2211

BNR Inc.
685A East Middlefield Road
Mount View, California 94043
(415) 969-9170

BNR LIMITED
BNR Park
Concorde Road
Norrey's Drive
Maidenhead, Berkshire SL6 4AG, England
(44)(628)77077

Netas-Northern Electric Telekomunikasyon A.S.
Alemdag Caddesi
Umraniye, Uskudar 81244 Istanbul, Turkey

Northern Telecom World Trade Corp.
3 Robert Speck Parkway
Mississauga, Ontario L4Z 3C8, Canada
(416) 897-9000

Northern Telecom AG
Dreikreuzstrasse 18
8008 Zurich, Switzerland

Northern Telecom (Asia) Limited
16th floor, Sun Hung Kai Centre
30 Harbour Road, Wanchai Hong Kong
(852)5831-2888

Northern Telecom (Asia) Limited-ASEAN
3 Leng Kee Road #03-01
Thye Hong Centre, Singapore 0315
(65) 474-2255

Northern Telecom (CALA) Corporation
14701 N. W. 77th Avenue
Miami Lakes, Florida 33014
(305) 558-4858

Northern Telecom Canada Limited
2920 Matheson Boulevard East
Mississauga, Ontario L4W 4M7, Canada
(416) 238-7000

Northern Telecom Electronics Ltd.
3 Robert Speck Parkway
Mississauga, Ontario L4Z 3C8, Canada
(416) 897-9000

Northern Telecom Finance Corporation
Northern Telecom Plaza
220 Athens Way
Nashville, Tennessee 37228-1399
(615) 734-5200

Northern Telecom Inc.
Northern Telecom Plaza
220 Athens Way
Nashville, Tennessee 37228-1803
(615) 734-4000

Northern Telecom Industries Sdn. Bhd.
Bayan Lepas
Free Trade Zone
Penang, West Malaysia

NT Meridian S.A.
16 Place De l'Iris
Cedex 2
92082 Paris La Defense, France
(33)(1) 4907
2434

Northern Telecom (Ireland) Limited
Mervue Industrial Estate
Galway, Republic of Ireland

Northern Telecom International Limited
3 Robert Speck Parkway
Mississauga, Ontario L4Z 3C8, Canada
(416) 897-9000

Northern Telecom International Finance B.V.
Daalmeerstraat 4
2131 HC, Hoofddorp
Hoofddorp, The Netherlands

Northern Telecom Japan Inc.
Sun Miyanaga Building
5-12 Moto-Akasaka
1-chome, Minato-ku, Tokyo-107 Japan

Northern Telecom Europe Limited
Berkeley Square House
Berkeley Square
London W1X 5LB, England

Northern Telecom GmbH
Lyoner Strasse 30
6000 Frankfort am Main 71, West Germany

Northern Telecom Pacific Limited
Oak Minami Azabu Building
19-23 Minami Azabu
3-chome, Minato-ku, Tokyo 106, Japan

Transfer Agent(s):

Corporate Office
800 Square Victoria, Suite 250
Montreal, Quebec H4Z 1A2 Canada

Corporate Office
483 Bay Street
Floor 2, South Tower
Toronto, Ontario M5G 2E1 Canada

Montreal Trust Company
Halifax, Winnipeg, Toronto, Regina, Calgary & Vancouver, Canada

Manufacturers Hanover Trust Company
New York, New York

Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

The Royal Trust Company
London, England

Stock Exchange(s): Montreal, New York, Toronto, Vancouver, London (U.K.), Tokyo.

Ticker Symbols: NT (New York); NTL (Montreal, Toronto, Vancouver).

Number of Employees

1987	48,778	1984	46,993
1986	46,202	1983	39,318
1985	46,569		

Plant Footage

1987	8,743,000 sq. ft.	1984	8,085,630
1986	8,619,000	1983	8,090,000
1985	8,423,000		

Sales & Earnings

	Revenues ($000's)	Net Income ($000's)
1987	$ 4,853,500	$ 347,200
1986	4,383,600	313,300
1985	4,262,900	299,200
1984	3,374,000	255,800
1983	2,680,200	N.A.

	No. of Com. Shares +	Earn. per Share +
1987	236,444,000	$ 1.39
1986	234,767,000	1.23
1985	236,034,000	1.18
1984	234,199,000	1.06
1983	235,573,000	0.98

N.A. - Not Available.
+ Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.23	—	2-for-1
1986	0.20	—	—
1985	0.18	—	—
1984	0.16	—	—
1983	0.16	—	3-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share‡
1987	$ 2,333,300 †	$ 9.87
1986	1,994,900 †	8.49
1985	1,614,400 †	6.84
1984	1,379,800	5.89
1983	1,198,300	5.09

† After allowing for preferred stock at redemption value in U.S. $.
‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account * ($000's)

Year ended Dec. 31	1987	1986
Revenues	$ 4,853,500	$ 4,383,600
Cost of revenues	2,895,800	2,730,500
Expenses	1,505,300	1,239,100
Other income	(22,900)	(29,500)
Interest expense	65,600	30,000
Unrealized currency losses (gains)	(4,900)	2,300
Eq. in earn. of subsid.	(74,100)	(69,900)
Income before taxes	$ 488,700	$ 441,100
Income taxes	141,500	127,900
Net Income	$ 347,200	$ 313,200

* Included in Costs and Expenses, Depreciation and Amortization: $266,700,000 in 1987 and $249,200,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash	$ 121,500	$ 343,300
Accts. receiv., net	1,165,700	1,150,800
*Inventories	680,700	651,400
Prepaid expenses	23,300	19,100
Current Assets	$ 2,091,100	$ 2,183,600
Long-term receiv.	22,800	18,400
Investments	1,575,100	656,700
@ Plant assets	1,361,400	1,097,900
Other assets	8,600	4,500
Total Assets	$ 4,969,000	$ 3,961,100

Liabilities
($000's)

Notes payable	$ 333,100	$ 800
Long-term debt, curr.	19,700	800
Accts. payable & accruals	1,053,400	905,300
Income taxes	7,200	68,300
Deferred income taxes	27,000	19,800
Current Liabilities	$ 1,430,400	$ 994,900
Long-term debt	224,800	101,000
Non-convertib. subsid.	290,900	294,700
Minority interest	18,900	17,800
Deferred income	8,600	7,400
Adv. from cust.	91,600	88,700
Deferred inc. taxes	243,400	207,400
Redeem. pref. stock	153,900	281,000
+ Preferred stock - Class A Series 4	73,300	73,300
+ Common stock	891,900	755,800
Retained earnings	1,521,000	1,396,300
For. curr. adjust.	10,400	(127,100)
Total Liabilities & Shareholders' Equity	$ 4,969,000	$ 3,961,100

* At lower of cost (FIFO) and net realizable value.
@ Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.07	10.06
%Net Income to Sales	7.15	7.14
%Net Income to Equity	14.43	15.91
Sales to Inventories	7.03	6.73
Debt to Equity	0.24	0.05
Working Capital	$ 570,700,000	$ 1,188,700,000
Current Ratio	1.40	2.19
Shareholders' Equity	$ 2,406,600,000	$ 1,968,200,000

Northrop Corporation

1840 Century Park East
Century City
Los Angeles, California 90067-2199
(213) 553-6262

Officers: Thomas V. Jones, chairman of the board & chief executive officer; Frank W. Lynch, vice chairman; Kent Kresa, president & chief operating officer; John B. Campbell, v.p. & controller; James Oancea, v.p.; Les Daly, sr. v.p.-public affairs; Stanley Ebner, sr. v.p.-government relations; William M. Elliott, sr. v.p. & general counsel; David N. Ferguson, group v.p.-Electronics Systems Group; Joseph T. Gallagher, v.p. & gen. mgr.-Aircraft Division; Walko E. Gasich, exec. v.p.-programs management; C. Robert Gates, sr. v.p.-international; Sheila M. Gibbons, v.p. & secretary; Robert G. Schlaszig, v.p. & gen. mgr.-Electronics Division; L. Bruce James, v.p.; John R. Kastberg, v.p. & treasurer; Marvin Elkin, v.p. & deputy gen. mgr.-Advanced Systems Division; Willis J. Sheldon, v.p. and president, Northrop Worldwide Aircraft Services Inc.; Fred J. Muscella, sr. v.p.-business operations & practices; William G. McGagh, sr. v.p.-finance; J. William Jenkins, v.p. & president-Northrop Services, Inc.; John R. Moore, v.p. & gen. mgr.-Electro-Mechanical Division; John Paterno, v.p. & gen. mgr.-Advanced Systems Division; John J. Richardson, sr. v.p.-human resources; Wallace C. Solbery, v.p. & gen. mgr.-Defense Systems Division; Joseph Yannone, v.p. & gen. mgr.-Precision Products Division.

Directors: Thomas V. Jones, chairman; William P. Bellinson*, Richard J. Ferguson, III, Ivan A. Getting*, Earle M. Jorgensen, Tom Killefer*, O. Meredith Wilson*, Richard E. Horner, Charles W. Robinson, George T. Scharffenberger, sr., Frank W. Lynch, William G. McGagh, Robert L. T. Long*, Howard P. Allen, Kent Kresa.

* Member of the Executive Committee

Divisions:

Aircraft Division
One Northrop Avenue
Hawthorne, California 90250
Aircraft research, development and manufacturing.

Advanced Systems Division
8900 E. Washington Boulevard
Pico Rivera, California 90660-3737
Advanced systems research and development.

Defense Systems Division
600 Hicks Road
Rolling Meadows, Illinois 60008
Military electronic warfare systems.

Precision Products Division
100 Morse Street
Norwood, Massachusetts 02062
Gyroscopes, accelerometers, and inertial guidance and control systems.

Electronics Division
2301 West 120th Street
Hawthorne, California 90251
Electronics research, development, and manufacturing.

Ventura Division
1515 Rancho Conejo Boulevard
Newbury Park, California 91320
Unmanned aircraft and aircraft sub-assemblies.

Electro-Mechanical Division
500 East Orangethorpe Avenue
Anaheim, California 92801
Electronic sensor and tracking systems, automatic test equipment, and fabricated products.

Northrop Research and Technology Center
One Research Park
Rancho Palos Verdes, California 90274
Advanced technology research programs.

Subsidiaries:

Northrop Services, Inc.
108 Powers Court
Sterling, Virginia 22170
Managerial and technical support services.

Northrop Worldwide Aircraft Services, Inc.
21 Northwest 44th Street
Lawton, Oklahoma 73505
Aircraft maintenance and base support services.

Affiliated Companies:

Construcciones Aeronauticas, S.A. (casa) (13.5% owned)
Calle del Rey Francisco, 4, Apartado 193
Madrid 28008 Spain
Military and commercial aircraft development and manufacturing.

Electronica Basica, S.A. (5.2% owned)
Carretera Nal., 2 KM 577, 3 Superragoera
Barcelona, Spain
Printed circuit boards.

N.V. Koninklijke Nederlandse Vliegtuigenfabriek Fokker (19.9% owned)
P.O. Box 12222
1100 AE, Amsterdam-Zuidoost, The Netherlands
Commercial and military aircraft development and manufacturing.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: NOC

Number of Employees:

1987	48,200	1984	41,500
1986	46,800	1983	37,300
1985	46,900		

Plant Footage:*

1987	20,300,000 sq. ft.	1984	15,900,000
1986	18,600,000	1983	14,600,000
1985	17,100,000		

* Includes U.S. Government-owned facilities used by Northrop Corporation.

Sales & Earnings

	Net Sales ($000's)	Net Income ($000's)
1987	$ 6,052,500	$ 94,200
1986	5,608,600	41,200
1985	5,[illegible]600	214,400
1984	3,687,800	166,900
1983	3,260,600	100,700

	No. of Com. Shares @	Earn. per Share @
1987	46,800,000	2.01
1986	46,500,000	0.89
1985	46,300,000	4.63
1984	45,900,000	3.63
1983	45,600,000	2.21

@ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
($000's)

	1987	1986
Aircraft	$ 4,864,900	$ 4,230,473
Electronics/ Communications	1,126,900	1,367,900
Services	192,400	254,200
Interseg. elim.	(120,300)	(124,500)
Total	$ 6,061,500	$ 5,616,000

Common Stock

	Cash Dividend @	Stock Dividend	Stock Split
1987	$ 1.20	—	—
1986	1.20	—	—
1985	1.20	—	—
1984	0.90	—	3-for-1
1983	0.60	—	—

@ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share *
1987	$ 947,900,000	$ 20.25
1986	898,700,000	19.33
1985	899,000,000	19.42
1984	726,800,000	15.79
1983	576,900,000	12.65

* Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 6,000,000	$ 5,000,000
Cost of sales	5,357,700	4,985,900
Expenses	527,600	551,700
Other income	(30,700)	(7,600)
Interest expense	30,300	28,900
Income bef. taxes	$ 137,600	$ 49,500
Income taxes	43,200	8,300
Net income	$ 94,300	$ 41,200

* Included in Costs and Expenses, Depreciation and Amortization: $246,800,000 in 1987 and $225,600,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash items	$ 5,000	$ 4,800
Accts. receiv., net	905,200	620,300
*Inventories	623,600	505,900
Prepaid expenses	32,900	29,500
Current Assets	$ 1,566,700	$ 1,160,500
# Fixed assets		1,487,100
Other assets	59,600	51,200
Total Assets	$ 3,123,600	$ 2,698,800

Liabilities
(000's)

Notes payable	$ 888,600	$ 699,900
Accts. payable	365,400	341,500
Adv. on contracts	38,200	20,000
Accrued compensation	153,800	142,600
Income taxes	475,300	466,300
Other liabilities	132,100	223,500
Curr. Liabilities	$ 2,053,400	$ 1,693,800
Long-term obligations	31,400	47,800
Deferred inc. taxes & credits	91,300	58,500
+Common stock	190,800	176,800
Retained earnings	777,800	740,900
Unvested employee restricted shares	(21,100)	(19,000)
Total Liabilities & Shareholders' Equity	$ 3,123,600	$ 2,698,800

* At lower of average cost or market.
# Less accumulated depreciation & amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.27	0.88
%Net Income to Sales	1.56	0.73
%Net Income to Equity	9.96	11.09
Debt to Equity	0.97	0.61
Shareholders' Equity	$ 947,500,000	$ 698,700,000

Nuclear Data, Inc.

1330 East Golf Road
Schaumburg, Illinois 60196
(312) 884-3600

Officers: Richard J. Sandberg, president and chief executive officer; Harold E. Tellefsen, senior vice president; Gerald W. Gaughran, v.p.-engineering; C. Stewart Havens, finance & secretary; Raymond C. Master, v.p.; Loren G. Fisher, v.p.; Albert E. Pohlman, Jr., v.p.; John H. Bradshaw, treasurer.

Directors: Richard J. Sandberg, George K. Hendrick, Jr., C. Stewart Havens, Gerald W. Gaughran, Albert E. Pohlman, Jr.

Areas of Work: Manufactures multilayer printed circuit boards; designs, manufactures and markets computer-based multichannel analyzers used in nuclear physics, nuclear power plants and medical instrumentation.

Divisions and Subsidiaries

Metropolitan Circuits Incorporated
Santa Ana, California 92626
Manufactures and markets printed circuit boards.

Nuclear Data, Inc. ND
Frankfurt, West Germany
Sales and service branch office.

Nuclear Data, Inc. (U.K.)
Bourne End, England
Sales and service branch office.

Nuclear Data Instruments AB
Uppsala, Sweden
Sales and service subsidiary.

Nuclear Data Instrumentation Division
Schaumburg, Illinois
Design, manufacture and marketing of computer-based multichannel analyzers used in nuclear physics, nuclear power plants and medical instrumentation.

Transfer Agent(s):

LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60603

Stock Exchange(s): American

Ticker Symbol: NDI

Number of Employees

1988 650

Plant Footage:

1988 ..... 125,500 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1988	$ 51,040,000	$ (6,575,000)
1987	44,710,000	(10,237,000)
1986	52,778,000	(1,590,000)
1985	65,272,000	1,926,000
1984	45,172,000	(2,182,000)

	No. of Com. Shares #	Earn. per Share #
1988	2,188,000	$ —
1987	1,702,000	—
1986	1,856,000	—
1985	2,015,000	0.96
1984	1,702,000	—

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Printed circuit boards	$ 29,454,000	$ 16,711,000
Instrumentation	21,594,000	27,999,000
Total	$ 51,048,000	$ 44,710,000

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 206,000	$ 0.27
1987	4,991,000	2.80
1986	15,332,000	8.18
1985	17,703,000	8.79
1984	14,330,000	8.41

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Feb. 28	1988	1987
Net sales	$ 51,048,000	$ 44,710,000
Other income	4,056,000	3,163,000
Gain on sale	—	711,000
Total income	$ 55,104,000	$ 48,584,000
Cost of sales	40,318,000	34,361,000
Expenses	16,403,000	16,088,000
Research & develop.	1,131,000	1,901,000
Interest expense	1,247,000	1,397,000
Prov. for asset restruc.	—	4,465,000
Prov. for losses	2,421,000	—
Loss bef. taxes	$ (6,416,000)	$ (10,498,000)
Income taxes (credit)	159,000	(171,000)
Net Loss	$ (6,575,000)	$ (10,237,000)

* Included in Costs and Expenses, Depreciation, and Amortization: $1,594,000 in 1988 and $1,768,000 in 1987.

Assets

As of Feb. 28	1988	1987
Cash	$ —	$ 128,000
Accts. receiv., net	9,856,000	13,209,000
* Inventories	4,860,000	6,539,000
Prepaid expenses & sundry accts.	1,984,000	1,296,000
Current Assets	$ 16,700,000	$ 21,172,000
# Fixed assets	5,396,000	6,862,000
Other assets	1,527,000	3,466,000
Total Assets	$ 23,623,000	$ 31,500,000

Liabilities

Notes payable	$ 8,507,000	$ 998,000
Long-term debt, curr.	1,200,000	9,723,000
Accts. payable	6,318,000	6,978,000
Accruals	4,892,000	4,422,000
Reserve for asset restructuring	—	950,000
Curr. Liabs.	$ 20,917,000	$ 23,071,000
Long-term debt	143,000	368,000
Deferred gain on sale	1,272,000	1,729,000
Deferred pension liab.	316,000	749,000
Deferred inc. taxes	—	91,000
Redeem. common stock	187,000	501,000
+ Common stock	1,255,000	1,806,000
Add. paid-in capital	11,173,000	10,519,000
Treasury stock	(41,000)	(1,646,000)
Accumulated deficit	(11,617,000)	(5,042,000)
Deferred compensation	(184,000)	(262,000)
Translation adj.	—	136,000
Total Liabilities & Shareholders' Equity	$ 23,623,000	$ 31,500,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	10.50	6.84
Debt to Equity	—	2.22
Shareholders' Equity	$ 186,000	$ 4,991,000

Oak Industries Inc.

16516 Via Esprillo
Rancho Bernardo, California 92127
(619) 485-9400

Officers: E.L. McNeely, chairman of the board & chief exec. officer; Scott A. Larson, v.p.-human resources; S. James Miller, Jr., v.p., secretary & gen. counsel; Daniel A. Hathaway, sr. atty. & asst. secretary.

Directors: E.L. McNeely, chairman; Franklin A. Cole*, James F. Calvert*, Lawrence H. Rogers, II, Bernard Schwartz, Roderick M. Hills*, .

* Member of the Executive Committee

Areas of Worth: Manufactures and markets controls and components for gas and electric appliances, low power rotary and other switches, and quartz oscillators and filters used in consumer, industrial and military products; produces communications equipment for use in cable television systems and satellite television systems.

Divisions and Subsidiaries:

Oak Switch Systems, Inc.
Crystal Lake, Illinois 60014
Lower power rotary, pushbutton, keyboard, membrane and lever switches.

McCoy Electronics Company
Mt. Holly Springs & Mercersberg, Pennsylvania 17065
High-frequency and low-frequency crystals, crystal filters and oscillators for communications equipment.

O/E/N India Limited (45% owned)
Cochin, Kerala, India
Assembles and markets switches and relays.

Harper-Wyman Company
Lisle, Illinois
Gas controls and components; electric range controls, gas grills.

Diamond H. Controls Ltd.
Volcan Road North
Norwich, NOR 85N
Norfolk, England
Thermostats; energy regulators; thermal switches; relays, time delay units and solenoids, rotary and toggle switches; snap-in devices, rotary, lever, modulise switches; indicator lights, electronic temperature and process controls.

Oak Communications Inc.
Rancho Bernardo, California
Manufactures converters, decoders, and other equipment used to receive cable television programs and encoding and decoding devices for satellite transmissions.

Oak East Industries Ltd.
Taipei, Taiwan, Republic of China
Manufactures pay-television decoders and cable television converters.

Crowen Crystals Ltd.
Whitby, Ontario, Canada

Houston Electronics Corp.
Kane, Pennsylvania

Ownaire-Audio-Carpenter
Charlottesville, Virginia
All involved in the manufacture of quartz crystal components.

Nordco, Inc.
Milwaukee, Wisconsin
Supplies the railroad transportation industry with equipment to maintain and repair railroad tracks and roadbeds.

Transfer Agent(s):

The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: OAK

Number of Employees:

1987	3,843	1984	8,489
1986	4,017	1983	5,214
1985	5,286		

Plant Footage:

1987	1,382,147 sq. ft.	1985	1,210,327
1986	1,194,349	1984	2,095,904

Sales & Earnings

	Net Sales *	Net Income†
1987	$ 182,210,000	$ 8,226,000
1986	151,745,000	40,243,000
1985	153,116,000	(37,576,000)
1984	183,116,000	(149,250,000)
1983	203,153,000	(122,113,000)

	No. of Com. Shares #	Earn. per Share #†
1987	74,233,958	$ 0.11
1986	59,420,211	1.01
1985	24,442,085	—
1984	16,356,657	—
1983	16,334,842	—

(Loss)
* Of continuing operations only.
† Including extraordinary gain of $8,964,000 ($0.15 per share) in 1986 and extraordinary loss of $466,000 ($0.01 per share) in 1987.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	0.06	—	—

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 78,819,000	$ 1.06
1986	59,813,000	1.01
1985	(70,133,000) †	—
1984	(59,183,000) †	—
1983	84,956,000 †	5.20

(Deficiency)
† After allowing for preferred stock at redemption value of $25 per share for Series C.
‡ Based on the average number of shares outstanding adjusted.

Income Account * ($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 182,210	$ 151,745
Cost of sales	148,836	130,329
Expenses	40,051	38,745
Interest expense	5,438	14,067
Interest income	(1,720)	(3,991)
Other expense (income)	(16,039)	203
Inc. (loss) before taxes	$ 6,494	$ (27,508)
Income taxes	797	2,709
Inc. (loss) cont. oper.	$ 5,697	$ (30,297)
Inc.-discont. oper.	1,436	81,576
Net income	$ 7,133	$ 51,279
Extraord. items	(466)	8,964
Cum. effect of accntg. change	1,559	—
Net income & extraord. items	$ 8,226	$ 60,243

* Included in Costs and Expenses, Depreciation and Amortization: $7,314,000 in 1987 and $8,706,000 in 1986.

Assets ($000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 30,640	$ 47,614
Receiv., net	25,865	25,509
*Inventories	52,502	41,322
Other curr. assets	1,387	5,352
Current Assets	$ 110,394	$ 119,797
#Fixed assets	42,745	35,540
Goodwill	22,059	41
Other assets	6,125	8,142
Total Assets	$ 181,323	$ 163,540

Liabilities

Long-term debt, curr.	$ 180	$ 3,595
Accts. payable	10,875	11,025
Accruals	37,509	36,461
Curr. Liabilities	$ 48,564	$ 51,081
Long-term debt	40,665	35,656
Liab. of discont. oper.	—	2,733
Deferred compensation & accrued pensions	11,064	11,679
Other liabilities	2,211	1,958
+Common stock	75,540	72,195
Add. paid-in capital	196,046	196,376
Retained earnings (deficit)	(195,570)	(203,796)
Cum. trans. adjust.	3,296	(1,570)
Other	(513)	(1,392)
Total Liabilities & Shareholders' Equity	$ 181,323	$ 163,540

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	9.05	85.73
%Sales to Inventories	3.47	3.67
Debt to Equity	0.52	0.69
Working Capital	$ 61,830,000	$ 67,916,000
Current Ratio	2.27	2.31
Shareholders' Equity	$ 78,819,000	$ 59,813,000

OEA, Inc.

34501 East Quincy Avenue
P.O. Box 10488
Denver, Colorado 80210
(303) 693-1248

Officers: Ahmed D. Kafadar, *chairman & chief executive officer*; Charles B. Kafadar, *president & chief operating officer*; John E. Banko, *sr. v.p. & treasurer*; John M. Cuthbert, *v.p.-engineering*; Nuri Y. Ozer, *v.p.-engineering mechanics.*

Directors: Ahmed D. Kafadar, *chairman*; John E. Banko, Ralph A. L. Bogan, Jr., J. Robert Burnett, G. Ben Huber, Philip E. Johnson, Charles B. Kafadar, James G. Maynard, Lewis W. Watson.

Areas of Work: Designs, develops, and manufactures propellant and explosive-actuated devices for aircraft personnel escape systems and space and missile applications. Other products and services include commercial Jet Cord, a linear-shaped charge used by demolition contractors, commercial aircraft egress systems, a neutron radiography inspection operation, inflatable systems, and glass-to-metal sealing.

Subsidiaries:

Explosive Technology, Inc.
P.O. Box KK
Fairfield, California 94533
(707) 422-1880

Aerotest Operations, Inc.
3455 Pastoria Way
San Ramon, California 94583
(415) 866-1212

Pyrotechnic Devices, Inc.
34501 E. Quincy Avenue
Denver, Colorado 80210
(303) 693-1411

Inflation Systems International, Inc.
34501 E. Quincy Avenue
Denver, Colorado 80210
(303) 699-7962

Olun Seal Corporation
34501 East Quincy Avenue
Denver, Colorado 80210
(303) 699-0914

Pyrospace (45% interest)
B.P. No. 2
78133 Les Mureaux Cedex, France

Transfer Agent(s):

Bank of America National Trust and Savings Association
Denver, Colorado

Stock Exchange(s): American

Ticker Symbol: OEA

Number of Employees:

1987 ..... N.A. 1986 480

Plant Footage:

1987 ..... N.A. 1986 ... 190,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 41,865,923	$ 5,362,461
1986	41,023,205	5,340,858
1985	36,311,494	4,711,124
1984	33,383,523	5,176,915
1983	32,970,965	4,521,144

	No. of Com. Shares‡	Earn. per Share‡
1987	3,340,889	$ 1.61
1986	3,327,062	1.61
1985	3,327,062	1.42
1984	3,327,062	1.56
1983	3,075,555	1.47

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business

	1987	1986
Government contracting	$ 37,089,217	$ 37,190,183
Commercial	4,776,706	3,833,022
Total	$ 41,865,923	$ 41,023,205

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 47,085,352	$ 13.92
1986	41,062,882	12.34
1985	35,722,024	10.74
1984	31,020,900	9.32
1983	25,833,985	7.76

‡ Adjusted to reflect stock dividend

Income Account *

Year ended July 31	1987	1986
Net sales	$ 41,865,923	$ 41,023,205
Cost of sales	26,525,595	26,404,606
Expenses	6,201,880	5,255,189
Interest expense	4,043	29,074
Interest income	(480,257)	(596,549)
Other expense (income)	7,739	(75,072)
Income before taxes	$ 9,606,923	$ 10,005,957
Income taxes	4,244,462	4,665,099
Net Income	$ 5,362,461	$ 5,340,858

* Included in Costs and Expenses, Depreciation: $1,166,021 in 1987 and $1,241,250 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 156,239	$ 848,073
Marketable securities	7,351,526	10,324,692
Accts. receiv., net	13,817,936	13,306,796
Unbilled costs on contracts in progress	8,939,989	4,989,717
*Inventories	12,486,823	9,759,629
Prepaid expenses	383,094	327,434
Current Assets	$ 43,135,607	$ 39,456,331
#Fixed assets	8,178,853	7,323,895
Deferred contract costs	1,567,906	1,126,475
Cash value of life insur.	406,851	441,321
Other assets	1,114,370	359,199
Total Assets	$ 54,403,587	$ 48,707,221

Liabilities

Accts. payable	$ 1,599,986	$ 2,088,447
Accrued payroll	1,761,869	1,741,157
Accrued profit-sharing	991,700	430,730
Other accruals	355,167	788,457
Income taxes	—	473,032
Deferred income taxes	1,637,222	745,331
Curr. Liabilities	$ 5,945,944	$ 6,267,154
Notes payable to instr. cos.	203,329	327,865
Deferred comp.	314,745	327,159
Deferred inc. taxes	854,217	722,161
+Common stock	366,995	366,995
Add. paid-in capital	12,156,024	11,661,500
Retained earnings	35,443,713	30,081,252
Treasury stock	(879,380)	(1,046,865)
Total Liabilities & Shareholders' Equity	$ 54,403,587	$ 48,707,221

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	22.95	24.39
%Net Income to Sales	12.81	13.02
%Net Income to Equity	11.39	13.01
Sales to Inventories	3.35	4.20
Working Capital	$ 37,189,663	$ 33,189,177
Current Ratio	7.25	6.30
Shareholders' Equity	$ 47,085,352	$ 41,062,882

The Ohmart Corporation

4241 Allendorf Drive
P.O. Box 9026
Cincinnati, Ohio 45209
(513) 272-0131

Officers: Carl K. Gieringer, *chairman of the board & president*; Thomas E. Dewey, *executive vice president*; Lou Cook, *v.p.*; Paul Steck, *v.p.-manufacturing*; James J. Guthrie, Jr., *v.p.-sales & marketing*; Syndor I. Davis, *assistant secretary*; Wm. G. Dorna, *secretary & treasurer.*

Directors: Nicholas Bauer, Carl F. Evert, Carl K. Gieringer, C. Ross Whiting, Lewis M. Crowe, Estelle Gieringer, Edward C. Pandorf, Thomas E. Dewey.

Areas of Work: Produces beta thickness gauges, conveyor scales, nuclear and electronic measuring devices used in process control.

Divisions and Subsidiaries:

WeighART Division

WebART Division

Instruments Division

Transfer Agent(s):

The First National Bank of Cincinnati
5th and Walnut Streets
Cincinnati, Ohio 45202

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Net Sales	Net Income
1987	$ 7,551,880	$ 15,695
1986	8,592,940	242,416
1985	8,472,523	209,525
1984	8,377,473	391,189
1983	7,396,621	266,699

	No. of Com. Shares	Earn. per Share
1987	123,238	$ 0.13
1986	123,238	1.97
1985	123,238	1.70
1984	123,238	3.17
1983	123,238	2.16

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.50	—	—
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 4,879,881	$ 39.60
1986	4,925,805	39.97
1985	4,745,008	38.50
1984	4,597,102	37.30
1983	4,267,532	34.63

Income Account*

Year ended Nov. 30	1987	1986
Net sales	$ 7,551,880	$ 8,592,940
Other income	254,496	268,288
Total income	$ 7,806,376	$ 8,861,228
Cost of sales	3,704,412	4,169,811
Expenses	4,067,056	4,276,045
Interest expense	20,213	26,456
Income before taxes	$ 14,695	388,916
Income taxes (credit)	(1,000)	146,500
Net income	$ 15,695	$ 242,416

* Included in Costs and Expenses, Depreciation and Amortization: $161,961 in 1987 and $184,140 in 1986.

Assets

As of Nov. 30	1987	1986
Cash & temporary cash investments	$ 1,332,078	$ 1,810,922
Marketable secur.	850,432	449,911
Accts. receiv., net	1,485,028	1,400,949
*Inventories	1,240,851	1,318,404
Prepaid expenses	13,749	11,250
Prepaid income taxes	22,000	—
Deferred inc. taxes	129,000	124,000
Current Assets	$ 5,073,138	$ 5,115,436
#Fixed assets	1,179,681	1,207,625
Other assets	10,700	20,698
Total Assets	$ 6,263,519	$ 6,343,759

Liabilities

Long-term debt, curr.	$ 67,082	$ 88,148
Accts. payable	226,928	185,953
Accruals	595,716	547,859
Advance payments	258,912	200,276
Income taxes	—	93,636
Curr. Liabilities	$ 1,148,638	$ 1,115,872
Long-term debt	100,000	167,082
Deferred taxes	135,000	135,000
+ Common stock	146,568	146,568
Add. paid-in capital	283,574	283,574
Retained earnings	4,449,739	4,495,663
Total Liabilities & Shareholders' Equity	$ 6,263,519	$ 6,343,759

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. Taxes to Sales	0.19	4.53
% Net Income to Sales	0.21	2.82
% Net Income to Equity	0.32	4.92
Sales to Inventories	6.09	6.52
Debt to Equity	0.03	0.03
Working Capital	$ 3,924,500	$ 3,999,564
Current Ratio	4.42	4.58
Shareholders' Equity	$ 4,879,881	$ 4,925,805

Oki Electric Industry Company, Limited

7-12 Toranomon 1-chome
Minato-ku, Tokyo 105, Japan
(03) 501-3111

Officers: Namio Hashimoto, president & chief executive officer; Nobumitsu Kosugi, executive v.p.; Yoshio Masuda, senior managing director; Chikatomo Mitsuyasu, senior managing director; Jun Jinguji, managing director; Akinori Watanabe, managing director; Masao Nogami, managing director; Shiko Sawamura, managing director; Masatoshi Yokoo, managing director; Shigehisa Nakaya, managing director; Susumu Ichinose, director; Mitsuhiro Kondo, director; Haroaki Atagi, director; Tadao Higashi, director; Chihiro Suzuki, director; Hiromu Tanimoto, director; Masataka Yamamoto, director; Masaaki Sato, director; Osamu Yoda, director; Tsunao Kigoshi, director; Hisato Izumi, statutory auditor; Yoshiaki Niimi, statutory director; Sumio Ishizaki, statutory auditor.

Areas of Work: In the area of Telecommunications Systems, the Company produces switching systems, including central office exchanges, PBX systems, Telex and data exchanges; transmission systems, including VHF/UHF/SHF/EHF radio equipment, multiplex carrier equipment, modems, TV converters, fiber-optic communications systems, radio and TV broadcasting equipment, facsimile transceivers, satellite communications equipment, copyboards, videotex systems, local area networks, teleconferencing systems, IC-card systems, and telephone-equipped personal computers; and telephone sets, including cellular mobile telephones, push-button telephones, key telephone systems, and telewriting terminals.

Areas of Work: In the area of Information Processing Systems, the Company produces information processing equipment, including personal computers, banking systems, medical electronics systems, point-of-sale systems, computer peripherals, minicomputers, teleprinters and text communications terminals; and telemetry and telecontrol systems, including water resource control systems, intelligent building systems, seismometric and disaster-prevention systems, underwater acoustic sensors, and radar systems.

In the area of Electronic Devices, the Company produces VLSI memories, microprocessors, communications LSIs, printed circuit boards, plasma display panel units, optoelectronic devices, gate-array devices, application-specific ICs, and reed relays and switches.

Electronic Subsidiaries and Affiliates (Japan)

Telecommunications and Electronic Equipment:

Tohoku Oki Electric Co., Ltd.
Data communication equipment.

Nagano Oki Electric Co., Ltd.
Computers, remote terminals, assembly of printed circuit boards.

Taiko Electic Works, Ltd.
PBX and key telephone systems.

Nikko Denki Seisakusho Co., Ltd.
Switchboards, terminal blocks, distribution boxes, exchange parts.

Kuwano Electrical Instruments Co., Ltd.
Measuring instruments.

Toko Electronics Co., Ltd.
Transmission equipment and parts.

Shizuoka Oki Electric Co., Ltd.
Telecommunications equipment, control equipment, measuring equipment, acoustic equipment.

Telecommunications and Electronic Components:

Oki Ceramic Industry Co., Ltd.
Tantalum electrolytic capacitors, hybrid integrated circuits, ceramic parts.

Kinseki, Ltd.
Quartz crystals, crystal filters, crystal oscillators, ultrasonic glass delay lines, synthetic quartz.

Yamako Electric Manufacture Co., Ltd.
Fuse panels and steel structures for exchanges.

Mikuni Industry Co., Ltd.
Plastic moldings.

Warntoku Steel Co., Ltd.
Magnetic core and special steel products.

Oki Electric Cable Co., Ltd.
Cables, wires, connectors, printed circuit boards.

Miyazaki Oki Electric Co., Ltd.
LSIs, VLSIs.

Niigata Oki Electric Co., Ltd.
Printed circuit boards.

OF Engineering Co., Ltd.
Sensors.

Electronic Computers:

Oki Univac Kaisha, Ltd.
Electronic computer systems.

Subsidiaries and Affiliates (outside Japan):

Oki America, Inc.
One University Plaza
Hackensack, New Jersey 07601
(201) 646-0011

New York Office
19th Floor, 575 Fifth Avenue
New York, New York 10017
(212) 972-8410
(212) 972-8411

Oki Electric Europe GmbH
Niederkasseler Lohweg 8
4000 Duesseldorf 11, West Germany
(0211) 595-50

Okidata GmbH
Hansa Allee 187
4000 Duesseldorf 11, West Germany
(0211)597-94-0

Far Eastern Electric Industry Co., Ltd.
10th Floor, International Building
6 Tung Hwa North Road
Taipei, Taiwan
(02) 751-2345

Digiphonic Systems Pte. Ltd.
70 Bendemeer Road, #06-01
Hiap Huat House, Singapore 1233
297-1511

Oki Electronics (Hong Kong) Ltd.
16th Floor, Fairmont House
8 Cotton Tree Drive Hong Kong
(5) 263-111

Singapore Branch
75 Bukit Timah Road, #05-14/15/16
Boon Siew Building Singapore 0922
336-1183

Taipei Branch
4th Floor, ARTIST Construction
Building No. 687, Minshen East Road
Taipei, Taiwan
(02) 716-2216

Stock Exchange(s): Tokyo

Number of Employees:

1987	19,375	1984	17,027
1986	18,649	1983	15,658
1985	18,134		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	¥ 407,415,000	¥ 2,212,000
1986	392,608,000	(967,000)
1985	417,519,000	9,160,000
1984	345,375,000	9,239,000
1983	279,656,000	2,512,000

	No. of Com. Shares	Earn. per Share‡
1987	500,902,614	¥ 4.46
1986	480,347,869	—
1985	N.A.	20.22

(Loss)
¥ - Yen
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.
NOTE: Due to rounding, income statement and balance sheet may not add up correctly.

Revenues By Line of Business
(000's)

	1987	1986
Telecommunications syst.	¥ 112,023,000	¥ 99,129,000
Information processing syst.	194,280,000	196,799,000
Electronic devices	84,804,000	80,217,000
Other	16,308,000	16,463,000
Total	¥ 407,415,000	¥ 392,608,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 3.00	—	—
1986	6.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	¥ 103,177,000	¥ 205.98
1986	88,165,000	183.54
1985	75,381,000	—
1984	63,950,000	—
1983	40,693,000	—

Income Account *
(millions)

Year ended March 31	1987	1986
Net sales	¥ 407,415	¥ 392,608
Cost of sales	315,291	293,859
Expenses	88,598	86,356
Interest expense	12,086	13,215
Interest income	(3,304)	(3,822)
For. exch. loss	3,809	5,710
Gain from sale of secur.	(15,438)	(8,212)
Other expenses	2,333	3,298
Income before taxes	¥ 4,037	¥ 2,201
Income taxes	1,667	3,074
Minority interests	187	209
Eq. in earn. of affil.	(30)	(115)
Net Income	¥ 2,212	¥ (967)

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 31,792,000,000 in 1987 and ¥ 36,228,000,000 in 1986.

Assets
(millions)

As of March 31	1987	1986
Cash & time deposits	¥ 57,364	¥ 57,671
Marketable securities	42,366	13,585
Accts. receiv., net	124,631	104,183
°Inventories	106,420	98,714
Other curr. assets	5,863	5,030
Current Assets	¥ 336,548	¥ 279,186
Investments	26,436	25,214
#Fixed assets	104,609	110,925
Other assets	17,120	13,046
Translation adjust.	6,520	3,513
Total Assets	¥ 491,224	¥ 431,885

Liabilities
(millions)

Short-term bank loan	¥ 151,484	¥ 116,383
Long-term debt, curr.	12,605	9,336
Accts. payable	75,197	61,655
Emp. sav. deposits	4	4,755
Accruals	22,956	21,011
Income taxes	844	533
Other current liabilities	3,833	3,587
Curr. Liabilities	¥ 266,928	¥ 217,263
Long-term debt	104,735	108,915
Liab. of severance indemnities	10,640	11,647
Reserve for loss on repurch. of computers	—	119
Minority interest	5,742	5,774
+ Common stock	38,312	32,168
Add. paid-in capital	40,016	32,646
Legal reserve	3,573	3,423
Special reserves	8,795	9,628
Retained earnings	12,534	10,329
Treasury stock	(54)	(31)
Total Liabilities & Shareholders' Equity	¥ 491,224	¥ 431,885

° At specific identification cost.
Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

% Income bef. taxes to Sales	0.99	0.56
% Net Income to Sales	0.54	—
% Net Income to Equity	2.14	—
Sales to Inventories	3.83	3.98
Debt to Equity	2.61	2.66
Working Capital	¥ 69,620,000 *	¥ 61,923,000 *
Current Ratio	1.26	1.29
Shareholders' Equity	¥ 103,177,000 *	¥ 88,165,000 *

* (000's)

Olivetti

(Ing. C. Olivetti & C., S.p.A.)

Via G. Jervis, 77
Ivrea 10015 Italy

Directors: Bruno Visentini, honorary chairman; Carlo De Benedetti, chairman & chief executive officer; Franco De Benedetti, managing director; Robert E. Allen, Luigi Arcuti, Paolo Baratta, Giuseppe Bisconti, Francois De Leage De Meux, Ettore Ferrero, Emilio Fossati, John A. Hinds, Vittorio Levi, Maria Luisa Lizier Galardi, Luigi Lucchini, Horst Munzner, Elserino Piol, Alberto Prudieri, Enrico Rocchi, John Segall, Randall L. Tobias, Guido Roberto Vitale, Jacopo Vittorelli, Sam R. Willcoxon.

Areas of Work: The Company manufactures electronic typewriters, videotaping systems, copiers, calculators and cash registers, personal computers, minicomputers, display, point-of-sale and baking automation terminals, computer peripherals including printers and hard-disk drives; telecommunications equipment, including teleprinters and telex automation modules and facsimile terminals; information technology modules, printed circuit boards; industrial, elastomeric and rubber and silicone components; liquid crystal displays,

printed circuit and assembled electronic board test equipment; ticker reservation, betting and bank current account management systems; control units for numerical control equipment; security systems, timeclock and access control systems, motorway and carpark systems, office furniture and fittings, thermoplastic and thermosetting resin moulding, and provides computer software and services.

Subsidiaries (Italy):

DISTRIBUTED DATA PROCESSING AND OFFICE AUTOMATION:

Olivetti Peripheral Equipment, S.p.A.
Ivrea, Italy

Olteco-Olivetti Telecommunicazioni, S.p.A.
Ivrea, Italy

SOAB-Sistemi Olivetti per l'Automazione Bancaria, S.p.A.
Ivrea, Italy

Masi Computer, S.p.A.
Carsoli, Italy

Hermès Italia, S.p.A.
Roma, Italy

Olivetti Prodest, S.p.A.
Milano, Italy

OFFICE PRODUCTS:

Olivetti Synthesis, S.p.A.
Massa, Italy

Baltea, S.p.A.
Loini, Italy

Telmecomp, S.p.A.

Eleprint, S.A.
Ivrea, Italy

Tecsinter, S.p.A.
Ivrea, Italy

Manifattura Velle dell'Orco, S.p.A.
Sparone Canavese, Italy

Societa Generale Elastomeri-S.O.E., p.A.
S. Olcese, Italy

ENGINEERING, SOFTWARE AND SERVICES:

Syntax, S.p.A.
Milano, Italy

Software Sistemi, S.p.A.
Bari, Italy

Sixcom, S.p.A.
Milano, Italy

Radiocor, S.r.l.
Milano, Italy

Elea, S.p.A.
Burolo, Italy

Tecnost, S.p.A.
Ivrea, Italy

INDUSTRIAL AUTOMATION AND TOOLING:

OCN-PPL, S.p.A.
Marcianise, Italy

OSAI A-B, S.p.A.
S. Bernardo d'Ivrea, Italy

SALES SUBSIDIARIES (U.S.A.):

Olivetti USA Inc.
Irving, California

Zunker Ramo Corp.
Shelton, Connecticut

Triumph-Adler Royal Inc.
Mountainside, California

Olivetti Supplies Inc.
Harrisburg, Pennsylvania

Stock Exchange(s): Milan, Italy

Number of Employees

1986	59,091	1983	47,800
1985	48,944	1982	49,763
1984	47,613		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1986	L. 7,316,900	L. 565,500
1985	6,140,500	503,700
1984	4,578,000	356,000
1983	3,736,200	295,300
1982	3,341,400	102,800

	No. of Com. Shares	Earn. per Share
1986	429,230,000	L. 1,097
1985	378,947,000	1,023

L. - Lire.

Revenues By Line of Business
(millions)

	1986	1985
Products & software	L. 5,432,200	L. 4,508,200
Customer engineering	950,000	816,200
Supplies, spares & other revenues	934,700	816,100
Total	L. 7,316,900	L. 6,140,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986 340	L.	—	—
1985 320		—	—

Shareholders' Equity

	Total Equity (millions)	Equity Per Share
1986	L. 3,153,700	L. 7,347
1985	2,279,700	6,016
1984	1,958,300	—
1983	1,302,100	—
1982	954,800	—

Income Account *
(millions)

Year ended Dec. 31	1986	1985
Net revenues	L. 7,316,921	L. 6,140,463
Cost of sales	4,444,949	3,601,306
Selling, gen. & adm. expenses	2,020,750	1,615,040
Res. & develop. expenses	391,234	284,048
Interest expense (income)	(652)	98,672
Loss (gain) on for. curr. trans.	(35,009)	18,479
Research contributions	(54,177)	(77,316)
Other expense (income)	(166,332)	68,742
Earn. of non-consol. cos.	(4,292)	(6,178)
Income before taxes	L. 720,450	L. 537,672
Income taxes	234,301	96,452
Minority interests	(79,380)	(62,450)
Net Income	L. 565,529	L. 503,670

* Included in Costs and Expenses, Depreciation and Amortization: L.297,426,000,000 in 1986 and L.271,479,000,000 in 1985.

Assets
(millions)

As of Dec. 31	1986	1985
Cash	L. 352,427	L. 378,276
Marketable securities	3,301,371	1,748,673
Accts. receiv., net	2,962,043	2,248,357
*Inventories	1,483,285	1,115,316
Prepaid expenses	285,827	142,068
Current Assets	L. 8,384,955	L. 5,632,690
Investments	164,125	166,651
Guarantee deposits	81,438	60,071
Long-term receiv.	2,531	75,933
Deferred inc. taxes	6,328	—
#Fixed assets	1,294,165	1,104,764
#Leased products	48,240	59,565
Defer. charges	36,310	25,213
Total Assets	L. 10,018,092	L. 7,124,887

Liabilities
(millions)

Bank overdrafts	L. 697,221	L. 669,480
Sav. deposits of empl.	13,792	14,895
Long-term debt, curr.	269,331	219,248
Accts. payable	1,345,487	882,642
Advances from customers	32,316	52,040
Other payables	363,267	319,078
Income taxes	218,934	79,623
Accruals & other liabilities	797,413	589,977
Curr. Liabilities	L. 3,737,761	L. 2,826,983
Long-term debt	2,268,631	1,489,274
Minority interest	178,797	65,717
Deferred inc. taxes	—	11,909
Reserve for pension liab.	679,252	451,291
+Preferred stock	23,784	23,784
+Common stock	429,230	378,947
+Savings shares	94,365	91,706
Add. paid-in capital	965,986	474,238
Revaluation reserves	422,583	422,747
Retained earnings	691,180	397,227
Translation adjustments	(33,042)	(5,589)
Treasury stock	(5,964)	(7,017)
Net income for the year	565,529	503,670
Total Liabilities & Shareholders' Equity	L. 10,018,092	L. 7,124,887

* At lower of cost or market.
# Less accumulated depreciation.
+ L.1,000 per value.

Statistical Summary

%Income bef. Taxes to Sales	9.85	8.76
%Net Income to Sales	7.73	8.20
%Net Income to Equity	17.93	22.09
Sales to Inventories	4.93	5.51
Debt to Equity	0.80	0.75
Working Capital (millions)	L. 4,647,194	L. 2,805,707
Current Ratio	2.24	1.99
Shareholders' Equity (millions)	L. 3,153,651	L. 2,279,713

Optical Radiation Corporation

1300 Optical Drive
Azusa, California 91702
(818) 969-3344

Officers: Richard D. Wood, chairman of the board & president; John N. Wilkinson, sr. v.p. corp. development & secretary; Gary N. Patten, v.p. finance & treasurer; Philip J. England, v.p. legal; Michael L. Purillo, group v.p. vision care group; R. Richard Gantty, group v.p. Scientific & Industry Group; William T. Sullivan, group v.p. Consumer Optical Group.

Directors: Richard D. Wood, chairman; John N. Wilkinson, Louis W. Biegler, Vernon H. Blackmon, Roland Seidler, Jr., Frank D. Wood.

Areas of Work: Designs and manufacturers a wide variety of precision optical components and optical systems for medical, industrial, and scientific applications. Products include: ophthalmic lenses, optical projection systems, high-intensity light sources, photo exposure systems and precision metal optics.

Omega Optical Co., Inc.
Precision Optics, Inc.
Milroy Optical, Inc.
Arizona State Optical, Inc.
Apollo Optical Co., Inc
Kerastometrix, Inc.
Theater and Audio-Visual Division
Electroforming Division
IC100 Division
Electronic Products Division
Lamp Division
Opthalmic Surgical Products Division
Orcolite Division

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 60228
Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORCO (NASDAQ)

Number of Employees

1987	1,497	1984	585
1986	1,404	1983	474
1985	1,565		

Plant Footage:

1987	466,000 sq. ft.	1984	161,000
1986	478,000	1983	161,000
1985	504,000		

Sales & Earnings

1987	$ 100,658,000	$ 9,127,000
1986	95,637,000	8,346,000
1985	96,505,000	12,476,000
1984	48,260,000	7,850,000
1983	26,656,177	3,086,154

	No. of Com. Share #*	Earn. per Share #*
1987	8,229,000	$ 1.11
1986	8,284,000	1.01
1985	8,330,000	1.50
1984	7,496,000	1.05
1983	6,616,480	0.47

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1 & 2-for-1

Common Stock Equity

	Total equity	Equity Per Share‡
1987	$ 93,069,000	$ 11.68
1986	88,141,000	10.77
1985	77,819,000	9.83
1984	41,399,000	5.86
1983	31,528,255	4.59

‡ Adjusted to reflect stock splits.

Income Account

Year ended July 31	1987	1986
Net Sales	$ 100,658,000	$ 95,637,000
Cost of sales	57,412,000	52,441,000
Expenses	34,366,000	32,621,000
Interest income	(2,672,000)	(2,378,000)
Interest expense	871,000	825,000
Other expenses	655,000	616,000
Income before taxes	$ 10,026,000	$ 11,512,000
Income taxes	899,000	3,166,000
Net Income	$ 9,127,000	$ 8,346,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,976,000 in 1987 and $3,428,000 in 1986.

Assets

As at July 31	1987	1986
Cash & short-term invest.	$ 33,584,000	$ 36,453,000
Accts. receiv., net	15,906,000	14,730,000
*Inventories	18,642,000	17,246,000
Prepaid inc. taxes	2,258,000	—
Land held for sale	—	3,548,000
Prepaid expenses	1,537,000	1,370,000
Current Assets	$ 71,727,000	$ 73,347,000
#Fixed assets	31,985,000	28,282,000
Other assets	9,150,000	1,056,000
Goodwill	10,556,000	10,852,000
Total Assets	$ 123,418,000	$ 113,539,000

Liabilities

Long-term debt, curr.	$ 617,000	$ 536,000
Accts. payable	3,330,000	2,146,000
Accruals	3,716,000	4,208,000
Accrual payroll	4,177,000	3,682,000
Income taxes payable	5,583,000	4,532,000
Curr. Liabilities	$ 17,623,000	$ 15,104,000
Deferred income taxes	3,219,000	1,843,000
Long-term debt	9,507,000	8,451,000
÷ Common stock	3,985,000	4,092,000
Add. paid-in capital	40,646,000	44,820,000
Retained earnings	48,356,000	39,229,000
for curr. trans. adjust.	82,000	—
Total Liabilities & Shareholders' Equity	$ 123,418,000	$ 113,539,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
÷ $0.50 par value.

Statistical Summary

%Income bef. taxes to Sales	9.96	12.04
%Net income to Sales	9.07	8.73
%Net Income to Equity	9.81	9.47
Sales to Inventories	5.46	5.19
Debt to Equity	0.11	0.10
Working Capital	$ 54,104,000	$ 58,243,000
Current Ratio	4.07	4.86
Shareholder's equity	$ 93,069,000	$ 88,141,000

Orbit Instrument Corporation

80 Cabot Court
Hauppauge, New York 11788
(516) 435-8300

Officers: Max Reiseman, chairman & president; Mitchell Binder, v.p.-finance & treasurer; Darwin C. Dornbush, secretary.

Directors: Max Reiseman, chairman of the board; Mitchell Binder, Darwin C. Dornbush.

Areas of Work: Designs, manufactures and markets high-quality electrical components and subsystems for use in military, air traffic control and console applications. Products include: Operator Control Trays for data tracking and surveillance, Ball Trackers, Force Transducers and Joysticks for cursor movement on radar consoles, and Data Entry, Computer Controller Action Entry Panels for information display and decision operator assistance.

Subsidiaries:

Orbit Semiconductor, Inc. (80%-owned)
1230 Bordeaux Drive
Sunnyvale, California 94089
(408) 744-1800
Manufacture of customized semiconductor chips.

Orbit Instrument of California, Inc.
6431 Global Drive
Cypress, California 90630
(714) 527-0561

Acquisitions:

Computer Integration Associates, Inc.
725 Airport Road
Lakewood, New Jersey 08701
(201) 370-3900
Develops and markets a family of speech response products, as well as custom UNIX based applications. Products include an automated attendant, a voice messaging facility, telephone data input, a geographic locator service, and an outbound dialer service which delivers customized messages.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORBT (NASDAQ)

Number of Employees:

1987	312	1985	199
1986	296		

Plant Footage:

1987	69,500 sq. ft.	1985	61,000
1986	69,500		

Sales & Earnings

	Net Sales	Net Income
1987	$ 38,943,000	$ 3,686,000
1986	31,147,000	6,631,000
1985	20,009,400	4,231,400
1984	16,172,500	4,056,900
1983	11,219,000	2,500,500

	No. of Com. Shares	Earn. per Share‡
1987	8,998,000	$ 0.40
1986	8,838,000	0.76
1985	7,925,386	0.51
1984	7,603,798	0.51
1983	5,739,726	0.38

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 50,926,000	$ 5.66
1986	45,046,000	5.10
1985	35,345,400	9.00
1984	30,354,200	3.99
1983	14,978,100	2.61

Income Account*

Year ended June 30	1987	1986
Net sales	$ 38,943,000	$ 31,147,000
Cost of sales	29,003,000	16,896,000
Expenses	4,035,000	3,154,000
Interest expense	695,000	561,000
Invest. income	(868,000)	(1,621,000)
Income before taxes	$ 6,078,000	$ 12,157,000
Income taxes	2,392,000	5,526,000
Net Income	$ 3,686,000	$ 6,631,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,307,000 in 1987 and $1,659,000 in 1986.

Assets

As of June 30	1987	1986
Cash & cash equiv.	$ 5,166,000	$ 8,523,000
Marketable securities	14,474,000	8,908,000
Accts. receiv., net	8,010,000	8,908,000
*Inventories	19,108,000	21,091,000
Prepaid expenses	3,996,000	210,000
Current Assets	$ 50,754,000	$ 47,640,000
#Fixed assets	8,546,000	8,449,000
Other assets	798,000	991,000
Total Assets	$ 60,098,000	$ 57,080,000

Orbit Instrument Corporation

Liabilities

Long-term debt, curr.	$ 2,019,000	$ 2,166,000
Accts. payable	1,346,000	1,673,000
Accruals	1,044,000	998,000
Cust. advances	478,000	463,000
Income taxes	—	1,680,000
Curr. Liabilities	$ 4,787,000	$ 6,980,000
Long-term debt	3,827,000	4,483,000
Deferred inc. taxes	237,000	292,000
Minority interest	321,000	279,000
+Common stock	998,000	982,000
Add. paid-in capital	25,330,000	23,447,000
Retained earnings	27,872,000	24,186,000
Treasury stock	(919,000)	(919,000)
Compensatory stock	(2,355,000)	(2,650,000)
Total Liabilities & Shareholders' Equity	$ 60,098,000	$ 57,080,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.61	39.03
%Net Income to Sales	9.47	21.29
%Net Income to Equity	7.24	14.72
Sales to Inventories	2.04	1.48
Debt to Equity	0.11	0.15
Working Capital	$ 45,967,000	$ 45,660,000
Current Ratio	10.60	6.83
Shareholders' Equity	$ 50,926,000	$ 45,046,000

Orion Research Incorporated

The Schrafft Center
529 Main Street
Boston, Massachusetts 02129
(617) 242-3900

Officers: Alexander Jenkins, III, president and chief exec. officer; Stelios Papadopoulos, exec. v.p. & chief operating officer; Albert Diggens, v.p.-marketing; James W. Ross, Jr., v.p.-research; Robert E. Kinney, treasurer; H. Kenneth Fish, clerk; Susan F. Stewart, v.p.-legal & asst. clerk.

Directors: James W. Ross, Jr., Alexander Jenkins, III, Louis B. Barnes, David A. Hatch, Robert B. Schmidt, William J. Kennedy, Richard D. Condon, Raymond W. Strohm.

Areas of Work: Manufactures specific ion electrodes, digital and analog pH meters and specific ion meters, and related electronic instruments used to analyze chemical solutions and to display and record the resulting data. Also manufactures syringe and tubing pumps employed for various scientific, industrial and medical purposes.

Subsidiaries:

Orion Research Puerto Rico, Inc.
Rio Piedras, Puerto Rico
Manufacturer of chemical sensors (electrodes) and related products.

Orion Research AG
Kaunacht, Switzerland

Orion Research Far East, Inc.
Morrison Hill Road Hong Kong

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ORIR (NASDAQ)

Number of Employees:

1987	332	1984	434
1986	414	1983	432
1985	482		

Plant Footage:

1987	118,000 sq. ft.	1985	90,000
1986	118,000		

Sales & Earnings

	Net Sales +	Net Income‡
1987	$ 30,525,000	$ (1,007,000)
1986	30,469,000	(1,675,000)
1985	30,566,000	2,538,000
1984	24,984,000	426,000
1983	25,034,000	1,714,000

	No. of Com. Shares†	Earn. per Share‡ x
1987	2,517,116	$ —
1986	2,485,684	—
1985	2,449,778	1.02
1984	2,395,566	0.18
1983	2,312,190	0.74

(Loss)
+ Of continuing operations only.
‡ Including extraordinary credits of $265,000 ($0.21 per share) in 1985 and $90,000 ($0.08 per share) in 1983.
† Adjusted to reflect stock split.
x Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share x
1987	$ 10,560,000	$ 4.20
1986	11,364,000	4.57
1985	12,841,000	5.24
1984	10,038,000	4.19
1983	9,219,000	3.99

x Adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986
Net Sales	30,525,000	30,469,000
Cost of sales	16,850,000	16,596,000
Expenses	12,990,000	15,173,000
Interest expense	488,000	110,000
Income (loss) before taxes	$ 197,000	$ (1,410,000)
Income taxes (credit)	(8,000)	168,000
Inc. (loss)-cont. oper.	$ 205,000	$ (1,578,000)
Loss-discont. oper.	(1,212,000)	(97,000)
Net Loss	$ (1,007,000)	$ (1,675,000)

* Included in Costs and Expenses, Depreciation and Amortization $1,266,000 in 1987 and $872,000 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 96,000	$ 119,000
Accts. receiv., net	6,106,000	6,996,000
*Inventories, net	7,351,000	8,195,000
Prepaid expenses	128,000	385,000
Current Assets	$ 13,681,000	$ 15,695,000
#Fixed assets	6,109,000	6,641,000
Intangible	—	200,000
Investments	281,000	278,000
Net assets-discont. oper.	412,000	—
Total Assets	$ 20,483,000	$ 22,814,000

Liabilities

Long-term debt, curr.	$ 170,000	$ 8,000
Accts. payable	1,344,000	2,335,000
Accruals	2,170,000	1,647,000
Income taxes	609,000	748,000
Curr. Liabilities	$ 4,293,000	$ 4,738,000
Long-term debt	4,650,000	5,700,000
Cap. lease oblig.	276,000	19,000
Deferred rent	704,000	—
Deferred compensation	—	349,000
Deferred gain	—	744,000
+Common stock	252,000	249,000
Add. paid-in capital	3,870,000	3,748,000
Retained earnings	6,360,000	7,367,000
Cum. trans. adjust	78,000	—
Total Liabilities & Shareholders' Equity	$ 20,483,000	$ 22,814,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.15	3.72
Debt to Equity	0.48	0.50
Working Capital	$ 9,388,000	$ 10,957,000
Current Ratio	3.19	3.31
Shareholders' Equity	$ 10,560,000	$ 11,364,000

Pacific Scientific Company

1350 South State College Boulevard
Anaheim, California 92803
(714) 535-8141

Officers: Harry R. Goff, chairman of the board; Edgar S. Brower, president & chief executive officer; Richard V. Plat, sr. v.p.-finance & administration and secretary; Charles A. Collins, v.p.; Robert J. Del Porto, v.p.; Douglas D. Fockler, v.p.; Jerald F. McNeil, v.p.; William L. Nothwang, controller; Peer A. Swan, treasurer.

Directors: Harry R. Goff, chairman; Walter F. Boras, Ralph O. Briscoe, Edgar S. Brower, James D. Hodgson, William A. Preston, Thomas P. Stafford, Harry W. Todd.

Areas of Work: Operates in three areas: Advanced Technology; Instruments and Components; and Motors and Controls.

Divisions and Subsidiaries:

Kin-Tech Division
Anaheim, California
Develops and markets mechanical shock arrestors, restraint equipment and other safety devices for nuclear power plants; manufactures restraint systems, electro-mechanical flight control components, and hydraulic actuators for military and commercial aircraft.

Instrument Division
Silver Spring, Massachusetts
Manufactures instruments for the measurement and control of appearance properties, colorimeters for use in the textile and food markets, and related software; manufactures a line of near-infrared analyzers used in the analysis of agricultural and industrial products to measure proteins, moisture, fiber, oil and similar components in organic substances; also manufactures electro-optical instruments that measure size and distribution of particles in fluids, air and powders.

IMEC Corp.
Boston, Massachusetts
Produces electronic controllers for the robotic, machine tool, and process machinery markets

Bellfab Division
Daytona Beach, Florida
Manufactures welded and formed metal bellows, and mechanical seals.

Motor & Control Division
Rockford, Illinois
Manufactures low inertia, permanent magnet DC and brushless motors.

Electro Kinetics Division
Santa Barbara, California
Manufactures AC and DC generators and electromechanical actuators.

Pacific Scientific, Ltd
Bucks, England

Pacific Scientific ATG, Ltd.
Bourne End, England

Pacific Scientific, GmbH
Leonberg, West Germany

Pacific Scientific, S.A.R.L.
Palaiseau, France

Pacific Scientific International Sales Corp.
St. Thomas, U.S. Virgin Islands

Sigma Instruments, Inc.
Braintree, Massachusetts
Designs, manufactures and markets electrical and electromechanical products for electric utilities and other industries, as well as stepping motors and associated electronics systems for automation applications.

Sigma de Puerto Rico
Hatillo, Puerto Rico

HTL Industries, Inc.
Duarte, California
Manufacturers fire detection and suppression equipment, alternators, pneumatic and electro-mechanical actuators, and other aerospace components.

HTL Caribe, Inc.
Luquillo, Puerto Rico

HTL Energy Systems Division
Chandler, Arizona

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): New York, Midwest

Ticker Symbol: PSX

Number of Employees:

1987	1,902	1984	1,057
1986	856	1984	728
1985	935		

Plant Footage:

1987	770,000 sq. ft.	1984	448,000
1986	409,000	1983	290,000
1985	448,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 156,988,000	$ 4,447,000
1986	86,085,000	2,840,000
1985	86,062,000	5,699,000
1984	88,912,000	7,000,000
1983	78,996,000	10,846,000

	No. of Com. Shares	Earn. per Share
1987	5,504,000	$ 0.80
1986	5,500,000	0.52
1985	5,420,000	1.05
1984	5,411,000	1.29
1983	5,346,000	1.98

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Advanced Technology	$ 76,938	$ 30,454
Electronic instruments	55,315	33,922
Motors & controls	24,735	22,709
Total	$ 156,988	$ 86,085

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.38	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 61,281,000	$ 11.13
1986	58,650,000	10.66
1985	57,463,000	10.60
1984	53,879,000	9.96
1983	48,480,000	9.07

Income Account *
(000's)

Year ended	12/25/87	12/26/86
Net sales	$ 156,988	86,085
Cost of sales	101,110	52,615
Expenses	46,724	29,179
Interest expense	3,332	2,318
Interest income	(816)	(2,907)
Cost of instrument div. consol	—	1,200
Income before taxes	$ 6,638	$ 3,680
Income taxes	2,191	840
Net Income	$ 4,447	$ 2,840

* Included in Costs and Expenses, Depreciation and Amortization: $6,557,000 in 1987 and $4,725,000 in 1986.

Assets
(000's)

As of	12/25/87	12/26/86
Cash & short-term invest.	$ 2,038	$ 36,282
Trade receiv., net	34,049	17,074
*Inventories	41,384	23,737
Prepaid expenses	3,514	2,281
Current Assets	$ 81,185	$ 79,374
#Fixed assets	24,759	15,262
Other assets	30,526	7,525
Total Assets	$ 136,470	$ 102,161

Liabilities
(000's)

Short-term borrowings	$ 12,016	—
Accts. payable	13,509	6,697
Accrued payroll	6,514	2,215
Other liab.	7,961	3,048
Curr. Liabilities	$ 40,000	$ 11,960
Long-term debt	29,955	27,537
Deferred income taxes	1,434	1,844
Accrued benefit plan	3,770	2,170
+ Common stock	5,504	5,500
Add. paid-in capital	4,486	4,099
Retained earnings	51,291	49,051
Total Liabilities & Shareholders' Equity	$ 136,470	102,161

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.23	4.27
%Net Income to Sales	2.83	3.30
%Net Income to Equity	7.26	4.84
Sales to Inventories	3.79	3.63
Debt to Equity	0.69	0.47
Working Capital	$ 41,185,000	$ 67,414,000
Current Ratio	2.03	6.64
Shareholders' Equity	$ 61,281,000	$ 58,650,000

Panelgraphic Corporation

10 Henderson Drive
West Caldwell, New Jersey 07006
(201) 227-1500

Officers: Edward E. Finney, chairman of the board & president; Stewart Nellis, v.p.-marketing & sales; John Dexter, secretary & general counsel; Darryl W. Brinton, v.p. & technical director; James M. Johnson, v.p.-operations & treasurer.

Directors: Edward E. Finney, chairman; Henry Avery, William E. Kuhar, John H. Killion.

Areas of Work: Prodcom specialty coatings for plastics. The company has developed a series of high-performance transparent coatings to achieve a marked upgrading of engineering plastics to create high value-added composites.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	N.A.	1984	N.A.
1986	85	1983	100
1985	85		

Plant Footage:

1987	N.A.	1984	N.A.
1986	50,000 sq. ft.	1983	50,000
1985	50,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 4,747,000	$ 418,674
1986	4,55[illegible]	(48,697)
1985	4,399,[illegible]	(53,063)
1984	3,938,0[illegible]	82,562
1983	3,968,0[illegible]	154,386

	No. of Com. Shares #	Earn. Per Share #
1987	[illegible]	0.64
1986	[illegible]	—
1985	[illegible]	—
1984	646,977	0.13
1983	649,977	0.25

(Loss)
Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	15%&25%	—.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 1,152,380	$ 1.77
1986	733,706	1.13
1985	782,403	1.20
1984	832,653	1.28
1983	790,091	1.15

Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account*

Year ended Aug. 31	1987	1986
Revenue	$ 4,747,228	$ 4,553,767
Cost of sales	2,858,569	2,960,299
Expenses	1,650,519	1,552,106
Interest expense	69,466	90,059
Other income	(250,000)	—
Net Income (loss)	$ 418,674	$ (48,697)

* Included in Costs and Expenses, Depreciation and Amortization: $83,790 in 1987 and $91,777 in 1986.

Assets

As of Aug. 31	1987	1986
Cash	$ 349,614	$ 35,184
Accts. receiv., net	658,995	734,654
*Inventories	401,004	462,456
Prepaid expenses	29,637	23,937
Current Assets	$ 1,439,250	$ 1,256,231
#Fixed assets	695,093	713,779
Defer. expenses	15,301	30,339
Total Assets	$ 2,149,644	$ 2,000,349

Liabilities

Long-term debt, curr.	$ 17,969	$ 50,182
Accts. payable	266,784	380,639
Accrued expenses	174,916	170,239
Curr. Liabilities	$ 459,649	$ 601,060
Notes payable	503,195	631,163
Deferred inc. taxes	34,420	34,420
+Common stock	52,144	45,341
Add. paid-in capital	490,510	293,220
Retained earnings	609,726	395,145
Total Liabilities & Shareholders' Equity	$ 2,149,644	$ 2,000,349

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Sales	8.82	—
%Net Income to Equity	36.33	—
Sales to Inventories	11.84	9.85
Debt to Equity	0.45	0.93
Working Capital	$ 979,601	$ 655,171
Current Ratio	3.13	2.09
Shareholders' Equity	$ 1,152,380	$ 733,706

Paradyne Corporation

8550 Ulmerton Road
P.O. Box 1347
Largo, Florida 34649-1347
(813) 530-2000

Officers: Paul J. Ferri, chairman & chief exec. officer; George B. Prouty, sr. v.p.; Fred T. Melberg, exec. v.p. & chief operating officer; Cletus L. Gerdenhour, sr. v.p.-engineering; James L. Slattery, sr. v.p., secretary & general counsel; Peter A. Guglielmi, v.p.-finance & treasurer; John A. Koehler, sr. v.p.; John K. Mullaney, v.p.-sales & marketing; H. Edward Thompson, v.p.-operations; F. Selby Wellman, v.p.-sales & marketing; Barry H. Black, asst. treasurer; Douglas P. Hotchkiss, controller.

Directors: Paul J. Ferri, chairman; Henry H. Greer, J. Thomas Lawson, James K. Taggart, William F. Souders.

Areas of Work: Designs, manufactures, markets, and services medium and high speed data communications equipment. The two principal product lines include: Modems and Analysis systems to allow transmission of computer information over telephone lines and PIX systems designed to communicate between remote peripheral devices and IBM computers.

Subsidiaries:

Paradyne Canada, Ltd.
100 York Boulevard, Suite 200
Richmond Hill, Ontario L4B 1J8 Canada
(416) 494-0453

Ark Electronic Products, Inc.
P.O. Box 2169
Melbourne, Florida 32902-2169
(305) 724-5260

Paradyne U.K. Ltd.
Paradyne House, 14 Upton Rd.
Watford, Hertfordshire WD1 7EP England
44 (923) 55550

Paradyne Far East Corporation
Bank of America Tower
Suite 3403
12 Harcourt Road
Central, Hong Kong
852-5-243148

Paradyne Japan, KK
WAKO Number 15, Building 8
1-Chome Honcho, Nihonbashi
Chuo-Ku, Tokyo, Japan
81-3-345-0431

Solid State Circuits, Inc.
3300 South Golden Avenue
Springfield, Missouri 65807
(417) 887-0823

Transfer Agent(s):

State Street Bank & Trust Company
225 Franklin Street
Boston, Massachusetts 02101

Stock Exchange(s): New York

Ticker Symbol: PDN

Number of Employees:

1987	3,115	1984	4,042
1986	3,457	1983	3,652
1985	3,749		

Plant Footage:

1987 ..... 709,500 sq. ft. 1986 709,500

Sales & Earnings

	Revenue	Net Income
1987	$ 232,568,000	$ (2,608,000)
1986	261,109,000	(38,461,000)
1985	252,529,000	(31,182,000)
1984	299,981,000	11,048,000
1983	208,959,000	3,652,000

	No. of Com. Shares†	Earn. per Share†
1987	22,932,000	$ —
1986	22,790,000	—
1985	22,589,000	—
1984	22,515,000	0.49
1983	22,397,000	0.16

(Loss)
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 144,368,000	$ 6.30
1986	146,043,000	6.42
1985	184,167,000	8.15
1984	213,763,000	9.49
1983	199,819,000	8.94

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 153,757	$ 184,585
Other income	78,811	76,524
Total revenues	$ 232,568	$ 261,109
Cost of sales & revenues	149,157	184,408
Expenses	84,975	101,183
Interest expense	9,588	12,818
Other income	(10,307)	(8,679)
Unusual items	—	9,000
Loss before taxes	$ (945)	$ (37,621)
Income taxes	1,663	840
Net Loss	$ (2,608)	$ (38,461)

* Included in Costs and Expenses, Depreciation and Amortization: $25,999,000 in 1987 and $26,016,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & cash invest.	$ 43,531	$ 30,784
Accts. receiv., net	53,303	60,353
Install. receiv.	9,686	21,649
*Inventories	58,681	60,652
Prepaid expenses	6,343	5,756
Current Assets	$ 171,547	$ 179,194
Install. receiv.	10,526	15,932
Field support spares	13,115	18,430
#Equip. on oper. leases	2,914	5,607
#Fixed assets	56,847	62,172
Other assets	8,322	6,584
Total Assets	$ 263,271	$ 287,919

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 9,781	$ 6,940
Accts. payable	12,583	11,640
Accruals	17,314	26,790
Income taxes	4,095	3,147
Curr. Liabilities	$ 43,773	$ 48,517
Long-term debt	75,130	93,221
Def. maint. rev.	—	138
+ Common stock	2,305	2,282
Add. paid-in stock	145,896	144,949
Retained earnings (deficit)	(1,803)	805
Cum. trans. adjust.	(2,030)	(1,993)
Total Liabilities & Shareholders' Equity	$ 263,271	$ 287,919

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.62	3.04
Debt to Equity	0.59	0.69
Working Capital	$ 127,774,000	$ 130,677,000
Current Ratio	3.92	3.69
Shareholders' Equity	$ 144,368,000	$ 146,043,000

Park Electrochemical Corp.

5 Dakota Drive
Lake Success, New York 11042
(516) 354-4100

Officers: Jerry Shore, chairman, chief executive officer and president; E. Philip Saunders, exec. v.p.; Stanley H. Randall, v.p.; Harry Linzer, v.p. & secretary; Allen Levine, controller; Joseph A. Gennuso, treasurer.

Directors: Anthony Chiesa, Jerry Shore, Norman M. Schneider, Brian E. Shore, Lloyd Frank.

Areas of Work: Engaged in the design, manufacture and marketing of electronic materials and components, plumbing hardware, and industrial components. The electronic products include sophisticated multilayer circuitry materials used in electronic interconnections, as well as front panels and nameplates, for use in electronic equipment. The plumbing hardware products include bath spouts, shower heads, kitchen hose and spray head units, and faucets manufactured for original equipment manufactures, hardware and plumbing wholesalers and home improvement centers. The industrial components consist of decorative hardware used primarily by manufacturers of household appliances and automobiles.

Divisions and Subsidiaries:

New England Laminates Co., Inc.
3 Elm Street
Walden, New York 12586

Zin-Plas Corporation
25 North Park Street
Comstock Park, Michigan 49321

Dielectric Polymers, Inc.
218 Race Street
Holyoke, Massachusetts 01040

Nelco Products, Inc.
1411 E. Orangethorpe Avenue
Fullerton, California 92631

New England Laminates (U.K.) Limited
1 Paddock Road
Skelmersdale, Lancashire, United Kingdom

Grand Rapids Die Casting Corp.
Grand Rapids, Michigan

Nelco Technology, Inc.
Tempe, Arizona

Nelco GmbH
Stuttgart, West Germany

Nelco, S.A.
Mirebeau-sur-Beze, France

Nelco Products Pte. Ltd.
Jurong, Singapore

FiberCote Industries, Inc.
Waterbury, Connecticut

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: PKE

Number of Employees:

1988	1,170	1985	950
1987	1,000	1984	850
1986	935		

Sales & Earnings

	Net Sales	Net Income
1988	$ 126,136,000	$ 7,030,000
1987	102,777,000	5,885,000
1986	87,786,000	4,380,000
1985 °	92,587,000	7,250,000
1984	73,183,000	5,252,000

	No. of Com. Shares #	Earn. per Share #
1988	5,160,000	$ 1.36
1987	5,156,000	1.14
1986	5,151,000	0.85
1985	5,141,000	1.41
1984	4,785,000	1.10

° 53 weeks.
Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business
(000's)

	1988	1987
Electronics	$ 106,976	$ 81,091
Plumbing hardware	16,887	16,145
Industrial components	4,273	5,541
Total	$ 126,136	$ 102,777

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 60,571,000	$ 11.74
1987	52,870,000	10.25
1986	46,796,000	9.09
1985	41,339,000	8.04
1984	34,798,000	7.27

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account °

Year ended	2/28/88	3/1/87
Net sales	$ 128,136,000	$ 102,777,000
Cost of sales	100,916,000	81,762,000
Expenses	16,457,000	13,510,000
Interest expense (income)	517,000	(558,000)
Income before taxes	$ 10,246,000	$ 8,063,000
Income taxes	3,216,000	2,178,000
Net income	$ 7,030,000	$ 5,885,000

° Included in Costs and Expenses, Depreciation and Amortization: $4,341,000 in 1987 and $3,787,000 in 1986.

Assets

As of	2/28/88	3/1/87
Cash	$ 56,479,000	$ 56,202,000
Accts. receiv., net	24,955,000	18,803,000
°Inventories	11,492,000	17,009,000
Prepaid & other assets	1,697,000	2,057,000
Current Assets	$ 94,623,000	$ 87,071,000
#Fixed assets	29,220,000	26,616,000
Other assets	2,523,000	2,580,000
Total Assets	$ 126,366,000	$ 116,267,000

Liabilities

Bank loans & notes payable	$ 2,959,000	$ 4,355,000
Long-term debt, curr.	270,000	590,000
Accts. payable	13,709,000	11,008,000
Accruals	5,447,000	4,219,000
Income taxes	2,271,000	1,269,000
Curr. Liabilities	$ 24,656,000	$ 21,441,000
Long-term debt	35,638,000	37,070,000
Deferred inc. taxes	5,501,000	4,886,000
+Common stock	518,000	516,000
Add. paid-in. capital	17,277,000	17,211,000
Retained earnings	40,161,000	33,906,000
Cum. trans. adj.	2,615,000	1,237,000
Total Liabilities & Shareholders' Equity	$ 126,366,000	$ 116,267,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.00	7.85
%Net Income to Sales	5.49	5.73
%Net Income to Equity	11.61	11.13
Sales to Inventories	11.15	10.27
Debt to Equity	0.64	0.70
Working Capital	$ 69,967,000	$ 65,630,000
Current Ratio	3.84	4.06
Shareholders' Equity	$ 60,571,000	$ 52,870,000

Parker Hannifin Corporation

17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Officers: Patrick S. Parker, chairman of the board; Paul G. Schloemer, president & chief exec. officer; Duane E. Collins, v.p. & present-International Sector; Michael J. Hiemstra, v.p.-finance & administration & chief financial officer; James P. Mackler, v.p. & president-Fluidpower; Robert H. Rau, v.p. & president-Aerospace; William D. Wilkerson, v.p. and technical director; Dennis W. Sullivan, exec.v.p.& chief operating/exec.-Industrial & Automotive Aftermarket Sector; John L. Hanson, v.p. human resources; Harold C. Guerrier, Jr., controller; Joseph D. Whiteman, v.p. general counsel & secretary; Wallace C. Young, treasurer.

Parker Hannifin Corporation

Directors: Allen H. Ford*, Frank A. LePage, Reynold C. MacDonald, Patrick S. Parker*, Scott A. Rogers, Jr., Maurice L. Schwarz, Richard Berton*, John G. Breen, Robert H. Cannon, Jr., Paul G. Schloemer*, Dennis W. Sullivan, Allen L. Rayfield, Paul C. Ely, Jr..

* Member of the Executive Committee

Areas of Work: Industrial products include: hydraulic, pneumatic and cryogenic cylinders, valves, control, and filters, hydraulic pumps, accumulators, motors, and power system units, hose, tube and applicable connectors and fittings; sealing devices, worm drive clamps, refrigeration and air conditioning system components. Aviation/Space Marine products include: gas turbine fuel injection control valves and nozzles; precision control valves for cryogenic and conventional fuels; valves for pressurized gases used in space experiments and space craft altitude jets; hydraulic valves. Automotive products include: worm drive clamps; thermostats; windshield wiper blades and refills; windshield washer pumps; turn signal and hazard warning flashers, mirrors, radio antennas; air conditioner fittings, hose assemblies; receiver-dryers, valves couplers and mufflers; grease guns; oilers; tire valves, gauges and hardware; air line couplers; blow guns; seals; disc and drum brake fluids and components; biomedical products.

Operating Groups:

Parker Bertea Aerospace Group
18321 Jamboree Boulevard
Irvine, California 92715
(714) 833-3000

Automatic Aftermarket Group
707 Skokie Boulevard
Suite 500
Northbrook, Illinois 60062
(312) 272-9600

Biomedical Group
17352 Von Karman Avenue
Irvine, California 92714
(714) 851-3357

Fluid Connectors Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Fluid Connectors Group - Europe
Star House
P.O. Box 192
69/71 Clarendon Road
Watford WD1 1DQ Herts, England

Fluidpower Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Fluidpower Group - Europe
Parker Hannifin N.M.F. GmbH
Gauteamender Strasse 42
D5 Koln 60, West Germany

Intercontinental East Group
Intercontinental West Group
17325 Euclid Avenue
Cleveland, Ohio 44112
(216) 531-3000

Parker Nichols Group
48 World Avenue
Waltham, Massachusetts 02254
(617) 894-0650

Refrigeration Components Group
270 Holbrook Drive
Wheeling, Illinois 60090
(312) 459-1411

Seal Group
18321 Jamboree Boulevard
Irvine, California 92719
(714) 833-3000

Seal Group - Europe
Parker-Pradifa GmbH
Postfach 328
D-7120 Bietigheim-Bissingen, West Germany

Subsidiaries:

United Aircraft Products, Inc.
Manufactures heat transfer components primarily for the aerospace market.

Compumotor Corporation
Manufactures electronic components and systems used to control motion.

Metal Bellows Corporation
Manufactures precision welded bellows, pumps, accumulators and fabricated assemblies for aerospace and other high technology applications.

Spaulding Instruments Inc.
Manufactures sophisticated electromechanical encoders.

Parker Digiplan
Manufactures electronic drives and controls for a variety of microstep and linear-step motors.

Commercial Filters
Manufactures cartridge filters and wound filter elements.

Schrader Bellows Inc.
Manufactures pneumatic products and automation systems for domestic and international markets.

Transfer Agent(s):

AmeriTrust Company N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: PH

Number of Employees:

1987	27,608	1984	22,692
1986	26,564	1983	19,582
1985	23,616		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	$ 1,876,556	$ 85,178
1986	1,730,248	88,187
1985	1,504,226	84,059
1984	1,345,795	75,257
1983	1,121,165	33,587

	No. of Com. Shares +	Earn per Share #
1987	45,540,000	$ 1.88
1986	45,137,000	1.98
1985	44,355,000	1.91
1984	43,044,000	1.76
1983	42,462,000	0.80

+ Adjusted to reflect stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Industrial	$ 1,086,718	$ 967,457
Aviation Space/Marine	553,253	457,623
Automotive	240,114	306,552
Intersg. sales	(3,529)	(1,384)
Total	$ 1,876,556	$ 1,730,248

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.80	—	—
1986	0.76	—	3-for-2
1985	0.73	—	—
1984	0.69	—	—
1983	0.65	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total equity	Equity Per Share+
1987	$ 751,568,000	$ 16.50
1986	672,186,000	14.89
1985	594,823,000	13.41
1984	536,135,000	12.46
1983	487,695,000	11.48

+ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 1,876,556	$ 1,730,248
Cost of sales	1,438,765	1,316,243
Expenses	259,122	237,195
Interest expense	30,137	23,960
Interest & other expense (income)	394	(3,310)
Loss (gain) on disposal of assets	(8,524)	746
Income before taxes	$ 156,662	$ 155,422
Income taxes	71,484	67,235
Net income	$ 85,178	$ 88,187

* Included in Costs and Expenses, Depreciation: $66,508,000 in 1987 and $54,303,000 in 1986.

Assets (000's)

As of June 30	1987	1986
Cash & cash equiv.	$ 17,212	$ 18,247
Accts. Receiv., net	276,260	267,735
*Inventories	410,521	411,195
Prepaid expenses	48,855	15,252
Current Assets	$ 752,848	$ 712,429
Investments & other assets	39,417	33,270
#Fixed assets	583,828	515,358
Intangibles	49,572	8,601
Total Assets	$ 1,425,665	$ 1,269,658

Liabilities (000's)

Notes payable	$ 69,114	$ 79,812
Accts. payable	99,312	100,169
Accrued payroll	53,971	47,153
Accrued taxes	44,908	36,644
Other accruals	84,606	81,763
Current Liabilities	$ 351,911	$ 345,541
Long-term debt	270,918	207,756
Deferred inc. taxes	51,268	44,175
+Common stock	22,770	22,569
Add. paid-in capital	116,995	110,254
Retained earnings	610,779	561,876
For. curr. trans. adj.	1,024	(22,513)
Total Liabilities & Shareholders' equity	$ 1,425,665	$ 1,269,658

* At lower of cost or market. Majority of domestic inventories stated at LIFO; remainder at FIFO.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.35	8.98
%Net Income to Sales	4.54	5.10
%Net Income to Equity	11.33	13.12
Sales to Inventories	4.57	4.21
Debt to Equity	0.45	0.43
Working Capital	$ 400,937,000	$ 366,888,000
Current Ratio	2.14	2.06
Shareholders' Equity	$ 751,568,000	$ 672,186,000

The Penn Central Corporation

One East Fourth Street
Cincinnati, Ohio 45202
(513) 579-6600

Officers: Carl H. Lindner, chairman of the board & chief executive officer; Ronald F. Walker, president & chief operating officer; Neil M. Hahl, sr. v.p.; Robert W. Olson, sr. v.p., general counsel & secretary; David H. Street, sr. v.p.-finance; James E. Schwab, v.p.; Robert J. Siverd, v.p. & associate general counsel; Robert F. Amory, controller; Philip A. Hagel, treasurer; Denis R. Brown, pres.-Penn Central Telecommunications Company; Gilbert F. Decker, pres.-Penn Central Federal Systems Company; Ray R. Seegmiller, pres.-Marathon Manufacturing Companies.

Directors: Carl H. Lindner*, chairman; Richard Dicker, A. Leon Ferguson, John W. Ingraham, Ronald F. Walker*, Thomas M. Hunt, John H. Williams*, Alfred W. Martinelli*, James E. Evans, S. Craig Lindner, Hugh F. Culverhouse.

* Member of the Executive Committee

Areas of Work: The company manufactures products and supplies services in the following areas: defense, telecommunications, and energy.

Divisions and Subsidiaries:

Penn Central Federal Systems Company
Alexandria, Virginia
(703) 739-2400

Penn Central Technical Security Company
Marlton, New Jersey
(609) 983-0909
Design, engineering and installation of complex security systems.

Vitro Services Corporation
Ft. Walton Beach, Florida
(904) 244-7711
Manufacture of precision tracking and meteorological radar systems.

QualCorp, Inc.
Danbury, Connecticut
(203) 796-5000
Provides engineering, technical services, quality assurance and quality control instruments, systems and services through the following units: Automation Industries Pty. Ltd., Automation Systems, Conam Inspection, Nuclear Energy Services, Sperry Products and Sperry Rail Service.

Vitro Corporation
Silver Spring, Maryland
(301) 231-1000
Systems and software engineering for the design, coordination and integration of components into unified and effective weapons systems for the U.S. Navy.

Penn Central Telecommunications Company
Woodcliff Lake, New Jersey
(201) 573-8200
Manufactures and markets a broad range of wire and cable products for voice, data, and electrical transmission. Other products include high-performance connectors for defense applications and installation and monitoring equipment for communications networks.

General Cable Company
Woodbridge, New Jersey
(201) 636-3500
Manufacture of wire and cable and related products for the telecommunications market.

General Cable International
Woodcliff Lake, New Jersey
(201) 573-8200
Manufacture of wire and cable related products for the telecommunications market through foreign equity investments in Brazil, Colombia, Venezuela and Spain.

Gulf Energy Development Corporation
San Antonio, Texas
(512) 340-4070
Natural gas gathering, processing and marketing.

Marathon Manufacturing Companies
Houston, Texas
(713) 659-7444

Marathon Battery Company
Waco, Texas
(817) 776-0650
Manufacture of nickel-cadmium and magnesium batteries.

Marathon Alcad Limited
Redditch, Worcestershire, England
011-44527623S1
Manufacture of nickel-cadmium batteries.

Marathon Flite-Tronics Company
Burbank, California
(818) 841-3210
Manufacture of static inverters.

Marathon LeTourneau Company
Houston, Texas
(713) 659-7444
Manufacture of mobile offshore oil and gas drilling rigs and components; marine repair and parts services; manufacture of heavy equipment.

Marathon LeTourneau Offshore Pte. Ltd.
Republic of Singapore
011-65-8612744
Manufacture of mobile offshore oil and gas drilling rigs and components; marine repair and parts services.

Oilfield Services Companies
Houston, Texas
(713) 659-7444

Butler-Johnson, Inc.
Shreveport, Louisiana
(318) 226-0731
Contract oil and gas drilling.

Cubby Drilling, Inc.
Midvale, Ohio
(614) 922-9431
Contract oil and gas drilling.

Western Oil Well Service Co.
Billings, Missouri
(406) 245-7109
Oil well service and workover.

Willis Drilling Co. Inc.
Edinburg, Texas
(512) 383-3888

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Philadelphia, Pacific

Ticker Symbol: PC

Number of Employees:

1987	15,700	1984	34,500
1986	24,300	1983	34,700
1985	34,500		

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,421,400,000	$ 36,200,000
1986	1,938,800,000	154,200,000
1985	2,035,200,000	110,800,000
1984	1,998,000,000	170,000,000
1983	2,110,600,000	19,700,000

	No. of Com. Share	Earn. per Share #
1987	35,694,533	$ 0.46
1986	39,131,651	1.92
1985	40,292,870	1.38
1984	40,029,864	1.91
1983	31,845,120	—

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Diversified industries	$ 144,500	$ 364,400
Telecommunications	709,200	654,800
Federal systems	407,000	367,600
Energy	160,700	552,000
Total	$ 1,421,400	$ 1,938,800

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,656,900,000	$ 23.21
1986	2,092,200,000	26.73
1985	1,825,900,000	22.66
1984	1,619,200,000	20.23
1983	1,441,400,000	18.26

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 1,502,500	$ 2,449,600
Cost of sales	792,900	1,047,200
Oper. expenses	396,700	478,300
Depreciation & amortization	49,600	86,300
Gen. & adm. expenses	86,600	127,300
Div. & interest income	14,800	33,400
Interest & debt expense	14,800	16,100
Other expense (income)	21,300	(41,600)
Income taxes	70,400	272,300
Income before taxes	$ 55,200	$ 428,300
Income taxes	20,400	184,300
Inc. - cont. oper.	$ 34,800	$ 244,100
Inc. (loss) - discont. oper.	1,400	(89,900)
Net Income	$ 36,200	$ 154,200

Assets
(000's)

As of Dec. 31	1987	1986
Cash & temp. invest.	$ 1,072,000	$ 1,070,800
Receivables, net	319,200	243,000
*Inventories	218,200	192,800
Prepaid expenses	25,600	21,900
Current Assets	$ 1,635,000	$ 1,528,500
Investments	332,400	408,400
#Fixed assets	345,100	371,300
Other assets	64,000	32,700
Intangibles	116,400	124,300
Net assets - discont. oper.	—	321,900
Total Assets	$ 2,492,900	$ 2,787,100

Liabilities (000's)

Long-term debt, curr.	$ 7,800	$ 14,600
Bank borrowings	2,600	5,400
Accts. payable	122,700	109,100
Other curr. liab.	287,400	264,000
Curr. Liabilities	$ 420,500	$ 393,100
Long-term debt	188,900	64,900
Other liab.	155,200	181,000
Minority interest	38,800	23,000
Deferred inc. taxes	32,600	32,900
+ Common stock	52,200	52,000
Add. paid-in capital	1,852,800	1,814,000
Retained earnings	428,200	737,000
Treasury stock	(676,300)	(510,900)
Total Liabilities & Shareholders' Equity	$ 2,492,900	$ 2,797,100

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	2.18	7.37
Sales to Inventories	6.89	12.71
Debt to Equity	0.12	0.04
Working Capital	$ 1,214,500,000	$ 1,135,400,000
Current Ratio	3.89	3.89
Shareholders' Equity	$ 1,656,900,000	$ 2,092,200,000

Penril Corp.

5520 Randolph Road
Rockville, Maryland 20852
(301) 881-8151

Officers: Henry D. Epstein, chairman, president & chief exec. officer; Harry O. Christenson, exec. v.p. & chief operating officer; James A. McCoy, v.p. finance; Vito L. Greco, v.p. & gen. mgr.-Electro-Metrics Division; John D. Phillips, v.p. & gen. mgr.-Technipower; David L. Johnson, v.p. & gen. mgr.-Data Communications Division.

Directors: Henry D. Epstein, chairman; Dennis B. Heffernan, Alva T. Bonda, Richard D. Margolis, Harry O. Christenson, James S. Rice, John P. Lowe, Jr..

Areas of Work: Designs, manufactures and markets data communications equipment, electronic test and measurement instruments, electronics power supplies and electronic power conversion equipment.

Divisions and Subsidiaries:

Data Communications Division
207 Perry Parkway
Gaithersburg, Maryland 20877-2197
(301) 921-8600
Designs, manufacturers and markets data communications networking products, including a complete line of modems.

Electro-Metrics Division
100 Church Street
Amsterdam, New York 12010-4299
(518) 843-2600
Manufacturers test instruments for measurement of RFI/EMI (radio frequency and other electromagnetic interference).

Technipower Division
Commerce Drive
Commercial Industrial Park
Danbury, Connecticut 06810-9990
(203) 748-7001
Manufacturers power conversion equipment including high reliability encapsulated power supplies, auto transformers and voltage regulators.

Allnet Division
2125 Stonington Avenue
Hoffman Estates, Illinois 60195-2016
(312) 519-0900
Develops automotive test equipment.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: PNL

Number of Employees:

1987 440
1986 1,150
1985 ..... N.A
1984 1,250
1983 950

Plant Footage:

1987 ..... 152,060 sq. ft.
1986 166,170
1985 ..... N.A.
1984 400,000
1983 245,000

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1987	$ 37,998,000	$ (11,038,000)
1986	31,835,000	(11,777,000)
1985	30,284,000	39,000
1984	30,403,000	2,470,000
1983	26,873,000	1,447,670

	No. of Com. Shares #	Earn per Share #
1987	$ 2,194,000	$ —
1986	2,146,000	—
1985	2,150,000	0.02
1984	2,092,000	1.18
1983	2,018,195	0.72

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.10	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.17	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,816,000	$ 0.83
1986	11,166,000	5.20
1985	22,888,000	10.65
1984	22,757,000	10.88
1983	19,954,286	9.89

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended July 31	1987	1986
Net sales & revenues	$ 37,998,000	$ 31,835,000
Cost of sales	21,806,000	17,996,000
Expenses	14,970,000	14,087,000
Interest expense	1,887,000	2,854,000
Realized loss on sale of invest.	—	1,825,000
Interest income	(203,000)	(695,000)
Other expense	923,000	27,000
Loss bef. taxes	$ (1,385,000)	$ (4,259,000)
Tax credit	—	(808,000)
Loss-cont. oper.	$ (1,385,000)	$ (3,451,000)
Loss-discont. oper	(9,653,000)	(8,326,000)
Net Loss	$ (11,038,000)	$ (11,777,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,090,000 in 1987 and $2,298,000 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 678,000	$ 889,000
Accts. receiv., net	9,112,000	8,928,000
Tax refund receiv.	172,000	1,566,000
*Inventories	8,662,000	9,916,000
Other assets	444,000	539,000
Current Assets	$ 19,068,000	$ 21,838,000
Net assets of discont. oper.	8,990,000	25,551,000
#Fixed assets	4,390,000	4,681,000
Other assets & intangibles	1,777,000	1,835,000
Total Assets	$ 33,525,000	$ 53,905,000

Liabilities

Long-term debt, curr.	$ 66,000	$ 581,000
Due to bank under loan agrm.	7,191,000	16,863,000
Accts. payable	3,916,709	3,612,000
Banker's acceptances	—	854,000
Accrued comp.	1,306,000	1,479,000
Accrued interest	204,000	1,411,000
Other expenses	1,556,000	1,849,000
Curr. Liabilities	$ 14,137,000	$ 26,649,000
Long-term debt	17,203,000	15,650,000
Other liabilities	369,000	440,000
+ Common stock	23,000	22,000
Add. paid-in capital	14,066,000	13,139,000
Retained earnings (def.)	(11,767,000)	(730,000)
Note receiv.	(610,000)	(1,340,000)
Foreign curr. trans.	105,000	75,000
Total Liabilities & Shareholders' Equity	$ 33,525,000	$ 53,905,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	4.39	3.21
Debt to Equity	9.51	1.45
Working Capital	$ 4,931,000	—
Current Ratio	1.35	—
Shareholders' Equity	$ 1,816,000	$ 11,166,000

Pentron Corporation

(formerly Pentron Industries, Inc.)

3000 Executive Parkway, Suite 236
San Ramon, California 94583
(415) 867-4474

Officers: Paul C. Knauff, chairman & chief exec. officer; Robert H. Chappell, vice chairman; Samuel F. Quartarone, president & chief operating officer; Marc L. Berman, v.p.; Irving Cooper, v.p.; Stephen J. Russo, v.p. & chief financial officer; Elaine A. Wolfe, secretary.

Directors: Paul C. Knauff, chairman; Robert H. Chappell, Marc L. Berman, Irving Cooper, William A. Morse, Edward F. Crawford, Stephen W. Curran, John K. Sands.

Areas of Work: Distributes and markets electronic measuring and testing products to the consumer and industrial automotive aftermarket; electrical power conditioning products to the telecommunications and microcomputer industries; electrical power source protectors to the personal computer industry; electronic home security sensing devices; peripheral information input products and related software for certain personal computers; and head-mounted, battery-operated lights for hands-free use. Also manufactures and markets lithographed metal housewares, large plastic containers and other plastic items.

Divisions and Subsidiaries:

Pentron Products, Inc.
San Jose, California

PTI Industries
Scotts Valley, California

Sparex/VHT Corporation
Gardena, California

Pacific United Company, Inc.
Taiwan, Republic of China

Ice Creations Unlimited, Inc.
Denver, Colorado

Koala Technologies Corporation
Scotts Valley, California
Produces and markets a line of computer digitizing tablets for applications in the graphics and desk-top publishing markets.

Rotational Molding, Inc.
Gardena, California
Manufactures and distributes molded plastic containers.

Transfer Agent(s):

American Stock Transfer Co.
New York, New York

Stock Exchange(s): American

Ticker Symbol: PEN

Number of Employees:

1987	N.A.	1985	144
1986	220		

Plant Footage:

1987	N.A.	1985	211,000
1986	329,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 40,589,000	$ 1,863,600
1986	28,420,000	1,305,200
1985	16,259,490	(864,855)
1984	10,579,432	(1,718,985)
1983	12,560,444	(2,278,256)

	No. of Com. Shares #	Earn. per Share #†
1987	17,527,000	$ 0.11
1986	11,625,000	0.11
1985	4,990,000	—
1984	3,685,748	—
1983	3,230,256	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $965,900 ($0.06 per share) in 1987 and $788,000 ($0.07 per share) in 1986.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 13,938,400	$ 0.80
1986	3,403,100 +	0.29
1985	(1,016,364)	—
1984	(486,374)	—
1983	636,056	0.20

(Deficiency)
+ After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended June 30	1987	1986
Net sales	$ 40,589,000	$ 22,870,200
Cost of sales	22,881,000	11,497,900
Expenses	13,715,900	8,742,700
Interest expense	1,919,800	1,372,500
Other income	(73,900)	(221,100)
Income bef. taxes	$ 2,146,200	$ 1,478,200
Income taxes	1,353,600	924,500
Minority interest	—	36,500
Inc.–cont. oper.	$ 792,600	$ 517,200
Loss–discont. oper.	(272,600)	—
Net Income	$ 520,000	$ 517,200
Extraord. gain	965,900	788,000
Cum. effect of change in accntg. meth.	377,700	—
Net Income & extraord. gain	$ 1,863,600	$ 1,305,200

Assets

As of June 30	1987	1986
Cash	$ 1,349,600	$ 1,156,000
Accts. & notes receiv., net	8,247,900	6,437,700
°Inventories	7,935,100	6,018,300
Prepaid expenses & curr. assets	402,200	284,100
Current Assets	$ 17,934,800	$ 13,896,100
# Fixed assets	2,579,600	2,389,700
Intangibles	15,218,400	12,872,900
Other assets	415,200	278,200
Total Assets	$ 36,148,000	$ 29,436,900

Liabilities

Notes payable	$ 932,300	$ 1,997,200
Long-term debt, curr.	4,727,300	2,210,300
Accts. payable	2,962,300	2,227,200
Accrued liabilities	2,417,100	2,716,200
Curr. Liabilities	$ 11,039,000	$ 9,150,900
Long-term debt	10,689,500	13,489,300
Convert. note	—	1,200,000
Deferred inc. taxes & credits	481,100	396,600
Redem. preferred stock	—	1,436,500
+ Preferred stock	—	360,900
++ Common stock	17,110,900	8,439,200
Retained earnings (deficit)	(3,172,500)	(5,036,100)
Total Liabilities & Shareholders' Equity	$ 36,148,000	$ 29,436,900

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $5 par value; convertible.
++ No par value.

Statistical Summary

% Income bef. Taxes to Sales	—	5.20
% Net Income to Sales	—	1.82
% Net Income to Equity	3.73	13.74
Sales to Inventories	5.12	4.72
Debt to Equity	1.17	4.70
Working Capital	$ 6,895,800	$ 4,745,200
Current Ratio	1.62	1.52
Shareholders' Equity	$ 13,938,400	$ 3,763,600

The Perkin-Elmer Corporation

761 Main Avenue
Norwalk, Connecticut 06859
(203) 762-1000

Officers: Horace G. McDonell, chairman & chief executive officer; Gaynor N. Kelley, president & chief operating officer; Julianne A. Grace, v.p.-administration; C. Wendell Bergere, Jr., v.p., general counsel & secretary; Walter E. Morgan, sr. v.p.-sales & service; Mercade A. Cramer, Jr., sr. v.p. & gen. mgr.-Optical Group; Kenneth E. Davis, sr. v.p.-U.S. operations; David A. Huchital, v.p.-Connecticut operations; Donald L. Haas, v.p.-government systems; Walter E. Quadt, sector exec.-European operations; Peter J. Mumaia, v.p. & sector exec.-applied science & technology; James K. Sims, president & chief exec.-Concurrent Computer Corporation.

Directors: Horace G. McDonnell°, chairman of the board; E. Russell Eggers, J. David Parkinson°, John S. Scott°, James L. Best, Donald R. Melville, Richard F. Tucker°, Joseph H. Abeley, Jr.°, John M. Deutch, Gaynor N. Kelley°, George C. Dacey, Robert H. Hayes, Burnell R. Roberts.

° Member of the Executive Committee

Areas of Work: Products include analytical instruments; semi-conductor processing equipment; minicomputers and software systems; electro-optical systems and precision optics; avionics and missile systems; thermal spray technology; superconductivity technology.

Divisions and Subsidiaries:

Connecticut Operations Sector
Norwalk, Connecticut
Analytical instruments and semiconductor processing equipment.

Superconductor Operations Center
Westbury, New York

Sales and Service Sector
Norwalk, Connecticut

Bodenseewerk Perkin-Elmer and Co., G.m.b.H.
Uberlingen, West Germany

Perkin-Elmer Limited
Beaconsfield, England and Llantrisant, Wales

The Perkin-Elmer Corporation

Concurrent Computer Corporation (82%-owned)
32-bit minicomputers and computer software systems.

Electron Beam Technology Division
Hayward, California

Perkin-Elmer Censor
Vaduz, Liechtenstein

Applied Science Division
Pomona, California

Space Science Division
Danbury, Connecticut

Systems Operations Division
Danbury, Connecticut

MRJ, Inc.
Fairfax, Virginia

Metco Division
Westbury and Hicksville, New York

Bodenseewerk Geratetechnik G.m.b.H.
Ueberlingen, West Germany
Avionic instruments and missile systems.

Physical Electronics Division
Eden Prairie, Minnesota

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Pacific

Ticker Symbol: PKN

Number of Employees:

1987	14,119	1984	15,480
1986	14,581	1983	14,372
1985	15,515		

Plant Footage:

1987 ..... 5,886,672 sq. ft. 1986 4,337,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,333,610,000	$ (18,178,000)
1986	1,290,558,000	72,572,000
1985	1,304,612,000	82,133,000
1984	1,182,256,000	66,088,000
1983	1,015,402,000	50,242,000

	No. of Com. Shares†	Earn. per Share†
1987	45,095,000	$ —
1986	45,186,000	1.61
1985	44,650,000	1.84
1984	44,486,000	1.49
1983	43,671,000	1.15

† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Instrument group	$ 416,100	$ 362,600
Semiconductor equipment group	208,300	250,500
Concurrent computer corp.	242,900	244,800
Optical group	167,800	183,800
Materials & surface tech. group	168,100	150,400
Gerastetechnik	164,700	126,700
Inter-segment	(28,300)	(28,200)
Total	$ 1,333,600	$ 1,290,600

Common Stock

		Qtrly. Dividend	Stock Split
1987	$ 0.60	—	—
1986	0.59	—	—
1985	0.545	—	—
1984	0.50	—	—
1983	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 695,628,000	$ 15.43
1986	705,748,000	15.62
1985	619,328,000	13.87
1984	562,702,000	12.65
1983	515,245,000	11.80

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended July 31	1987	1986
Net sales	$ 1,333,610	$ 1,290,558
Cost of sales	759,772	726,975
Expenses	479,552	445,136
Interest expense	19,731	19,401
Interest income	(15,725)	(14,472)
Other expense (income)	9,586	(446)
Gain on sale	—	(5,600)
Prov. for restruc. oper.	74,025	7,275
Income before taxes	$ 6,669	$ 112,289
Income taxes	24,847	39,717
Net income (loss)	$ (18,178)	$ 72,572

* Included in Costs and Expenses, Depreciation and Amortization: $58,748,000 in 1987 and $48,812,000 in 1986.

Assets

As of July 31	1987	1986
Cash & other short-term invest.	$ 161,011	$ 188,252
Accts. receiv., net	365,528	356,705
°Inventories	376,967	429,184
Prepaid expenses & other assets	82,643	58,745
Current Assets	$ 986,149	$ 1,032,886
Marketable securities & time deposits	57,765	34,831
#Fixed assets	285,873	262,851
Other assets	70,044	68,045
Total Assets	$ 1,399,831	$ 1,398,613

Liabilities
(000's)

Loan payable	$ 157,828	$ 172,889
Accts. payable	127,485	106,909
Accrued payroll	52,237	66,480
Income taxes	32,892	46,959
Other accruals	147,382	103,721
Curr. Liabilities	$ 517,824	$ 496,958
Long-term debt	47,488	84,773
Other liabilities	94,088	72,092
Minority interest	44,803	39,042
+ Common stock	45,350	44,876
Add. paid-in capital	119,795	110,473
Retained earnings	503,357	548,593
Trans. adjustment	27,126	1,806
Total Liabilities & Shareholders' Equity	$ 1,399,831	$ 1,398,613

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.50	8.70
%Net Income to Sales	—	5.62
%Net Income to Equity	—	10.28
Sales to Investment	3.54	3.01
Debt to Equity	0.07	0.12
Working Capital	$ 468,325,000	$ 535,928,000
Current Ratio	1.90	2.08
Shareholders' Equity	$ 695,628,000	$ 705,748,000

Personal Computer Products, Inc.

11590 West Bernardo Court
San Diego, California 92127
(619) 485-8411

Officers: Edward W. Savarese, chairman of the board & chief exec. officer; Daniel W. Zipkin, president & chief operating officer; Thomas J. Tranchina, v.p.-finance, secretary & treasurer.

Directors: Edward W. Savarese, chairman; Irwin Roth, Harry J. Seal.

Areas of Work: The Company develops, markets and supplies microcomputers and microcomputer accessory products and technology. Products include laser printers, a laser printer controller board, which enables the host computer to fully utilize the capacities of certain laser printer engines; an IBM PC-compatible modularized microcomputer and related add-on printed circuit boards; and microprocessor-based printed circuit boards designed to plug into Apple microcomputers.

Transfer Agent(s):

Bank of America National Trust & Savings Association
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PCPI (NASDAQ)

Number of Employees:

1987	40	1985	34
1986	29		

Plant Footage:

1987 ..... 9,400 sq. ft. 1985 9,400
1986 9,400

Sales & Earnings

	Net Sales	Net Income†
1987	$ 5,000,200	$ (818,800)
1986	2,311,900	(994,400)
1985	4,496,200	(2,296,200)
1984	4,391,100	206,700
1983	1,439,700	87,400

	No. of Com. Shares‡	Earn. per Share†
1987	1,710,800	$ —
1986	1,701,000	—
1985	1,688,400	—
1984	1,417,100	0.15
1983	952,400	0.09

(Loss)
† Including extraordinary gain of $9,600 ($0.01 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ (1,368,600) †	$ —
1986	(226,700) †	—
1985	976,800	0.58
1984	3,273,000	2.31
1983	73,400	0.08

(Deficiency)
† After allowing for preferred stock at par value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1987	1986
Sales of goods	$ 4,182,000	$ 1,840,600
Licence fees	650,500	460,500
Interest income	167,700	10,800
Total revenues	$ 5,000,200	$ 2,311,900
Cost of sales	2,951,700	1,581,000
Expenses	2,865,000	1,722,600
Loss bef. taxes	$ (816,500)	$ (991,700)
Income taxes	2,300	2,700
Net Loss	$ (818,800)	$ (994,400)

* Included in Costs and Expenses, Depreciation and Amortization: $161,100 in 1987 and $174,900 in 1986.

Assets

As of June 30	1987	1986
Cash & cash equiv.	$ 2,765,000	$ 1,299,200
Accts. receiv., net	999,000	615,400
* Inventories	1,074,000	721,500
Prepaid expenses	69,000	162,700
Current Assets	$ 4,907,000	$ 2,798,800
# Fixed assets	254,400	323,200
Other assets	24,800	16,700
Total Assets	$ 5,186,200	$ 3,138,700

Liabilities

Notes payable	$ —	$ 725,000
Accts. payable	276,100	443,600
Accruals	153,800	177,100
Other curr. liabilities	40,300	73,700
Curr. Liabilities	$ 470,200	$ 1,419,400
Other liabilities	34,300	95,700
+ Redeem. preferred stock	300	300
++ Curr. preferred stock	6,050,000	1,850,000
+++ Common stock	18,400	18,100
Add. paid-in capital	2,452,400	2,775,800
Retained earn. (deficit)	(3,839,300)	(3,000,500)
Treasury stock	(100)	(100)
Total Liabilities & Shareholders' Equity	$ 5,186,200	$ 3,138,700

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; convertible.
++ $1,000 par value; 5% convertible.
+++ $0.01 par value.

Statistical Summary

Sales to Inventories	3.89	2.55
Debt to Equity	—	0.45
Working Capital	$ 4,436,800	$ 1,379,400
Current Ratio	10.44	1.97
Shareholders' Equity	$ 4,681,400	$ 1,623,300

Philips' Gloeilampenfabrieken

(N.V. Philips' Gloeilampenfabrieken)

Groenewoudseweg 1
Eindhoven 5621 BA The Netherlands
040-783493

(The Company is 99.99%-owned by N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken, which operates solely as the holding company for share capital of the Company.)

Supervisory Board: W. Dekker, chairman; A. Leysen, vice chairman; A. Jiskoot, secretary; D. Noordhoff, N. Rodenburg, Sir Peter Carey, C. M. Mueller, P. Lemmen, F. X. Ortoli, R. Rodenstock, P. C. Vink, F. Chapman.

Board of Management/Group Management Committee: C. J. van der Klugt, president & chairman of the Board of Management and the Group Management Committee; M. Kuilman, v.p. and vice chairman of the Board of Management and the Group Management Committee; G. Jaspers, v.p. & vice chairman of the Board of Management and the Group Management Committee; J. Zantema, F. F. Otten, v.p.'s and members of the Board of Management and the Group Management Committee; S. van Houten, G. Lorenz, K. Huber, members of the Board of Management and the Group Management Committee; H. H. A. Aarpio, member of the Group Management Committee & Group Director-Accounting; W. de Kleuver, member of the Group Management Committee & chairman of the Senior Management of the Eindhoven Division; J. D. Timmer, member of the Group Management Committee & chairman of the Senior Management Committee; J. H. Goris, member of the Group Management Committee & Group Director-Finance.

Areas of Work: The Company manufactures and distributes products in the areas of Lighting; Consumer Electronics; Domestic Appliances; Professional Products and Systems; Components; and Miscellaneous.

Lighting products include incandescent, halogen, and automobile lamps; high- and low-pressure gas-discharge lamps and ballasts; luminaires and lighting electronics; lighting projects; batteries; glass, diamond drawing dies, wire and other components.

Consumer Electronics products include television and radio receivers; monitors; audio and video recorders; video camera recorders; audio and video cassettes; playback equipment for sound and vision; sound and vision carriers; home computers, videotex terminals and other home interactive systems; and hearing aids.

Domestic Appliances include washing machines and dryers; dishwashers; refrigerators and freezers; cookers; microwave ovens; fitted kitchen equipment; vacuum cleaners; electric irons; food preparation machines, food processors, mixers and other small kitchen appliances; coffee makers and toasters; deep-fat friers and grills; fan and heaters; clocks; and electric shavers, hair dryers, solaria and other personal care products.

Professional Products and Systems include telecommunications systems; cable products and systems; defense systems; road, water and air traffic control systems; ground weather stations; mobile radio; dictation machines; office automation and communication systems; medical systems for diagnosis and therapy; analytical equipment; electronic test and measuring instruments; process and systems for factory automation and process automation; automation projects; audio-visual communication systems; electronic security systems; and machines and tools.

Components include picture tubes and television glass; integraicd circuits and discrete semiconductors; passive components and materials; special tubes and professional components; optical and magnetic data storage products; display products; glass, metal and plastic components; and printed circuit boards.

Miscellaneous products include musical instruments; brush products and plastics products; and electrical parts.

The Company also engages in extensive research and development activities.

Subsidiaries (The Netherlands):

Nederlandse Philips Bedrijven B.V.
Philips Telecommunicatie en Data Systemen Nederland B.V.
Hollandse Signaalapparaten B.V. (99%-owned)
Philips International B.V.
Philips Export B.V.
Philips Lighting Holding B.V.
Philips Lighting B.V.
Philips Medical Systems International B.V.
Philips Medical Systems Nederland B.V.
Beaucourt Holding B.V.
Polygram N.V. (90%-owned)
Polygram Nederland B.V.
Philips and Du Pont Optical Company (50%-owned)
PD Magnetics B.V.
AT&T and Philips Telecommunications B.V. (40%-owned)

Subsidiaries (U.S.A.):

PGP Corporation
North American Philips Corporation
Laser Magnetic Storage International Company (51%-owned)
Optimage Interactive Services Company (50%-owned)
U.S. Philips Corporation
Philips Medical Systems, Inc.
Polygram Records, Inc. (90%-owned)

Subsidiaries (Canada):

Philips Canada Ltd.
Philips Electronics Ltd.
Philips Information Systems Ltd.

Stock Exchange(s): Amsterdam, New York

Ticker Symbol: PHG (New York)

Number of Employees: *

1987	337,000	1984	344,000
1986	344,000	1983	343,000
1985	346,000		

* Includes the entire Philips Group

Sales & Earnings

	Net Sales (000's)	Net Income† (000's)
1987	f 52,715,000	f 818,000
1986	55,037,000	1,015,000
1985	60,045,000	919,000
1984	53,804,000	1,113,000
1983	46,183,000	647,000

	No. of Com. Shares	Earn. per Share†‡
1987	255,300,000	f 3.33
1986	232,500,000	4.39
1985	236,500,000	4.26
1984	213,300,000	5.27
1983	190,800,000	3.45

f – guilder.
† Including extraordinary gains of f9,000,000 ($0.04 per share) in 1987 and f56,000,000 ($0.24 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business (000's)

	1987	1986
Lighting	f 6,481,000	f 6,771,000
Consumer elec.	16,534,000	16,831,000
Domestic appliances	6,331,000	6,291,000
Professional prods. & syst.	14,336,000	15,686,000
Components	7,345,000	7,379,000
Miscellaneous	1,688,000	2,079,000
Total	f 52,715,000	f 55,037,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	f 2.00	—	—
1986	2.00	—	—
1985	2.00	—	—
1984	2.00	—	—
1983	1.80	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	f 15,514,000	f 60.78
1986	15,856,000	68.20
1985	16,151,000	71.30
1984	16,964,000	79.54
1983	15,307,000	80.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account (000's)

Year ended Dec. 31	1987	1986
Net sales	f 52,715,000	f 55,037,000
Cost of sales	39,693,000	41,102,000
Expenses:		
Selling	9,961,000	10,253,000
Gen. & adm.	1,166,000	1,107,000
Other income	(450,000)	(619,000)
Gearing adjust.	(273,000)	(328,000)
Interest expense	1,701,000	1,564,000
Income before taxes	f 1,017,000	f 1,958,000
Income taxes	209,000	825,000
Eq. in inc. of unconsol. cos.	(42,000)	(3,000)
Share of other group capital	41,000	177,000
Net Income	f 809,000	f 959,000
Extraord. gain	9,000	56,000
Net Income & extraord. gain	f 818,000	f 1,015,000

* Included in Costs and Expenses, Depreciation: f2,752,000,000 in 1987 and f2,610,000,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	f 383,000	f 299,000
Marketable securities	9,000	24,000
Accts. receiv., net	1,779,000	1,999,000
Current Assets	f 2,171,000	f 2,322,000
Investments	21,141,000	20,579,000
# Fixed assets	499,000	495,000
Other assets	536,000	538,000
Total Assets	f 24,347,000	f 23,934,000

Liabilities (000's)

Long-term debt, curr.	f 644,000	f 580,000
Accts. payable	158,000	807,000
Accruals	185,000	151,000
Debentures	113,000	294,000
Private financing	44,000	10,000
Institutional fin.	1,195,000	484,000
Curr. Liabilities	f 2,339,000	f 2,326,000
Long-term provisions	595,000	718,000
Short-term provisions	11,000	11,000
Long-term liabilities	5,928,000	5,021,000
+Common stock	2,553,000	2,325,000
Add. paid-in capital	2,416,000	1,626,000
Revaluation surplus & reserves	6,687,000	7,299,000
Other reserves	3,858,000	4,608,000
Total Liabilities & Shareholders' Equity	f 24,347,000	f 23,934,000

° At lower of cost or net realizable value.
Less accumulated depreciation.
+ f10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.93	3.56
%Net Income to Sales	1.53	1.74
%Net Income to Equity	5.21	6.05
Shareholders' Equity	fl5,514,000,000	fl5,856,000,000

Photographic Sciences Corporation

770 Basket Road
P.O. Box 338
Webster, New York 14580
(716) 265-1600

Officers: John E. Blackert, chairman, chief exec. officer & treasurer; Carol Ann Blackert, v.p.-administration & corp. secretary; Thomas S. Duerr, v.p. & controller; L. Michael Hone, pres.-PS Webster operations; Jay Eastman, exec. v.p.-PS Webster operations; Robert Wagner, pres.-Techtran, Inc.; Thomas Bristow, pres.-Metrology Division.

Directors: John E. Blackert, chairman; A. R. Solomon, Milton P. Axelrod, W. John Bennett, Jr., Christopher de-Post Roosevelt, Robert S. Ehrlich.

Areas of Work: Manufactures and distributes technology-based products principally for bar code instrumentation and instrumentation associated with automatic test equipment. The Company conducts its business through three operating units. The Photographic Sciences unit designs, manufactures and markets film masters, bar code verifiers, laser diode bar code scanners, form slides and computer graphics equipment. The Techtran unit operates in the automatic test equipment field producing switching systems, digital data recorders and interface assemblies for bar code scanners and decoders. The Metrology unit designs and manufactures surface profilers for measuring defects on the surfaces of optical elements, computer hard disks and finely polished surfaces.

Subsidiaries:

Photographic Sciences International Sales Corporation
Photographic Sciences GmbH
Photographic Sciences (Bar Code Products) Limited
Photographic Sciences International Limited
Photographic Sciences (U.K.) Limited

Techtran, Inc.
200 Commerce Drive
Rochester, New York 14623
(716) 334-9640
Manufactures digital data recording equipment, read relay switching systems and automatic test equipment systems.

Optel Bar Code Systems, Inc.
Rochester, New York
Manufactures laser diode scanners used to collect data by scanning bar codes printed on labels, tags, containers and other materials.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Rochester, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PSCX (NASDAQ)

Number of Employees:

1986 141

Plant Footage:

1986 ..... 42,000 sq. ft.

Sales & Earnings

	Net Sales +	Net Income†
12/31/86	$ 5,652,263	$ (571,921)
12/31/85*	1,622,703	120,096
6/30/85	2,744,731	(134,371)
6/30/84	2,529,829	(282,119)
6/30/83	4,164,792	(1,380,240)

	No. of Com. Shares‡	Earn. per Share†‡
12/31/86	2,369,949	$ —
12/31/85*	2,061,102	0.06
6/30/85	2,012,932	0.07
6/30/84	1,572,995	—
6/30/83	1,235,537	—

(Loss)
* 6 months.
+ Of continuing operations only.
† Including extraordinary gains of $35,000 ($0.02 per share) in the period ending December 31, 1985 and $272,750 ($0.14) per share in the year ending June 30, 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
12/31/86	$ 3,168,525	$ 1.34
12/31/85	1,243,453	0.60
6/30/85	961,677	0.48
6/30/84	797,622	0.51
6/30/83	(392,928)	—

(Deficiency)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985 (6 months)
Net sales	$ 5,652,263	$ 1,622,703
Cost of sales	3,234,040	893,411
Expenses	2,035,200	540,880
Interest expense	163,156	20,762
Other expense	29,435	8,701
Income before taxes	$ 190,432	$ 158,949
Income taxes	66,500	52,867
Income from cont. oper.	$ 123,932	$ 106,082
Loss from discont. oper.	(695,853)	(20,986)
Net Income (Loss)	$ (571,921)	$ 85,096
Extraord. gain	—	35,000
Net Income (Loss) & extraord. gain	$ (571,921)	$ 120,096

* Included in Costs and Expenses, Depreciation and Amortization: $229,527 in 1986 and $110,778 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & invested funds	$ 1,486,695	$ 258,768
Accts. receiv., net	1,726,005	629,367
°Inventories	1,731,761	316,895
Prepaid expenses	135,253	30,070
Revenues in exc. of billings	280,095	—
Current Assets	$ 5,359,789	$ 1,235,100
Investments	—	322,741
# Fixed assets	1,729,084	607,747
Other assets	401,761	129,434
Intangibles	3,646,827	548,780
Note receivable	473,955	—
Total Assets	$ 11,611,216	$ 2,843,792

Liabilities

Line of credit	$ —	$ 75,000
Long-term debt, curr.	440,997	297,313
Accts. payable	861,466	427,437
Accruals	799,682	137,[illegible]
Accrued payroll	206,556	44,5[illegible]
Curr. Liabilities	$ 2,328,601	$ 982,376
Long-term debt	3,557,144	617,969
Other liabilities	146,946	—
Convert. debentures	2,410,000	—
+Common stock	31,308	20,523
Add. paid-in capital	4,536,359	4,050,351
Retained earnings (deficit)	(3,399,342)	(4,827,421)
Total Liabilities & Shareholders' Equity	$ 11,611,216	$ 2,843,792

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
\+ $0.01 par value.

Statistical Summary

%Net Income to Equity	—	6.84
Sales to Inventories	3.26	5.12
Debt to Equity	1.27	0.74
Working Capital	$ 3,032,188	$ 252,730
Current Ratio	2.30	1.26
Shareholders' Equity	$ 3,168,525	$ 1,343,453

Pico Products, Inc.

103 Commerce Boulevard
Liverpool, New York 13088
(315) 451-7700

Officers: Bernard K. Hitchcock, chairman & chief exec. officer; George M. Knapp, president & chief operating officer; James D. O'Connell, exec. v.p.; Ralph H. Yahn, chief financial officer, secretary & treasurer..

Directors: Bernard K. Hitchcock, chairman; George M. Knapp, James D. O'Connell, Peter E. Rhodes, Rhodes J. Michael Sills, Walter R. Woods.

Areas of Work: Designs, manufactures, imports and markets a wide range of products which receive, distribute, and secure telecommunications signals. Products include cable and video accessories, satellite systems for home and commercial applications, and Pay TV security devices.

Divisions

Home Satellite Division
Manufactures products for the home satellite reception market.

Printed Circuit Board Division
Produces single- and double-sided printed circuit boards.

Subsidiaries

Pico Macom, Inc.
12500 Foothill Boulevard
Lakeview Terrace, California 91342

Pico (St. Kitts) Limited
P.O. Box 328
Pond Industrial Estate
Basseterre, St. Kitts, West Indies

Pico (St. Vincent) Limited
Campden Park Industrial Estate
Saint Vincent, West Indies

Pico Korea, Ltd.
Room 401, San Ta Bldg., #97
Ta Dong, Chung-Ku
Seoul, Korea
Pico Satellite, Inc.
Pico Cargo, Inc.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
20 Clinton Avenue South
Rochester, New York 14603

Stock Exchange(s): American

Ticker Symbol: PPI

Number of Employees:

1987 ..... 644 1986 357

Plant Footage:

1987 ..... 209,000 sq. ft. 1986 215,000

Sales & Earnings

	Net Sales	Net Income†
1987	$ 32,073,000	$ 419,000
1986	25,778,000	(2,552,000)
1985	23,849,000	(3,819,000)
1984	19,899,000	207,000
1983	11,461,000	901,000

	No. of Com. Shares‡	Earn. per Share†‡
1987	3,541,000	$ 0.12
1986	3,519,000	—
1985	3,512,000	—
1984	3,553,000	0.06
1983	2,918,000	0.31

(Loss)
† Including extraordinary gains of $39,000 ($0.01 per share) in 1987 and $43,185 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 13,544,000	$ 3.85
1986	13,125,000	3.73
1985	15,677,000	4.45
1984	24,466,000	6.99
1983	24,631,000	7.06

Income Account *

Year ended July 31	1987	1986
Net sales	$ 32,073,432	$ 25,777,839
Cost of sales	23,201,189	18,678,547
Expenses	8,291,044	8,171,660
Unusual charges	—	1,368,977
Other expense	161,864	154,203
Income (loss) before taxes	$ 419,325	$ (2,595,528)
Income taxes	39,000	—
Net Income (Loss)	$ 380,325	$ (2,595,528)
Extraord. gain	39,000	43,185
Net Income (Loss) extraord. gain	$ 419,325	$ (2,552,343)

* Included in Costs and Expenses, Depreciation and Amortization: $1,052,132 in 1987 and $1,286,705 in 1986.

Assets

As of July 31	1987	1986
Cash	$ 323,457	$ 1,105,235
Accts. receiv., net	4,355,934	3,373,227
Refundable taxes	9,523	65,934
*Inventories	7,743,311	5,963,129
Prepaid expenses	431,381	381,379
Current Assets	$ 12,863,606	$ 10,886,904
#Fixed assets	6,051,074	6,308,696
Patents & licenses	1,155,113	994,645
Intangibles	469,165	498,037
Other assets	528,814	609,534
Total Assets	$ 21,067,772	$ 19,297,836

Liabilities

Note payable	$ 2,340,923	$ 2,342,922
Long-term debt, curr.	626,695	537,815
Accts. payable	2,722,467	1,529,838
Accrued payroll	266,825	261,989
Accrued commissions	32,373	22,348
Accrued interest	11,086	14,838
Curr. Liabilities	$ 6,220,169	$ 4,809,730
Long-term debt	1,303,316	1,563,144
+ Common stock	35,191	35,191
Add. paid-in capital	21,413,934	21,413,934
Retained earnings (deficit)	(7,904,838)	(8,334,163)
Total Liabilities & Shareholders' Equity	$ 21,067,772	$ 19,297,836

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
\+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to sales	1.31	—
%Net Income to sales	1.19	—
%Net Income to Equity	2.81	—
Sales to Inventories	4.14	4.32
Debt to Equity	0.33	0.33
Working Capital	$ 6,643,437	$ 6,377,174
Current Ratio	2.07	2.36
Shareholders' Equity	$ 13,544,287	$ 13,124,962

Pioneer Electronic Corporation

4-1, Meguro 1-chome
Meguro-ku, Tokyo 153, Japan

Officers: Seiya Matsumoto*, president; Kanya Matsumoto*, executive v.p.; Shigeru Hayakawa*, executive v.p.; Takeo Yamamoto, Kiichi Yoshida, Terukiko Inobe, senior managing director; Keiichi Yanagisawa, managing director; Masaru Inagaki, managing director; Masaaki Sono, director; Akitaka Kato , director; Seiichi Makino, director; Shigeyoshi Yanagi, director; Norio Ichimura, director; Kanao Ito, director; Tsuneo Kudo, director; Nosomu Matsumoto, director & advisor.

* Member of the Executive Committee

Areas of Work: The Company manufactures and markets electronics products in four product groups: Audio Products, Video Products, Car Electronics Products, and Other. Audio Products include stereo component systems, receivers, amplifiers, tuners, turntables, compact disc and multiplay CD players, digital audio tape and cassette decks, speaker systems, CDs and CDVs. Video Products include LD/CD/CDV and LD players, LaserVision discs, projection and TV monitor-receivers, color monitors, video-cassette recorders, and DBA systems. Car Electronics Products include component-type and combination car stereos, in-car compact disc players, car speakers and personal communications transceivers. Other products include cable-TV systems-related equipment, loudspeakers for other manufacturers, dictating machines, telephone-answering devices and other telephone-related equipment, and tape playback equipment for children.

Pioneer Electronic Corporation

Subsidiaries

Pioneer Electronics (USA) Inc.
2265 East 220th Street
P.O. Box 1720
Long Beach, California 90801-1720
(213) 835-6177
Distributes audio and video products in the U.S.

Laser-Disc Corporation of America
New Jersey
Engages in the acquisition of LaserVision disc programs and the sale of LaserVision discs.

Pioneer Communications of America, Inc.
New Jersey
Engages in the sale of industrial-use products, such as special LaserVision systems, and equipment related to cable-TV systems.

Pioneer Industrial Components, Inc.
Ohio
Markets car electronics products to automobile manufacturers and, along with loudspeaker units, to others.

Pioneer Electronics of Canada, Inc.
Ontario, Canada

Pioneer Electronic (Europe) N.V.
Keetberglaan 1
2740 Beveren, Belgium

Pioneer Electronics Australia Pty. Ltd.
Australia
Distribution of Pioneer products in Australia.

Transfer Agent(s):

The Toyo Trust & Banking Co., Ltd.
4-3, Marunouchi 1-chome
Chiyoda-ku Tokyo 100, Japan

Depositary and Registrar (for American Depositary Receipts):

Corporate Trustee Agency Department
Chemical Bank
55 Water Street
New York, New York 10041

Custodian (for American Depositary Receipts):

The Bank of Tokyo, Ltd.
6-3, Nihombashi Hongoku-cho 1-chome
Chuo-ku, Tokyo 103, Japan

Stock Exchange(s): Tokyo, New York, Amsterdam, Luxembourg, Osaka.

Ticker Symbol: PIO (New York Stock Exchange--ADR)

Number of Employees:

1987	12,745	1984	11,961
1986	12,437	1983	11,707
1985	12,522		

Sales & Earnings

	Net Sales (millions)	Net Income† (millions)
1987	¥ 365,562	¥ 11,337
1986	347,006	5,369
1985	341,080	(2,453)
1984	320,274	8,076
1983	308,744	2,230

	No. of Com. Shares‡	Earn. per Share‡†
1987	151,348,000	¥ 74.96
1986	151,348,000	35.50
1985	150,886,000	—
1984	142,448,000	56.68
1983	143,448,000	15.65

(Loss)
¥ - Yen
† Including extraordinary gains of ¥ 1,234,000,000 (¥ 8.10 per share) in 1987, ¥ 1,290,000,000 (¥ 8.53 per share) in 1986, ¥ 1,016,000,000 in 1985 and ¥ 1,156,000,000 (¥ 8.11 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1987	1986
Audio products	¥ 138,127	¥ 125,910
Video products	82,075	79,233
Car electronics products	120,367	115,953
Other	24,993	25,910
Total	¥ 365,562	¥ 347,006

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 16.36	—	—
1986	10.91	—	—
1985	10.94	—	—
1984	20.66	—	—
1983	20.66	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share‡
1987	¥ 166,530	¥ 1,101.04
1986	157,450	1,041.01
1985	156,575	1,037.70
1984	143,808	1,009.55
1983	139,464	979.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(millions)

Year ended Sept. 30	1987	1986
Net sales	¥ 361,562	¥ 347,006
Other income	5,379	8,121
Total income	¥ 370,841	¥ 355,127
Cost of sales	235,403	233,796
Expenses	100,977	97,352
Interest expense	3,132	4,316
Other expenses	7,148	5,714
Income before taxes	¥ 34,169	¥ 13,949
Income taxes	14,530	10,897
Eq. in earn. of affil. cos.	(474)	(937)
Net income	¥ 10,113	¥ 4,079
Extraord. gain	1,224	1,290
Net income & extraordin. gain	¥ 11,337	¥ 5,369

* Included in Costs and Expenses, Depreciation: ¥ 12,921,000,000 in 1987 and ¥ 13,209,000,000 in 1986.

Assets
(millions)

As of Sept. 30	1987	1986
Cash	¥ 5,396	¥ 5,545
Time deposits	27,804	13,536
Assets purch under agree to resell	40,229	44,339
Marketable securities	1,227	894
Accts. receiv., net	61,425	57,821
*Inventories	57,658	57,300
Inc tax prepayments	7,856	7,029
Prepaid expenses	8,021	7,874
Current Assets	¥ 209,616	¥ 194,348
Market equity securities	7,081	6,281
Investments & advances	11,885	11,071
Long-term receiv.	116	192
#Fixed assets	57,538	55,683
Other assets	6,139	7,247
Total Assets	¥ 292,375	¥ 274,722

Liabilities
(millions)

Bank loans	¥ 47,429	¥ 49,337
Notes payable	21,126	18,461
Accruals	8,832	7,174
Accrued payroll	9,651	8,676
Other accruals	18,117	14,844
Dividends payable	2,475	1,650
Other current liabilities	6,421	5,769
Curr. Liabilities	¥ 114,151	¥ 105,891
Long-term debt	7,178	6,434
Accrued severance indemnities	4,097	4,655
Minority interest	419	292
+Common stock	15,779	15,779
Add. paid-in capital	47,902	47,902
Legal reserve	2,442	2,136
Retained earnings	106,644	98,088
Cum trans. adjust.	(6,237)	(6,455)
Total Liabilities & Shareholders' Equity	¥ 292,375	¥ 274,722

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. taxes to Sales	6.61	4.02
%Net Income to Sales	2.77	1.18
%Net Income to Equity	6.07	2.59
Sales to Inventories	6.34	6.08
Debt to Equity	0.45	0.47
Working Capital ($000's)	▼ 95,465,000	▼ 88,357,000
Current Ratio	1.84	1.83
Shareholders' Equity	▼ 166,530,000	▼ 157,450,000

Pioneer-Standard Electronics, Inc.

4800 East 131st Street
Cleveland, Ohio 44105
(216) 587-3600

Officers: Preston Heller, Jr., chairman & chief executive officer; James L. Bayman, president & chief operating officer; Lawrence R. Cowin, Jr., vice president, finance & administration, treasurer & asst. secretary; Janice M. Richter, v.p. & controller; Arthur Rhein, v.p.-marketing; William A. Papenbrock, secretary.

Directors: Preston Heller, Jr., chairman; Victor Gelb, Edwin Z. Singer, Bruce Tucker, Frederick A. Downey, James L. Bayman, Thomas C. Sullivan, Lawrence R. Cowin, Jr., Karl E. Ware.

Areas of Work: Distributes industrial and consumer electronic components east of the Rocky Mountains. Also operates laboratories for the manufacture, modification and repair of electronic meters and instruments.

Divisions:

Pioneer/Mid-American Division
4433 Interpoint Boulevard
Dayton, Ohio 45424
(513) 236-9900
Distributes industrial-type electronic components to manufacturers, research laboratories, schools, governmental agencies, and other users.

Pioneer/Instrumentation Division
4800 East 131st Street
Cleveland, Ohio 44105
(216) 587-3600
Operates laboratories for the manufacture, modification, and repair of electronic meters and instruments. The manufactured products include Magnesyn solid state sensing devices and the 'Pinkiok,' a peak-reading voltmeter.

Pioneer/Northeast Division
60 Crossways Park West
Woodbury, New York 11797

Affiliate:

Pioneer Technologies Group, Inc.
(50% owned)
9100 Gaither Road
Gaithersburg, Maryland 20760
(301) 948-0710
Distributes industrial-type electronic components to manufacturers, research laboratories, schools, governmental agencies, and other users.

Transfer Agent(s):

AmeriTrust Company N.A.
P.O. Box 6477
Cleveland, Ohio 44114

Stock Exchange(s): Over-the-Counter.

Ticker Symbol: PIOS (NASDAQ)

Number of Employees:

1988	860	1985	1,042
1987	837	1984	1,142
1986	936		

Sales & Earnings

	Net Sales +	Net Income
1988	$ 254,581,000	$ 5,203,000
1987	212,234,000	462,003
1986	186,805,030	(2,072,629)
1985	215,743,000	3,671,093
1984	198,116,000	4,123,031

	No. of Com. Shares #	Earn. per Share #
1988	5,401,932	$ 0.96
1987	5,401,932	0.09
1986	5,401,932	—
1985	5,401,932	0.68
1984	5,397,232	0.76

(Loss)
+ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1988	$ 0.12	—	—
1987	0.12	—	—
1986	0.12	—	—
1985	0.110	—	2-for-1
1984	0.103	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1988	$ 33,787,000	$ 6.25
1987	29,232,277	5.41
1986	29,418,506	5.45
1985	32,139,367	5.95
1984	29,103,002	5.39

Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended March 31	1988	1987
Net sales	$ 254,581,000	$ 212,234,262
Cost of sales	194,283,000	163,321,322
Expenses	47,395,000	42,019,825
Oper. profit	$ 12,903,000	$ 7,893,115
Eq. in earn. of 50% owned co.	(851,000)	(481,469)
Interest expense	5,196,000	5,245,909
Inc. bef. taxes	$ 8,558,000	$ 3,123,675
Income taxes	3,355,000	1,386,000
Inc.-cont. oper.	$ 5,203,000	$ 1,868,675
Loss-discont. oper.	—	(1,306,672)
Net income	$ 5,203,000	$ 462,003

* Included in Costs and Expenses, Depreciation and Amortization: $2,783,000 in 1988 and $2,537,118 in 1987.

Assets

As of March 31	1988	1987
Cash	$ 3,354,000	$ 1,960,000
Accts. receiv., net	41,517,000	31,495,000
*Inventories	58,391,000	59,104,000
Prepaid expenses	268,000	464,000
Deferred inc. taxes	1,694,000	979,000
Assets of discont. oper.	438,000	1,732,000
Current Assets	$ 105,662,000	$ 95,675,000
Investments & other assets	9,029,000	8,444,000
#Fixed assets	12,225,000	12,500,000
Total Assets	$ 126,946,000	$ 116,619,000

Liabilities

Notes payable	$ —	$ 1,000,000
Long-term debt, curr.	250,000	227,000
Accts. payable	25,149,000	24,379,000
Income taxes	1,700,000	—
Accruals	3,285,000	2,821,000
Accrued payroll	3,370,000	2,279,000
Liab. of discont. oper.	2,280,000	2,536,000
Curr. Liabilities	$ 56,034,000	$ 33,342,000
Long-term debt	56,081,000	53,064,000
Def. inc. taxes	1,044,000	1,081,000
+Common stock	5,402,000	5,402,000
Add. paid-in capital	1,326,000	1,326,000
Retained earnings	27,059,000	22,504,000
Total Liabilities & Shareholders' Equity	$ 126,946,000	$ 116,619,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; $1 stated value.

Statistical Summary

%Income bef. Taxes to Sales	3.36	—
%Net Income to Sales	2.04	—
%Net Income to Equity	15.40	1.58
Sales to Inventories	4.36	3.59
Debt to Equity	1.67	1.86
Working Capital	$ 49,628,000	$ 62,433,000
Current Ratio	1.89	2.88
Shareholders' Equity	$ 33,787,000	$ 29,232,277

Pitney Bowes Inc.

Stamford, Connecticut 06926-0700
(203) 356-5000

Officers: George B. Harvey, chairman, president & chief exec. officer; Steven J. Green, v.p. & controller; Marc C. Breslawsky, pres.-Dictaphone Corporation; Carmine P. Adimando, v.p.-finance & administration; Allan A. Crystal, v.p. & treasurer; Paul Rasco, v.p.-corp. engineering & technology; Edward M. Harris, Jr., v.p., secretary & gen counsel; Hiro R. Hiranandani, president-Pitney Bowes Business Systems, International; James L. Bast, pres.-Pitney Bowes Business Systems, U.S.; Douglas A. Riggs, v.p.-corp. communications; Harry W. Neimstedt, pres.-Pitney Bowes Financial Services; Carole F. St. Mark, v.p.-corp. planning & development; Elton R. Vogel, pres.-Pitney Bowes Business Supplies; Anne Pol, v.p.-personnel.

Directors: George B. Harvey, chairman; Colin G. Campbell, Donald W. Davis, John C. Emery, Jr., Charles E. Hugel, David T. Kimball, Denis F. Mullane, Eleanor Holmes Norton, Phyllis Shapiro Sewell, Frederick C. Smith, Arthur R. Taylor, John M. Walsh.

Areas of Work: The Company manufactures, markets and services products in three industry segments: business equipment, business supplies, and financial services.

The business equipment segment provides postage meters and mailing systems, shipping systems, copiers and copier supplies, facsimile systems, and dictation products and systems and communications recorders.

Pitney Bowes Inc.

The business supplies segment provides retail price marking, product identification, and security equipment and supplies through Monarch Marking Systems, Inc., and business forms and office and computer supplies sold through catalogs from Wheeler Group Inc. and Baldwin Cooke Company.

The financial services segment provides leasing and financing for equipment manufactured or sold by Pitney Bowes as well as for products not manufactured or sold by Pitney Bowes.

Operating Units:

Pitney Bowes Business Systems--U.S.

Pitney Bowes Business Systems--International

Pitney Bowes Ges.m.b.H., Austria
Pitney Bowes of Canada Ltd.
Pitney Bowes Oy, Finland
Pitney Bowes Deutschland GmbH
Dodwell Pitney Bowes K.K., Japan
Pitney Bowes Svenska Aktiebolag, Sweden
Pitney Bowes A.G., Switzerland
Pitney Bowes plc, U.K.

Pitney Bowes Facsimile Systems

Pitney Bowes Business Supplies

Monarch Marking Systems, Inc., U.S.
Monarch Marking Systems Australia Pty. Ltd.
Monarch Marking Systems Ltd., Canada
Monarch Marking Systems de Mexico, S.A. de C.V.
Monarch Marking (S.E.A.) Pte. Ltd., Singapore
Pitney Bowes Marking Systems Ltd., U.K.
Pitney Bowes France S.A.
Baldwin Cooke Inc., U.S.
Baldwin Cooke Company Ltd., Canada
Wheeler Group Inc., U.S.

Pitney Bowes Financial Services

Pitney Bowes Credit Corporation, U.S.
Colonial/Pacific Leasing Company, U.S.
PB Leasing Limited, U.K.
Pitney Bowes Canada Ltd.-Leasing Division
Adrema Leasing Corporation, West Germany
Pitney Bowes Real Estate Financing Corporation

Voice Processing Systems

Dictaphone Corporation, U.S.
Dictaphone Canada Ltd.
Dictaphone International A.G., Switzerland
Dictaphone Company Limited, U.K.

Transfer Agent(s):

The Chase Manhattan Bank N.A.
(common, preference, and preferred)
Shareholder Services Division
One New York Plaza
New York, New York 10081-6000

Stock Exchange(s): New York, Midwest*, Philadelphia*, Boston* * Unlisted trading privileges.

Ticker Symbol: PBI

Number of Employees:

1987	29,460	1984	27,976
1986	29,166	1983	26,468
1985	28,995		

Sales & Earnings

	Net Sales +	Net Income
1987	$2,250,537,000	$ 199,448,000
1986	1,986,686,000	167,924,000
1985	1,815,808,000	150,357,000
1984	1,715,217,000	138,171,000
1983	1,587,878,000	N.A.

	No. of Com. Shares‡	Earn. per Share‡
1987	78,928,829	$ 2.53
1986	79,224,699	2.12
1985	79,127,040	1.90
1984	78,732,842	1.76
1983	78,210,634	1.11

N.A. -- Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Business equip.:		
Mailing systems	$ 1,248,000	$ 1,085,300
Copying systems	246,300	213,000
Voice processing systems	266,900	234,500
Retail systems	248,000	219,100
Business supplies	241,300	234,800
Total	$ 2,250,500	$ 1,986,700

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.76	—	—
1986	0.66	—	—
1985	0.60	—	2-for-1
1984	0.52	—	—
1983	0.45	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$1,028,687,000	$ 13.47
1986	901,211,000	11.70
1985	781,933,000	10.35
1984	649,645,000	9.05
1983	539,598,000	7.86

† After allowing for preferred stock at stated values.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Revenues	$ 2,250,537	$ 1,986,686
Cost of sales	857,233	736,937
Expenses	1,144,312	1,032,396
Interest expense	33,145	21,717
Interest income	(12,819)	(6,023)
Income before taxes	$ 228,666	$ 201,659
Income taxes	95,700	93,343
Eq. in inc. of fin. subsid.	(66,482)	(57,739)
Income from cont. oper.	$ 199,448	166,055
Income from discont. oper.	—	1,869
Net income	$ 199,448	$ 167,924

* Included in Costs and Expenses, Depreciation and Amortization: $142,947,000 in 1987 and $122,659,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 18,124	$ 15,636
Short-term invest.	76,277	52,569
Accts. receiv., net	412,643	321,667
Receiv. from fin. subsid.	52,377	42,804
*Inventories	381,175	341,740
Other curr. assets	22,548	17,148
Current Assets	$ 963,144	$ 791,584
#Plant assets	434,984	401,953
#Rental equip.	426,655	346,530
Prep. undercap leases	28,693	29,880
Eq. in finance subsid.	313,537	247,146
Intangibles	58,502	60,839
Long-term receivables	206,141	149,625
Total Assets	$ 2,431,656	$ 2,027,577

Liabilities
(000's)

Long-term debt, curr.	$ 194,829	$ 74,249
Accts. payable & accruals	319,241	317,964
Income taxes	48,554	74,926
Advance billings	228,854	204,649
Curr. Liabilities	$ 791,478	$ 671,788
Long-term debt	240,607	127,131
Cap. lease oblig.	97,219	47,200
Deferred inc. taxes	314,105	268,537
+Preferred stock	316	339
++Preference stock	9,244	11,371
+++Common stock	158,869	157,018
Add. paid-in capital	116,416	100,830
Retained earnings	846,593	706,321
Cum. trans. adjust.	4,676	(25,456)
Treasury stock	(97,867)	(37,502)
Total Liabilities & Shareholders' Equity	$ 2,431,656	$ 2,027,577

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $50 par value; 4% convertible.
++ No par value; $2.12 convertible.
+++ $2 par value.

Statistical Summary

%Income bef. Taxes to sales	10.16	—
%Net Income to sales	8.86	—
%Net Income to Equity	19.21	18.39
Debt to Equity	0.46	0.27
Working Capital	$ 171,666,000	$ 119,796,000
Current Ratio	1.22	1.18
Shareholders' Equity	$1,038,347,000	$ 912,921,000

Plantronics, Inc.

1762 Technology Drive
Suite 225
San Jose, California 95110
(408) 998-8388

Officers: Neil J. Hynes, president & chief executive officer; Robert Lee, v.p.-human resources; John Tynoczko, Jr., v.p.-strategic planning; Thomas W. Stuart, v.p., controller & secretary; Dan L. Kinney, group v.p.; Thomas A. Bloss, sr. v.p.; Carlos E. Garner, v.p.-manufacturing & operations; Robert J. Bernardi, v.p.-engineering & development; Albert P. Pepper, v.p.-sales & marketing; Susan B. Tomley, general counsel & asst. secretary; Mary A. Starkey, asst. controller & asst. secretary.

Directors: Alan B. Simpkins, Trude C. Taylor, Weldon B. Gibson, Stanley F. Damkroger, Clifford A. Warren, Neil J. Hynes, J. Sidney Webb.

Areas of Work: Manufacture and distribution of lightweight telecommunications headsets, computer controlled data switching systems, telephone transmission products, visual data terminals, data communications products and automated test and measurement equipment for electronic product manufacturers.

Divisions and Subsidiaries:

Frederick Electronics Corporation
P.O. Box 502
7630 Hayward Road
Frederick, Maryland 21701
(301) 662-5901
Produces solid data switching systems and data communications equipment.

Kentron Industries, Inc.
14375 N.W. Science Park Drive
Portland, Oregon 97229
(503) 643-1681
Develops and manufactures telephone signal conditioning equipment.

Plantronics/Santa Cruz
345 Encinal Street
Santa Cruz, California 95060
(408) 426-5858

Wilcom Products, Inc.
Rt. 3, Daniel Webster Highway
P.O. Box 508
Laconia, New Hampshire 03246
(603) 524-2622
Telephone test and measurement equipment.

Plantronics Futurecomms, Inc.
P.O. Box 3159
7630 Haywood Road
Frederick, Maryland 21701
(301) 662-5901

Walker Equipment Corporation
Ringgold, Georgia

Plemex, S.A.
Tijuana, Mexico

Plantronics, A.G.
Wadenswil, Switzerland

Transfer Agent(s):

First Interstate Bank of California
405 Montgomery Street
San Francisco, California 94104

Stock Exchange(s): New York, Pacific

Ticker Symbol: PLX

Number of Employees:

1987	1,242	1984	1,588
1986	1,569	1983	1,445
1985	1,549		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 111,478,000	$ 9,134,000
1986	99,576,000	8,466,000
1985	88,407,000	5,558,000
1984	88,833,000	5,851,000
1983	80,165,000	8,291,000

	No. of Com. Shares #	Earn. per Share #
1987	6,250,000	$ 1.46
1986	6,397,000	1.32
1985	6,728,000	0.82
1984	6,589,000	0.89
1983	6,538,000	1.27

+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.16	—	—
1986	0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 66,576,000	$ 10.65
1986	60,058,000	9.39
1985	52,050,000	7.74
1984	90,355,000	13.71
1983	83,671,000	12.86

Income Account *

Year ended	6/27/87	6/28/86
Net sales	$ 111,478,000	$ 99,576,000
Cost of sales	59,359,000	52,485,000
Expenses	35,374,000	31,754,000
Interest expense	1,546,000	1,113,000
Gain on sale of invest.	(282,000)	(3,414,000)
Loss on investment	—	2,244,000
Income before taxes	$ 15,511,000	$ 15,394,000
Income taxes	6,377,000	6,928,000
Net Income	$ 9,134,000	$ 8,466,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,301,000 in 1987 and $3,561,000 in 1986.

Assets

As of	6/27/87	6/28/86
Cash	$ 453,000	$ 959,000
Accts. receiv., net	30,120,000	28,325,000
* Inventories	33,621,000	33,529,000
Def. inc. taxes	2,560,000	1,829,000
Current Assets	$ 66,754,000	$ 66,642,000
# Fixed assets	20,663,000	21,756,000
Notes receiv.	5,992,000	392,000
Other assets	11,295,000	12,393,000
Total Assets	$ 104,704,000	$ 101,183,000

Liabilities

Accts. payable	$ 7,473,000	$ 6,358,000
Long-term debt, curr.	4,683,000	1,061,000
Notes payable	—	9,500,000
Accruals	7,528,000	7,102,000
Income taxes	800,000	3,084,000
Curr. Liabilities	$ 20,484,000	$ 27,105,000
Long-term debt	11,544,000	10,919,000
Deferred inc. taxes	6,100,000	3,101,000
+ Common stock	9,516,000	12,380,000
Retained earnings	57,602,000	49,468,000
Notes receivable for stockholder	(542,000)	(1,790,000)
Total Liabilities & Shareholders' Equity	$ 104,704,000	$ 101,183,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Sales	13.91	15.46
% Net Income to Sales	8.19	8.50
% Net Income to Equity	13.72	14.10
Sales to Inventories	3.32	2.80
Debt to Equity	0.24	0.20
Working Capital	$ 46,270,000	$ 39,537,000
Current Ratio	3.26	2.46
Shareholders' Equity	$ 66,576,000	$ 60,058,000

The Plessey Company plc

Vicarage Lane
Ilford, Essex IG1 4AQ England

Officers: Sir John Clark, chairman & chief executive; Sir James Blyth, managing director; Michael Clark, deputy chairman; Lord Penrock*, deputy chairman; W. J. Steinheimer, deputy chief executive; J. C. Bass, Lord Brookes*, V. Butler, D. Dey, Sir Alistair Frame*, W. Gosling, K. B. Huntbatch, secretary; A. W. Jones, A. D. Mayes, Sir Francis Sandilands*, D.A.G.R. Simon*.

* Member of the Executive Committee
* Non-executive directors

Areas of Work: Principally engaged in the design, development, and manufacture of civil telecommunication and military communication products, command and control networks, radar, sonar, electronic components, direct and satellite radio communications and traffic controls.

Subsidiaries:

Plessey-UK Limited
England

Plessey Incorporated
U.S.A.

Stromberg-Carlson Corporation
U.S.A.

Plessey South Africa Limited (74%-owned)
South Africa

Plessey SpA
Italy

Plessey (NZ) Limited
New Zealand

Plessey Pacific Pty. Ltd.
Australia

Electronica SpA (35% interest)
Italy
Manufactures electronic systems.

Telephone Manufacturers of South Africa (Pty.) Ltd. (50% interest)
South Africa
Manufactures telecommunications products.

Registrar:

The Plessey Company plc
Vicarage Lane
Ilford, Essex IG1 4AQ England

Depositary for ADRs

Citibank NA
ADR Department
111 Wall Street
New York, New York 10043

Stock Exchange(s): London, New York*

Ticker Symbol: PLY (New York)

Number of Employees:

1987	31,995	1986	34,366

The Plessey Company plc

Sales & Earnings

	Net Sales	Net Income†
1987*	£1,429,700,000	£ 116,300,000
1986	1,461,100,000	92,000,000
1985	1,415,700,000	90,900,000
1984	1,252,400,000	109,300,000
1983	1,119,700,000	81,400,000

	No. of Com. Shares‡	Earn. per Share†‡
1987*	739,000,000	15.74p
1986	737,600,000	12.47
1985	736,600,000	12.34
1984	734,500,000	14.88
1983	730,700,000	11.14

* 53 weeks
p - pence.
£ - pound sterling.
† Including extraordinary losses of £ 3,500,000 (0.47p per share) in 1987, £ 7,500,000 (1.02p per share) in 1986, £ 2,600,000 (0.35p per share) in 1985, £ 2,700,000 (0.37p per share) in 1984 and £ 1,400,000 (0.19p per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business (000's)

	1987	1986
Telecommunications	£ 681,000	£ 682,400
Elec. Syst. & Equip.	501,700	518,000
Aerospace & engineering	111,900	120,700
Microelectronics & components	156,000	161,300
Computer peripherals	32,000	34,300
Eliminations	52,900	55,600
Total	£ 1,429,700	£ 1,461,100

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	5.790p	—	—
1986	5.034	—	—
1985	4.375	—	—
1984	3.801	—	—
1983	3.303	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	£ 596,600,000	80.73p
1986	523,400,000	70.96
1985	475,200,000	64.51
1984	489,800,000	66.68
1983	407,800,000	55.81

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	4/13/87 (53 weeks)	3/29/86
Net sales	£ 1,429,700	£ 1,461,100
Cost of sales	979,080	1,027,200
Oper. expense	284,500	271,400
Share of profits of rel. cos.	(2,200)	(1,800)
Interest income	(15,800)	(5,900)
Income before taxes	£ 184,200	£ 170,200
Income taxes	62,700	69,800
Minority interests	1,700	900
Net Income	£ 119,800	£ 99,500
Extraord. loss	(3,500)	(7,500)
Net Income & extraord. loss	£ 116,300	£ 92,000

* Included in Costs and Expenses, Depreciation and Amortization: £ 58,000,000 in 1987 and £ 48,600,000 in 1986.

Assets (000's)

As of	4/3/87	3/29/86
Cash	£ 25,900	£ 49,100
Investments	280,600	225,700
Accts. receiv., net	460,300	430,300
*Inventories	255,700	281,600
Current Assets	£ 1,022,500	£ 986,700
Investments	14,100	14,700
#Fixed assets	292,000	281,900
Total Assets	£ 1,328,600	£ 1,283,300

Liabilities (000's)

Long-term debt, curr.	£ 22,200	£ 58,300
Adv. payments	101,400	103,400
Accts. payable	101,000	114,000
Cap. lease oblig. curr.	29,300	20,200
Accruals	64,800	64,700
Other payables	24,600	24,600
Capital grants	4,000	2,900
Income taxes	53,800	61,100
Other taxes	26,600	31,900
Other current liabilities	42,800	37,200
Curr. Liabilities	£ 470,500	£ 518,300
Long-term debt	15,300	24,100
Other payables	150,600	126,000
Other liabilites & charges	90,000	68,400
Minority interest	5,600	5,100
+Common stock	184,900	181,800
+Dollar common stock	—	2,700
Add. paid-in capital	6,300	4,100
Revaluation reserve	25,200	3,600
Other reserves	2,520	2,200
Profit and loss acct.	371,100	324,400
Rel. cos. reserves	6,600	4,600
Total Liabilities & Shareholders' Equity	£ 1,328,600	£ 1,283,300

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ 25p par value.

Statistical Summary

%Income bef. Taxes to Sales	12.88	11.65
%Net Income to Sales	8.38	6.81
%Net Income to Equity	20.08	19.01
Sales to Inventories	5.59	5.19
Debt to Equity	0.06	0.16
Working Capital	£ 552,000,000	£ 468,400,000
Current Ratio	2.17	1.90
Shareholders' Equity	£ 596,600,000	£ 523,400,000

Polaroid Corporation

549 Technology Square
Cambridge, Massachusetts 02139
(617) 577-2000

Officers: William J. McCune, Jr., chairman of the board; I. MacAllister Booth, president & chief executive officer; Sheldon A. Buckler, exec. v.p. & dir.-technical & industrial photography; Milton S. Dietz, sr. v.p.-strategic planning & corp. development; Peter O. Kliem, sr. v.p. & dir.-research & engineering; Harvey H. Thayer, sr. v.p.-finance & treasurer; Owen J. Gaffney, group v.p.; Joseph J. McLaughlin, group v.p.-worldwide marketing; William J. O'Neill, Jr., group v.p.-consumer photography; Gerald A. Sudbey, group v.p.; Lee C. Brewer, v.p.-international marketing operations; Graham M. Brown, Jr., v.p. & controller; Robert M. Delahunt, v.p.-worldwide industrial marketing; Richard F. deLima, v.p. & secretary; George H. Fernald Jr., v.p.-diversified business development; Christopher C. Ingraham, v.p.-human resources; Hugh R. MacKenzie, v.p.-engineering; Joseph R. Oldfield, v.p. & dir.-worldwide manufacturing operations; Julius Silver, v.p. & chairman-executive committee; Carole J. Uhrich, v.p. & dir.-corp. quality; John T. Harlor, vice president; Bruce B. Henry, vice president; Harold S. Page, vice president; Gerald R. Dicker, asst. secretary; Ralph M. Norwood, asst. treasurer; Conrad Biber, sr. research & engineering fellow; Lloyd D. Taylor, sr. research & engineering fellow.

Directors: William J. McCune, Jr., chairman; I. MacAllister Booth, Yen-Tsai Feng, Richard D. Hill, Frank S. Jones, Carl Kaysen, Henry Necarsulmer, Kenneth H. Olsen.

Areas of Work: The Company designs, manufactures and markets worldwide a variety of products primarily in instant image recording fields. These products include a variety of color and black-and-white instant photographic products and a complete line of video tapes and flexible diskettes; computer image and video image recorders; light polarizing filters and lenses; and diversified chemical, optical and commerical products.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York, Pacific

Ticker Symbol: PRD

Number of Employees:

1987	13,662*	1984	13,402
1986	14,765*	1983	13,871
1985	12,932		

* Includes approximately 800 temporary employees for 1987 and 1,900 for 1986.

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,763,900,000	$ 116,100,000
1986	1,629,200,000	103,500,000
1985	1,295,200,000	36,900,000
1984	1,271,500,000	25,700,000
1983	1,254,500,000	49,700,000

	No. of Com. Shares‡	Earn. per Share‡
1987	61,918,000	$ 1.88
1986	61,918,000	1.67
1985	61,918,000	0.60
1984	61,918,000	0.42
1983	61,918,000	0.80

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.60	—	2-for-1
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.50	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,073,700,000	$ 17.34
1986	994,700,000	16.06
1985	922,200,000	14.89
1984	916,300,000	14.80
1983	921,600,000	14.88

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,763,900	$ 1,629,200
Cost of sales	956,200	921,700
Expenses	653,900	571,800
Interest expense	15,000	18,600
Interest income	(15,700)	(20,600)
Other expense (income)	(1,000)	2,500
Income before taxes	$ 155,500	$ 135,200
Income taxes	39,400	31,700
Net Income	$ 116,100	$ 103,500

* Included in Costs and Expenses and Depreciation: $75,700,000 in 1987 and $71,200,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short term invest.	$ 218,800	$ 166,800
Accts. receiv., net	441,300	434,300
*Inventories	478,900	425,000
Prepaid expenses	90,300	95,400
Current Assets	$ 1,229,300	$ 1,121,500
#Fixed assets	395,600	357,700
Total Assets	$ 1,624,900	$ 1,479,200

Liabilities
(000's)

Short-term debt	$ 223,700	$ 171,300
Accts. payable & accruals	192,800	170,700
Accrued compensation & benefits	99,000	109,300
Income taxes	35,700	33,200
Curr. Liabilities	$ 551,200	$ 484,500
+Common stock	65,700	32,900
Add. paid-in capital	89,200	122,000
Retained earnings	965,700	886,700
Treasury stock	(46,900)	(46,900)
Total Liabilities & Shareholders' Equity	$ 1,624,900	$ 1,479,200

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.82	8.30
%Net Income to Sales	6.58	6.35
%Net Income to Equity	10.81	10.41
Sales to Inventories	3.68	3.83
Debt to Equity	0.21	0.17
Working Capital	$ 678,100,000	$ 637,000,000
Current Ratio	2.23	2.31
Shareholders' Equity	$ 1,073,700,000	$ 994,700,000

Porta Systems Corp.

575 Underhill Boulevard
Syosset, New York 11791
(516) 364-9300

Officers: Paul V. DeLuca, chairman of the board & chief executive officer; Vincent F. Santulli, president & chief operating officer; William V. Carney, vice chairman, sr. v.p.-mechanical engineering & secretary; Garet M. Romeo, exec. v.p.; Eladio Rodriguez, v.p.-Caribbean operations; Michael A. Tancredi, v.p.-finance & treasurer; John Gazzo, v.p.-research & development; Daniel G. Romero, v.p.-national sales; Warren Marcus, v.p.-sales; Jane M. Jozefek, v.p., general counsel & asst. secretary; Giovanni Magistrali, sr. v.p.-operations; Daniel J. Fleming, v.p. & controller; Thomas O'Connor, v.p.-human resources.

Directors: Paul V. DeLuca, chairman; Vincent F. Santulli, William V. Carney, Michael A. Tancredi, Garet M. Romeo, Seymour Joffe, George F. Knaop, William McDaniel, Joe C. Culp.

Areas of Work: Designs and manufactures telecommunications systems and equipment for telephone operating companies, and suppliers and manufacturers of telecommunication systems and equipment. Major products include equipment used to connect lines and trunks entering central offices with central office equipment, and to provide electrical protection to switching equipment and office personnel; and computer-based electronic systems for testing and identifying faults with subscriber lines and central office switching equipment.

Subsidiaries:

Porta System-Caribbean Corp.
Guaynabo, PR

Porta Systems Limited
Swindon, England

Porta Systems, S.A. de C.V.
Matamoros, Mexico

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: PSI

Number of Employees:

1987 ..... 529 1985 550
1986 587

Plant Footage:

1987 ..... 128,281 sq. ft. 1985 177,660
1986 133,686

Sales & Earnings

	Net Sales	Net Income
1987	$ 50,356,505	$ (3,091,712)
1986	40,708,759	2,500,490
1985	40,516,912	2,840,729
1984	29,433,994	1,796,080
1983	22,953,112	572,485

	No. of Com. Shares #	Earn. per Share #
1987	5,462,060	$ —
1986	5,462,060	0.46
1985	5,461,060	0.52
1984	5,461,560	0.33
1983	5,458,260	0.11

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 20,983,491	$ 3.84
1986	24,146,286	4.42
1985	21,717,239	3.98
1984	18,846,358	3.45
1983	16,985,053	3.11

‡ Based on the weighted number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 50,356,505	$ 40,708,759
Cost of sales	33,096,387	25,347,403
Expenses	18,627,326	11,338,261
Other expense	1,526,184	1,522,605
Income (loss) bef. taxes	$ (2,893,392)	$ 2,500,490
Income taxes	198,320	—
Net Income (Loss)	$ (3,091,712)	$ 2,500,490

* Included in Costs and Expenses, Depreciation and Amortization: $2,486,232 in 1987 and $1,888,722 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 6,903,746	$ 3,522,910
Accts. receiv., net	9,285,416	12,928,408
*Inventories	21,341,844	22,610,345
Prepaid expenses & other assets	580,360	311,693
Current Assets	$ 38,111,366	$ 39,373,356
#Fixed assets	4,321,978	4,764,814
Def. computer software	1,720,929	1,667,691
Intangibles	47,333	78,899
Employee loans	1,796,900	1,843,850
Debt issuance expenses	892,123	993,989
Defer. charges	529,134	563,294
Total Assets	$ 47,419,763	$ 49,285,893

Porta Systems Corp.

Liabilities

Accts. payable	$ 3,068,312	$ 3,429,734
Accruals	3,539,860	1,832,123
Curr. Liabilities	$ 6,608,172	$ 5,261,857
Long-term liab.	19,828,100	19,877,750
+Common stock	54,653	54,653
Add. paid-in capital	7,401,923	7,401,923
Cum. trans. adj.	(151,026)	(81,943)
Retained earnings	13,683,191	16,774,903
Treasury stock	(3,250)	(3,250)
Total Liabilities & Shareholders' Equity	$ 47,419,763	$ 49,285,893

° At lower of cost (FIFO) or market.
Less accumulated depreciation & amortization.
+ $0.01 par value.

Statistical Summary

%Net Income to Sales	—	6.14
%Net Income to Equity	—	10.36
Sales to Inventories	2.36	1.80
Working Capital	$ 31,503,194	$ 34,111,499
Current Ratio	3.77	7.48
Shareholders' Equity	$ 20,983,491	$ 26,146,286

Powell Industries, Inc.

8550 Mosley Drive
Houston, Texas 77075
(713) 944-6900

Mailing address:
P.O. Box 12818
Houston, Texas 77217-2818

Officers: Thomas W. Powell, chairman of the board, president & chief executive officer; Neal T. Hare, asst. secretary; Corbett U. Allen, Jr., v.p., secretary & treasurer; Roman R. Rammler, president-Powell Process Systems, Inc.; N. A. Holian, president-Unibus, Inc.; Adam Janas, president-Delta Unibus, Inc.; Larry D. Davis, president-U.S. Turbine Corp..

Directors: Thomas W. Powell, chairman; Jesse R. Milam, Jr., Elbert D. Stewart, Stephen W. Seale, Jr., D. D. Sykora, Bonnie Powell, Everett N. DeVault.

Areas of Work: Designs, manufactures, and markets electrical power distribution and control systems, pre-packaged electrical and instrumental control room buildings, patented and proprietary electronic and computerized process control products and systems and digital control valves.

Divisions and Subsidiaries:

Power Electrical Manufacturing Company
P.O. Box 12818
8550 Mosley Drive
Houston, Texas 77075
(713) 944-6900

Powell Process Systems, Inc.
P.O. Box 12848
8540 Mosley Drive
Houston, Texas 77075
(713) 947-9470

Powell Industries Offshore
16525 Jacinto Port Boulevard
Channelview, Texas 77530
(713) 452-4885

Unibus, Inc.
15242 Foltz Industrial Pkwy.
Strongsville, Ohio 44136
(216) 238-7035
Manufactures custom-designed bar and cable bus systems for utilities, general industry and research and development facilities.

Delta-Unibus Corporation
11323 West Franklin Avenue
Franklin Park, Illinois 60131
(312) 451-1982
Manufactures isolated phase bus duct used primarily in high reliability, maximum protection power generation applications.

U.S. Turbine Corporation
7685 South State Route 48
Maineville, Ohio 45039
(513) 683-6100
Manufactures gas turbine generator sets for utilities and general industry, including cogeneration systems.

Transfer Agent(s):

First Republic Bank Houston Division
Trust Dept. Stock Transfer
P.O. Box 4339
Houston, Texas 77210-4339

Stock Exchange(s): Over-the-Counter.

Ticker Symbol: POWL (NASDAQ)

Number of Employees:

1987	568	1984	N.A.
1986	592	1983	346
1985	576		

Plant Footage:

1987	444,000 sq. ft.	1984	N.A.
1986	485,750	1983	334,000
1985	485,750		

N.A. - Not Available.

Sales & Earnings

	Revenues +	Net Income
1987	$ 67,676,000	$ (1,319,000)
1986	78,697,000	(928,000)
1985	65,601,000	(2,607,000)
1984	61,558,000	1,060,000
1983	56,389,000	1,755,000

	No. of Com. Shares‡	Earn. per Share‡
1987	10,204,482	$ —
1986	10,204,482	—
1985	10,204,482	—
1984	10,204,482	0.10
1983	10,204,482	0.17

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Electronics distribution equipment	$ 61,439,000	$ 69,341,000
Process control indust.	6,237,000	9,356,000
Total	$ 67,676,000	$ 78,697,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 18,347,000	$ 1.80
1986	19,666,000	1.93
1985	20,594,000	2.02
1984	23,201,000	2.27
1983	22,141,000	2.17

‡ Based on the average number of shares outstanding.

Income Account °

Year ended Oct. 31	1987	1986
Revenues	$ 67,676,000	$ 78,697,000
Cost of sales	58,090,000	66,056,000
Expenses	11,362,000	10,573,000
Interest expense	1,468,000	1,997,000
Res. & develop.	1,102,000	1,730,000
Gain on settlement of pension oblig.	(2,102,000)	—
Loss bef. taxes	$ (2,244,000)	$ (1,699,000)
Tax credit	(925,000)	(771,000)
Net Loss	$ (1,319,000)	$ (928,000)

° Included in Costs and Expenses, Depreciation and Amortization: $2,716,000 in 1987 and $2,506,000 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 822,000	$ 552,000
Accts. receiv., net	13,144,000	17,797,000
Refund inc. taxes	602,000	1,366,000
°Inventories	12,273,000	13,572,000
Prepaid expenses	709,000	1,156,000
Deferred income taxes	939,000	652,000
Current Assets	$ 28,529,000	$ 35,095,000
#Fixed assets	13,665,000	15,107,000
Other assets	2,012,000	2,707,000
Total Assets	$ 44,206,000	$ 52,909,000

Liabilities

Long-term debt, curr.	$ 1,861,000	$ 1,523,000
Accts. payable	5,882,000	7,333,000
Accruals	2,948,000	2,388,000
Accrued payroll	1,426,000	1,209,000
Progress billings	851,000	1,339,000
Curr. Liabilities	$ 12,968,000	$ 13,792,000
Long-term debt	9,730,000	15,940,000
Deferred inc. taxes	1,817,000	1,958,000
Deferred comp.	1,324,000	1,553,000
+Common stock	102,000	102,000
Add. paid-in capital	2,903,000	2,903,000
Retained earnings	15,342,000	16,661,000
Total Liabilities & Shareholders' Equity	$ 44,206,000	$ 52,909,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Debt to Equity	0.63	0.89
Working Capital	$ 15,561,000	$ 21,303,000
Current Ratio	2.20	2.54
Shareholders' Equity	$ 18,347,000	$ 19,666,000

Premier Industrial Corporation

4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300

Officers: Morton L. Mandel, chairman of the board; Jack N. Mandel, finance committee chairman; Joseph C. Mandel, exec. committee chairman; Robert Warren, vice chairman; William M. Hamilton, president; Philip S. Sims, exec. v.p. & treasurer; Bruce W. Johnson, exec. v.p.; Denis A. Moore, sr. v.p.; Grant C. Grinnell, v.p. & secretary; J. Robert McCabe, v.p.; Denis M. Bohm, v.p.; David R. Eva, v.p.; Denis A. Moore, v.p.; William H. Barnes, v.p.; Phillip Vander Pol, v.p. & controller.

Directors: John C. Colman, John A. Gelbach, Jack N. Mandel, Joseph C. Mandel, Morton L. Mandel, Hugh Calkins, Robert Warren, Scott S. Cowen.

Areas of Work: Broad line distributor of electronic components used in the production and maintenance of equipment, a supplier of maintenance products for industrial, commercial and institutional applications, and a manufacturer of high-performance fire-fighting accessories.

Divisions and Subsidiaries:

Electronics Distribution Group

Newark Electronics
500 North Pulaski Street
Chicago, Illinois 60624
(312) 638-4411
Electronic components and equipment including semiconductors, integrated conductors, integrated circuits, switches, relays, test and sound equipment, capacitors, resistors and connectors.

Cadillac Electric
20700 Hubbell Avenue
Oak Park, Michigan 48237
(313) 967-1221
Electrical items including wire and cable, roughing-in materials, motor controls, distribution equipment, lamps, fuses, wiring devices and other electrical maintenance products.

Hoffman Products
170 Allen Boulevard
Farmingdale, New York 11735
(516) 293-5244
National supplier of electrical and related products.

Car-lac Electronics
75 Orville Drive
Bohemia, New York 11716
(516) 567-4200
Electronic interconnection devices and associated hardware.

MCM Electronics
858 E. Congress Park Drive
Centerville, Ohio 45459
(513) 434-0031
Electronic components and equipment for the installation and repair of consumer and commercial equipment.

Maintenance Products Group

Brooks Technology
3304 East 87th Street
Cleveland, Ohio 44127
(216) 641-5100
Industrial and specialty greases, open gear lubricants, gear oils, corrosion preventives, cutting and grinding fluids, wire rope lubricants, roll oils, and drawing and forging compounds.

C-T Engineering
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Heavy-duty fasteners, special hardware and parts for construction transportation equipment.

Certanium Alloys and Research
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Special welding electrodes, brazing alloys, fluxes, solders, and welding aids.

Premier Fastener
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
High performance cap screws, nuts, washers, screws, specialty fasteners and industrial shop supplies.

Premier Autoware
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Replacement parts for cars and trucks, including special hardware and shop supplies.

J.I. Holcomb
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Cleaners, disinfectants, degreasers and protective coatings for industrial, commercial, and institutional applications. Insecticides, floor conditioners and floor maintenance products.

Kent Industries
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Adhesives, cements, sealants, caulks, cleaners and related application equipment for the automotive and marine industries.

Rotanium Products
4500 Euclid Avenue
Cleveland, Ohio 44103
(216) 391-8300
Electrical systems components and other specialty products such as industrial lamps, terminals, connectors, fittings, clamps and building hardware.

TPC Wire & Cable
20700 Hubbell Avenue
Oak Park, Michigan 48237
(313) 967-0582
Extra heavy-duty electrical cord, cable and associated devices.

D-A Lubricant Company, Inc.
1340 West 29th Street
Indianapolis, Indiana 46208
(317) 923-5321
Engine oils and greases for heavy-duty diesel driven equipment.

Maintenance, Inc.
1051 West Liberty Street
Wooster, Ohio 44691
(216) 264-6262
Coatings to protect and color off-street asphalt and concrete pavements and recreational areas.

Fire-Fighting Products Group

Akron Brass Co.
Spruce Street
P.O. Box 86
Wooster, Ohio 44691
(216) 264-5100
Fire-fighting components including nozzles, hose couplings, valves and specialized fire-fighting equipment.

Western Fire Equipment Co.
440 Valley Drive
Brisbane, California 94005
(415) 467-5650
Forestry, municipal and industrial fire-fighting equipment, including portable tanker units, protective clothing and specialized fire-fighting tools.

Transfer Agent(s):

National City Bank
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: PRE

Number of Employees:

1987	N.A.	1984	3,300
1986	N.A.	1983	2,900
1985	3,500		

Plant Footage:

1987	N.A.	1984	1,810,000
1986	N.A.	1983	1,800,000
1985	2,260,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Oper. Revenues	Net Income
1987	$ 459,000,000	$ 48,280,000
1986	435,040,000	41,377,000
1985	432,256,000	38,505,000
1984	377,593,000	38,350,000
1983	317,423,000	30,984,000

	No. of Shares‡	Earn. per Share‡
1987	29,660,510	$ 1.63
1986	29,629,146	1.40
1985	29,503,138	1.31
1984	30,827,760	1.24
1983	31,288,839	0.99

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Industrial maintenance	$ 149,406,000	$ 142,282,000
Fire-fighting products	30,060,000	29,550,000
Electronic & electrical components	279,534,000	263,208,000
Total	$ 459,000,000	$ 435,040,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.420	—	—
1986	0.380	—	—
1985	0.347	—	3-for-2
1984	0.293	—	—
1983	0.280	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 266,888,000	$ 9.00
1986	239,622,000	8.09
1985	205,416,000	6.96
1984	177,265,000	5.75
1983	184,885,000	5.91

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account

Year ended May 31	1987	1986
Oper. revenues	$ 459,000,000	$ 435,040,000
Other income	5,688,000	7,583,000
Revenues	$ 464,688,000	$ 442,623,000
Cost of sales	241,968,000	237,217,000
Expenses	129,989,000	119,390,000
Income taxes	5,251,000	4,336,000
Depreciation & amortization	3,775,000	9,573,000
Interest expense	284,000	364,000
Income before taxes	$ 81,421,000	$ 71,743,000
Income taxes	33,141,000	30,366,000
Net Income	$ 48,280,000	$ 41,377,000

Assets

As of May 31	1987	1986
Cash	$ 117,272,000	$ 92,546,000
Receiv., net	71,252,000	64,349,000
*Inventories	70,197,000	64,016,000
Prepaid expenses	5,251,000	12,341,000
Current Assets	$ 263,972,000	$ 233,252,000
#Fixed assets	34,440,000	35,312,000
Other assets	27,157,000	31,064,000
Total Assets	$ 325,569,000	$ 299,628,000

Liabilities

Long-term debt, curr.	$ 111,000	$ 1,274,000
Payables	16,129,000	15,895,000
Accruals	16,389,000	15,451,000
Income taxes	2,570,000	1,501,000
Curr. Liabilities	$ 35,199,000	$ 34,121,000
Deferred inc. taxes	16,820,000	19,126,000
Long-term debt	6,662,000	6,759,000
+ Common stock	29,905,000	29,905,000
Retained earnings	253,793,000	218,775,000
Foreign currency translation	158,000	(821,000)
Treasury stock	(16,968,000)	(8,237,000)
Total Liabilities & Shareholders' Equity	$ 325,569,000	$ 299,628,000

* At lower of cost (FIFO or LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	17.52	16.21
%Net Income to Revenues	10.39	9.35
%Net Income to Equity	18.09	17.27
Debt to equity	0.03	0.03
Working Capital	$ 228,773,000	$ 199,131,000
Current Ratio	7.50	6.84
Shareholders' Equity	$ 266,888,000	$ 239,622,000

Prime Computer, Inc.

Prime Park
Natick, Massachusetts 01760
(617) 655-8000

Officers: David J. Dunn, chairman of the board; Joe M. Henson, president & chief executive officer; David J. Collard, v.p.-finance, administration and planning & chief financial officer; Richard L. Ballantyne, v.p., gen. counsel & secretary; Richard B. Goldman, v.p.-finance & treasurer; Gale R. Aguilar, v.p.-corporate business development & strategy; W.L. Brubaker, v.p.-sales; Marvin G. Kirby, v.p.-CAD/CAM marketing; John T. Maske, sr. v.p.-corp. operations & programs; Robert A. Fischer, president & chief exec. officer-CAD/CAM and engineering/scientific group; Leonard F. Halio, v.p.-small systems business group; Richard B. Snyder, v.p.-software development; Lawrence M. Bornstein, v.p.-human resources; Mel Friedman, v.p.-manufacturing & service; Stephen C. Kiely, v.p.-systems marketing & development; Ethan Allen, Jr., v.p.-customer service; Ronald P. Haley, v.p.-marketing & office systems; William F. O'Neill, Jr., v.p.-systems marketing & development operations; Kathleen A. Cote, v.p.-manufacturing; Florence K. Damms, asst. secretary.

Directors: David J. Dunn*, chairman; Frank P. Brunetta, John S. Delaney*, Harold A. Strickland, Jr., Joe M. Henson*, John E. Sheehan, John E. Nolan, Jr..

* Member of the Executive Committee

Areas of Work: Design, manufacture, sale and service of small and medium size general purpose digital computers and interactive computer systems.

Subsidiaries:

Prime Computer (U.K.) Limited (United Kingdom)
Prime Computer GmbH (West Germany)
Prime Informatique, S.A. (France)
Prime Computer Scandinavia AB
Prime Computer International Sales Corporation

Acquisitions:

Computervision Corporation
100 Crosby Drive
Bedford, Massachusetts 01730
(617) 275-1800
Designs, manufactures, distributes and services, computer-based interactive graphics systems used largely for computer-aided-engineering design and manufacturing (CAE/CAD/CAM) applications.

Versacad Corporation
Huntington Beach, California
Supplies computer-aided-design software for personal computers and workstations.

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: PRM

Number of Employees:

1987	8,818	1984	7,348
1986	8,621	1983	5,927
1985	8,115		

Plant Footage:

1987 ..... 1,486,000 sq. ft. 1986 1,486,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 960,913,000	$ 64,768,000
1986	860,173,000	46,925,000
1985	769,673,000	57,782,000
1984	642,779,000	59,712,000
1983	516,503,000	32,503,000

	No. of Com. Shares +	Earn. per Share +
1987	48,991,000	$ 0.97
1986	48,413,000	0.97
1985	48,160,714	1.20
1984	47,910,678	1.25
1983	47,863,089	0.68

+ Based on the weight average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 503,836,000	$ 10.28
1986	437,830,000	9.04
1985	383,302,000	7.96
1984	325,002,000	6.78
1983	268,179,000	5.60

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 960,913,000	$ 860,173,000
Cost of sales	448,199,000	407,194,000
Expenses	320,897,000	297,606,000
Prod. devel. & eng.	109,691,000	91,933,000
Other income	(8,190,000)	(3,305,000)
Other expense	3,999,000	3,995,000
Income before taxes	$ 86,357,000	$ 82,566,000
Income taxes	21,589,000	15,641,000
Net income	$ 64,768,000	$ 46,925,000

* Included in Costs and Expenses, Depreciation and Amortization: $80,782,000 in 1987 and $62,169,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 490,173,000	$ 87,593,000
Accts. receiv., net	290,775,000	225,077,000
Lease receivable	66,128,000	—
*Inventories	87,252,000	95,757,000
Prepaid exp. & deposits	29,644,000	21,145,000
Current Assets	$ 923,972,000	429,572,000
#Fixed assets	255,927,000	222,566,000
Lease receivable	117,316,000	—
Other assets	37,363,000	35,222,000
Total Assets	$ 1,334,578,000	$ 687,360,000

Liabilities

Notes payable & long-term debt, curr.	$ 58,025,000	$ 3,381,000
Accts. payable	56,101,000	47,702,000
Accruals	121,529,000	95,166,000
Curr. Liabilities	$ 235,655,000	$ 146,249,000
Long-term debt	493,473,000	14,155,000
Deferred inc. taxes	101,614,000	89,126,000
+ Common stock	614,000	603,000
Add. paid-in capital	119,797,000	104,966,000
Retained earnings	404,579,000	339,811,000
Cumulative translation adjustment	(3,963,000)	(7,350,000)
Treasury stock	(18,192,000)	—
Total Liabilities & Shareholders' Equity	$ 1,334,578,000	$ 687,360,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.0125 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.99	7.27
%Net Income to Sales	6.74	5.46
%Net Income to Equity	12.85	10.72
Sales to Inventories	11.01	8.98
Debt to Equity	1.09	0.04
Working Capital	$ 688,317,000	$ 283,323,000
Current Ratio	3.92	2.94
Shareholders' Equity	$ 503,836,000	$ 437,830,000

Princeton Electronic Products, Inc.

P.O. Box 101
North Brunswick, New Jersey 08902
(201) 297-4448

Officers: Hyman Center, president & chief financial officer; Lloyd D. Feld, secretary.

Directors: Hyman Center, Lloyd D. Feld.

Annual Meeting Manufactures and sells real time, digital video line rate converters which convert high-resolution line rates to lower line rates and vice-versa, enabling users to transfer high-resolution images to video tape, video disk or computers. The Company also manufactures and sells video/graphic scan converters and storage terminals based upon analog technology, and sells digital image processing systems.

Transfer Agent(s):

American Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PELT (NASDAQ)

Number of Employees:

1987	5	1985	12
1986	5		

Plant Footage:

1987	14,000 sq. ft.	1984	14,000
1986	14,000	1983	14,000
1985	14,000		

Sales & Earnings

	Net Sales	Net Income #
1987	$ 333,805	$ (142,992)
1986	557,287	55,694
1985	510,686	(19,566)
1984	617,839	3,595
1983	842,346	476,764

	No. of Com. Shares‡	Earn. per Share #‡
1987	7,500,347	$ —
1986	7,444,930	0.01
1985	7,340,347	—
1984	7,340,347	—
1983	6,036,268	0.08

(Loss)
Including extraordinary gains of $21,908 in 1987, $7,484 in 1986, $573 in 1984 and $478,561 ($0.08 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 508,946	$ 0.07
1986	645,168	0.09
1985	582,931	0.08
1984	591,446	—
1983	584,338	0.10

† After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended May 31	1987	1986
Net sales	$ 333,805	$ 557,287
Interest income	17,204	21,862
Total revenues	$ 351,009	$ 579,149
Cost of sales	299,611	387,339
Research & development	86,402	88,283
Expenses	128,918	139,551
Interest expense	733	2,457
Bad debt exp.	—	3,458
Inc. (loss) bef. taxes	$ (164,655)	$ 58,061
Income taxes	245	9,851
Net Income (Loss)	$ (164,900)	$ 48,210
Extraord. gain	21,908	7,484
Net Income (Loss) & extraord. gain	$ (142,992)	$ 55,694

* Included in Costs and Expenses, Depreciation and Amortization: $17,742,000 in 1987 and $16,263 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 217,531	$ 223,925
Accts. receiv., net	23,385	68,650
†Inventories	443,600	461,001
Prepaid expenses	8,001	681
Current Assets	$ 692,517	$ 756,257
#Fixed assets	29,189	42,194
Security deposits	3,083	3,083
Intangibles	38,196	40,980
Total Assets	$ 762,985	$ 842,514

Liabilities

Note payable	$ 101,999	$ 1,778
Accts. payable	37,751	77,881
Accruals	14,742	12,220
Income taxes	3,499	2,649
Curr. Liabilities	$ 159,991	$ 94,528
Other liabilities	3,263	5,263
+Preferred stock	90,785	97,555
+Common stock	1,444,477	1,437,707
Add. paid-in capital	1,111,170	1,111,170
Deficit	(2,046,701)	(1,903,709)
Total Liabilities & Shareholders' Equity	$ 762,985	$ 842,514

† At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	10.42
%Net Income To Sales	—	8.65
%Net Income to Equity	—	6.49
Sales to Inventories	0.75	1.20
Debt to Equity	0.17	—
Working Capital	$ 532,526	$ 661,729
Current Ratio	4.33	8.00
Shareholders' Equity	$ 599,731	$ 742,723

The Pullman Company

(formerly The Pullman Peabody Company)

182 Nassau Street
Princeton, New Jersey 08540
(609) 683-1770

Officers: Thomas M. Begel, chairman, president & chief executive officer; James R. Shapley, vice chairman; Andrew M. Mastinsilla, exec. v.p. & chief operating officer; William D. Sivitz, sr. v.p. & general counsel; Anthony J. Garcia, sr. v.p. & chief financial officer; Joseph E. Cox, v.p. & treasurer; Ronald H. Glassloff, v.p. & controller; Robert P. Rowe, group v.p.; Ralph E. Stewart, group v.p.; Peyton H. Houston, secretary.

Directors: Thomas M. Begel, chairman; Gerald R. Ford, Jane Mack Gould, John E. McConnaughy, Jr., Edward A. Montgomery, Jr., James R. Shapley, Steven Shulman, R. Philip Silver.

Annual Meeting Manufactures engineered systems and components for the aerospace, communications, defense, transportation, energy and environmental industries. It is involved in the specialized markets for aircraft seating, food-service equipment, truck trailers, weapons systems components, refuse disposal equipment, and fluidhandling systems.

Divisions and Subsidiaries:

Resco Technology Corporation
Manufactures and tests electronic assemblies and subassemblies such as firing devices, timers, fuses and safing and arming devices for the Department of Defense and industry.

Peabody Galion
Manufactures solid waste collection disposal and compaction equipment for municipalities and private haulers. Also manufactures dump truck bodies and hydraulic hoists.

Peabody Myers Corporation
Manufactures and distributes pneumatic equipment for municipal and industrial waste clean-up of streets, sewers and wastewater lines.

Peabody Floway, Inc.
Manufactures vertical turbine pumps for moving high volumes of liquid with minimum energy consumption.

Peabody Barnes, Inc.
Manufactures a broad line of self-priming, centrifugal and submersible pumps.

Peabody ABC
Manufactures products consisting of fiberglass reinforced plastic ducting, plastic laminated materials for general industrial use and flame retardant fabric used to control air and dust movement in coal and metal mines.

Star Manufacturing Company
Manufactures concessionary food preparation equipment.

Peabody Engineering
Engineers and manufactures a variety of energy conversion devices, including burners and burner management systems.

Elastomer Products Division
Custom designs and manufactures engineered products of elastomers (rubber) and metal for a wide range of applications to insulate noise and isolate vibration or shock.

Perraloy Division
Manufactures custom-designed powdered metal components for a wide range of industrial and consumer products applications.

Peabody TecTank
Manufactures bolted and welded tanks for bulk storage of liquids and solids in a corrosion-resistant and contamination-free environment.

Trailmobile
Manufactures truck trailers.

PTC Aerospace, Inc.
Manufactures aircraft seating, galleys, and food service systems.

Acquisition(s):

Clevite Industries Inc.

Eastman Division
Produces rubber and thermoplastic hose, couplings and hose assemblies for a wide variety of hydraulic applications.

Imperial Division
Manufactures fittings, valves and tube working tools for the industrial, automation and process industries.

Waterman and Bruning Division
Produces hydraulic control components such as valves, couplers and cylinders.

Transfer Agent(s):

Mellon Bank, N.A.
Stock Transfer
Commerce Court
Four Station Square
Pittsburgh, Pennsylvania 15219

Stock Exchange(s): New York

Ticker Symbol: PMN

Number of Employees:

1987	8,923	1985	8,000
1986	5,462		

Plant Footage:

1987	N.A.	1985	3,878,000
1986	3,335,500 sq. ft.		

N.A. – Not Available.

Sales & Earnings

	Revenues +	Net Income‡
1987	$ 612,835,000	$ 17,632,000
1986	519,332,000	16,174,000
1985	296,406,000	14,090,000
1984	214,198,000	10,488,000
1983	—	(41,633,000)

	No. of Com. Shares	Earn. per Share‡+
1987	41,037,485	$ 0.42
1986	40,683,307	0.40
1985	21,105,256	0.64
1984	20,917,314	0.51
1983	8,747,525	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $4,880,000 ($0.22 per share) in 1985 and $4,824,000 ($0.24 per share) in 1984.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 178,123,000	$ 4.34
1986	163,195,000	4.01
1985	32,406,000	1.54
1984	18,283,000	0.87

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Revenues	$ 612,835	$ 519,332
Cost of sales	497,582	422,585
Expenses	83,138	67,269
Interest expense	10,309	9,166
Interest income	(1,608)	(2,185)
Other income	(7,555)	(1,996)
Income before taxes	$ 30,969	$ 34,493
Income taxes	16,561	13,261
Income from cont. oper.	$ 14,408	$ 11,232
Inc. from discont. oper.	3,224	4,942
Net Income	$ 17,632	$ 16,174

* Included in Costs and Expenses, Depreciation and Amortization: $14,605,000 in 1987 and $10,401,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash & short-term invest.	$ 25,883	$ 27,162
Accts. receiv., net	136,016	71,553
*Inventories	116,296	94,572
Def. inc. taxes	11,078	1,951
Prepaid expenses	8,360	4,675
Current Assets	$ 297,633	$ 199,913
#Fixed assets	238,560	110,679
Other assets & intangibles	172,222	71,277
Total Assets	$ 708,415	$ 381,869

Liabilities
(000's)

Long-term debt, curr.	$ 3,466	$ 6,358
Accts. payable	79,336	55,867
Accruals	129,078	71,116
Inc. taxes payable	16,936	16,297
Curr. Liabilities	$ 228,806	$ 149,638
Long-term debt	172,854	43,321
Subord. deben.	87,000	—
Other liabilities	41,632	25,715
+Common stock	4,106	4,068
Add. paid-in capital	180,533	178,942
Accum. deficit	(6,657)	(19,333)
For. curr. trans. adjust.	141	(482)
Total Liabilities & Shareholders' Equity	$ 708,415	$ 381,869

* At lower cost (FIFO, LIFO & average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	9.90	9.91
Debt to Equity	0.99	0.30
Working Capital	$ 68,827,000	$ 50,275,000
Current Ratio	1.30	1.34
Shareholders' Equity	$ 178,123,000	$ 163,195,000

Quantronix Corporation

49 Wireless Boulevard
Smithtown, New York 11788
(516) 273-6900

Officers: Richard T. Daly, chairman; Donald Mitchell, president & chief executive officer; Vincent L. Mooney, chief financial officer & treasurer; Sydney Meistrich, v.p.-mfg. and secretary; William I. Kern, v.p.-marketing; Martin G. Cohen, v.p.-research & development; Roy H. Tanner, v.p.-engineering.

Directors: Richard T. Daly, Sydney Meistrich, Donald Mitchell, Alan J. Patricof, Harold Rapaport, Elliot Levine.

Areas of Work: Engaged in a single line of business: manufacturing electro-optic devices and systems, principally involving the use of a laser component, and end-products by such devices. Its products consist of a catalogue line of lasers, laser components and laser accessories: a Mark Inspection Tool, which is used to reduce waste in the manufacture of semiconductors; a defect repair system for repair of photomasks used in semiconductor manufacture; scientific lasers and medical lasers.

Subsidiaries:

Quantronix, GmbH
Gross-Gerauer Weg 55
D-6100 Darmstadt, West Germany

Quantronix International (FSC)

Acquisitions:

The Optical Corporation
Oxnard, California
Manufactures precision optical components and subassemblies for the aerospace and defense markets.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: QUAN (NASDAQ)

Number of Employees:

1987	174	1984	185
1986	188	1983	120
1985	203		

Plant Footage:

1987	85,000 sq. ft.	1984	44,000
1986	44,000	1983	44,000
1985	44,000		

Sales & Earnings

	Net Sales+	Net Income‡
1987	$ 20,290,458	$ 2,288,380
1986	18,869,755	1,394,129
1985	19,542,098	1,957,000
1984	11,306,703	773,595
1983	7,739,013	(653,035)

	No. of Com. Shares #	Earn. per Share‡ #
1987	3,344,000	$ 0.71
1986	3,162,000	0.48
1985	3,033,000	0.71
1984	1,961,000	0.39
1983	1,917,000	—

(Loss)
+ Includes services.
‡ Including extraordinary gains of $140,000 ($0.05 per share) in 1985 and $343,000 ($0.17 per share) in 1984.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 13,264,766	$ 4.09
1986	7,068,869	2.24
1985	4,962,700	1.44
1984	2,115,015	1.08
1983	1,280,393	0.66

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended March 31	1987	1986
Net sales & services	$ 20,290,458	$ 18,869,755
Cost of sales & services	9,963,668	10,238,026
Expenses	8,106,272	6,286,684
Interest expense	160,970	371,466
Other income	(1,336,792)	(144,530)
Income before taxes	$ 3,396,380	$ 2,118,129
Income taxes	1,108,000	724,000
Net income	$ 2,288,380	$ 1,394,129

* Included in Costs and Expenses, Depreciation and Amortization: $777,741 in 1987 and $717,037 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 1,387,386	$ 2,218,222
Market. sec securities	278,064	130,159
Accts. receiv., net	5,393,067	5,554,598
*Inventories	5,905,966	4,555,925
Def. inc. taxes	295,000	617,000
Other curr. assets	634,246	262,984
Current Assets	$ 13,893,729	$ 13,338,888
#Fixed assets	8,945,190	5,215,374
Restricted funds	—	4,756,390
Other assets	812,678	303,463
Total Assets	$ 23,651,597	$ 23,614,115

Liabilities

Long-term debt, curr.	$ 457,684	$ 206,001
Accts. payable	972,270	1,166,983
Accruals & other liab.	2,437,590	2,349,717
Inc. taxes payable	103,607	831,966
Dividends payable	—	45,461
Curr. Liabilities	$ 3,971,151	$ 4,602,128
Long-term debt	6,088,680	9,663,793
Def. inc. taxes payable	327,000	179,000
+Redeem. pref. stock	—	2,100,325
+Common stock	31,622	22,421
Add. paid-in capital	8,765,708	4,469,302
Ret. earnings	4,754,978	2,597,671
Note receiv. - sale of stock	(287,542)	(30,525)
Total Liabilities & Shareholders' Equity	$ 23,651,597	$ 23,614,115

* At lower of average cost of market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.74	11.22
%Net Income to Sales	11.28	7.39
%Net Income to Equity	17.25	19.72
Debt to Equity	0.27	1.40
Working Capital	$ 9,922,578	$ 8,736,760
Current Ratio	3.50	2.90
Shareholders' Equity	$ 13,264,766	$ 7,068,869

Racal Electronics Plc

Western Road
Bracknell, Berkshire RG12 1RG, England
(0344) 481222

Directors: Sir Ernest Harrison, chairman & chief executive; D. C. Elsbury, deputy chief executive; Sir Edward Ashmore, B. J. Clarke, J. E. Cotton, P. G. Crossland, J. E. Diggins, O. J. Lomer, D. J. Peacock, M. R. Richardson, D. A. Webb, G. A. Wheat, D. Whittaker, secretary.

Areas of Work: In the area of Data Communications, the Company provides corporate data networks, data communications equipment and systems, data encryption equipment, digital communications for voice and data, local area communications, network management, image processing systems, and turnkey data networks.

In the area of Radio Communications, the Company provides communications electronic warfare of Radio Communications, the Company provides communications electronic warfare systems, communications simulation and training, communications security, satellite communications, tactical trunk communications, military tactical communications for land, sea and air, paramilitary, police and special forces communications, and strategic radio systems: fixed, mobile and transportable.

In the area of Marine and Energy Electronics, the Company provides marine radars and navigation equipment, integrated naval and ship electronic systems, mine countermeasures support, marine measurement and control systems, marine communications, marine distress and safety equipment, marine simulation and training, marine service, precise positioning systems, satellite and terrestrial radio navigation systems, and survey and positioning services.

In the area of Defence Radar and Avionics, the Company provides avionics management systems, ground movement radar, low level air defence surveillance radars, naval and land based command information systems, navigation computers and sensors, non-communications electronic warfare systems, and microwave components and sub-systems.

In the area of Telecommunications, the Company provides cellular radio network operations, data transmission over cellular radio networks, digital cellular radio systems, value added network services, mobile and hand-portable cellular telephones, private mobile radio, and radiopaging.

In the area of Security, the Company provides building locks and hardware, data security and payment terminal systems, fire detection and extinguishing equipment, intruder alarms and monitoring systems, integrated security and access control systems, safes, strongrooms and fire resistant cabinets.

Specialized Business Activities include Acoustics, whose product range for both military and civil communication markets consists of transducers, microphones, headsets, headsets, protective communication helmets, field telephones, intercom systems, and on-board audio management systems for trains and aircraft; Health & Safety, whose products include the Classic range of hearing protectors, the ultra-lightweight Jupiter anti-dust helmet, a Dual-Air protection system and the Zephyr powered respirator for dentists; Microelectronics & Information Displays, which includes specific integrated circuits and other customized devices and liquid crystal information display systems; Customer Training & Education; Electronic Design Automation, which includes computer-aided engineering/computer-aided design for electronics industries and software systems for computers; Intruder alarm sensors; Automated Test and Repair services; Antennas; and advanced Instrumentation.

Subsidiaries (United Kingdom):

Decca Limited
Ablex Audio Video Limited
Decca Radio and Television Limited
Decca Survey Overseas Limited
Fibre Form Limited
Racal-Decca Limited

Racal Avionics Limited
Racal-Decca Advanced Development Limited
Racal-Decca Marine Navigation Limited
Racal Defence Radar Limited
Racal Defence Electronics (Radar) Limited
Racal Defence Radar and Displays Limited
Racal Leicester Limited
Racal Radar Defence Systems Limited
Racal Marine Electronics Limited
Racal Marine Group Limited
Racal Marine Systems Limited
Racal-MESL Limited (Scotland)
Racal Survey Limited
Racal Survey China Limited
Racal Survey (UK) Limited
Racal-Decca Service Limited
Weyrad (Electronics) Limited

Racal-Chubb Limited
Albert Marston & Company Limited
Chubb & Son's Lock and Safe Company Limited
Chubb Security Installations Limited
Chubb Alarms Limited
Chubb Wardens Limited
Chubb Cash (Rentals) Limited
Chubb Fire Security Limited
Racal Panorama Limited
Chubb International Limited
Chubb (N.I.) Limited (Northern Ireland)
C.E. Marshall (Wolverhampton) Limited
Josiah Parkes & Sons Limited
Racal-Chubb Data Security Limited
Racal-Guardata Limited
Racal-Transcom Limited
Racal-Chubb Security Systems Limited
Racal-Guardall (England) Limited
Union Locks Limited
L & F Willenhall Limited
Racal-Acoustics Limited
Racal Antennas Limited
Racal Automation Limited
Racal Communications Limited
Racal Communications Systems Limited
Racal-Comsec Limited
Racal Engineering Limited
Racal Finance Limited
Racal Group Services Limited
Racal-Guardall (Scotland) Limited (Scotland)
Racal-Guardall (Sales) Limited
Racal Information Technology Developments Limited
Racal Instrumentation Limited
Racal-Dana Instruments Limited
Racal Recorders Limited
Racal International Limited
Racal Management Services Limited
Racal Microelectronic Systems Limited
Racal-Milgo Limited
Racal-Milgo Manufacturing Limited
Racal-Milgo Sales Limited
Racal-Milgo Systems Limited
Racal Oil and Gas Limited
Racal Properties Limited
Racal-Redac Limited
Racal-Redac UK Limited
Racal Research Limited
Racal Safety Limited
Racal SES Limited
Racal-Tacticom Limited
British Communications Corporation Limited
Racal Carlton Limited
Racal Messenger Limited
Racal-Mobilcal Limited
Racal Seaton Limited
Racal-Tacticom International Manufacturing Limited
Racal-Tacticom Systems Limited
Racal Telecommunications Group Limited
Racal-Millicom Limited
Racal-Vodac Limited
Racal-Vodafone Limited
Racal Telecommunications Products Limited
Racal-Vodacom Limited
Racal-Vodapage Limited
Racal-Vodata Limited
Racal Training Services Limited

Subsidiaries (North America):

The Racal Corporation
122 East 42nd Street
New York, New York 10168
(212) 661-2926

North American Corporate Headquarters:

The Racal Corporation
1800 Corporate Boulevard, NW
Boca Raton, Florida 33431
(305) 997-9554

DATA COMMUNICATIONS:

Racal-Milgo
1601 N. Harrison Parkway
Sunrise, Florida 33323
(305) 475-1601

Racal-Vadic
1525 McCarthy Boulevard
Milpitas, California 95035
(408) 432-8008

SPECIALIZED ELECTRONICS

Racal-Dana Instruments, Inc.
4 Goodyear Street
Irvine, California 92718
(714) 859-8999

Racal Recorders, Inc.
4 Goodyear Street
Irvine, California 92718
(714) 380-0900

Racal-Redac, Inc.
Westford, Massachusetts 01886
(617) 692-4900
AVIONICS and MARINE ELECTRONICS

Racal Avionics, Inc.
8851 Monard Drive
Silver Spring, Maryland 20910
(301) 495-6495

Racal-Decca Canada Ltd.
1290 Aimco Boulevard
Mississauga, Ontario L4W 1B2 Canada
(416) 629-3099

Racal Marine Inc.
70 Jackson Drive
Cranford, New Jersey 07016
(201) 272-4222

Racal Survey, Inc.
4281 Decoma
Houston, Texas 77092
(713) 691-2363
DEFENSE ELECTRONICS

Racal Communications, Inc.
5 Research Place
Rockville, Maryland 20850
(301) 948-4430

Racal (Canada) Inc.
1806 Woodward Drive
Ottawa, Ontario K2C 0P7 Canada
(613) 225-4640
HEALTH and SAFETY

Racal Airstream, Inc.
7309A Grove Road
Frederick, Maryland 21701
(301) 695-8200
SECURITY

Racal-Chubb Canada Inc.
5201 Explorer Drive
Mississauga, Ontario L4W 4H1 Canada
(416) 629-2600

Racal-Chubb Security Systems, Inc.
5025 Burnet Road
Austin, Texas 78756
(512) 458-8104

Racal-Guardall, Inc.
7309 Grove Road
Frederick, Maryland 21701
(301) 695-8010

Racal-Guardata, Inc.
606 East Chapman Avenue
Orange, California 92666
(714) 771-7250

ACS Communications Systems, Inc.
1820 Michael Faraday Drive
Reston, Virginia 22090
(703) 471-0892

National Foam Systems, Inc.
150 Gordon Drive
Lionville, Pennsylvania 19353
(215) 363-1400

Transfer Agent(s):

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL England

Stock Exchange(s): London

Number of Employees:

1987 ..... 32,418 1986 32,565

Sales & Earnings

	Net Sales (000's)	Net Income† (000's)
1987	£ 1,290,847	£ 64,448
1986	1,266,331	61,042
1985	1,106,971	85,669
1984	815,650	79,103
1983	762,218	73,274

	No. of Com. Shares‡	Earn per Share†‡
1987	572,009,998	11.27p
1986	570,733,214	10.70

£ - Pound sterling
† Before extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987 (000's)	1986 (000's)
Security	£ 395,115	£ 356,259
Data communications	278,376	271,231
Radio communications	131,487	184,348
Defense Radar & Avionics	126,913	131,384
Marine & energy	110,197	131,842
Telecommunications	68,706	34,563
Specialized bus. activities	180,053	156,704
Total	£ 1,290,847	£ 1,266,331

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	3.30p	—	—
1986	3.0345	—	—

Common Stock Equity
(000's)

	Total Equity†	Equity Per Share‡
1987	£ 447,142	78.17p
1986	429,412	75.24
1985	431,497	—
1984	366,448	—
1983	311,020	—

† Net of intangible fixed assets
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Mar. 31	1987	1986
Turnover	£ 1,290,847	£ 1,266,331
Cost of sales	836,211	852,160
Selling & distr. exp.	182,453	169,848
Administrative exp.	147,223	130,755
Share of loss (inc.) of assoc. cos.	(660)	10
Interest expense	33,916	33,496
Interest income	(8,557)	(10,149)
Income bef. taxes	£ 100,261	£ 90,211
Income taxes	35,765	28,142
Minority interest	48	1,027
Net Income	£ 64,448	£ 61,042
Extraord. loss	(18,770)	(14,175)
Net income & extraord. loss	£ 45,678	£ 46,867

* Included in Costs and Expenses, Depreciation: £ 62,908,000 in 1987 and £ 55,275,000 in 1986.

Assets
(000's)

As of Mar. 31		
Cash	L40,636	L77,025
*Stocks	295,749	290,833
Debtors	492,853	488,148
Investments	389	313
Deposits	84,375	62,325
Current assets	£ 914,002	£ 918,644
Investments	2,012	1,238
# Fixed assets	344,546	338,990
Intangibles	2,435	3,419
Total Assets	£ 1,262,995	£ 1,262,291

Liabilities
(000's)

Long-term debt, curr.	£ 23,599	£ 7,058
Short-term borrowings	110,924	110,173
Accts. payable	130,080	133,691
Amts. owed to assoc. cos.	162	952
Accruals	134,809	113,852
Deferred purch. agrmt.	1,513	991
Proposed dividend	14,310	12,972
Advance receipts	29,282	36,866
Taxes	59,029	58,599
Other creditors	20,088	21,450
Curr. Liabilities	£ 523,755	£ 496,204
Long-term debt	255,865	297,251
Other liabilities	30,252	28,760
Minority interest	3,546	7,245
+Common stock	156,155	142,865
Add. paid-in capital	159,622	80,518
Revaluation reserve	6,471	6,058
Other reserves	5,397	9,987
Profit and loss account	121,932	193,403
Total Liabilities & Shareholders' Equity	£ 1,262,995	£ 1,262,291

* At lower of cost and estimated net realizable value.
# Less accumulated depreciation.
+ 25p per value.

Statistical Summary

%Income bef. taxes to Sales	7.77	7.12
%Net Income to Sales	4.99	4.82
%Net Income to Equity	14.34	14.10
Sales to Inventories	4.36	4.35
Debt to Equity	0.87	0.96
Working Capital	£ 390,247,000	£ 422,440,000
Current Ratio	1.75	1.85
Shareholders' Equity	£ 449,577,000	£ 432,831,000

Radiation Systems, Inc.

1501 Moran Road
Sterling, Virginia 22170
(703) 450-5680

Officers: Richard E. Thomas, chairman of the board, chief exec. officer & treasurer; Harold Green, president & chief operating officer; Junius H. Arnold, Jr., sr. v.p.; Harold Aryai Siegel, v.p. & general counsel; Robert L. Pevenstein, v.p.-finance; Robert H. Denton, v.p.; John W. Gurney, v.p.; Richard W. Patton, v.p.; Yari V. Vondrick, v.p.; Marvin D. Shoemake, v.p. & president of SatCom Technologies; Anita M. Stutzman, secretary.

Directors: Richard E. Thomas, chairman; Lee M. Paschall, Irvin G. Ray, John D. Sanders, Harold Green.

Areas of Work: Designs, manufactures and installs high-technology antenna products for the military, air traffic control, satellite and point-to-point communications markets

Divisions:

Universal Antennas
909 E. Collins Boulevard
Richardson, Texas 75081
(214) 690-8865

SatCom Technologies
4825 River Green Parkway
Duluth, Georgia 30136
(404) 497-8800

Mark Antennas
2180 S. Wolf Road
Des Plaines, Illinois 60018
(312) 298-9420

Mexia Fabricators, Inc.
1200 North Avenue B
Wortham, Texas 76693
(817) 765-3304

Satellite Network Antennas
4825 River Green Parkway
Duluth, Georgia 30136
(404) 497-0829

Technical Products
1501 Moran Road
Sterling, Virginia 22170
(703) 450-5680

Transfer Agent(s):

The Riggs National Bank of Washington, D.C.
1120 Vermont Avenue
Washington, Washington D.C. 20005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RADS (NASDAQ)

Number of Employees:

1987	421	1984	283
1986	472	1983	228
1985	413		

Plant Footage:

1987	319,000 sq. ft.	1984	290,000
1986	387,000	1983	165,000
1985	344,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 43,812,000	$ 3,115,000
1986	47,508,000	4,199,000
1985	33,488,000	3,169,000
1984	30,045,000	4,496,000
1983	22,213,000	3,543,000

	No. of Com. Shares +	Earn. per Share ++
1987	5,636,000	$ 0.56
1986	5,636,000	0.87
1985	4,612,000	0.70
1984	4,502,000	1.00
1983	4,496,000	0.80

+ Adjusted to reflect stock split.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 51,051,000	$ 9.05
1986	48,180,000	8.55
1985	30,433,000	6.60
1984	27,045,000	6.01
1983	22,445,000	4.99

+ Adjusted to reflect stock split.

Income Account*

Year ended June 30	1987	1986
Net sales	$ 43,812,000	47,508,000
Other income	682,000	864,000
Total income	$ 44,494,000	$ 48,372,000
Cost of sales & exp.	38,879,000	40,960,000
Interest expense	316,000	380,000
Income before taxes	$ 5,299,000	7,032,000
Income taxes	2,184,000	2,833,000
Net Income	$ 3,115,000	$ 4,199,000

* Included in Costs and Expenses, Depreciation: $1,542,000 in 1987 and $1,373,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 100,000	332,000
Short-term invest.	15,851,000	19,913,000
Accrued interest recv.	93,000	142,000
Accts. receiv., net	12,567,000	12,205,000
Unbilled costs & accrued profits	16,883,000	12,783,000
Refundable taxes	20,000	882,000
*Inventories	8,361,000	7,228,000
Other current assets	615,000	1,058
Current Assets	$ 54,490,000	56,543,000
Other Assets	3,961,000	3,040,000
#Fixed assets	10,768,000	11,422,000
Total Assets	$ 69,219,000	69,005,000

Liabilities

Mortg. payable	$ 685,000	$ 750,000
Accts payable	4,280,000	6,292,000
Cust. advances	322,000	596,000
Accruals	489,000	703,000
Accrued payroll	779,000	761,000
Deferred compens. pay.	82,000	114,000
Deferred inc. taxes	6,832,000	6,430,000
Other liabilities	349,000	241,000
Curr. liabilities	$ 13,818,000	$ 15,887,000
Mortg. payable	2,550,000	3,244,000
Deferred compens. pay.	82,000	164,000
Deferred inc. taxes	1,718,000	1,530,000
+ Common stock	5,636,000	5,636,000
Add. paid-in capital	21,906,000	21,873,000
Retained earnings	24,278,000	21,163,000
Treasury stock	(769,000)	(492,000)
Total Liabilities & Shareholders' Equity	$ 69,219,000	$ 69,005,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	12.09	14.80
% Net Income to Sales	7.11	8.84
% Net Income to Equity	6.10	8.72
Sales to Inventories	5.24	6.57
Working Capital	$ 40,672,000	$ 38,656,000
Current Ratio	3.94	3.43
Shareholders' Equity	$ 51,051,000	$ 48,180,000

Radio Frequency Company, Inc.

150 Dover Road
Millis, Massachusetts 02054
(617) 762-4900

Officers: Melvyn H. Harris, chairman of the board & treasurer; Thomas W. James, president & chief exec. officer; Wallace J. Ross, v.p.; Michael L. Piechota, controller; Ruth Y. Manwaring, clerk.

Directors: Norman Barlow, Ruth Y. Manwaring, A. Lee MacPhail, Robert L. Warren, Jr., Melvyn H. Harris, Rosamond B. Andrews, Thomas W. James.

Areas of Work: Designs, manufactures and sells high technology, high precision host processing systems for the industrial market.

Transfer Agent(s):

Boston Safe Deposit & Trust
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Revenues	Net Income
1988	$ 1,677,813	$ (295,104)
1987	2,249,622	155,157
1986	2,716,315	254,730
1985	2,765,687	252,335
1984	1,985,463	176,744

	No. of Com. Shares +	Earn. per Share #
1988	448,896	$ —
1987	448,896	0.34
1986	447,457	0.56
1985	445,405	0.56
1984	433,714	0.39

(Loss)
+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.27	—	—
1987	0.27	—	—
1986	0.25	—	—
1985	0.35	—	3-for-2
1984	0.21	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 1,993,232	$ 4.44
1987	2,409,538	5.37
1986	2,369,754	5.30
1985	3,209,446	6.96
1984	2,061,207	4.75

‡ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1988	1987
Revenues	$ 1,707,880	$ 2,278,257
Cost of sales	1,559,808	1,483,430
Expenses	671,740	578,022
Other income	(21,264)	(67,417)
Income (loss) before taxes	$ (502,404)	$ 264,222
Income taxes (credit)	(207,300)	109,065
Net Income (Loss)	$ (295,104)	$ 155,157

* Included in Costs and Expenses, Depreciation: $129,900 in 1988 and $132,958 in 1987.

Assets

As of March 31	1988	1987
Cash	$ 422,109	$ 587,588
Accts. receiv., net	186,327	280,690
Inc. tax refund	192,000	—
*Inventories	1,061,672	1,146,364
Other	3,174	8,433
Current Assets	$ 1,865,282	$ 2,023,075
#Fixed assets	826,120	882,739
Total Assets	$ 2,691,402	$ 2,905,814

Liabilities

Accts. payable	$ 93,511	$ 82,187
Customer progress payments	464,716	301,024
Accruals	111,443	69,265
Curr. Liabilities	$ 669,670	$ 452,476
Deferred inc. taxes	28,500	43,800
+Common stock	514,484	514,484
Add. paid-in capital	361,192	361,192
Retained earnings	1,516,227	1,932,533
Treasury stock	(328,671)	(328,671)
Note receivable	(70,000)	(70,000)
Total Liabilities & Shareholders' Equity	$ 2,691,402	$ 2,905,814

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	11.60
%Net Income to Sales	—	6.81
%Net Income to Equity	—	6.44
Sales to Inventories	1.61	1.99
Working Capital	$ 1,195,612	$ 1,570,599
Current Ratio	2.79	4.47
Shareholders' Equity	$ 1,993,232	$ 2,409,538

Ragen Corporation

9 Porete Avenue
North Arlington, New Jersey 07032
(201) 997-1000

Officers: I.L. Lopata, chairman of the board; Eugene E. Lopata, president; Alexander C. Tomkins, Jr., secretary & treasurer; Arnold Herman, v.p.-planning.

Directors: I.L. Lopata, chairman; Eugene E. Lopata, Gerald Conway, A.C. Tomkins, Jr., Bohdan J. Kekish, Paul A. Fund, Robert Mosby.

Areas of Work: Manufactures electronic components, printed circuit boards, mechanical assemblies and subassemblies, and precision mechanical components for the business equipment, electronic, nuclear and aircraft industries; designs and manufactures proprietary products, systems and services, such as graphic information management systems, electronic mail, word processing facsimile, non-impact printers, electronic storage and retrieval systems; produces numerically controlled assembly systems for commercial and industrial uses.

Divisions:

Components Division
North Arlington, New Jersey
(201) 997-1000

Nuclear Division
North Arlington, New Jersey
(201) 997-1000

Systems Division
North Arlington, New Jersey
(201) 997-1000

Subsidiaries:

Microtronics Corp.
West Caldwell, New Jersey
(201) 575-5000
Manufactures printed circuit boards and assemblies.

Ragen Data Systems, Inc.
Central Islip, New York
(516) 293-1333
Manufactures aircraft instruments.

Ragen International Corp.
North Arlington, New Jersey

Ragen Leasing Company, Inc.
North Arlington, New Jersey

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RAGN (NASDAQ)

Number of Employees:

1987	407	1984	583
1986	460	1983	486
1985	517		

Plant Footage:

1987	137,000 sq. ft.	1985	187,000
1986	180,000		

Sales & Earnings

	Net Sales+	Net Income
1987	23,035,000	$ (4,619,000)
1986	22,326,000	(840,000)
1985	24,212,000	(689,000)
1984	20,490,000	(2,018,000)
1983	18,610,000	282,000

	No. of Com. Shares‡	Earn. per Share‡
1987	4,873,000	$ —
1986	4,851,000	—
1985	4,810,000	—
1984	4,703,000	—
1983	4,590,000	0.06

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987 ($000's)	%	1986 ($000's)	%
Precision mech. components	$ 10,644	46 %	$ 11,663	52 %
Prop. systems & equipment	2,182	10	2,428	11
Aircraft instr. & components	10,209	44	8,265	37
Total	$ 23,035	100 %	$ 22,326	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 5,196,000	$ 1.07
1986	9,780,000	2.02
1985	10,342,000	2.15
1984	10,946,000	2.33
1983	11,877,000	2.59

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account * ($000's)

Year ended Sept. 30	1987	1986
Net sales	$ 23,035	$ 22,326
Other income	166	39
Total income	$ 23,201	$ 22,365
Oper. profit	16,734	16,899
Other expense	5,208	4,592
Interest expense	704	635
Other expense	921	313
Loss before taxes	$ (366)	$ (76)
Income taxes	94	45
Loss-cont. oper.	$ (460)	$ (119)
Loss-discont. oper.	(4,159)	(721)
Net Loss	$ (4,619)	$ (840)

* Included in Costs and Expenses, Depreciation and Amortization: $1,065,000 in 1987 and $1,174,000 in 1986.

Assets ($000's)

As of Sept. 30	1987	1986
Cash	$ 703	$ 1,844
Marketable securities	53	2,047
Accts. receiv., net	3,489	3,926
*Inventories	7,149	7,330
Prepaid expenses	339	367
Net assets of discont. oper.	—	308
Current Assets	$ 11,733	$ 15,822
#Fixed assets	5,228	5,478
Net assets of discont. oper.	1,627	2,163
Other assets	558	636
Total Assets	$ 19,146	$ 24,119

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 3,100	$ 5,510
Accts. payable	2,003	1,875
Deferred revenue	1,046	1,326
Flood damage repairs	136	412
Other liabilities	1,122	850
Net liab. of discont. oper.	2,535	—
Curr. Liabilities	$ 9,942	$ 9,973
Long-term debt	4,006	4,366
+Common stock	609	607
Add. paid-in capital	11,194	11,159
Retained earnings (deficit)	(6,605)	(1,986)
Total Liabilities & Shareholders' Equity	$ 19,146	$ 24,119

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

Sales to Inventories	3.22	3.05
Debt to Equity	1.37	1.01
Working Capital	$ 1,791,000	$ 1,849,000
Current Ratio	1.18	1.59
Shareholders' Equity	$ 5,198,000	$ 9,780,000

RAI Research Corporation

225 Marcus Blvd.
Hauppauge, New York 11788
(516) 273-0911

Officers: Sol J. Arditti, chairman, president & treasurer; Vincent F. D'Agostino, v.p. & secretary; Charles P. Lipair, v.p.; Robert J. Pascuzzi, v.p.-RAI Action Leasing.

Directors: Sol J. Arditti, chairman; Vincent F. D'Agostino, Charles P. Lipari, Ernest J. Henley, V. Lawrence Parsegian, Irwin E. Russell.

Area of Work: Manufactures and markets membranes, including battery separators, used primarily in alkaline electrochemical energy conversion systems; manufactures and markets electronic instrumentation utilizing ultrasonic technology and also sophisticated medical devices including a lithotriptor for gastroenerology procedures and endoscopy instruments used in medical testing applications; and leases equipment.

Divisions and Subsidiaries:

Membrane Division
EMC Division
RAI/Action Leasing Corporation

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: RAC

Number of Employees:

1987 ..... 69 1986 131

Plant Footage:

1987 ..... 62,000 sq. ft. 1986 62,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 6,295,690	$ 656,810
1986	7,425,270	1,010,872
1985	6,168,398	1,180,458
1984	5,372,898	501,226
1983	5,528,922	739,749

	No. of Com. Shares‡	Earn. per Share‡
1987	2,396,167	$ 0.27
1986	2,395,092	0.42
1985	2,390,937	0.49
1984	2,396,083	0.21
1983	2,395,125	0.31

+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1987	1986
Membranes	$ 4,878,614	$ 5,975,012
Electronic equipment	1,044,243	911,022
Leasing	372,833	539,236
Total	$ 6,295,690	$ 7,425,270

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	7%	—
1986	—	5%	—
1985	—	5%	—
1984	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 9,097,978	$ 3.80
1986	8,444,956	3.53
1985	7,435,030	3.11
1984	6,258,460	2.61
1983	5,761,986	2.41

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account°

Year ended May 31	1987	1986
Net sales	$ 6,295,690	$ 7,425,270
Cost of sales	3,866,145	4,344,861
Expenses	1,733,498	1,647,049
Direct rental expenses	147,038	42,120
Interest expense	133,086	33,832
Other income	(716,677)	(319,436)
Income before taxes	$ 1,132,610	$ 1,876,844
Income taxes	475,800	821,000
Income from cont. oper.	$ 656,810	$ 1,055,844
Loss from discont. oper.	—	(44,972)
Net Income	$ 656,810	$ 1,010,872

° Included in Costs and Expenses, Depreciation and Amortization: $366,533 in 1987 and $330,996 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 230,292	$ 70,629
Cert. of deposit	236,121	5,301,833
Treasury bills	4,855,000	—
Accts. receiv., net	718,362	1,291,725
°Inventories	847,391	630,031
Prepaid inc. taxes	299,435	—
Prepaid expenses	132,706	78,700
Current Assets	$ 7,287,307	$ 7,370,918
#Fixed assets	3,670,489	3,367,234
Cert. of deposit being held	—	250,000
Other assets	553,864	405,741
Total Assets	$ 11,511,660	$ 11,393,913

Liabilities

Long-term debt, curr.	$ 136,667	$ 136,667
Accts. payable	181,018	32,532
Accruals	203,138	444,240
Customer advances	—	11,677
Income taxes	—	207,756
Curr. Liabilities	$ 520,823	$ 832,672
Long-term debt	1,266,667	1,440,000
Deferred inc. taxes	626,192	676,285
+Common stock	23,994	22,336
Add. paid-in capital	5,829,621	4,709,304
Retained earnings	3,244,463	3,713,316
Total Liabilities & Shareholders' Equity	$ 11,511,660	$ 11,393,913

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	17.99	—
%Net Income to Sales	10.43	—
%Net Income to Equity	7.22	11.97
Sales to Inventories	7.43	11.98
Debt to Equity	0.15	0.19
Working Capital	$ 6,766,484	$ 6,538,246
Current Ratio	13.99	8.85
Shareholders' Equity	$ 9,097,978	$ 8,444,956

Ramtek Corporation

2211 Lawson Lane
Santa Clara, California 95054
(408) 988-2211

Officers: Charles E. McEwan, chairman of the board, chief exec. officer & president; Thomas J. Adams, exec. v.p. & chief financial officer; Joseph G. Morris, sr. v.p.-Napa Division; Charles T. Masters, sr. v.p.; G. William Theriault, v.p. & controller; James A. Swanson, v.p., general counsel & secretary; Stephen R. Johnson, v.p.-sales; Kieth E. Sorenson, v.p.-engineering & product development; David R. O'Brien, v.p.-engineering; Peter Still, v.p.-European operations.

Directors: Charles E. McEwan, chairman; Rolf Eliassen, Thomas J. Adams, Norman A. Kidd, Gary A. Land.

Areas of Work: The Company manufactures and markets computer graphic display systems for use in process control, computer aided design/manufacturing, and business graphics. Also, the corporation manufactures color hardcopy devices such as printers and cameras which reproduce the graphic images from the computer terminal on plain paper, film, overhead transparencies, slides and prints. Other products include monitors which provide the visual output generated by the display system and customized intelligent terminals.

Ramtek Corporation

Division(s):

Napa Division
195 Soscol Avenue
Napa, California 94559
(707) 255-7370
Configures custom graphics systems for specialized small volume application.

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RMTK (NASDAQ)

Number of Employees:
(at fiscal year-end)

1987	303	1985	463
1986	319		

Plant Footage:

1987	85,000 sq. ft.	1986	85,000

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 34,471,000	$ 365,000
1986	30,892,000	(3,552,000)
1985	43,996,000	(2,116,000)
1984	34,581,000	(15,354,000)
1983	41,143,000	842,000

	No. of Com. Shares #	Earn. per Share† #
1987	4,057,000	$ 0.09
1986	3,498,000	—
1985	3,441,000	—
1984	3,402,000	—
1983	2,937,000	0.29

(Loss)
+ Of continuing operations only.
† Including extraordinary gain of $81,000 ($0.02 per share) in 1987.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 15,670,000	$ 3.86
1986	15,004,000	4.29
1985	17,236,000	5.01
1984	19,177,000	5.64
1983	34,497,000	11.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account °

Year ended June 30	1987	1986
Net sales	$ 34,471,000	$ 30,892,000
Cost of sales	17,926,000	20,088,000
Expenses	14,790,000	19,040,000
Interest expense	1,372,000	1,234,000
Prov. for loss on real est.	—	1,536,000
Gain rel. to invest. in affil.	—	(7,456,000)
Income (loss) bef. taxes	$ 383,000	$ (3,552,000)
Income taxes	99,000	—
Net Income (Loss)	$ 284,000	$ (3,552,000)
Extraord. gain	81,000	—
Net Income (Loss) & extraord. gain	$ 365,000	$ (3,552,000)

° Included in Costs and Expenses, Depreciation and Amortization: $1,802,000 in 1987 and $3,660,000 in 1986.

Assets

As of June 30	1987	1986
Cash & short-term securities	$ 902,000	$ 4,000
Accts. receiv., net	13,207,000	9,140,000
* Inventories	12,250,000	14,451,000
Prepaid expenses	272,000	221,000
Current assets	$ 26,631,000	$ 23,816,000
# Fixed assets	6,950,000	8,660,000
Software develop. costs	785,000	—
Deferred debt insurance costs	1,154,000	—
License agree. & rel. costs	342,000	560,000
Total Assets	$ 35,862,000	$ 33,036,000

Liabilities

Notes payable	$ —	$ 6,413,000
Accts. payable	4,256,000	5,223,000
Accruals:		
Compensation	866,000	1,182,000
Accrued interest	392,000	—
Other	718,000	1,444,000
Cap. lease oblig., curr.	810,000	1,154,000
Long-term debt, curr.	105,000	105,000
Curr. Liabilities	$ 7,147,000	$ 15,521,000
Cap. lease oblig.	1,665,000	2,207,000
Long-term debt	11,680,000	304,000
+ Common stock	40,000	28,529,000
+ Jr. common stock	1,000	193,000
Add. paid-in capital	29,362,000	—
Shareholders' notes receiv.	(1,398,000)	(1,018,000)
Retained earnings (deficit)	(12,335,000)	(12,700,000)
Total Liabilities & Shareholders' Equity	$ 35,862,000	$ 33,036,000

° At lower of cost (average) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.11	—
%Net Income to Sales	0.82	—
%Net Income to Equity	1.81	—
Sales to Inventories	2.81	2.14
Debt to Equity	0.89	0.66
Working Capital	$ 19,484,000	$ 8,295,000
Current Ratio	3.73	1.53
Shareholders' Equity	$ 15,670,000	$ 15,004,000

Raven Industries, Inc.

205 E. 6th Street
Sioux Falls, South Dakota 57117
(605) 336-2750

Mailing address:
P.O. 1007
Sioux Falls, South Dakota 57117

Officers: Conrad J. Hoigaard, chairman of the board; David A. Christensen, president & chief executive officer; Gary L. Conradi, v.p.-corp. services; James A. Winker, v.p.-Applied Technology Div.; Ronald M. Moquist, exec. v.p.; Arnold J. Thue, v.p.-finance, treasurer & secretary.

Directors: John H. Burg, David A. Christensen, Conrad J. Hoigaard, W. Ray Laird, Jr., Robert G. May, John C. Skoglund.

Divisions:

Sportswear Division
Products include the "Swing West" line of ski clothing. "Raven" line of snowmobile suits and general outerwear, "Comfy" down insulated garments, "AFRC" cross-country ski clothing, "Gore-Tex" military and hunting clothes, as well as private label garments.

Plastics Division
Products include fiberglass and polyethylene tanks for agricultural, industrial and water conditioning use, custom fabricated fiberglass parts and designs for water and sewage treatment markets, and the construction and machinery markets, fiberglass pickup truck toppers, and fiberglass utility truck bodies.

Electronic Systems Division
Products include batch weighing, control and inventory systems; turbine helicopter auto-restart units, audio amplifiers, industrial annunciators, turbine engine speed controls, turbine engine test sets, FAA radio beacon monitor alarms, telemetry systems, U.S. Government electronic assemblies, electronic agricultural and industrial products and printed circuit assembly services.

Applied Technology Division
Products and services include plastic tarpaulins, hot air sports balloons, high altitude research balloons, heavy load lifting balloons, decelerators (parachutes), contract engineering and research; hot air blimps, and AdverBlimps.

Subsidiaries:

Aerostar International, Inc.
Beta Raven, Inc.
Manufactures Electronic Control Systems

Glasstite, Inc.
Dunnell, Minnesota
Manufactures fiberglass pickup toppers and utility truck bodies.

Astoria Industries, Inc.
Jackson, Minnesota
Manufactures fiberglass utility truck bodies.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Norwest Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: RAV

Number of Employees:
(at fiscal year end)

1988	1,034	1985	765
1987	942	1984	840
1986	664		

Sales & Earnings

	Net Sales	Net Income
1988	$ 64,304,867	$ 2,656,052
1987	52,303,056	2,121,678
1986	41,899,124	1,610,693
1985	44,581,925	2,698,099
1984	38,983,678	1,956,456

	No. of Com. Shares	Earn. per Share‡
1988	1,585,836	$ 1.66
1987	1,577,857	1.34
1986	1,562,199	1.02
1985	1,548,039	1.66
1984	1,529,192	1.25

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1988	1987
Plastic division	$ 19,123,000	$ 14,669,000
Sportswear division	11,334,000	9,172,000
Applied technology division	21,294,000	18,820,000
Electronic systems division	12,554,000	9,642,000
Total	$ 64,305,000	$ 52,303,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.043	—	—
1987	0.042	—	—
1986	0.042	—	—
1985	0.375	—	—
1984	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 19,170,349	$ 12.09
1987	17,154,516	10.87
1986	15,658,863	10.02
1985	14,665,736	9.47
1984	12,591,367	8.23

Income Account*

Year ended Jan. 31	1988	1987
Net sales	$ 64,304,867	$ 52,303,056
Cost of sales	50,013,247	40,000,445
Expenses	9,308,143	8,052,922
Interest expense	656,980	468,771
Other income	(63,555)	(137,760)
Income before taxes	$ 4,390,052	$ 3,918,678
Income taxes	1,734,000	1,797,000
Net Income	$ 2,656,052	$ 2,121,678

* Included in Costs and Expenses, Depreciation: $2,167,752 in 1988 and $1,663,085 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 1,017,506	$ 233,517
Accts. receiv., net	8,187,097	6,372,802
*Inventories	12,210,961	11,283,858
Prepaid expenses	379,832	525,436
Current Assets	$ 21,795,396	$ 18,415,613
#Fixed assets	9,672,288	7,854,868
Other assets	2,452,772	2,576,221
Total Assets	$ 33,920,456	$ 28,846,702

Liabilities

Long-term debt, curr.	$ 1,222,242	$ 957,472
Accts. payable	3,903,348	2,617,824
Accruals	3,453,239	2,880,977
Customers advances	219,780	164,494
Curr. Liabilities	$ 8,798,609	$ 6,620,767
Long-term debt	5,254,498	4,485,419
Deferred income taxes	697,000	586,000
+Common stock	1,585,836	1,577,857
Add. paid'in capital	2,595,384	2,363,376
Retained earnings	14,989,129	13,013,283
Total Liabilities & Shareholders' Equity	$ 33,920,456	$ 28,846,702

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.83	7.49
%Net Income to Sales	4.13	4.06
%Net Income to Equity	13.86	12.37
Sales to Inventories	5.27	4.64
Debt to Equity	0.34	0.32
Working Capital	$ 12,996,787	$ 11,794,846
Current Ratio	2.48	2.78
Shareholders' Equity	$ 19,170,349	$ 17,154,516

Raychem Corporation

300 Constitution Drive
Menlo Park, California 94025
(415) 361-3333

Officers: Paul M. Cook, chairman of the board & chief executive officer; Robert M. Halperin, president & chief operating officer; Robert Saltich, sr. v.p.; William A. Berry, v.p. & chief admin. officer; Michael T. Everett, v.p., secretary & chief legal officer; James B. Spradling, v.p.; Harry O. Postlewait, v.p.; Frederick M. Grafton, v.p.; Gerald R. Delaney, v.p.; Joachim H. Ohme, v.p.; Edward A. Keible, Jr., v.p.; David D. Taft, v.p.; Thomas S. Huseby, v.p.; William E. Mitchell, v.p.; Raymond J. Sims, treasurer; Francis J. Lunger, controller.

Directors: Paul M. Cook , chairman; Robert G. Engel, Detlev K. Rohwedder, Robert M. Halperin, J. Kenneth Jamieson, James F. Gibbons.

Areas of Work: The Electronics business segment includes the development, manufacture and sale of electrical and electronic interconnection systems, wire and cable, heat-shrinkable insulation, circuit protection devices, connectors, fiber optics, heating devices and fluid fittings.

The industrial business segment consists of the development, manufacture and sale of electric heat-tracing systems, power cable accessories, electric insulation products, heat-shrinkable sleeves and coatings for pipeline protection, leak detection systems and cathodic protection products.

The Telecommunications business segment consists of the development, manufacture and sale of systems that connect, protect, repair and seal outside-plant telecommunication networks. Products include telephone cable splice cases, aerial closure systems, cable repair sleeves and cable termination products.

The Ventures and Other business segment includes the research and development, manufacture and sale of thin film conductive coatings on continuous substrates, liquid crystal displays, packages for single and multiple integrated circuits, optic technologies and systems, and touch screen systems.

Subsidiaries:

Bentley-Harris Manufacturing Company
241 Welsh Pool Road
Lionville, Pennsylvania 19353
(215) 363-2600

Hester Technology
2555 Bay Road
Redwood City, California 94063
(415) 329-3333

Walter Rose GmbH & Co. KG
German manufacturer of industrial products.

Elographics, Inc.
Manufacturer of touch screen products used as computer input devices.

Transfer Agent(s):

First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: RYC

Number of Employees:

1987	9,899	1984	8,867
1986	9,928	1983	8,610
1985	9,589		

Sales & Earnings

	Net Sales	Net Income
1987	$ 944,434,000	$ 73,599,000
1986	797,632,000	48,790,000
1985	679,770,000	29,195,000
1984	629,862,000	37,166,000
1983	582,702,000	30,511,000

	No. of Com. Shares #	Earn. per Share #
1987	10,912,814	$ 6.74
1986	10,502,761	4.65
1985	10,143,308	2.88
1984	9,668,533	3.84
1983	9,443,644	3.23

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.44	—	—
1986	0.44	—	—
1985	0.44	—	—
1984	0.44	—	—
1983	0.44	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 570,946,000	$ 52.32
1986	452,464,000	43.08
1985	355,838,000	35.08
1984	322,528,000	33.36
1983	286,951,000	30.39

‡ Based on the weighted average number of shares outstanding.

Income Account*

Year ended June 30	1987	1986
Net sales	$ 944,434,000	$ 797,632,000
Cost of sales	451,753,000	372,860,000
Expenses	382,634,000	341,342,000
Interest expense	11,576,000	14,017,000
Other expense (income)	(2,350,000)	3,903,000
Income before taxes	$ 100,821,000	$ 65,490,000
Income taxes	27,222,000	16,700,000
Net Income	$ 73,599,000	$ 48,790,000

* Included in Costs and Expenses, Depreciation and Amortization: $55,192,000 in 1987 and $43,479,000 in 1986.

Raychem Corporation

Assets

As of June 30	1987	1986
Cash & cash equiv.	$ 55,131,000	$ 14,466,000
Accts. receiv.-net	212,925,000	176,614,000
* Inventories	181,693,000	182,895,000
Prepaid taxes	29,703,000	21,985,000
Other curr. assets	25,305,000	26,164,000
Current Assets	$ 504,757,000	$ 422,124,000
# Fixed assets	368,254,000	317,496,000
Other assets	53,909,000	45,972,000
Total Assets	$ 926,920,000	$ 785,592,000

Liabilities

Notes payable	$ 104,901,000	$ 90,175,000
Long-term debt, curr.	5,131,000	5,360,000
Accts. payable	41,296,000	42,903,000
Compensation & benefits	57,659,000	44,703,000
Accruals	30,691,000	30,489,000
Income taxes	38,039,000	30,952,000
Curr. Liabilities	$ 277,715,000	$ 234,162,000
Long-term debt	22,377,000	54,088,000
Deferred inc. taxes	25,676,000	23,314,000
Other liab.	30,206,000	21,564,000
+ Common stock	11,044,000	163,440,000
+ Series B stock	807,000	9,400,000
Add'l. paid-in capital	185,463,000	—
Retained earnings	399,622,000	326,840,000
For. curr. trans.	(4,962,000)	(31,425,000)
Notes receiv. from sale of stock	(13,021,000)	(15,791,000)
Total Liabilities & Shareholders' Equity	$ 926,920,000	$ 785,592,000

* At lower of cost (principally FIFO) or market.
\# Less accumulated depreciation and amortization.
\+ $1 par value in 1987, no par in 1986.

Statistical Summary

%Income bef. Taxes to Sales	10.68	8.21
%Net Income to Sales	7.79	6.12
%Net Income to Equity	12.89	10.78
Sales to Inventories	5.20	4.24
Debt to Equity	0.23	0.33
Working Capital	$ 227,042,000	$ 187,962,000
Current Ratio	1.82	1.80
Shareholders' Equity	$ 570,946,000	$ 452,464,000

Raytheon Company

141 Spring Street
Lexington, Massachusetts 02173
(617) 862-6600

Officers: Thomas L. Phillips, chairman & chief executive officer; R. Gene Shelley, president; Albert H. Bryan, Jr., v.p.-government programs-Huntsville; Herbert Dentcher, v.p. & treasurer; Walter H. Palmer, v.p.-public & financial relations; E. Leonard Kane, v.p.-industrial relations; John R. Pasquariello, v.p.-manufacturing; Philip A. Phalon, sr. v.p.-corp. marketing; Charles H. Resnick, sr. v.p., secretary & general counsel; Sheldon Rutstein, v.p. & controller; Robert L. Seaman, v.p.-strategic planning; Joseph F. Shea, sr. v.p.-engineering; Aldo Massara, v.p.-international affairs; James M. Hill, Jr., director-procurement; A. Benjamin Outlaw, v.p. & deputy dir.-corp. marketing; David S. Dwelley, pres.-Raytheon Ventures; Mike W. Fossier, v.p.; Eric M. Levi, v.p.; Ralph A. Martin, v.p.; Charles I. Mullaney, v.p.; James J. Lewis, v.p.; Walter V. Trainor, Jr., v.p.; John P. Shanley, v.p.; Walter M. Sarwell, v.p.; David A. Deardorf, v.p.; B. C. Baugh, president-Seismograph Service Corporation; Ronald W. Dunmire, president-Cedarapids, Inc.; Stanley L. Clark, president-Raytheon Marine Co.; David E. Dolak, president-Caloric Corp.; Dennis J. Picard, sr. v.p. & gen. mgr.-Missile Systems Division; George W. Sarney, sr. v.p. & group exec.-industry services; Charles W. Schmidt, sr. v.p. & group exec.-appliances; Thomas D. Hall, president-Speed Queen Company; William C. Jones, Jr., president-Switchcraft, Inc.; Loren A. Korte, president-D.C. Heath & Co.; Gunnar E. Sarsten, president-United Engineers & Constructors International, Inc.; Willard E. Marcley, v.p. & gen. mgr.-Submarine Signal Division; Henry J. Meyer, president-Amana Refrigeration, Inc.; Reinder W. Gerretsen, president-The Badger Company, Inc.; Neil W. Hansen, president-Seico Systems, Inc.; J. Alan Thomas, v.p. & president-Raytheon Europe; Richard D. Curtis, v.p. & gen. mgr.-Electromagnetic Systems Division; John C. Kingery, gen. mgr.-Medical Equipment Division; John F. Harding, dir.-contracts; Max E. Bleck, president-Beech Aircraft Corporation; Edmund A. Blondin, v.p.; Edward J. Herrelko, exec. v.p.-Caloric Corporation; Ronald D. Kalp, gen. mgr.-Microwave and Power Tube Division; William H. Swanson, v.p.; Hermann Statz, gen. mgr.-Research Division.

Directors: Thomas L. Phillips, chairman; Charles F. Adams, Harvey Brooks, James N. Land, Jr., Richard D. Hill, Colman M. Mockler, Jr., Albert L. Nickerson, Francis H. Burr, Joseph J. Sisco, Theodore L. Eliot, Jr., R. Gene Shelley, Ferdinand Colloredo-Mansfeld, Barbara B. Hauptfuhrer.

Areas of Work: Engaged in the design, engineering, manufacture and servicing of advanced electronic devices, equipment, and systems for both commercial and government customers. Energy services include geophysical exploration and the design, engineering and construction of refineries, petrochemical facilities, and electrical generating plants. Manufactures and markets consumer appliances, and heating and cooling equipment. Also designs and manufactures aircraft used primarily for business flying.

Divisions, Subsidiaries & Affiliates:

D.C. Heath and Company
Lexington, Massachusetts; Indianapolis, Indiana
Produces and distributes textbooks and coordinated instructional materials, and science learning apparatus.

Seismograph Service Corporation
Tulsa, Oklahoma
Geophysical exploration.

The Badger Company, Inc.
Cambridge, MA; Houston, TX; New York, NY;
Tampa and Lakeland, Florida
Design, engineering and construction of petroleum, coal, petrochemical, chemical and fertilizer processing plants.

Amana Refrigeration, Inc.
Amana, IA; Fayetteville, Tennessee
Electric ranges, refrigerators, freezers, room and central air conditioners, heat pumps, microwave ovens.

Microwave and Power Tube Division
Northborough, Waltham, Burlington & Quincy, MA;
Stamford, Connecticut;
Chicago, Illinois
Microwave tubes; solid state microwave devices, lasers, broadcast and X-ray tubes; power supplies, industrial microwave heating systems, transformers; receiving and industrial tubes; particle accelerators; electronic hardware; night vision devices; molded plastic products, image intensifiers, light amplifier tubes, infrared detectors, medical electronics.

Caloric Corporation
Topton, Pennsylvania
Gas and electric ranges, microwave ovens, dishwashers, and related kitchen products.

Equipment Division
Sudbury, Wayland, and Waltham, Massachusetts
Surface and shipboard radar and navigation systems; military communications; radar instrumentation; air traffic control systems, data display systems; missile guidance electronics; software systems, vehicle traffic control systems.

Semiconductor Division
Mountain View, California
Transistors, diodes, and microelectric circuits.

Raytheon Marine Company
Hudson, New Hampshire
Marine radars, depth sounders, radiotelephones, direction finders, and related navigation aids.

Sorensen Company
Paxton, Delaware
Power supplies, power regulating equipment, precision welders, ultrasonic grinders.

Research Division
Materials and components for electronics.

Missile Systems Division
Bedford, Andover, Tewksbury, Lowell, MA;
Bristol, TN;
Oxnard, California;
Manchester, New Hampshire
Air defense and tactical airborne systems; related radar, command and control systems, avionics.

Electromagnetic Systems Division
Santa Barbara, California
Re-entry systems, electronic counter-measures.

Submarine Signal Division
Portsmouth, Rhode Island
Anti-submarine warfare systems, submarine and airborne sonar, transducers, ocean systems and equipment.

Raytheon Service Company
Burlington, Massachusetts
Installation and maintenance of electronic systems and equipment; education and training.

Switchcraft, Inc.
Chicago, Illinois
Switches, jacks, plugs and connectors and audio accessory components.

Cedarapids, Inc.
Cedar Rapids, Iowa
Aggregate producing and asphalt mixing plants and paving equipment. Stationary and portable cone-type rock crushing machinery.

United Engineers & Constructors Inc.
Philadelphia, PA; Boston, Massachusetts
Design, engineering and construction of conventional and nuclear power facilities and general industrial plants.

Raytheon Canada Limited
Waterloo, Ontario, Canada
Surface and shipboard radar and navigation systems; military communications, air traffic control systems, data display systems, shipboard defense systems.

Cossor Electronics Limited
Harlow, Essex, England
Air traffic control radar, transponders, marine equipment, VHG radios, instruments, displays.

Lacroix & Kress, Klasing G.m.b.H. & Co.
Bramsche, West Germany
Ultra-fine wire, small diameter cable.

Sterling Greengate Cable Company Ltd.
Aldermaston, Berkshire, England
Electric power cables for military and industrial use, welding and power cables.

TAG Semiconductos Ltd.
Zurich, Switzerland
Semiconductor devices.

Data Logic Ltd.
England
Computer software and systems.

Electrical Installations Ltd.
England
Commercial installation of electrical systems.

SEDCO Systems, Inc.
Melville, New York
Ferrite components; phased array antennas for electronic countermeasures.

Beech Aircraft Corporation
Wichita, Kansas
Designs and manufactures commuter, executive, personal military and special mission aircraft, cryogenic systems, air-frames, logistic support and target missiles.

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, Pacific & Midwest

Ticker Symbol: RTN

Number of Employees:

1987	76,500	1984	73,300
1986	75,000	1983	76,100
1985	73,000		

Plant Footage:

1987	27,334,000 sq. ft.	1984	27,360,000
1986	N.A.	1983	27,500,000
1985	27,838,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 7,659,400	$ 445,100
1986	7,308,000	393,200
1985	6,408,500	375,900
1984	5,995,700	243,200
1983	5,630,700	300,100

	No. of Com. Shares #	Earn. per Share #
1987	72,764,000	$ 6.12
1986	77,041,000	5.10
1985	81,670,000	4.60
1984	84,662,000	2.88
1983	84,530,000	3.55

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business
($000's)

	1987	1986
Electronics	$ 4,740,000	$ 4,343,000
Aircraft prods.	699,000	868,000
Energy services	776,000	744,000
Major appliances	905,000	876,000
Other	539,000	477,000
Total	$ 7,659,000	$ 7,308,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.85	—	—
1986	1.75	—	—
1985	1.60	—	—
1984	1.45	—	—
1983	1.40	—	—

Common Stock Equity

	Total Equity ($000's)	Equity Per Share
1987	$ 1,849,100	$ 27.31
1986	1,954,600	26.39
1985	1,929,000	24.84
1984	1,979,200	23.46
1983	1,887,400	22.30

Income Account
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 7,659,421	$ 7,307,952
Cost of sales	6,123,418	5,843,007
Expenses	934,828	915,938
Interest expense	17,914	15,767
Interest income	(51,686)	(65,176)
Other income	(50,477)	(53,769)
Income before taxes	$ 685,424	$ 652,185
Income taxes	240,368	258,980
Net income	$ 445,056	$ 393,205

* Included in Costs and Expenses, Depreciation and Amortization: $236,512,000 in 1987 and $237,927,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 89,518	$ 225,880
Accts. receiv., net	681,575	652,362
Contracts in progress	868,301	495,478
*Inventories	667,715	573,224
Prepaid expenses	129,470	62,712
Current Assets	$ 2,436,579	$ 2,009,656
#Fixed assets	1,217,408	1,103,683
Other assets	408,243	442,560
Total Assets	$ 4,062,230	$ 3,555,899

Liabilities
($000's)

Notes payable & long-term debt, curr.	$ 450,431	$ 32,282
Accts. payable	516,552	441,886
Advance payments	395,209	296,287
Accrued payroll	180,880	186,441
Income taxes	274,866	308,177
Other accruals	350,490	287,550
Curr. Liabilities	$ 2,168,428	$ 1,552,623
Long-term debt	44,743	48,698
+ Common stock	67,699	74,078
Add. paid-in capital	173,358	168,021
Foreign currency translation adjustment	(3,218)	(30,312)
Retained earnings	1,610,220	1,742,791
Total Liabilities & Shareholders' Equity	$ 4,062,230	$ 3,555,899

* At cost (FIFO or average), but not in excess of net realizable value. Aircraft prods. inventories are stated at lower of cost (LIFO) or market. Work in process stated at total cost incurred reduced by est. costs of units delivered.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.95	8.92
%Net Income to Sales	5.81	5.38
%Net Income to Equity	24.07	20.12
Sales to Inventories	11.47	12.75
Debt to Equity	0.27	0.04
Working Capital	$ 268,151,000	$ 457,033,000
Current Ratio	1.12	1.29
Shareholders' Equity	$ 1,849,059,000	$ 1,954,578,000

Recognition Equipment Incorporated

2701 East Grauwyler Road
Irving, Texas 75061
(214) 579-6000

Mailing address:
P.O. Box 660204
Dallas, Texas 75266-0204

Officers: William G. Moore, Jr., chairman & chief exec. officer; Israel Sheinberg, exec. v.p.; John C. Hall, v.p.; Robert W. Reedy, v.p.; Philip M. Colquhoun, v.p.; Samuel L. Desenore, III, v.p.; James D. Doncho, v.p.; Dwayne L. McAfee, v.p.; George A. O'Brien, v.p., treasurer & chief financial officer; Thomas A. Loose, sr. v.p., secretary & general counsel; Robert L. Drury, controller.

Directors: William G. Moore, Jr., chairman of the board; Lucy Billingsley, Robert L. Crandall, Howard J. Runnion, Jr., Israel Sheinberg, William C. Hittinger, Thomas L. Ringer, William H. Seay.

Areas of Work: Engaged in the design, manufacture, marketing, and service of a variety of information processing systems employing optical character recognition, magnetic ink character recognition, image capturing, high-speed paper handling, ink-jet printing and innovative software/hardware integration technologies. Systems are used for data acquisition, document handling and document truncation in such applications as centralized data entry, high-speed document processing, mail processing and distributed data processing.

Subsidiaries:

Consolidated Computer International, Inc.

Recognition Enterprises, Inc.
Irving, Texas

Recognition Equipment (Canada) Ltd.
Toronto, Canada

Recognition Equipment France, S.A.
Paris, France

Recognition Equipment GmbH
Frankfurt, West Germany

Recognition Equipment Iberica S.A.
Madrid, Spain

Recognition Equipment Finland OY AB
Helsinki, Finland

Recognition Equipment Italia, S.p.A.
Rome, Italy

Recognition Equipment Nederland, B.V.
Amsterdam, Netherlands

Recognition Equipment Norge A/S
Oslo, Norway

Recognition Equipment (Japan) Inc.
Tokyo, Japan

Recognition Equipment Limited
London, England

Recognition Pacific Limited
Sydney, Australia

Recognition Equipment (Australia) Pty. Ltd.
Sydney, Australia

Recognition Equipment AB
Stockholm, Sweden

REI-MDS Deutschland GmbH
Recognition A/S
MDS-Belgium S.A.
MDS-Deutschland GmbH
MDS-France S.A.
MDS-Grundstucksverwaltungsgesellschaft mbH
MDS-Svenska AB

Acquisition:

Mohawk Data Sciences-Canada, Limited (MDS)

Recognition Equipment Incorporated

Transfer Agent(s):

MTrust Corp.
P.O. Box 655415
Dallas, Texas 75265-5415

Stock Exchange(s): New York

Ticker Symbol: REC

Number of Employees:

1987	3,050	1984	N.A.
1986	2,930	1983	1,944
1985	2,908		

N.A. - Not Available.

Plant Footage:

1987 ..... 429,000 sq. ft. 1986 528,000

Sales & Earnings

	Revenues	Net Income‡
1987	$ 264,658,000	$ 13,814,000
1986	241,795,000	10,539,000
1985	163,147,000	4,316,000
1984	140,140,000	7,446,000
1983	117,042,000	9,554,000

	No. of Com. Shares #	Earn. per Share‡ #
1987	10,398,000	$ 1.33
1986	9,969,000	1.06
1985	9,713,000	0.44
1984	7,742,000	0.96
1983	6,725,000	1.42

‡ Including extraordinary gains of $2,600,000 ($0.25 per share) in 1987, $1,555,000 ($0.16 per share) in 1986, $301,000 ($0.03 per share) in 1985, $1,275,000 ($0.16 per share) in 1984 and $6,316,000 ($0.94 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 133,898,000	$ 12.88
1986	115,882,000	11.62
1985	98,807,000	10.17
1984	66,792,000	8.63
1983	60,126,000	8.94

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Oct. 31	1987	1986
Revenues	$ 264,658	$ 241,795
Cost of sales & oper. expenses	152,815	146,143
Research & develop.	11,842	11,612
Selling, general & adm. exp.	76,650	65,804
Oper. expenses	4,431	4,626
Oper. profit	$ 19,120	$ 13,610
For. exch. gain	(1,361)	(2,408)
Other charges	2,191	1,586
Interest income	(5,751)	(6,664)
Interest expense	5,351	6,123
Income before taxes	$ 18,690	$ 14,973
Income taxes	7,476	5,989
Net Income	$ 11,214	$ 8,984
Extraordinary gain	2,600	1,555
Net income & extraordinary gain	$ 13,814	$ 10,539

* Included in Costs and Expenses, Depreciation $11,204,000 in 1987 and $9,827,000 in 1986.

Assets
(000's)

As of Oct. 31	1987	1986
Cash	$ 28,098	$ 34,311
Accts. receiv., net	70,518	61,564
*Inventories	73,434	63,909
Long-term contracts	1,108	299
Other assets	3,795	1,992
Current Assets	$ 176,943	$ 162,075
#Fixed assets	46,698	42,464
Long-term receiv.	28,319	22,162
Other assets	5,643	4,923
Total Assets	$ 257,603	$ 231,624

Liabilities
(000's)

Short-term debt	$ 7,126	$ 5,636
Accts. payable	9,491	9,800
Accruals	25,663	23,385
Customer advances	14,063	12,546
Income taxes	3,552	5,465
Curr. Liabilities	$ 59,895	$ 56,832
Long-term debt	59,118	55,179
Deferred inc. taxes	4,692	3,731
+ Common stock	2,556	2,478
Add. paid-in capital	99,454	95,950
Retained earnings	29,809	15,995
Translation adjust.	4,390	2,191
Treasury stock	(2,311)	(732)
Total Liabilities & Shareholders' Equity	$ 257,603	$ 231,624

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.06	6.19
%Net Income to Sales	4.24	3.72
%Net Income to Equity	8.38	7.75
Debt to Equity	0.49	0.52
Working Capital	$ 117,048,000	$ 105,243,000
Current Ratio	2.95	2.85
Shareholder's Equity	$ 133,898,000	$ 115,882,000

Regency Electronics, Inc.

7707 Records Street
Indianapolis, Indiana 46226
(317) 545-4282

Officers: Joseph E. Boone, president & chief executive officer; Steven L. Wilkening, v.p. & treasurer; James K. Sommer, secretary; Charles A. Merriman, v.p.-operations.

Directors: James K. Sommer, Joseph B. Weaver, Joseph E. Boone, Ralph R. Whitney, Jr., Steven L. Wilkening, John E. Fox, Paul E. Reinken.

Areas of Work: Produces and markets electronic test equipment, for commercial and avionics markets; transceivers and receivers for public service, business and the consumer radio market; and energy load management radio switches for the utilities industry.

Subsidiaries:

IFR Systems, Inc. (84% owned)
10200 W. New York St.
Wichita, Kansas 67215
(316) 522-4981
Produces a line of aviation and commercial electronics test equipment.

Regency Communications, Inc.
Regency Land Mobile, Inc.
1227 South Patrick Drive
Satellite Beach, Florida 32937
(305) 777-1414
Makes two-way FM mobile radios and marine radios.

Regency Taiwan, Ltd.
P.O. Box 3702
Taipei, Taiwan R.O.C.

Transfer Agent(s):

Merchants National Bank & Trust Co.
1 Merchants Plaza
Indianapolis, Indiana 46255

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ROCY (NASDAQ)

Number of Employees:

1987	1,340	1984	1,700
1986	1,200	1983	1,500
1985	N.A.		

Plant Footage:

1987	260,000 sq. ft.	1984	314,000
1986	379,000	1983	314,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales #	Net Income†
1987	$ 74,756,669	$ 1,153,105
1986	91,273,433	(2,753,069)
1985	114,396,054	4,309,437
1984	109,468,676	2,026,261
1983	87,343,727	6,960,523

	No. of Com. Shares‡	Earn. per Share‡†
1987	10,732,000	$ 0.11
1986	10,730,000	—
1985	10,730,000	0.40
1984	10,730,000	0.19
1983	10,723,000	0.65

(Loss)
Includes other income.
† Including extraordinary gain of $848,000 in 1986.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	2-for-1
1983	0.20	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 41,061,817	$ 3.83
1986	42,041,518	3.92
1985	46,940,330	4.37
1984	44,776,636	4.17
1983	44,894,118	4.19

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*

Year ended June 30	1987	1986
Net sales	$ 74,756,669	$ 91,273,433
Cost of sales	50,887,593	71,636,466
Expenses	18,656,060	21,239,605
Gain on sale of stock	—	(8,397,001)
Amort. of goodwill	97,052	925,873
Interest expense	1,750,838	2,389,355
Other charges	494,309	333,832
Other income	(1,003,254)	(635,680)
Discount. business	—	10,000,000
Income (loss) bef. taxes	$ 3,874,071	$ (6,219,017)
Income taxes (credit)	2,021,000	(3,040,000)
Minority interest	699,966	422,052
Net Income (Loss)	$ 1,153,105	$ (3,601,069)
Extraord. gain	—	848,000
Net income (Loss) & extraord. gain	$ 1,153,105	$ (2,753,069)

* Included in Costs and Expenses, Depreciation and Amortization: $2,413,584 in 1987 and $2,094,568 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 2,098,427	$ 4,683,889
Accts. receiv, net	17,776,516	18,583,972
*Inventories	35,654,326	29,302,635
Deferred employee benefits	1,594,416	1,513,628
Prepaid expenses	217,058	439,319
Deferred fed. inc. taxes	204,589	4,607,367
Assets of discont. bus.	—	1,268,249
Deferred income taxes	693,000	—
Current Assets	$ 58,238,332	$ 60,399,079
#Fixed assets	12,390,853	13,474,400
Prop. under cap. leases	1,855,076	2,085,365
Other assets	460,084	528,432
Intangibles	541,224	638,277
Investment	716,316	—
Total Assets	$ 74,201,886	$ 77,125,553

Liabilities

Cap. lease oblig. curr.	$ 10,335,976	$ 2,335,976
Accts. payable	2,936,514	4,212,363
Accruals	2,342,303	3,836,076
Accrued payroll	1,740,768	1,898,297
Income taxes	1,177,332	—
Deferred income taxes	—	361,000
Contribution to VEBA trust	1,614,593	1,389,508
Other taxes	1,025,558	951,936
Curr. Liabilities	$ 21,173,044	$ 14,885,156
Long-term debt	4,000,000	14,200,000
Cap. lease oblig.	2,336,600	2,472,420
Deferred income taxes	2,816,000	1,412,000
Minority interest	2,814,425	2,114,459
+Common stock	2,221,976	2,208,539
Retained earnings	39,249,341	40,242,479
Treasury stock	(409,500)	(409,500)
Total Liabilities & Shareholders' Equity	$ 74,201,886	$ 77,125,553

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.18	—
%Net Income to Sales	1.54	—
%Net Income to Equity	2.81	—
Sales to Inventories	2.10	3.11
Debt to Equity	0.41	0.45
Working Capital	$ 37,065,288	$ 45,513,923
Current Ratio	2.75	4.06
Shareholders' Equity	$ 41,061,817	$ 42,061,518

Resdel Industries

(46.1% owned by MDC Incorporated, a privately held investment banking firm)

4000 MacArthur Boulevard
Suite 550
Newport Beach, California 92660
(714) 955-0515

Officers: Charles W. Missler, chairman & chief exec. officer; Stanley K. Weissberg, president & chief operating officer; Sidney E. Wing, v.p.; Bruce G. Rossiter, chief financial officer; Brett M. Clark, corp. controller; John H. Brink, secretary.

Directors: H. K. Abajian, Stanley K. Weissberg, James C. Jordan, Jr., Charles W. Missler, Clarence A. Robinson, Jr., Charles A. Von Urff, Sidney E. Wing, R. Norris Keeler, Bruce G. Rossiter.

Area of Work: Engaged in the design, development and manufacture of highly technical electronic communications systems and devices for government and prime contractors and in the design and distribution of consumer electronic communication products.

Subsidiaries:

Resdel Engineering Corporation
300 East Live Oak Avenue
Arcadia, California 91006
(818) 445-5955
Engaged in the development and manufacture of government communications products; 20 watt S-band transmitters, miniature monitor receivers, microprinters, and 40 watt L-band strip line transmitters.

Resdel Electro-Optics Systems, Inc.
6865 Flanders Drive, Suite G
San Diego, California 92121
(714) 955-0515
Organized to develop and exploit advanced laser technology for strategic missions.

Acquisition:

San/Bar Corporation
9999 Muirlands Parkway
Irvine, California 92718
(714) 855-9911
Develops and manufactures products for the point-to-point microwave markets and the emergent digital data/voice network markets.

Transfer Agent(s):

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RSDL (NASDAQ)

Number of Employees:

Plant Footage:

1987	N.A.	1984	44,000
1986	44,000 sq. ft.	1983	44,000
1985	44,000		

N.A. -- Not Available.

Sales & Earnings

	Net Sales	Net Income+
1987	$ 17,108,000	$ 1,822,000
1986	14,219,000	1,736,000
1985	8,584,000	192,000
1984	7,622,000	(2,067,000)
1983	8,879,000	512,000

	No. of Com. Share +	Earn. per Share #+
1987	4,288,867	$ 0.40
1986	4,227,330	0.39
1985	4,138,255	0.05
1984	4,137,155	—
1983	4,137,155	0.12

(Loss)
+ Including extraordinary gains of $838,000 ($0.18 per share) in 1987, $799,000 ($0.18 per share) in 1986, $68,000 ($0.02 per share) in 1985, and $211,000 ($0.05 per share) in 1983.
+ Adjusted to reflect stock dividend.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Revenues by Line of Business

	1987	1986	1985	1984
Govt. Prods. area:				
Receiver equip.	34 %	34 %	31 %	32 %
Transmitter equip.	10	19	44	32
Digital equip.	53	44	14	13
Export prods. area:				
Receiver equip.	3	2	4	4
Transmitter equip.	—	1	1	—
Other	—	—	1	1
Industrial prod. area:				
Receiver equip.	—	—	2	16
Digital equip.	—	—	1	2
Transmitter equip.	—	—	2	—
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,345,000	$ 0.55
1986	743,000	0.18

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 17,018,000	$ 14,219,000
Cost of sales	10,962,000	8,991,000
Expenses	3,600,000	2,639,000
Research & devel.	342,000	433,000
Interest expense	231,000	296,000
Other income	(42,000)	(60,000)
Inc. bef. taxes	$ 2,015,000	$ 1,920,000
Income taxes	1,031,000	983,000
Net Income	$ 984,000	$ 937,000
Extraord. gain	838,000	799,000
Net income & extraord. gain	$ 1,822,000	$ 1,736,000

* Included in Costs and Expenses, Depreciation and Amortization: $337,000 in 1987 and $256,000 in 1986.

Resdel Industries

Assets

As of June 30	1987	1986
Cash	$ 159,000	$ 13,000
Accts. receiv., net	2,854,000	3,036,000
*Inventories	3,695,000	1,969,000
Prepaid expenses	298,000	96,000
Current Assets	$ 7,006,000	$ 5,114,000
#Fixed assets	1,015,000	980,000
Other assets	303,000	78,000
Total Assets	$ 8,324,000	$ 6,172,000

Liabilities

Long-term debt, curr.	$ 500,000	$ 500,000
Accts. payable	1,198,000	698,000
Accruals	764,000	1,127,000
Income taxes payable	—	55,000
Deferred state inc. taxes	303,000	110,000
Curr. Liabilities	$ 2,765,000	$ 2,490,000
Long-term debt	3,214,000	2,939,000
+Common stock	2,144,000	1,921,000
Add. paid-in capital	9,661,000	7,080,000
Retained earnings (deficit)	(9,160,000)	(8,258,000)
Note receiv-Emp. stock trust	(300,000)	—
Total Liabilities & Shareholders' Equity	$ 8,324,000	$ 6,172,000

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	11.84	13.50
%Net Income to Sales	5.78	6.59
%Net Income to Equity	41.96	—
Sales to Investories	4.61	7.22
Debt to Equity	1.58	4.63
Working Capital	$ 4,241,000	$ 2,624,000
Current Ratio	2.53	2.05
Shareholders' Equity	$ 2,345,000	$ 743,000

Research, Incorporated

P.O. Box 24064
Minneapolis, Minnesota 55424
(612) 941-3300

Corporate offices:
6425 Flying Cloud Drive
Eden Prairie, Minnesota 55344

Officers: A. E. Abramson, chairman of the board; R. J. Bateman, president & chief executive officer; F. T. Renshaw, v.p.; G. W. Sangster, v.p.; K. C. Wilson, v.p.; C. C. Johnson, v.p.; P. J. Vytlel, v.p.; G. E. Magnuson, secretary.

Directors: A. E. Abramson, chairman; J. R. Anderson, K. G. Anderson, R. J. Bateman, W. J. Benjamin, G. E. Magnuson.

Areas of Work: Designs, manufactures and sells proprietary products from the following three related groups; electronic and/or electrical process control instruments, radiant heating devices and telecommunications terminals.

Transfer Agent(s):

Norwest Bank of Minneapolis, N.A.
7th Street at Marquette Avenue
Minneapolis, Minnesota 55479

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RESR (NASDAQ)

Number of Employees:

1987	218	1984	252
1986	243	1983	258
1985	264		

Plant Footage:

1987	90,000 sq. ft.	1984	90,000
1986	90,000	1983	90,000
1985	90,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 21,063,500	$ 921,900
1986	19,116,900	1,277,500
1985	23,487,200	1,712,400
1984	21,175,627	1,567,276
1983	21,442,807	1,205,178

	No. of Com. Shares	Earn. per Share #
1987	1,648,693	$ 0.56
1986	1,640,133	0.78
1985	1,636,560	1.05
1984	1,629,500	0.96
1983	1,629,500	0.74

Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1987 (000's)	%	1986 (000's)	%
Process control instruments	$ 8,494	40 %	$ 9,998	52 %
Radiant heating devices	7,278	35	5,819	31
Telecommunications terminals	5,292	25	3,300	17
Total	$ 21,064	100 %	$ 19,117	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.54	—	—
1984	0.25	—	—
1983	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 14,635,500	$ 8.88
1986	14,282,100	8.71
1985	13,630,900	8.33
1984	12,735,600	7.82
1983	11,575,725	7.10

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 21,063,545	$ 19,116,851
Cost of sales	11,859,550	11,667,950
Expenses	7,942,423	7,056,077
Other income	(390,262)	(395,849)
Prof. sh. plan	179,941	—
Gain on sales of rental prop.	—	(1,118,828)
Income before taxes	$ 1,471,893	$ 1,907,501
Income taxes	550,000	630,000
Net Income	$ 921,893	$ 1,277,501

* Included in Costs and Expenses, Depreciation: $565,470 in 1987 and $607,789 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 285,966	$ 404,083
Short-term investments	8,000,132	7,434,615
Accts. receiv., net	3,466,532	3,338,995
* Inventories	4,150,773	4,007,403
Prepaid expenses	269,224	253,162
Current Assets	$ 16,172,227	$ 15,428,258
# Fixed assets	1,667,560	1,965,084
Total Assets	$ 17,839,787	$ 17,393,342

Liabilities

Accts. payable	$ 1,548,854	$ 1,229,723
Accruals	1,594,856	1,196,256
Income taxes	80,557	685,308
Curr. Liabilities	$ 3,224,267	$ 3,111,287
+ Common stock	824,346	820,066
Add. paid-in capital	210,930	125,517
Retained earnings	13,600,24	13,336,472
Total Liabilities & Shareholders' Equity	$ 17,839,787	$ 17,393,342

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

% Income bef. Taxes to Sales	6.99	9.98
% Net Income to Sales	4.38	6.68
% Net Income to Equity	6.30	8.94
Sales to Inventories	5.07	4.77
Working Capital	$ 12,947,960	$ 12,316,971
Current Ratio	5.02	4.96
Shareholders' Equity	$ 14,635,520	$ 14,282,055

Rexham Corporation

(The Company is privately held)

7315 Pineville-Matthews Road
Charlotte, North Carolina 28226
(704) 541-2800

Officers: Scott C. Lea, president; Keith F. Kennedy, sr. v.p.-law; Charles C. Brown, v.p.-Machinery Group; E. Bryant Frech, v.p.-Industrial Group; Thomas M. Little, v.p.-Packaging Group; Thomas L. McVerry, v.p.-finance & resources; W. Battle Wall, III, v.p.-carton, film & label packaging; Aaron L. Jestice, v.p.-Aerospace and Defense Group; Wesley G. Soule, treasurer; Rubina I. Grosso, secretary; Staton E. Boyette, Jr., controller & asst. treasurer.

Directors: F. Kenneth Iverson, Roscoe C. Ingalls, Jr., Keith F. Kennedy, Scott C. Lea, Edward H. Michaelsen, John Hoyt Stookey, Norman E. Auerbach, Dan F. Huebner.

Divisions and Subsidiaries:

Aerospace and Defense
2000 Highway 157 West
P.O. Box 1088
Cullman, Alabama 35055
(205) 739-1115
Manufactures ultrasonic machine components for defense, aerospace, and commerical applications. Also produces electronic assemblies and custom designed interconnect harness systems.

Laminex, Inc.
Charlotte, North Carolina
Manufactures security/identification and graphic laminating systems.

Packaging Machinery
Sarasota, Florida
Designs and manufactures machines that horizontally form, fill, and seal packages made from flexible materials.

Carton, Film & Label Packaging
Greensboro, North Carolina
Manufactures printed paperboard, films pressure sensitive labels, and combinations plastic packaging for hosiery, textiles, cosmetics, pharmaceuticals, personal care, consumer electronics and hardware.

National Spectrographic Laboratories
Instrumentation and precision analytical testing for the aerospace, metals, energy, ceramics and chemical industries.

Flexible Packaging
Edinburgh, Indiana
Manufactures printed, coated, and laminated papers, films, foils for convenience foods, tobacco, photographic and health care products.

Industrial Films
Lancaster, South Carolina
Develops, technical coatings and laminations of foils, tissues, and films for the electronic, automotive, and photographic industries, and is engaged in the field of commerical chemical analysis.

Lamotite, Inc.
Cleveland, Ohio
Coated products and film, foil, fabric and paper laminates for construction, automobiles, and other specialities.

Production Graphics Corporation
Guaynabo, Puerto Rico
Manufactures printed folding cartons and labels for the pharmaceutical and personal care industries.

Number of Employees:

1986 2,445

Plant Footage:

1986 ..... 1,774,275 sq. ft.

Sales & Earnings

	Net Sales +	Net Income +
1986	$ 243,255,000	$ 11,036,000
1985	212,898,000	8,993,000
1984	213,938,000	7,033,000
1983	196,739,000	7,714,000
1982	190,651,000	8,992,000

	No. of Com. Shares	Earn. per Share‡
1986	4,170,711	$ 2.65
1985	4,115,542	2.20
1984	4,067,379	1.73
1983	4,057,528	1.85
1982	4,294,008	2.09

+ Of continuing operations only.
‡ Based on the weighted average number of common shares outstanding during the year.

Revenues by Line of Business
(000's)

	1986	1985
Coated or laminated paper, film & foil	$ 135,379	$ 113,937
Plain or uncoated film & others	11,024	10,509
Converted paperboard	40,948	39,579
Machinery	17,202	17,313
Precision metal & electronic components	38,702	31,560
Total	$ 243,255	$ 212,898

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.75	—	—
1985	0.70	—	—
1984	0.70	—	—
1983	0.625	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 96,404,000	$ 23.11
1985	87,371,000	21.23
1984	79,326,000	19.50
1983	75,798,000	18.68
1982	77,745,000	18.11

Income Account *
(000's)

Year ended	12/28/86	12/29/85
Net sales	$ 243,255	$ 212,898
Cost of sales	198,426	173,419
Expenses	23,741	22,363
Interest & financing expense	989	1,186
Other expense	1,457	65
Income before taxes	$ 18,642	$ 15,865
Income taxes	7,606	6,872
Net Income	$ 11,036	$ 8,993

* Included in Costs and Expenses, Depreciation and Amortization: $7,827,000 in 1986 and $6,986,000 in 1985.

Assets
(000's)

As of	12/28/86	12/29/85
Cash	$ 5,482	$ 6,868
Short-term investments	358	15,300
Receivables, net	34,354	25,204
*Inventories	34,900	33,835
Other assets	1,458	1,530
Current Assets	$ 76,552	$ 82,737
#Fixed assets	77,034	64,064
Other assets	7,113	7,221
Total Assets	$ 160,699	$ 154,022

Liabilities
(000's)

Notes payable	$ 185	$ 5,088
Long-term debt, curr.	1,766	1,766
Accts. payable	20,691	12,486
Accrued payroll	9,295	6,953
Income taxes pay.	4,041	3,131
Other accruals	3,846	3,253
Dividends payable	834	720
Curr. Liabilities	$ 40,658	$ 33,397
Long-term debt	8,508	20,771
Oblig. under cap. leases	235	362
Deferred inc. taxes	11,055	9,509
Other liab.	3,839	2,612
+Common stock	4,500	4,500
Add. paid-in capital	30,958	31,177
Retained earnings	67,840	59,806
Treasury stock	(6,894)	(8,112)
Total Liabilities & Shareholders' Equity	$ 160,699	$ 154,022

* At lower of cost (LIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.66	7.45
%Net Income to Sales	4.54	4.22
%Net Income to Equity	11.45	10.29
Sales to Inventories	6.98	6.29
Debt to Equity	0.11	0.32
Working Capital	$ 35,894,000	$ 49,340,000
Current Ratio	1.88	2.48
Shareholders' Equity	$ 96,404,000	$ 87,371,000

Ripley Company, Inc.

46 Nooks Hill Road
P.O. Box E
Cromwell, Connecticut 06416
(203) 635-2200

Officers: H.I. Thayer, Jr., president, treasurer & chief executive officer; James J. Matthews, vice president; S. Michael Schatz, secretary.

Directors: Lewis B. Daniels, Jr., Douglas Kellogg, James E. Griffin, Richard T. Gibbons, Arhtur W. Frank, Jr., Sebastian DiStefano.

Areas of Work: Specializes in the manufacture of blowers, electronic and mechanical timers, cable preparation tools and light-activated sunswitches, decorative street lights and packages to convert mercury vapor lights to high pressure sodium lights.

Subsidiary:

Stick-Screw Manufacturing Co.
Willimantic, Connecticut
Manufactures proprietary, semi-automatic small part fastening and assembly systems.

Transfer Agent(s):

The Connecticut Bank & Trust Co., N.A.
Hartford, Connecticut 06115

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RIPY-(NASDAQ)

Plant Footage:

1987 ..... 47,000 sq. ft. 1986 47,000

Sales & Earnings

	Net Sales	Net Income
1988	$ 6,242,313	$ 357,946
1987	5,128,296	205,630
1986	5,703,015	402,486
1985	5,314,988	356,331
1984	4,756,828	302,277

	No.of Com. Shares	Earn. per Share
1988	588,280	$ 0.61
1987	588,280	0.34
1986	588,280	0.68
1985	588,280	0.61
1984	588,280	0.51

Revenues by Line of Business

	1988	1987
Electronics & electrical products	$ 3,920,292	$ 3,349,929
Cable preparation tools	2,322,021	1,778,367
Total	$ 6,242,313	$ 5,128,296

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ 0.20	—	—
1987	0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 3,326,594	$ 5.65
1987	3,081,567	5.24
1986	2,988,708	5.08
1985	2,699,882	4.59
1984	2,461,207	4.18

Income Account *

Year ended Feb. 28	1988	1987
Net sales	$ 6,242,313	$ 5,128,296
Cost of sales	4,118,787	3,455,917
Expenses	1,447,136	1,310,297
Other expense (income)	30,444	(31,548)
Income before taxes	$ 645,946	$ 393,630
Income taxes	288,000	188,000
Net Income	$ 357,946	$ 205,630

* Included in Costs and Expenses, Depreciation & Amortization: $145,898 in 1988 and $114,687 in 1987.

Assets

As of Feb. 28	1988	1987
Cash	$ 543,082	$ 601,333
Accts. receiv. net	832,286	782,060
Income taxes	—	194,247
*Inventories	2,002,792	1,521,880
Prepaid expenses & deferred charges	48,768	59,760
Current Assets	$ 3,426,928	$ 3,159,280
#Fixed assets	1,283,148	1,202,465
Other assets	369,382	235,777
Total Assets	$ 5,079,458	$ 4,597,522

Liabilities

Long-term debt, curr.	$ 180,610	$ 223,533
Accts. payable	473,401	207,101
Accruals	397,850	395,755
Income taxes	74,368	—
Curr. Liabilities	$ 1,126,229	$ 826,389
Notes payable	300,000	458,483
Lease obligations	107,472	163,083
Deferred inc. taxes	85,000	68,000
Unfunded pension liability	134,163	—
+Common stock	297,975	297,975
Add. paid-in capital	412,240	413,207
Retained earnings	2,677,789	2,437,745
Treasury stock	(61,410)	(67,360)
Total Liabilities & Shareholders' Equity	$ 5,079,458	$ 4,597,522

* At lower cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.35	7.68
%Net Income to Sales	5.73	4.01
%Net Income to Equity	10.76	6.67
Sales to Inventories	3.12	3.37
Debt to Equity	0.14	0.22
Working Capital	$ 2,300,699	$ 2,332,891
Current Ratio	3.04	3.82
Shareholders' Equity	$ 3,326,594	$ 3,081,567

RMS International, Inc.

621 Route 46
Hasbrouck Heights, New Jersey 07604
(201) 288-8833

Officers: Joseph F. Bradway, Jr., chairman of the board, president & chief executive officer; Dominick Padilla, v.p.-operations; Reynaldo Perez, v.p.-CATV Division; Harry Bogatch, v.p.-finance & secretary.

Directors: Joseph F. Bradway, chairman; Arthur A. Fink, John de Elorza, William A. Searles, Charles T. Conner, William F. Lawless.

Areas of Work: Designs, manufactures, imports and distributes radio frequency (RF) passive devices, and related products for the cable television connectors, converters industry. Manufactures a line of stand-by, AC regulated and inverter power supplies for the cable TV industry.

Subsidiaries:

Poleline Corporation
Distribution operation that supplies construction materials to the cable television industry.

Kenyon Magnetics, Inc.
Manufactures transformers and other allied products.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: RMS

Sales & Earnings

	Net Sales	Net Income
1987	$ 12,830,132	$ 75,000
1986	12,367,192	(803,000)
1985	14,977,000	(1,131,000)
1984	19,443,000	(1,878,000)
1983	19,304,000	(113,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	1,558,345	$ 0.05
1986	1,558,345	—
1985	1,587,692	—
1984	1,630,618	—
1983	1,622,186	—

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,284,272	$ 2.11
1986	3,209,387	2.06
1985	4,012,822	2.53
1984	5,529,763	3.39
1983	7,397,013	4.56

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 12,830,132	$ 12,367,192
Cost of sales	9,580,089	9,515,323
Expenses	2,884,151	3,580,232
Interest expense	327,885	360,223
Gain on sale of prop.	—	(229,324)
Gain on purch. of deben.	(36,878)	(55,827)
Net Income (Loss)	$ 74,885	$ (803,435)

* Included in Costs and Expenses, Depreciation and Amortization: $178,411 in 1987 and $190,871 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 316,237	$ 193,798
Accts. & notes receiv., net	2,050,753	1,987,387
Recoverable income taxes	51,063	51,063
*Inventories	2,982,534	3,370,722
Prepaid exp. & other assets	114,340	123,527
Misc. receiv.	541,835	—
Current Assets	$ 6,056,762	$ 5,726,497
#Fixed assets	231,974	927,573
Other assets	105,164	97,783
Total Assets	$ 6,393,900	$ 6,751,853

Liabilities

Notes payable	$ 947,725	$ 1,177,977
Long-term debt, curr.	334,604	4,404
Accts. payable	416,588	648,823
Accruals	200,683	151,627
Curr. Liabilities	$ 1,899,600	$ 1,982,831
Long-term debt	1,210,028	1,359,635
+ Common stock	130,745	130,745
Add. paid-in capital	4,531,153	4,531,153
Retained earn. (deficit)	(991,208)	(1,066,093)
Treasury stock	(386,418)	(386,418)
Total Liabilities & Shareholders' Equity	$ 6,393,900	$ 6,751,853

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.08 par value.

Statistical Summary

%Net Income to Sales	0.58	—
%Net Income to Equity	2.28	—
Sales to Inventories	4.30	3.67
Debt to Equity	0.76	0.85
Working Capital	$ 4,157,162	$ 3,743,666
Current Ratio	3.19	2.89
Shareholders' Equity	$ 3,284,272	$ 3,209,387

Rockwell International Corporation

600 Grant Street
Pittsburgh, Pennsylvania 15219
(412) 565-2000

2230 East Imperial Highway
El Segundo, California 90245
(213) 647-5000

Officers: Robert Anderson, chairman of the board & chief executive officer; Donald R. Beall, president & chief operating officer; Kent M. Black, v.p. & president-Electronics; Robert L. Cattoi, sr. v.p.-research and engineering; Lee H. Cramer, treasurer; Robert A. dePalma, sr. v.p.-finance & planning & chief financial officer; J.A. Earley, v.p.-corporate development; Richard W. Foxen, sr. v.p.-international; Charles H. Harff, sr. v.p. gen. counsel & secretary; Bastian Hello, sr. v.p.-government relations; Richard W. Bohlen, sr. v.p.-operations; Sam F. Iacobellis, v.p. and president-North American Aircraft; George W. Jeffs, v.p. & president-North American Space; Lawrence J. Komatz, controller; Robert H. Murphy, v.p.-management & organization; Samuel Pitok, sr. v.p. & advisor to office of chief executive; Arthur P. Ronan, v.p. & president-Automotive; John J. Roscia, sr. v.p., asst. to chairman and chief executive officer; Charles C. Stoops, Jr., general tax counsel; Donald J. Yockey, sr. v.p. & advisor to president and chief operating officer; William A. Sante, II, general auditor; Thomas A. Campobasso, v.p.-international; Richard R. Mau, v.p.-communications.

Directors: Robert Anderson, chairman; Donald R. Beall, Richard M. Bressler, Robert A. dePalma, Robin Chandler Duke, Fred L. Hartley, J. Clayburn La Force, Jr., Bruce M. Rockwell, Robert E. Seymour, Ross D. Siragusa, Jr., William S. Sneath, Joseph F. Toot, Jr., Harrington Drake, J.

Tylee Wilson.

Areas of Work: The Company is a multi-industry corporation engaged in research and development, and the manufacture and sale of many products for commercial and government markets. The Company is organized into four business segments: Aerospace, Electronics, Automotive and General Industries.

Business Segments and Subsidiaries:

Aerospace
The principal space activity is the Space shuttle program for NASA. The Company has developed and is producing the shuttle orbiter and, through its Rocketdyne Division, the orbiter main engines. It also assists NASA in the integration of the overall space transportation system. The Rocketdyne Division works under a United States Air Force contract for the engineering development of the Peacekeeper missile; develops and manufactures large liquid rocket engines for space and military applications and small rocket engines for altitude and reentry control.

The Company also engaged in various research and development activities, such as those related to advanced space-based surveillance systems and directed energy weapons, and technology development and systems analysis efforts, such as those relating to advanced military aircraft.

North American Space Operations
2230 East Imperial Highway
El Segundo, California 90245
(213) 647-5000

North American Aircraft Operations
100 N. Sepulveda Boulevard
El Segundo, California 90245
(213) 647-1000

Electronics
This division manufactures high technology electronic equipment and systems for military navigation, command, control, communications and intelligence, missile systems and other special applications for the United States and foreign governments; also manufactures a broad spectrum of radio transceivers for various military applications that range from very low frequency to extremely high frequency. These products are combined with other ancillary items to form integrated command, control, communications and intelligence systems.

The division is the principal supplier of the inertial navigation systems for the Navy's ballistic missile and attack submarine fleets, supplies component and services related to the guidance and control systems of the Minuteman intercontinental ballistic missile fleet and works under contracts for both ground and airborne high frequency communication equipment for the modernization programs for the United States and NATO forces.

In commercial electronics, the Company supplies avionics, telecommunications and semiconductor products and systems to commercial and government customers worldwide. Electronics supplies communications, navigation, flight control, and other avionics systems to the air transport, general aviation and government markets. Products include telecommunications, transmission and switching systems and telephone products which are supplied to a broad range of customers in the United States and foreign countries.

Allen-Brady Company
Milwaukee, Wisconsin
Supplies programmable controllers to the factory automation market. Also produces standard control products, computer numerical control systems, drives and passive electronic components.

Electronics Corporation of America
Waltham, Massachusetts
Manufactures photoelectric controls and flame monitoring systems.

Design Engineering Laboratories
Huntington Beach, California
Defense electronics.

General Industries
The Graphic Systems Division manufactures and sells high-speed printing presses and related equipment and principally for printing newspapers. Products include the Metroliner press designed for large metropolitan daily newspapers and the HV, Urbanite and community presses designed for medium size daily and weekly newspapers and commercial printers. The division also manufactures and sells automatic mailroom equipment and purchases for resale a line of commercial sheetfed presses and related equipment.

The Company manufactures, purchases for resale, and sells industrial sewing machines to the textile industry. The Power Tool Division manufactures stationary woodworking machinery and pneumatic and specialty tools for the general industrial and construction markets.

The flow control and the municipal & utility division manufacture and sell control and measurement equipment for gas, water and other fluids in the energy, utility and construction markets and a broad line of valves used for a variety of applications in nuclear and fossil systems for the energy and power generation markets. Other products include valve lubricants, pipe clamps and couplings. Primary customers for these products are electric, gas and water utilities, oil companies, chemical companies, municipalities and building contractors, as well as chemical companies.

The Energy Systems Group participates in the development of the liquid metal fast breeder reactor, the production of safety equipment for conventional light water nuclear reactors and the decontamination and decommissioning of nuclear facilities. The Group also operates a liquid metal development center for the fast breeder effort of the Department of Energy (DOE) and is active in the development of other alternative energy sources.

The Group provides chemical processing, water management and site support services at the DOE's Hanford Project near Richland, Washington, and operates the DOE's Rocky Flats Plant near Denver, Colorado, which is engaged in nuclear weapons components manufacturing, plutonium recovery and waste treatment. The Group is continuing development work under DOE contracts in the coal gasification and liquefaction processes. The Group also supplies commercial flue gas cleaning systems and environmental monitoring systems to utilities and industry.

General Industries Operations
400 North Lexington Avenue
Pittsburgh, Pennsylvania 15208
(414) 247-3000

Rockwell do Brasil Industria e Commercio Ltda.
Limeira, Sao Paulo, Brazil

Rockwell-International of Canada Ltd.
Barrie & Guelph, Ontario, Canada

Rockwell-Rimoldi France S.A.
Boulogne, France

Rockwell Systems Graphiques, S.A.
Paris, France

Rockwell Valves, S.A.
Unieux, France

Rockwell Graphic Systems, Inc.
Oberthausen, West Germany

Rockwell-Rimoldi GmbH
Reutlingen, West Germany

Rockwell-Rimoldi, S.p.A.
Olcella, Busto Garolfo, Italy

Rockwell-Rimoldi Espanola S.A.
Barcelona, Spain

Rockwell-Rimoldi (Great Britain) Limited
Darby, Leicestershire, United Kingdom

Rockwell Graphic Systems Limited
Preston, United Kingdom

Automotive
Automotive businesses' principal activity is the manufacture and sale of various proprietary components for heavy-duty vehicles used on and off the highway. Automotive designs and manufactures a broad line of axles for heavy-duty applications for on- and off-highway vehicles, including single and tandem drive axles, driving and non-driving front axles, trailer axles, rigid and steering planetary axles and driving steering axles. The businesses design and manufacture a complete line of heavy-duty brakes and brake assemblies and components for use in the transportation, construction, mining, agriculture, forestry and industrial fields. The businesses also manufacture and sell special drives and transmissions, universal joints and drivelines, gear boxes, springs and plastic hood, door and fender assemblies for these vehicles.

The Automotive businesses also manufacture and sell springs and plastic components and accessories for light trucks and passenger cars, and steel and cast aluminum wheels, wheel covers, sun roofs, window regulators, door latches and door locking systems for passenger cars. In addition, the businesses manufacture and sell large steel castings, including those used in military cast armor programs and diesel locomotives.

The Company's automotive products are nearly all sold directly to manufacturers of original equipment, some of which are also competitors in that they produce for their own use many of the products manufactured by the Automotive businesses.

Automotive Businesses
2135 West Maple Road
Troy, Michigan 48084
(313) 435-1000

Rockwell Standard of Australia Ltd.
Melbourne, Australia

Wilmot Breeden (Australia) Pty. Ltd.
Preston, Australia

Rockwell do Brasil Industria e Commercio Ltda.
Limeira, Brazil

Rockwell International of Canada, Ltd.
Bracebridge, Chatham, Gananoque, Lacolle, Milton, Mississauga, Tilbury, Canada

Compagnie Industrielle de Mecanismes S.A.
Levallois, Perret Cedex, France

Rockwell International S.A.
Rungis Cedex, France

Rockwell Golde GmbH
Frankfurt, West Germany

Rockwell Bremsen
Geschaftsbereich der Rockwell-Gold GmbH
Alyeneau/Unterfranken, West Germany

Rockwell Golde Italiana SpA
Como, Italy

Rockwell International Manufacturing Pte. Ltd.
Singapore

Rockwell-Maudslay Limited
Alcester, United Kingdom

Wilmot Breeden Limited
Birmingham, United Kingdom

Rockwell Thompson Limited
Wolverhampton, United Kingdom

Rockwell CVC S.p.A.
San Mauro Torinese, Italy

Rockwell CVC S.p.A.
Cameri, Italy

Transfer Agent(s):

Mellon Bank, N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230
(common stock; $4.75 convertible preferred, Series A; $1.35 convertible preferred, Series B)

67 Broad Street
New York, New York 10004

Rockwell International Corporation

The First National Bank of Boston
Boston, Massachusetts 02102
(common stock & $4.75 convertible preferred, Series A)

National Bank of Detroit
Detroit, Michigan 48232

First Interstate Bank of California
Los Angeles, California 90051

The Royal Trust Company
Toronto, ON M5W 1P9 Canada

The First National Bank of Chicago
Chicago, Illinois 60670
(common stock; $1.35 convertible preferred, Series B)

Stock Exchange(s): New York, Boston, Midwest, Pacific, Philadelphia, Toronto, Basel, Geneva, Lausanne, Zurich, Frankfurt, London, Tokyo.

Ticker Symbol: ROK

Number of Employees:

1987	116,148	1984	105,759
1986	121,194	1983	102,707
1985	123,266		

Plant Footage:

1987	N.A.	1984	44,500,000
1986	51,000,000 sq. ft.	1983	45,200,000
1985	50,600,000	1982	45,900,000

N.A. - Not Available

Sales & Earnings

	Net Sales† ('000's)	Net Income ('000's)
1987	$ 12,123,400	$ 635,100
1986	12,295,700	611,200
1985	11,337,600	595,300
1984	9,322,100	496,500
1983	8,097,900	389,100

	No. of Com. Shares #	Earn. per Share #
1987	280,000,000	$ 2.27
1986	296,500,000	2.06
1985	297,500,000	2.00
1984	304,600,000	1.63
1983	307,500,000	1.26

† Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenue by Lines of Business
('000's)

	1987	1986
Automotive operations	$ 1,716,000	$ 1,588,000
Electronics operations: Guidance & control, avionics and telecommunications systems & equipment, devices and calculator products	4,342,000	4,221,000
Aerospace operations	5,073,000	5,545,000
General industries	992,000	942,000
Total	$ 12,123,000	$ 12,296,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	$ 0.645	—	2-for-1
1986	0.58	—	—
1985	0.53	—	—
1984	0.47	—	—
1983	0.415	—	2-for-1

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity‡ ('000's)	Equity Per Share†
1987	$ 3,302,700	$ 12.01
1986	3,148,600	10.94
1985	2,931,800	9.82
1984	2,494,700	8.39
1983	2,337,600	7.57

‡ After following for Series A and Series B preferred stock at total liquidation value.
† Adjusted to reflect stock splits.

Income Account *
('000's)

Year ended Sept. 30	1987	1986
Net sales	$ 12,123,400	$ 12,295,700
Other income	76,600	90,800
Total income	$ 12,200,000	$ 12,386,500
Cost of sales	9,560,000	9,913,000
Expenses	1,363,000	1,318,000
Interest expense	89,900	96,800
Income before taxes	$ 1,186,700	$ 1,058,600
Income taxes	551,600	447,400
Net Income	$ 635,100	$ 611,200

* Included in Costs and Expenses, Depreciation: $491,300,000 in 1987 and $450,100,000 in 1986.

Assets
('000's)

As of Sept. 30	1987	1986
Cash	$ 1,103,400	$ 756,900
Accts. & notes receiv., net	1,990,100	1,703,200
*Inventories	1,451,600	1,300,300
Prepaid expenses	76,900	77,100
Current Assets	$ 4,622,000	$ 3,837,500
#Fixed assets	2,669,100	2,620,400
Intangibles	1,098,000	1,046,400
Other assets	350,100	199,100
Total Assets	$ 8,739,200	$ 7,703,400

Liabilities
('000's)

	1987	1986
Short-term borrowings	$ 151,600	$ 95,700
Accts. payable	$ 1,103,100	957,100
Adv. pay. from cust.	321,000	155,800
Accrued payroll	408,500	413,200
Income taxes	64,200	43,900
Deferred inc. taxes	1,341,100	1,203,500
Other	602,900	542,200
Curr. Liabilities	$ 3,992,400	$ 3,411,400
Long-term debt	762,600	627,400
Other liabilities	670,000	502,500
+Preferred stock	2,500	1,400
++Common stock	190,800	155,300
++Class A Common stock	88,700	—
Add. paid-in capital	100,200	221,100
For. curr. trans.	(46,100)	(75,300)
Retained earnings	3,099,600	3,270,400
Treasury stock	(121,500)	(410,800)
Total Liabilities & Shareholders' Equity	$ 8,739,200	$ 7,703,400

* At lower of cost (LIFO, FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ No par value. Series A, $4.75 cumulative; series B, $1.35 cumulative.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.79	8.61
%Net Income to Sales	5.24	4.97
%Net Income to Equity	19.16	19.33
Sales to Inventories	8.35	9.46
Debt to Equity	0.28	0.23
Working Capital	$ 629,600,000	$ 426,100,000
Current Ratio	1.16	1.12
Shareholders' Equity	$ 3,314,200,000	$ 3,162,100,000

Rogers Corporation

One Technology Drive
Rogers, Connecticut 06263
(203) 774-9605

Officers: Norman L. Greenman, president & chief exec. officer; Harry H. Birkenruth, sr. vice president-polymer products group; Richard C. Berry, sr. v.p.-technology; Aarno A. Hasell, v.p.-electronic materials group; William Schoppenhorst, v.p.-human resources; Paul L. Anderson, v.p.-sales; Stuart J. Saffi, v.p.-finance; A. David Chesmer, v.p.-manufacturing; Robert M. Soffer, treasurer; Howard A. Raphaelson, controller; David M. Elwood, clerk.

Directors: Harry H. Birdenruth, Wallace Barnes, Carl N. Hansen, Norman L. Greenman, Charles F. Spiro, Brage Golding, Leonid V. Azaroff, Mildred S. Dresselhaus, Donald J. Harper.

Areas of Work: The Company's operations consist of two segments: Interconnection Products, which are primarily interconnection circuits and components, keyboards, and microwave and circuit materials; and Polymer Products, including primarily molding materials, elastomeric products, polyurethane materials and components, and Durel electroluminescent lamps.

Divisions:

Molding Materials Division
Mill and Oakland Streets
Manchester, Connecticut 06040
(203) 646-5500
(203) 643-5162
Manufactures fiber reinforced thermosetting molding materials including phenolic and diallyl phthalate engineering plastics.

Poron/Composites Division-Composites Plant
One Technology Drive
Rogers, Connecticut 06263
(203) 774-9605
Manufactures RT/duroid and R/flex.

Poron/Composites Division-Poron Plant
P.O. Box 158
E. Woodstock, Connecticut 06244
(203) 928-7931
Manufactures Poron PVC and polyurethane-based microcellular materials.

Polymer Products Group-Willimantic Division
Route 32
Willimantic, Connecticut 06226
(203) 423-6323
Manufactures Nitrophyl carburetor and fuel tank floats, Endur engineered parts and assemblies.

Bus Products Division - Interconnection Products Group
5750 East McKellips Road
Mesa, Arizona 85205
(602) 830-3370
Manufactures Mektron laminar power distribution bus bars, Quik/Bus conductors, and Strip/Bus bus strips.

Circuit Components Division - Interconnection Products Group
(602) 830-3370
Manufactures components mounted on printed circuit boards.

Flexible Interconnections Division
Dobson and Williams Field Road
Chandler, Arizona 85224
(602) 963-4684
Manufactures flexible circuits.

Circuit Materials Division - Interconnection Products Group
Dobson and Williamsfield Road
Chandler, Arizona 85224
(602) 963-4584
Manufactures R/flex materials for flexible circuit substrates and integrated circuit bonding tape carrier materials.

Microwave Materials Division
Microwave Products Group
Chandler, Arizona 85224
(602) 963-4584
Manufactures RT/duroid laminate materials for microstrip circuits, stripline circuits, and microwave antennas.

Soladyne Division of Microwave Products Group
San Diego, California
Manufactures microwave stripline and microstrip circuits and bonded assemblies.

Subsidiaries:

R/MAT, Inc. (80%-owned)
Manchester, Connecticut

Rogers Foreign Sales Corporation (FSC)
Rogers, Connecticut 06263
(203) 774-9605

Rogers Mexicana S.A. de C.V.
Agua Prieta, Sonora, Mexico

Rogers Electronica, S.A. de C.V.
Monterrey, Nuevo Leon, Mexico

Rogers Japan Inc.
Tokyo, Japan

Mektron, N.V.
188 Afrikalaan
Ghent, Belgium

Mektron GmbH
Weiterstadt, West Germany

Mektron France S.A.
Fresnes and Chateau Gontier, France

Mektron Circuits Systems Ltd.
Leatherhead, United Kingdom

Transfer Agent(s):

The Connecticut Bank and Trust Company, N.A.
Stock Transfer Department
One Constitution Plaza
Hartford, Connecticut 06115

Stock Exchange(s): American, Pacific

Ticker Symbol: ROG

Number of Employees:

1987	2,738	1984	2,701
1986	2,515	1983	2,291
1985	2,558		

Plant Footage:

1987	1,363,100 sq. ft.	1984	1,121,000
1986	1,283,100	1983	1,051,000
1985	1,200,800		

Sales & Earnings

	Net Sales #	Net Income
1987*	$ 145,314,000	$ 3,377,000
1986	128,777,000	2,327,000
1985	125,299,000	772,000
1984	137,088,000	6,368,000
1983	109,943,000	4,675,000

	No of Com. Shares	Earn. per Share+
1987*	2,981,397	$ 1.13
1986	2,969,071	0.78
1985	2,957,502	0.26
1984	2,926,189	2.15
1983	2,908,971	1.58

* 53 weeks.
# Of continuing operations only.
+ Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.12	—	—
1986	0.12	—	—
1985	0.12	—	—
1984	0.12	—	—
1983	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 53,308,000	$ 17.88
1986	47,831,000	16.11
1985	44,401,000	15.01
1984	42,228,000	14.45
1983	36,347,000	12.49

Income Account *

Year ended	1/3/88 (53 weeks)	12/28/86
Net sales	$ 145,314,000	$ 128,777,000
Cost of sales	109,684,000	98,176,000
Expenses	30,127,000	27,122,000
Other income	(1,352,000)	(670,000)
Interest expense	1,980,000	1,899,000
Nonrecurring items	17,000	(341,000)
Inc. bef. taxes	$ 4,858,000	$ 2,591,000
Income taxes	1,481,000	264,000
Net Income	$ 3,377,000	$ 2,327,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,592,000 in 1987 and $7,332,000 in 1986.

Assets

As of	1/3/88	12/28/86
Cash & short-term invest.	$ 6,470,000	$ 9,041,000
Accts. receiv., net	24,627,000	19,239,000
*Inventories	18,145,000	16,694,000
Prepayments	303,000	371,000
Current Assets	$ 49,545,000	$ 45,345,000
#Fixed assets	55,783,000	52,096,000
Unexpended bond proceeds	754,000	1,467,000
Other assets	1,987,000	2,141,000
Total Assets	$ 108,069,000	$ 101,049,000

Liabilities

Notes payable	$ 540,000	$ 301,000
Long-term debt, curr.	2,286,000	1,866,000
Accts. payable	10,016,000	8,700,000
Accruals	1,961,000	1,708,000
Accrued payroll	6,304,000	6,141,000
Accrued interest	914,000	939,000
Income taxes	36,000	104,000
Other taxes	1,293,000	1,114,000
Curr. Liabilities	$ 23,410,000	$ 20,873,000
Long-term debt	24,481,000	26,438,000
Deferred inc. taxes	6,590,000	5,311,000
Pension liability	280,000	596,000
+Common stock	2,981,000	2,969,000
Add. paid-in capital	18,017,000	17,753,000
Retained earnings	30,520,000	27,500,000
Equity trans. adjust.	1,790,000	(391,000)
Total Liabilities & Shareholders' Equity	$ 108,069,000	$ 101,049,000

* At lower of cost (standard cost which approx. average actual cost) or market. Materials divisions are valued at lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to sales	3.34	2.01
%Net Income to Sales	2.32	1.81
%Net Income to Equity	6.33	4.87
Sales to Inventories	8.01	7.71
Debt to Equity	0.51	0.60
Working Capital	$ 26,135,000	$ 24,472,000
Current Ratio	2.12	2.17
Shareholders' Equity	$ 53,308,000	$ 47,831,000

Rohr Industries, Inc.

Foot of H Street
P.O. Box 878
Chula Vista, California 92012-0878
(619) 691-4111

Officers: H. W. Todd, chairman, chief exec. officer & president; John W. Sandford, sr. v.p.-programs & technology; Robert H. Goldsmith, sr. v.p.-operations; G. Sim, vice chairman; Richard W. Madsen, v.p., general counsel & secretary; William Billingsles, Jr., corp. counsel & asst. secretary; Ronald Miller, treasurer; Nicholas A. Bucur, v.p.-programs & contracts; Peter Colston, v.p.-customer support; Robert G. Daly, v.p. & gen. mgr.-Riverside; John R. Johnson, v.p.-mfg., Chula Vista; Alek A. Mikolajczak, v.p.-engineering; Jack Y. Peckenpaugh, v.p.-material; Donald M. Purdy, v.p.-business development & CFM56-5/V2500 programs; David L. Canedo, v.p.-financial management; Alvin L. Majors, controller; Lawrence G. Rogna, v.p.-human resources; Jean-Pierre Rouziere, president & dir. gen.-Rohr France S.A.; Graydon A. Wetzler, v.p.-mgmt. information systems; N. James Wilson, v.p.-quality & product assurance.

Directors: H. W. Todd, G. (Don) Sim, Wallace W. Booth, K. Robert Hahn, Wayne M. Hoffman, Robert H. Goldsmith, Jack D. Steele.

Areas of Work: The Company is an aerospace systems designer and manufacturer, producing components for commercial, military, and business aircraft and for solid rockets. Principal products include engineering services; engine nacelles, which are the pods that surround an aircraft's engines; thrust reversers, which are part of the nacelle system and assist in the deceleration of jet aircraft after landing; noise suppression systems; and non-rotating engine components.

Subsidiaries:

Rohr Southern Industries, Inc.
Foley, Alabama
Assembly of engine subsystems, pylons, nacelles, thrust reversers, and engine mount spares.

Rohr Industries, Inc.

Rohr Aero Services, Inc.
Fairhope, Alabama
Repair and modification of commercial and business jet nacelles and thrust reversers.

Rohr France S.A.
Toulouse/, France
Final assembly of engine subsystems and nacelles for European-owned aircraft.

Rohr International Sales Corp.
Sales support for spare parts outside the U.S.

Rohr Credit Corp.
Finance subsidiary.

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois & New York, New York

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: RHR

Number of Employees:

1987	10,300	1986	8,400

Plant Footage:

1987	4,789,000 sq. ft.	1986	4,300,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 663,406,000	$ 26,899,000
1986	626,124,000	47,318,000
1985	593,583,000	47,306,000
1984	605,966,000	37,763,000
1983	567,924,000	24,125,000

	No. of Com. Shares‡	Earn. per Share‡
1987	17,694,898	$ 1.53
1986	17,533,686	2.70
1985	17,456,460	2.89
1984	15,592,000	2.46
1983	14,750,000	1.84

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 345,768,000	$ 19.54
1986	312,731,000	17.84
1985	264,333,000	15.14
1984	190,531,000	12.22
1983	149,218,000	9.83

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended July 31	1987	1986
Net sales	$ 663,406	$ 626,124
Cost of sales	535,569	482,160
Expenses	34,012	33,590
Taxes	26,632	23,193
Depreciation & amortization	16,118	14,967
Interest expense	10,007	2,534
Interest income	(3,331)	(8,038)
Income before taxes	$ 44,399	$ 77,718
Income taxes	17,700	30,400
Net Income	$ 26,899	$ 47,318

Assets
(000's)

As of July 31	1987	1986
Cash	$ 99,546	$ 79,176
Accts. receiv., net	139,888	100,702
*Inventories	302,606	172,254
Prepaid expenses	19,026	9,626
Current Assets	$ 561,066	$ 361,758
Investments in Rohr Credit Corp.	9,459	26,120
#Fixed assets	135,662	114,492
Total Assets	$ 706,587	$ 502,370

Liabilities
(000's)

Accts. payable	$ 99,994	$ 69,566
Accrued payroll	45,234	42,685
Income taxes	41,249	41,261
Long-term oblig., curr.	1,957	881
Curr. Liabilities	$ 188,434	$ 154,393
Other obligations	22,385	22,842
Subord. deben.	150,000	12,404
+Common stock	17,695	17,534
Add. paid-in capital	96,265	90,288
Retained earnings	231,808	204,909
Total Liabilities & Shareholders' Equity	$ 706,587	$ 502,370

* At lower of cost (average) or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.72	12.41
%Net Income to Sales	4.05	7.56
%Net Income to Equity	7.78	15.13
Sales to Inventories	2.19	3.63
Working Capital	$ 372,632,000	$ 207,365,000
Current Ratio	2.98	2.34
Shareholders' Equity	$ 345,768,000	$ 312,731,000

Rospatch Corporation

3101 Walkent Drive N.W.
Walker, Michigan 49504
(616) 784-1000

Mailing address:
P.O.Box 2738
Grand Rapids, Michigan 49501

Officers: Jones Y. Pharr, Jr., chairman; Joseph A. Parini, president & chief exec. officer; Paul V. Smith, sr. v.p.-operations; David E. Hoger, v.p.; William E. Malpass, Jr., v.p.-finance, secretary & treasurer.

Directors: Jones Y. Pharr, Jr., chairman; Joseph A. Parini, J. Grant Beadle, James R. Sebastian, Jr., Glenn M. Walters, Ernest R. Seymour, Paul K. Gaston, Thomas W. Butler, Jr.

Areas of Work: The Company operates principally in three industry segments: identification products, technical products and wood products. Identification products include printed and woven fabric labels, woven narrow fabric tape and in-plant label printing equipment and supplies; Technical products include antisubmarine warfare equipment, gyroscopic instruments, phototools for the semiconductor industry, and avionics systems and electro-optical products; Wood products include ready-to-assemble furniture and detailed woodgrain and opaque finished particleboard and hardboard used as alternatives to traditional wood and wood veneer products.

Divisions and Subsidiaries

Identification Products Group

Atron Division
Grand Rapids, Michigan

Lenoir Division
Lenoir, North Carolina
South Plainfield, New Jersey

Rospatch Mexicana, S.A. (40% interest)
Mexico City, D.F., Mexico

Yokohama Tape Co., Ltd. (20% interest)
Tokyo, Japan

Wood Products Group

Jessco Division
Dowagiac, Michigan

Tiffin Enterprise, Inc.
Tiffin, Ohio

Technical Products Group

Rospatch Electronic Systems
Rochester, New York

Guidance Technology, Inc.
Chatsworth, California

Santa Barbara Applied Optics, Inc.
Carpinteria, California

Infrared Industries, Inc.
12151 Research Parkway
Orlando, Florida 32826
(305) 282-7700
Designs, manufactures and markets electro-optical products which utilize infrared radiation.

Metatron, Ltd. (49% interest)
Tel-Aviv, Israel

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RPCH (NASDAQ)

Number of Employees:

1987	1,300

Sales & Earnings

	Net Sales +	Net Income
1987	$ 143,452,000	$ 1,493,000
1986	105,062,000	(1,208,000)
1985	86,308,000	1,804,000
1984	63,675,000	2,201,000
1983	53,238,000	2,010,000

	No. of Com. Shares‡	Earn. per Share‡
1987	2,487,100	$ 0.60
1986	1,963,996	—
1985	1,786,518	1.01
1984	1,417,122	1.55
1983	N.A.	1.52

(Loss)
N.A. – Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Identification prods.	$ 19,341,000	$ 17,271,000
Wood prods.	61,249,000	52,190,000
Technical prods.	62,862,000	35,601,000
Total	$ 143,452,000	$ 105,062,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.15	—	—
1986	0.60	—	—
1985	0.60	—	—
1984	0.60	—	—
1983	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 43,014,000	$ 17.34
1986	40,855,000	16.86
1985	29,487,000	16.76
1984	28,338,000	16.18
1983	20,696,000	16.50

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 143,452,200	$ 105,061,500
Cost of sales	120,427,000	89,685,800
Expenses	18,805,300	12,458,900
Prov. for relocation	625,000	—
Interest expense	1,475,800	1,181,200
Other expense (income)	(448,800)	679,800
Income before taxes	$ 2,567,900	$ 1,055,800
Income taxes	1,189,600	872,000
Income from cont. oper.	$ 1,378,300	$ 183,800
Income (loss) from discont. oper.	114,400	(1,391,700)
Net Income (Loss)	$ 1,492,700	$ (1,207,900)

* Included in Costs and Expenses, Depreciation and Amortization: $3,668,400 in 1987 and $3,038,800 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 4,586,500	$ 14,900
Accts. receiv., net	23,097,000	22,281,400
Refundable taxes	405,800	1,267,500
*Inventories	18,568,300	18,457,200
Costs of contracts in prog.	4,285,900	1,746,700
Prepaid expenses	716,000	800,600
Pot. inc. tax benefits	781,600	—
Current Assets	$ 53,241,100	$ 44,568,300
#Fixed assets	24,163,800	34,710,100
Unexpend. ind. rev. bond proc.	—	2,868,200
Purchased technology	2,216,700	2,284,400
Intangibles	3,983,000	4,827,900
Other assets	2,119,500	1,558,000
Total Assets	$ 85,724,100	$ 80,796,900

Liabilities

Long-term debt, curr.	$ 178,600	$ 175,300
Accts. payable	4,818,800	6,532,700
Advance payments	9,557,200	5,692,900
Accrued payroll	3,065,300	2,659,600
Other accr/taxs	3,397,100	2,223,800
Prov. for loss on disposition	—	1,300,000
Income taxes	2,019,800	453,800
Deferred income taxes	—	282,000
Curr. Liabilities	$ 23,036,800	$ 19,320,100
Long-term debt	16,952,100	18,101,300
Deferred inc. taxes	2,376,000	2,393,800
Other deferred liab.	345,500	126,300
+Common stock	2,481,200	2,423,500
Add. paid-in capital	27,833,200	26,862,000
Retained earnings	12,699,300	11,569,900
Total Liabilities & Shareholders' Equity	$ 85,724,100	$ 80,796,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	3.47	—
Sales to Inventories	7.73	5.69
Debt to Equity	0.40	0.45
Working Capital	$ 30,204,300	$ 25,248,200
Current Ratio	2.31	2.31
Shareholders' Equity	$ 43,013,700	$ 40,855,400

RTE Corporation

175 N. Patrick Boulevard
Brookfield, Wisconsin 53005-5884
(414) 792-9300

Officers: Loren D. Barre, chairman & chief executive officer; Michael Allik, president & chief operating officer; Marion D. Huggins, v.p.-small power transformers; Richard L. Ruth, v.p.-components; Donald A. Fancher, v.p.-distribution transformers; Michael W. Gregg, v.p.-finance & chief financial officer; James A. Chokey, v.p., general counsel & secretary; Robert C. Haebig, v.p.-human resources; G. S. Wooldridge, v.p.-sales; Douglas W. Haag, treasurer; John J. Kita, asst. treasurer.

Directors: Loren D. Barre*, Michael Allik, Duane L. Burnham, Richard L. Harrington, John F. McKeon, Robert D. Musgerd, Byron O. Pond*, Donald E. Ramlow, Vinson R. Simpson, Bernard W. Kittle, William T. Ylivuaker*.

* Member of the Executive Committee

Areas of Work: The company is primarily a manufacturer of distribution and small power transformers and related equipment for the electric utility industry. Other products include capacitors and power supplies which are sold to manufacturers of consumer appliances, lighting products, telecommunications equipment, computers, word processors, electronics instrumentation and robotics. The company operates in two groups: The Electrical Equipment Group produces transformers, components (connectors, fuses, surge arresters, fault indicators) and insulating fluids which are sold to the utility, industrial and transformer markets; the Electronics Group's products include power supplies, capacitors, power line filters, and uninterruptible power supplies. Markets include electronics manufacturers, consumer appliance manufacturers, industrial and international.

Divisions and Subsidiaries:

RTE Electrical Equipment Group

Distribution Transformer Division
Produces single phase pole and padmount transformers as well as padmount switchgear.

Small Power Division
Produces three phase padmount distribution and small power transformers. These transformers are sold to electric utilities, industrial firms and electrical contractors.

RTE Fluids Division
Manufactures and markets biodegradable and high-fire-point electrical insulating fluids used in transformers and circuit breakers.

RTE Components Division
Produces a variety of high voltage connectors, terminators, transformer components and fuses. These are sold to utilities, original equipment manufacturers and industrial customers worldwide.

RTE Far East
Taipai, Taiwan
Manufactures high voltage electrical components and electronic filters for the Far East and U.S. market.

RTE Electronics Group

RTE Aerovox
New Bedford, MA
Glasgow, Kentucky
Amherst, Nova Scotia, Canada
Manufactures a variety of AC and aluminum electrolytic capacitors for industrial, commercial, consumer and research applications.

RTE Deltec
San Diego, California
Manufactures line conditioners and uninterruptible power systems, power regulators and isolation transformers.

RTE Power/Mate
San Diego, California
Produces a broad line of power supplies serving the electronics field. These are used in computers, work processors, electronic instrumentation, telecommunications, robotics and medical equipment.

Transfer Agent(s):

The First National Bank of Chicago
One First National Place, Suite 0134
Chicago, Illinois 60670

Stock Exchange(s): New York

Ticker Symbol: RTE

Number of Employees:

1987	3,250	1984	3,550
1986	3,000	1983	3,108
1985	3,380		

Plant Footage:

1987	1,712,000 sq. ft.	1985	1,709,000
1986	1,712,000		

RTE Corporation

Sales & Earnings

	Net Sales	Net Income
1987	$ 347,661,000	$ 16,186,000
1986	330,098,000	11,417,000
1985	332,680,000	15,225,000
1984	350,373,000	13,020,000
1983	269,105,000	11,850,000

	No. of Com. Shares #	Earn. per Share #
1987	7,334,000	$ 2.21
1986	7,626,000	1.50
1985	7,571,000	2.01
1984	7,453,000	1.75
1983	7,109,000	1.67

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.68	—	—
1986	0.60	—	—
1985	0.57	—	—
1984	0.515	—	—
1983	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 101,578,000	$ 14.14
1986	95,910,000	13.18
1985	103,235,000	13.49
1984	90,462,000	12.00
1983	80,049,000	10.79

Income Account *
(000's)

Year ended	12/2/88	1/3/87
Revenues	$ 347,661	$ 330,098
Cost of sales	245,505	227,534
Expenses	74,503	69,778
Prov. for elec. restruc.	—	10,100
Interest expense	1,167	3,669
Income before taxes	$ 26,486	$ 19,017
Income taxes	10,300	7,600
Net Income	$ 16,186	$ 11,417

* Included in Costs and Expenses, Depreciation: $7,437,000 in 1987 and $6,825,000 in 1986.

Assets
(000's)

As of	12/2/88	1/3/87
Cash & temp. invest.	$ 21,772	$ 23,480
Accts. recv.	50,285	39,289
*Inventories	32,886	26,960
Prepaid expenses	6,536	6,763
Current Assets	$ 111,479	$ 96,492
#Fixed assets	74,880	55,657
Other assets	1,417	1,503
Total Assets	$ 187,776	$ 153,652

Liabilities
(000's)

Long-term debt, curr.	$ 1,665	$ 1,429
Accts. payable	18,115	14,472
Compensation & rel. benefits	13,370	13,759
Other accruals	3,733	4,961
Dividends payable	1,221	1,098
Income taxes	679	2,405
Curr. Liabilities	$ 38,983	$ 38,124
Long-term debt	37,315	10,918
Deferred inc. taxes	9,900	8,700
+Common stock	7,707	7,707
Add. paid-in capital	19,042	19,997
Retained earnings	89,876	80,080
Cum. trans. adjust.	53	(96)
Treasury stock	(15,100)	(11,778)
Total Liabilities & Shareholders' Equity	$ 187,776	$ 153,652

* At lower of cost or market. Domestic at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.62	5.76
%Net Income to Sales	4.66	3.46
%Net Income to Equity	15.93	11.90
Sales to Inventories	10.57	12.24
Debt to Equity	0.38	0.13
Working Capital	$ 72,496,000	$ 58,368,000
Current Ratio	2.86	2.53
Shareholders' Equity	$ 101,578,000	$ 95,910,000

Safeguard Scientifics, Inc.

630 Park Avenue
King of Prussia, Pennsylvania 19406
(215) 265-4000

Officers: Warren V. Musser, chairman & chief exec. officer; Adolf A. Paier, president & chief operating officer; Charles A. Root, exec. v.p.; James T. Glover, v.p. & pres.-Safeguard Power Tech Systems; Delbert W. Johnson, v.p. & pres.-Pioneer/Norelkote; Raymond H. Kraftson, v.p.-general counsel & secretary; Ira M. Lubert, v.p.; Joseph F. Waterman, v.p.; James S. Cassano, v.p.; Gary J. Anderson, v.p.; Gerald M. Wilk, v.p.-finance; Michael W. Miles, controller; Richard J. Giacco, assoc. general counsel; Robert P. Floyd, Jr., dir.-corp relations.

Directors: Warren V. Musser, chairman; Adolf A. Paier, Vincent G. Bell, Jr., Alfred R. Berkeley, Lawrence Chimerine, Ted L. Edwards, Robert A. Fox, Peter W. Likins, Raymond H. Kraftson, John W. Poduska, Sr..

Areas of Work: Current activities of the Company include distribution of microcomputers and related products and services; design, production and sale of office workstation systems, microcomputer software systems, telecommunications equipment, and industrial products and services; and ownership and management of commercial real estate.

Subsidiaries.

Center Core, Inc. (74.4%-owned)
Designs, manufactures and markets space-efficient modular office furniture workstation systems designed to address the needs of electronically oriented offices. Also distributes high-density, mobile-aisle filing systems.

CompuCom Systems, Inc. (56%-owned)
Markets and distributes microcomputers, related peripheral equipment and software.

Unison Technologies, Inc. (82%-owned)
Mission Viejo, California
Develops, manufactures and markets products that provide supplemental power for personal computers.

PowerTech Systems
Aberdeen, South Dakota
Manufactures and markets a board line of products that enable power sources to more effectively drive mechanical and hydraulic systems. These products include enclosed gear drives, mounted bearings, and other specialty items used in power transmission.

Coherent Communications Systems Corporation (98%-owned)
Develops, manufactures and markets sophisticated data and voice communications equipment, involving the integration of voice/data multiplexing and transmission, modems and telephone-telegraph transmission equipment.

Sanchez Computer Associates (40%-owned)
Malvern, Pennsylvania
Develops and markets proprietary computer software products for financial institutions.

Pioneer/Norelkote
Minneapolis, Minnesota & Green Bay, Wisconsin
Provides a variety of metal finishes for aluminum and steel products.

Blue Chip Products, Inc. (24%-owned)
Manufactures and distributes remanufactured automotive parts, including water pumps, clutches, starters and alternators.

The Nichols Company (40%-owned)
Commercial real estate development company.

QVC Network (5%-owned)
Markets a variety of consumer products and services through a cable home shopping network.

Novell (13%-owned)
Designs, manufactures and markets a family of local area network and communication products which allow personal computers to share files, data and resources.

Rabbit Software Corporation (22%-owned)
Designs, develops, and markets communications software products.

DDI Financial Systems, Inc. (20%-owned)
Provides financial management systems and specialized accounting software to financial institutions.

PictureWare, Inc. (19%-owned)
Develops, markets and sells image management software products for IBM PCs and compatibles.

Surgilase, Inc. (37%-owned)
Develops, markets and sell medium and high power carbon dioxide surgical lasers based on state-of-the-art 'sealed tube' technology; also markets low power CO2 lasers used in out-patient facilities and the physician office environment.

Laser Communications, Inc. (49%-owned)
Designs, develops and produces laser products which have the ability to simultaneously transmit and receive all known forms of electronic data and communications through the atmosphere in all climate conditions for distances up to one mile.

Transfer Agent(s):

Mellon Bank (East) N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: SFE

Sales & Earnings

	Net Sales	Net Income+
1987	$ 103,321,000	$ 12,876,000
1986	67,515,000	7,109,000
1985	58,829,000	3,323,000
1984	63,170,000	905,000
1983	42,974,000	(1,741,000)

	No. of Com. Shares‡	Earn. per Share+‡
1987	5,041,000	$ 2.55
1986	4,598,000	1.55
1985	4,490,000	0.75
1984	4,347,000	0.12
1983	N.A.	—

(Loss)
N.A. -- Not Available.
+ Including extraordinary gain of $1,378,000 ($0.30 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1987	1986
Data technology:		
Information processing	$ 43,213	$ 18,059
Data communications	11,482	9,006
Industrial services:		
Power tech. systems	32,851	28,879
Metal finishing	10,495	8,176
Commercial real estate	4,462	1,844
Specialty services	818	1,551
Total	$ 103,321	$ 67,515

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 52,694,000	$ 10.45
1986	34,429,000	7.49
1985	25,599,000	5.75
1984	21,582,000	4.96
1983	20,732,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec.	1987	1986
Revenues:		
Net sales	$ 103,321	$ 67,515
Gains on sale of secur.	18,676	7,617
Other income	2,740	2,064
Total revenues	$ 124,737	$ 77,196
Cost of sales	65,451	41,038
Expenses	29,235	21,105
Depreciation & amortization	5,625	4,343
Minority interest	954	515
Eq. participation:		
Inc. from eq. inv.	(5,461)	(3,050)
Interest expense	(2,644)	(2,076)
	7,733	6,504
Income before taxes	$ 23,844	$ 8,817
Income taxes	10,968	3,086
Net income	$ 12,876	$ 5,731
Extraord. gain	—	1,378
Net income & extraord. gain	$ 12,876	$ 7,109

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 1,828	$ 2,780
Market. secur.	9,120	—
Accts. receiv., net	42,910	15,880
*Inventories	36,658	13,721
Other curr. assets	1,239	968
Current Assets	$ 91,755	$ 33,349
#Fixed assets	18,450	15,602
Commercial rl. estate	46,528	45,270
Investments	25,963	15,995
Notes receivable	2,400	1,977
Intangibles	18,243	13,366
Other assets	4,647	2,831
Total Assets	$ 207,986	$ 128,390

Liabilities
(000's)

Long-term debt, curr.	$ 1,805	$ 6,538
Accts. payable	15,626	4,558
Accruals	11,275	7,599
Income taxes	3,192	475
Curr. Liabilities	$ 31,898	$ 19,170
Long-term debt	55,216	23,846
Commercial rl. est. debt	44,783	42,227
Deferred inc. taxes	12,785	5,606
Other liabilities	6,610	1,112
Subord. obligations	4,000	4,000
+Common stock	547	451
Add. paid-in capital	26,582	15,020
Retained earnings	29,992	17,116
Treasury stock	(4,427)	(158)
Total Liabilities & Shareholders' Equity	$ 207,986	$ 128,390

* At lower of cost (FIFO) or market. Industrial services at LIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.08	13.06
%Net Income to Sales	12.46	8.49
%Net Income to Equity	24.44	17.67
Sales to Inventories	2.82	4.92
Debt to Equity	1.08	0.94
Working Capital	$ 59,857,000	$ 14,179,000
Current Ratio	2.88	1.74
Shareholders' Equity	$ 52,694,000	$ 32,429,000

Sage Laboratories, Inc.

11 Huron Drive
East Natick Industrial Park
Natick, Massachusetts 01760-1314
(617) 653-0844

Officers: Theodore S. Saad, president & chairman of the board; Carl A. Marguerite, exec. v.p. & treasurer; Anthony Cieri, v.p.-sales; Harry Chapell, v.p.-engineering; Robert P. Moncreiff, clerk.

Directors: Theodore S. Saad, Robert Elliott, R. Willis Leith, Jr., Carl A. Marguerite, Edward M. Scheu, Jr., John E. Miller.

Areas of Work: Designs, develops and manufactures specialized components (both active and passive) and equipment used in the transmission, reception, and modification of microwave energy. Such components include regular and miniature mixtures, filters, hybrids, couplers, attenuators and terminations.

Division:

Components Division
11 Huron Drive
Natick, Massachusetts 01760
(617) 653-0844

Subsidiaries:

Sage Laboratory Exports, Inc.
A Domestic International Sales Corporation (DISC)

Sage Laboratories Investment Corporation

Transfer Agent(s):

State Street Bank & Trust Co.
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SLAB (NASDAQ)

Number of Employees:

1987	40	1984	38
1986	38	1983	38
1985	41		

Plant Footage:

1987	20,000 sq. ft.	1984	13,000
1986	20,000	1983	13,000
1985	13,000		

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 4,533,909	$ 457,811
1986	5,428,945	838,398
1985	5,240,460	806,803
1984	4,175,321	606,958
1983	3,816,453	538,834

	No. of Com. Shares	Earn. per Share +
1987	403,905	$ 1.07
1986	448,905	1.80
1985	456,621	1.73
1984	455,021	1.33
1983	446,021	1.18

‡ Of continuing operations only; includes contract revenues.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 6,806,386	$ 10.67
1986	4,546,279	9.96
1985	4,062,989	8.90
1984	3,235,478	7.11
1983	2,809,166	6.30

Income Account*

Year ended June 30	1987	1986
Net sales & contract revenues	$ 4,533,909	$ 5,428,945
Cost of sales	2,355,117	2,640,370
Expenses	1,347,166	1,423,681
Oper. profit	$ 831,626	$ 1,364,894
Interest income	(153,617)	(171,121)
Dividend income	(60,083)	(86,451)
Interest expense	122,956	2,068
Loss on property	97,559	—
Income before taxes	$ 624,811	$ 1,620,398
Income taxes	367,000	782,000
Net Income	$ 457,811	$ 838,398

* Includes in Costs & Expenses, Depreciation and Amortization: $226,784 in 1987 and $142,290 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 10,640	$ 10,321
Short-term investments	1,924,216	2,388,834
Accts. receiv., net	1,029,154	1,289,086
*Inventories	745,331	513,522
Prepaid expenses	42,267	66,207
Current Assets	$ 3,751,608	$ 4,268,170
#Fixed assets	2,991,175	2,423,270
Other assets	185,776	54,896
Market secur.	644,588	842,722
Bond proceeds	31,922	662,163
Total Assets	$ 7,605,069	$ 8,251,221

Liabilities

Accts. payable	$ 246,435	$ 158,728
Accruals	204,919	440,298
Accrued payroll	333,336	465,139
Taxes accrued	87,567	124,665
Oblig. under capital lease, curr.	166,667	166,667
Curr. Liabilities	$ 1,038,924	$ 1,355,517
Long-term debt	2,182,759	2,349,425
Long-term deferred taxes	75,000	—
+Common stock	488,096	474,596
Add. paid-in capital	1,014,369	862,806
Retained earnings	4,056,429	3,685,499
Valuation allow. on secur.	(153,357)	(156,465)
Treasury stock	(947,205)	(313,618)
Deferred comp.	(149,946)	(6,539)
Total Liabilities & Shareholders' Equity	$ 7,605,069	$ 8,251,221

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income before Taxes to Sales	18.19	29.85
%Net Income to Sales & Rev.	10.10	15.44
%Net Income to Equity	10.63	18.44
Debt to Equity	0.55	0.55
Working Capital	$ 2,712,684	$ 2,912,653
Current Ratio	3.61	3.15
Shareholders' Equity	$ 4,308,386	$ 4,546,279

The Samsung Group

Samsung Main Building
250 2-ka Taepyung-ro Chung-ku
Seoul, Korea

Executives: Byung-Chull Lee, chairman of the board-Samsung Group; Kun-Hee Lee, vice-chairman-Samsung Group; Hyon-Hwak Shin, chairman-Samsung Co., Ltd.; Joon-Sung Kim, chairman-Samsung Electronics Co., Ltd.; Jae-Un Chung, vice chairman-Samsung Co., Ltd.; Pil-Gon Rhee, president-Samsung Co., Ltd.; Yung-Hi Sohn, president-Cheil Sugar & Co., Ltd., Dae-Won Lee, president-Cheil Wool Textile Co., Ltd; Chun-Hwa Lee, president-Cheil Synthetic Textile Co., Ltd.; Hoon-Chull Shin, president-Samsung Aerospace Industries Co., Ltd.; Hyoung-Soo Han, president-Samsung Corning Co., Ltd.; Joo-In Suh, president-Samsung Electro-Mechanics Co., Ltd.; Pyung-Kun Sung, president-Samsung Petrochemical Co., Ltd.; Kwan-Shik Choi, president-Samsung Shipbuilding & Heavy Industries Co., Ltd. and Korea Engineering Co., Ltd; Ki-Suk Park, president-Samsung Construction Co., Ltd.; Jin-Ku Kang, president-Samsung Semiconductor & Telecommunications Co., Ltd.; Sae-Chang Song, president-Semiconductor & Telecommunications Co., Ltd.; Jung-Sang Kim, president-Samsung Watch Co., Ltd.; Sang-Ho Jeun, president-Samsung Data Systems Co., Ltd.; In-Ho Kim, president-Chonju Paper Manufacturing Co., Ltd. and Hotel Shilla Co., Ltd.; Soo-Hwan Lee, president-Joong-ang Development Co., Ltd.; Si-Hwan Ahn, president-Samsung Electronics Co., Ltd.; Jung-Bae Kim, president-Samsung Electronic Devices Co., Ltd.; Kyung-Shik Sohn, president-Ankuk Fire & Marine Insurance Co., Ltd.; Soo-Bin Lee, president-Dongbang Life Insurance Co., Ltd.; Han-Sup Ryu, president-Shinsegae Department Store Co., Ltd.; Woon-Hai Cho, chairman-Koryo General Hospital.

Areas of Work: In the Electronics area, the Company manufactures color and black-and-white TVs, video cassette recorders, stereo systems, home appliances, industrial electronic equipment, picture tubes, CRTs for data display, display monitors, receiving tubes, transistors, diodes, computers, VHF and UHF tuners, condensers, ceramic capacitors, speakers, deck mechanisms, TV glass bulbs, electronic gun-mounts, glass rods, glass bulbs for computer display, 64K D-RAM, 256K D-RAM, and 1M D-RAM semiconductors, optical cables and fibers, electronic switching systems, and facsimiles.

In the Precision area, the Company manufactures jet engines, electro-optics equipment, cameras, industrial robots, process control systems, computer peripherals, digital and analog watches, and electronic display boards.

The Company is also involved in the production of industrial machinery, chemicals and textiles, food processing, insurance, hotel services, the operation of department stores and newspapers and magazines.

Subsidiaries (Korea):

Samsung Co., Ltd.
Samsung Main Bldg., 26th Floor
250 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1144
Seoul, Korea
751-2114

Cheil Sugar & Co. Ltd.
Dongbang Main Bldg., 19th Floor
150 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1155
Seoul, Korea
7518-114

Cheil Wool Textile Co., Ltd.
Samsung Main Bldg., 8th Floor
250 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1955
Seoul, Korea
751-2114

Cheil Synthetic Textiles Co., Ltd.
Dongbang Main Bldg., 19th Floor
150 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 3913
Seoul, Korea
7518-114

Chonju Paper Mfg. Co., Ltd.
Donbang Main Bldg., 21st Floor
150, 2-ka Taepyung-ro, Chung-ku
Seoul, Korea
755-6619
755-2357

Joong-Ang Development Co., Ltd.
Samsung Bldg., 12th Floor
50, 1-ka, Ulchi-ro, Chung-ku
Seoul, Korea
777-5801

Samsung Electronics Co., Ltd.
Joong-ang Daily News Bldg., 19th Floor
7, Soonhwa-dong, Chung-ku
C.P.O. Box 2775
Seoul, Korea
751-6114

Samsung Electron Devices Co., Ltd.
Joon-ang Daily News Bldg., 5-8th Floor
7, Soonhwa-dong, Chung-ku
Seoul, Korea
755-2333

Samsung Aerospace Industries Ltd.
Dongbang Main Bldg., 16th Floor
150, 2-ka Taepyung-ro, Chung-ku
Seoul, Korea
7518-114

Samsung Corning Co., Ltd.
472 Sin-ri, Taean-up, Whasung-kun
Kyungki-do, Korea
P.O. Box 32 Suwon:(0331)33-5588
Seoul:7515-114

Samsung Electro-Mechanics Co., Ltd.
314 Maetan-dong, Suwon-si
Kyungki-do, Korea
Seoul:7512-114
Suwon:33-5511

Samsung Petrochemical Co., Ltd.
Dongbang Main Bldg., 10th Floor
150, 2-ka, Taepyung-ro, Chung-ku
Seoul, Korea
7518-821/31

Samsung Shipbuilding & Heavy Industries Co., Ltd.
Samsung Main Bldg., 19-20 Floor
250, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 3384
Seoul, Korea
751-2114

Ankuk Fire & Marine Insurance Co., Ltd.
Samsung Bldg., 6th Floor
50, 1-ka, Ulchi-ro, Chung-ku
C.P.O. Box 469
Seoul, Korea
771-42

Dongbang Life Insurance Co., Ltd.
Dongbang Main Bldg.
150, 2-ka, Taepyung-ro, Chung-ku
Seoul, Korea
7518-14

Shinsegae Department Store Co., Ltd.
52-5, 1-ka, Chungmu-ro, Chung-ku
Seoul, Korea
754-1234

Koryo General Hospital
108, Pyeong-dong, Chongno-ku
C.P.O. Box 3452
Seoul, Korea
739-3211/20

Hotel Shilla Co., Ltd.
202, 2-ka, Jangchung-dong, Chung-ku
Seoul, Korea
233-3131

Samsung Construction Co., Ltd.
Joong-ang Bldg.
58-9 Seosomun-dong, Chung-ku
C.P.O. Box 8526
Seoul, Korea
757-8877

Samsung Electronics U.K. Ltd.
Joong-ang Bldg., 9th Floor
58-9, Seosomun-dong, Chung-ku
C.P.O. Box 4351
Seoul, Korea
757-9900

Samsung Semiconductor & Telecommunications Co., Ltd.
Dongbang Main Bldg., 26th Floor
150, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 8233
Seoul, Korea
771-78

Samsung Watch Co., Ltd.
Samsung Main Bldg., 7th Floor
250, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 1954
Seoul, Korea
751-7114

Samsung Medical Systems Co., Ltd.
429-1 Sin-ri Taean-up
Hwasung-gun, Kyungki-do
745-549[illegible]/4

Samsung Hewlett Packard Co.
36-1 Youndo-dong, Youngdeungpo-ku
Seoul, Korea
784-2666

The Joong-Ang Daily News
Joon-ang Daily News Bldg.
7, Soonhwa-dong, Chung-ku
Seoul, Korea
7515-114

Samsung Data Systems Co., Ltd.
Samsung Main Bldg., 6th Floor
250, 2-ka, Taepyung-ro, Chung-ku
C.P.O. Box 4283
Seoul, Korea
756-6313

Subsidiaries (U.S.A.):

Samsung Electronics America Inc.
301 May Hill Street
Saddlebrook, New Jersey 07662
(201) 587-9600
0010

Samsung International Inc.
One Samsung Place
Ledgerwood, New Jersey 07852
(201) 347-8004

Samsung America Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 592-7900
(212) 227-9770

Samsung Pacific International Inc.
1425 East Firestone Blvd.
La Mirada, California 90638
802-2211

Samsung Steel (U.S.A.) Inc.
1333 West Loop South, Suite 1180
Houston, Texas 77027
(713) 960-1910

Samsung Semiconductor Inc. (U.S.A.)
5150 Great America Parkway
Santa Clara, California 95054
(408) 980-1630

Eugene Tech International Inc.
4 Pearl Court Allendale Park
Allendale, New Jersey 07401
(201) 391-6498

Stock Exchange(s): Seoul, Korea.

Number of Employees:

1986	147,154	1985	129,039

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1986	W 14,615,742	W 161,150
1985	12,230,639	97,598
1984	8,680,328	N.A.
1983	6,033,770	N.A.
1982	5,018,516	N.A.

W-Korean Won
N.A. -- Not Available

Revenues By Line of Business
(millions)

	1986	1985
Exports, imports, domestic mktng.	W 4,275,469	W 3,801,711
Electronic	2,951,240	2,322,630
Industrial	436,550	516,134
Chemical	102,989	111,827
Engineering	439,383	465,899
Newsprint	120,029	86,919
Jet engines	89,682	74,043
Digital elec	39,069	29,290
Food products	544,926	471,425
Textile	403,595	358,003
Other	4,894,930	3,790,358

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1986	W 1,101,851	—
1985	891,496	—

Income Account *
(millions)

Year ended Dec. 31	1986	1985
Net sales	W 14,615,742	W 12,230,639
Other income	196,915	121,802
Total income	W 14,812,657	W 12,352,441
Cost of sales	13,128,950	11,030,355
Expenses	923,776	705,113
Interest expense	378,395	339,799
Other expense	161,050	150,801
Income before taxes	W 220,526	W 126,373
Income taxes	59,376	28,775
Net income	W 161,150	W 97,598

* Included in Costs and Expenses, Depreciation and Amortization: W278,352,000,000 in 1986 and W263,578,000,000 in 1985.

Assets
(millions)

As of Dec. 31	1986	1985
Cash	W 423,018	W 374,320
Marketable securities	68,834	65,713
Notes receivable	314,034	216,371
Accts. receiv., net	878,747	842,760
Inventories	867,604	675,381
Other curr. assets	2,503,814	1,774,684
Current Assets	W 5,056,051	W 3,949,229
Investments	1,185,966	860,492
# Fixed assets	2,948,443	2,322,973
Other assets	240,784	205,022
Total Assets	W 9,431,244	W 7,337,716

Liabilities
(millions)

Notes payable	W 378,706	W 250,107
Short-term loans	1,327,794	1,185,842
Long-term debt, curr.	501,452	318,618
Accts. payable	289,688	226,315
Accruals	151,872	149,025
Advances from cust.	119,251	78,112
Other accruals	392,228	188,424
Curr. Liabilities	W 3,160,991	W 2,396,443
Debentures	320,964	458,961
Long-term debt	1,271,067	1,044,556
Reserves	136,049	98,522
Other liabilities	3,440,322	2,447,760
Common stock	555,742	458,464
Add. paid-in capital	207,409	199,421
Retained earnings	338,700	233,611
Total Liabilities & Shareholders' Equity	W 9,431,244	W 7,337,716

Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	1.51	1.03
%Net Income to Sales	1.10	0.80
%Net Income to Equity	14.63	10.95
Sales to Inventories	16.85	18.11
Debt to Equity	3.16	3.14
Working Capital*	W 1,895,070	W 1,552,786
Current Ratio	1.60	1.65
Shareholders' Equity *	W 1,101,851	W 891,496

* (millions)

Sargent-Welch Scientific Company

7300 North Linder Avenue
Skokie, Illinois 60077
(312) 677-0600

(The company is a wholly owned subsidiary of ARTRA Group Incorporated.)

Officers: Dieter E. A. Tannenberg, chairman, president & chief executive officer; D. Jeffrey Baddeley, exec. v.p., secretary & general counsel; Roger A. Knuth, v.p.-marketing & business development; James S. Anderson, v.p. & gen. mgr.-Welch Scientific Division; William B. Jarrett, v.p.-U.S. distribution operations; Michael W. McCarty, v.p., controller & asst. secretary; Robert L. Bieser, v.p. & dir.-marketing, science education.

Directors: Dieter E. A. Tannenberg, chairman; D. Jeffrey Baddeley, John G. Hamm, Peter R. Harvey, Philip E. Rubin.

Areas of Work: Products manufactured by Sargent-Welch include balances, charts, Cryo-Source cryogenic refrigerators, electric meters, fluorimeters, hot plates, laboratory clamps and supports, mechnical high vacuum pumps, refrigeration pumps and oil-less piston compressors, prepared microscope slices, Mihikan apparatus, nuclear scalers, ovens, pH/ISC meters, Polarograph Voltammetric analyzers, preserved animals, potentiometric stripchart recorders, ripple tanks, Sargent-Slonin electrodeposition apparatus, living and mounted specimens, stirrers, thermostatic baths and turbomolecular high vacuum pumps, related accessories and many other electroanalytical instruments, laboratory appliances and devices, hardware and demonstration apparatus items, ranging from simple to complex, used in industrial applications and for teaching anatomical, biological, chemical, mathematical and physical properties and principles.

In addition to manufactured products, Sargent-Welch also serves as distributor for more than 1,000 suppliers of complementary products, including other instruments and apparatus, chemicals, laboratory glassware and furniture, plasticware, porcelainware, hardware, filter papers and computer software.

Subsidiaries:

SWS International Limited
Delaware

SWS, Inc.
Delaware

Sargent Welch Scientific of Canada, Limited
Weston, Ontario

Number of Employees:

1987	675	1984	775
1986	N.A.	1983	750
1985	750		

N.A. - Not Available.

Plant Footage:

1987	485,000 sq. ft.	1984	485,000
1986	485,000	1983	441,800
1985	485,000		

NOTE: Effective Nov. 30, 1986, a wholly-owned subsidiary of ARTRA acquired all of the outstanding shares of Sargent-Welch. The acquisition has been accounted for by the purchase method.

Sales & Earnings

	Net Sales	Net Income
12/21/87‡	$ 76,431,000	$ (3,667,000)
12/31/86* ‡	4,814,000	(906,000)
11/30/86‡ +	70,917,000	4,232,000
12/31/85+	82,212,000	5,624,000
12/31/84+	78,362,000	4,872,000

	No. of Com. Shares	Earn. per Share†
12/31/87‡	—	$ —
12/31/86* ‡	2,345,804	—
12/30/86‡ +	2,345,804	1.80
12/31/85+	2,345,804	2.40
12/31/84+	2,342,054	2.08

(Loss)
* 1 month
‡ 11 months
+ Pre-acquisition.
‡ Post-acquisition.
† Based on the average number of shares outstanding.

Sargent-Welch Scientific Company

Income Account

Year ended Dec. 31	1987	1986 (One Month)
Net sales	$ 76,431,000	$ 4,814,000
Other income	605,000	147,000
Total income	$ 77,036,000	$ 4,961,000
Cost of sales	53,208,000	3,465,000
Expenses	28,431,000	3,482,000
Loss before taxes	$ (4,603,000)	$ (1,986,000)
Tax credit	(936,000)	(1,080,000)
Net Loss	$ (3,667,000)	$ (906,000)

Assets

As of Dec. 31	1987	1986
Cash	$ —	$ 34,851,000
Accts. receiv., net	13,940,000	11,566,000
*Inventories	20,124,000	23,543,000
Other assets	6,508,000	1,145,000
Current Assets	$ 40,572,000	$ 71,105,000
#Fixed asset	14,370,000	17,295,000
Goodwill & other assets	27,101,000	20,854,000
Total Assets	$ 82,043,000	$ 109,244,000

Liabilities

Bank overdraft	$ 621,000	$ —
Notes payable	49,803,000	76,354,000
Accts. payable	8,762,000	2,581,000
Payable for securities	257,000	2,235,000
Accruals	4,236,000	6,325,000
Income taxes	285,000	442,000
Curr. Liabilities	$ 63,964,000	$ 87,937,000
Deferred inc. taxes	207,000	1,709,000
Other liab.	1,774,000	—
+Common stock	—	2,900,000
Add. paid-in capital	20,500,000	19,675,000
Retained earnings (deficit)	(4,573,000)	(906,000)
Cum. trans. adj.	171,000	5,000
Treasury stock	—	(1,676,000)
Total Liabilities & Shareholders' Equity	$ 82,043,000	$ 109,244,000

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.80	0.20
Debt to Equity	3.09	3.90
Shareholders' Equity	$ 16,098,000	$ 19,598,000

Scan-Optics, Inc.

22 Prestige Park Circle
East Hartford, Connecticut 06108
(203) 289-6001

Officers: Jean M. Belhumeur, Jr., chairman of the board & president; Clarence W. Rife, sr. v.p.-customer service; Ronald E. Gocht, sr. v.p.-development engineering; Edward E. Hale, sr. v.p.-distributor relationships; Joseph H. Thomas, sr. v.p.-operations; Charles A. Pyne, sr. v.p.-sales & marketing; Douglas R. Alter, v.p.-North American sales; Charles F. Wilson, v.p.-federal systems; David A. Newton, v.p.-engineering; Daniel E. Woods, v.p.-software technology; William H. Cuddy, secretary; John H. Aucoin, v.p. & controller; John V. Woods, gen. mgr.-Scan-Optics Ltd.; Carolyn M. Skahill, treasurer.

Directors: Jean M. Belhumeur, Jr., Logan Clarke, Jr., Robert H. Steele, Richard J. Coburn, Lyman C. Hamilton, Jr., Richard Hodgson.

Areas of Work: Engaged in the development, manufacture and marketing of data entry systems using optical character recognition and image processing technologies. The Company either sells this data entry equipment directly to customers or leases it through its wholly owned subsidiary, World-Wide Systems Corporation. The Company also furnishes maintenance and engineering support service to its customers as well as software and systems analysis service.

Subsidiaries:

World-Wide Systems Corporation
22 Prestige Park
East Hartford, Connecticut 06108

Scan-Optics Limited
36 Sunbury Cross Centre
Sunbury, Middlesex TW16 7AZ England

Scan-Optics (Canada) Ltd.
7100 Woodbine Avenue
Suite 213
Markham, Ontario L3R 5J2 Canada

Scan-Optics (France) S.A.
140 boulevard Malesherbes
75017 Paris, France

Transfer Agent(s):

The Connecticut Bank & Trust Co., N.A.
One Constitution Plaza-XO4B
Hartford, Connecticut 06115

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOCR (NASDAQ)

Number of Employees:

1987	528	1984	354
1986	N.A.	1983	336
1985	377		

Plant Footage:

1987	136,000 sq. ft.	1984	59,000
1986	N.A.	1983	59,000
1985	64,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 29,324,963	$ (1,135,471)
1986	15,829,268	3,019,321
1985	18,249,612	3,861,787
1984	15,663,372	4,388,614
1983	17,758,093	3,844,616

	No. of Com. Shares+	Earn. per Share‡+
1987	6,535,743	$ —
1986	6,693,808	0.45
1985	6,147,228	0.63
1984	6,129,465	0.72
1983	6,101,115	0.63

(Loss)
‡ Including extraordinary gain of $218,690 ($0.04 per share) in 1983.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 36,569,743	$ 5.60
1986	40,227,318	6.01
1985	32,157,012	5.23
1984	28,068,093	4.58
1983	23,634,410	3.87

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Dec. 31	1987	1986
Net sales	$ 29,324,963	$ 15,829,268
Lease & service rev.	13,318,609	13,202,606
Total income	$ 42,643,612	$ 29,031,874
Cost of sales	20,072,830	8,167,599
Expenses	23,212,991	15,530,453
Depreciation	53,930	76,206
Interest income	(250,387)	(644,021)
Interest expense	238,108	14,709
Other income	(144,371)	(25,964)
Income (loss) before taxes	$ (2,539,509)	$ 5,912,852
Income taxes (credit)	(1,404,038)	2,893,531
Net Income (Loss)	$ (1,135,471)	$ 3,019,321

Assets

As of Dec. 31	1987	1986
Cash	$ 51,400	$ 314,332
Certificate of deposit	267,346	8,514,101
Accounts receiv.	1,139,711	2,278,938
Accts. receiv., net	12,862,153	11,201,015
Refund'ble inc. taxes	979,682	—
Receiv., sales-type leases	2,124,965	3,711,719
*Inventories	20,442,109	13,058,653
Prepaid expenses	539,240	126,057
Current Assets	$ 38,406,602	$ 39,204,815
Equip. leased to customers	235,092	296,383
#Fixed assets	10,165,143	5,931,101
Def. financing costs	297,837	198,488
Invest. in sales-type leases	2,208,265	2,848,884
Total Assets	$ 51,313,739	$ 48,479,667

Liabilities

Notes payable	$ 1,950,000	$ 200,000
Accts. payable	3,665,033	2,446,471
Accruals	1,307,992	262,739
Accrued taxes on income	339,139	717,753
Accrued payroll	1,310,673	908,421
Misc. taxes	702,862	799,796
Def. inc. taxes	552,435	1,174,282
Long-term debt, curr.	1,556,336	—
Curr. Liabilities	$ 11,386,468	$ 6,499,460
Other liabilities	202,682	149,193
Long-term debt	2,337,500	—
Deferred inc. taxes	817,346	1,603,696
+Common stock	134,160	133,765
Add. paid-in capital	33,784,571	33,704,921
Curr. trans. adj.	182,382	138,656
Retained earnings	5,114,505	6,249,976
Treasury stock	(2,645,875)	—
Total Liabilities & Shareholders' Equity	$ 51,313,739	$ 48,479,667

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.02 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	37.35
%Net Income to Sales	—	19.07
%Net Income to Equity	—	7.51
Sales to Inventories	1.43	1.21
Debt to Equity	0.16	—
Working Capital	$ 27,020,134	$ 32,705,355
Current Ratio	3.37	6.03
Shareholders' Equity	$ 36,569,743	$ 40,227,318

Schlumberger Limited

277 Park Avenue
New York, New York 10172
(212) 350-9400

42, rue Saint-Dominique
Paris 75007, France

2-7-1, Nishi-Shinjuku 2-chome
Shinjuku-Ku
Tokyo 1631 Japan

Officers: Euan Baird, chairman of the board & chief exec. officer; Arthur Lindenauer, exec. v.p. & chief financial officer; Michel Gouilloud, exec. v.p.; Roland Genin, vice chairman of the board & chairman of the exec. committee; Roy R. Shourd, exec. v.p.; Rene Mitieus, exec. v.p.; Ian Strachan, exec. v.p.; Andre Salaber, exec. v.p.; Jean-Dominique Percevault, v.p.; Allen Klein, v.p.; Andre Mlak, v.p.; Jean Boucharlat, v.p.; John Ingram, v.p.; Patrick J. B. Corner, controller; David S. Browning, secretary & general counsel; Andrew Gould, treasurer; James A. Mackenzie, asst. secretary; Andre Laloux, asst. secretary; Thomas O. Rose, asst. secretary.

Directors: Euan Baird, chairman; Roland Genin*, George H. Jewell, Paul A. Lepercq*, Georges de Menil, Don E. Ackerman, Robert A. Charpie*, Nicolas Seydoux, Richard R. Shinn, Felix Rohatyn*, Pierre Marcel Schlumberger, Yoshihiko Morozumi, Guy Dejouany, John Deutch.

* Member of the Executive Committee

Areas of Work: Provides measurement and control instruments and systems, computer-aided design, manufacturing and testing services, and electronic components for consumer, industrial and commercial applications. Also offers well-site and contract drilling services to the oil industry on a worldwide basis.

Divisions and Subsidiaries:

Schlumberger Industries

Defense Systems
Data acquisition and magnetic tape recording systems; signal processing and electronic countermeasures systems; control equipment for nuclear power systems; miniature CCD cameras and high performance reconnaissance cameras; training systems.

Electronic Transactions
Electronic payment terminals, smart cards, card-operated public payphones; fuel dispensing systems; parking terminals.

Electricity Management Division
Electricity meters and equipment for electric power distribution, load and rate management systems; network protection systems; instrument transformers for electric power transmission; remote meter reading and billing.

Water and Gas Division
Water meters and distribution equipment; gas meters and distribution equipment.

Process, Control and Transducers
Process control equipment; nuclear valves; transducers.

Wireline, Seismic and Testing Services

Wireline and Testing Services
Wireline service companies provide measurements of physical properties of underground formations which help locate and evaluate oil and gas reservoirs and assist in completion, development and production phases of oil wells. Well Testing, pressure measurement; completion workover, and production services.

Drilling Services

Sedco Forex
Drilling offshore and on land.

Anadrill
Well-site computer analysis of surface and downhole drilling and geological data; directional drilling services; drilling tool rentals.

Seismic Services

GECO (50%-owned)
Marine seismic data acquisition and processing services.

Pumping Services

Dowell-Schlumberger (50%-owned)
Well cementing and stimulation.

Schlumberger Technologies

Automated Test Equipment
Systems for testing and design verification of semiconductors and printed circuit boards.

Computer Aided Design and Manufacturing
Software and computer systems for design and manufacturing processes of mechanical and electronic products.

Graphics
Plotters to print images generated by computers.

Instruments
Electronic instruments for design verification, and test and measurement, primarily in telecommunications and mechanical industries.

Transfer Agent(s):

Morgan Shareholder Services Trust Co.
New York, New York

Stock Exchange(s): New York, Paris, London, Amsterdam, Geneva, Frankfurt, Lausanne, Zurich.

Ticker Symbol: SLB (New York)

Number of Employees:

1987	50,000	1984	74,970
1986	49,661	1983	68,920
1985	72,810		

Sales & Earnings

	Net Sales + ($000's)	Net Income‡ ($000's)
1987	$4,727,000,000	$ 352,640,000
1986	4,938,000,000	(2,017,591)
1985	6,019,000,000	351,036,000
1984	5,636,000,000	1,182,073,000
1983	5,270,000,000	1,084,299,000

	No. of Com. Shares†	Earn. per Share*‡
1987	277,065,000	$ 1.27
1986	287,387,000	—
1985	298,872,000	1.17
1984	288,580,000	4.10
1983	290,933,000	3.73

(Loss)
+ Includes services and other income; of continuing operations only.
† Based on the average number of common shares outstanding.
‡ Including extraordinary gain of $70,080,000 ($0.25 per share) in 1987.

Revenues By Line of Business
($000's)

	1987	1986
Oilfield services	$ 2,306,000	$ 2,652,000
Measurement & control	2,096,000	1,916,000
Interest and other income	325,000	370,000
Total	$ 4,727,000	$ 4,938,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.20	—	—
1986	1.20	—	—
1985	1.20	—	—
1984	1.12	—	—
1983	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 3,835,884,000	$ 13.84
1986	4,123,271,000	14.35
1985	6,877,308,000	23.01
1984	6,992,202,000	24.23
1983	5,818,890,000	20.00

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales & services	$ 4,401,991	$ 4,568,395
Other income	325,028	370,025
Total income	$ 4,727,019	$ 4,938,420
Cost of sales & service	3,272,901	3,506,426
Expenses	892,126	969,394
Interest expense	165,654	410,001
Nonrecurring charges	(222,200)	1,601,314
Income (loss) bef. taxes	$ 618,538	$ (1,548,715)
Income taxes	115,978	105,855
Inc. (loss) - cont. oper.	$ 502,560	$ (1,654,570)
Loss - discont. oper.	(220,000)	(363,021)
Net Income (Loss)	$ 282,560	$ (2,017,591)
Extraord. gain	70,080	—
Net Income (Loss) & extraord. gain	$ 352,640	$ (2,017,591)

* Included in Costs and Expenses, Depreciation and Amortization: $534,530,000 in 1987 and $719,033,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash	$ 57,073	$ 45,247
Investments	2,511,506	3,765,128
Receiv., net	1,099,140	974,681
Inc. tax refund	103,800	—
*Inventories	575,941	560,032
Other assets	70,841	66,909
Current Assets	$ 4,418,301	$ 5,411,997
Investments & receiv.	365,054	435,604
Net assets of Fairchild Semiconductor	—	150,000
#Fixed assets	1,670,356	1,832,460
Exc. of invest. over net assets of subsid. purch.	231,143	118,000
Other assets	56,114	63,718
Total Assets	$ 6,740,968	$ 8,011,779

Liabilities
($000's)

Long-term debt, curr.	$ 25,514	$ 8,155
Accts. payable & accruals	1,233,922	1,338,758
Bank loans	658,196	1,034,615
Dividends payable	82,032	84,787
Income taxes	657,263	826,894
Curr. Liabilities	$ 2,657,127	$ 3,293,209
Long-term debt	125,283	504,336
Other liabilities & reserves	122,674	90,965
+Common stock	423,816	421,113
Retained earnings	4,560,168	4,539,421
Treasury stock	(1,146,520)	(784,768)
Trans. adjustment	(1,580)	(52,495)
Total Liabilities & Shareholders' Equity	$ 6,740,968	$ 8,011,779

* At lower of average or standard cost or market.
# Less accumulated depreciation.
+ $0.01 par value.

Schlumberger Limited

Statistical Summary

%Net Income to Equity	7.37	—
Debt to Equity	0.04	0.12
Working Capital	$ 1,761,174,000	$ 2,118,788,000
Current Ratio	1.66	1.64
Shareholders' Equity	$ 3,835,884,000	$ 4,123,271,000

SCI Systems, Inc.

5000 Technology Drive
Huntsville, Alabama 35805
(205) 882-4800

Officers: Olin B. King, chairman of the board & chief exec. officer; A. Eugene Sapp, Jr., president & chief operating officer; Ronald F. Borelli, sr. v.p.; Richard A. Holloway, sr. v.p.; Charles H. Gunselman, v.p.; Leonard L. Mitchum, Jr., v.p.; Thomas H. Southerland, v.p.; Jerry F. Thomas, v.p.; Walter J. Conroy, v.p.; P. Michael Dunn, v.p.; Irwin O. Goldstein, v.p.; Edmund F. Turek, v.p.; James N. Chiavetta, v.p.; Michael J. Connolly, v.p.; Charles D. Tillett, v.p.; Charles A. Waldorff, v.p.; James R. Daniel, treasurer; D. Lynn Cox, secretary.

Directors: Olin B. King*, chairman; Elliott Goldstein*, Thomas H. Lenagh*, Howard H. Callaway, W. L. Halsey, Jr., Charles M. Reynolds, Jr., A. Eugene Sapp, Jr., G. Robert Tod, Judith T. Connor.

* Member of the Executive Committee

Areas of Work: Company engages in research, development and manufacture of data management systems, flight test systems, data bus products, computer memories, communications products, aircraft controls and displays, missile electronics, and mission support integration for the government and aerospace industry; supervisory control systems for automation of oil, gas and water distribution, petrochemical process control, building utility control, traffic control functions, gas liquidification plants, coal to gas conversion plants and uranium enrichment plants; banking automation systems incuding a family of interactive terminals combined with distributed processors and application of software; image processing using a computer to automatically process and analyze visual images in real time; currency handling products; telemetry transmitters and receivers used in cardiac monitoring systems; computer products; a family of advanced printers; injection molded plastics, expanded polystyrene plastics and thermosetting plastics; aluminum castings; and machined components.

Subsidiaries:

SCI Technology, Inc.
SCI Manufacturing, Inc.

Unitronic
Milpitas, California
Manufactures electronic assemblies, primarily using surface mount technology.

AWI
A surface mount technology design and manufacturing firm.

Transfer Agent(s):

The First National Bank of Maryland
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SCIS (NASDAQ)

Number of Employees:

1986	5,185	1983	3,220
1985	4,290	1982	2,920
1984	4,260		

Plant Footage:

1986	987,000 sq. ft.	1983	565,000
1985	855,000	1982	518,000
1984	800,000		

Sales & Earnings

	Net Sales	Net Income
1986	$ 470,223,681	$ 13,792,363
1985	538,109,974	13,734,963
1984	437,351,400	11,515,773
1983	182,499,400	6,570,476
1982	90,013,900	4,110,278

	No. of Com. Shares +	Earn. per Share†
1986	13,802,324	$ 1.00
1985	13,789,634	1.00
1984	12,975,440	0.91
1983	11,788,250	0.57
1982	11,388,756	0.37

+ Adjusted to reflect stock dividend and stock split.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Revenues by Line of Business

	1986 (000's)	%	1985 (000's)	%
Government programs	$ 66,611	14 %	$ 60,373	11 %
Commercial products	403,613	86	477,737	89
Total	$ 470,224	100 %	$ 538,110	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1
1983	—	50%	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share†
1986	$ 114,469,192	$ 8.29
1985	98,844,681	7.17
1984	77,211,107	5.95
1983	44,135,846	3.74
1982	33,904,335	2.98

† Adjusted to reflect stock dividend and stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	$ 470,223,681	$ 538,109,974
Other income	4,186,151	787,408
Total income	$ 474,409,832	$ 538,897,382
Cost of sales & exp.	443,602,274	504,610,593
Interest expense	8,031,365	10,174,474
Other charges	507,830	1,137,352
Income before taxes	$ 22,268,363	$ 22,974,963
Income taxes	8,476,000	9,240,000
Net Income	$ 13,792,363	$ 13,734,963

* Included in Costs and Expenses, Depreciation and Amortization: $8,095,714 in 1986 and $5,616,857 in 1985.

Assets

As of June 30	1986	1985
Cash & cert. of deposit	$ 59,932,523	$ 18,007,827
Accts. receiv., net	49,901,236	55,748,993
Unreimbursed costs	1,970,022	1,458,616
*Inventories	97,766,188	143,705,966
Other current assets	3,784,437	1,389,302
Current Assets	$ 213,354,406	$ 220,310,704
#Fixed assets	43,868,036	36,810,857
Goodwill	6,562,238	—
Other assets	7,766,820	5,039,712
Total Assets	$ 271,551,500	$ 262,161,273

Liabilities

Note payable	$ 928,241	—
Long-term debt, curr.	1,379,331	1,072,348
Accts. payable	46,818,583	63,135,989
Accrued payroll	8,837,389	5,336,659
Accruals	6,718,143	3,477,963
Income taxes	10,983,061	7,569,951
Curr. Liabilities	$ 73,665,328	$ 80,592,890
Long-term debt	79,092,787	78,639,509
Deferred inc. taxes	4,324,193	4,084,193
+Common stock	1,380,232	1,378,963
Add. paid-in capital	51,342,699	51,207,520
Retained earnings	59,647,991	45,855,628
For. curr. trans.	2,098,270	402,570
Total Liabilites & Shareholders' Equity	$ 271,551,500	$ 262,161,273

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.74	4.27
%Net Income to Sales	2.93	2.55
%Net Income to Equity	12.05	13.90
Sales to Inventories	4.81	3.74
Debt to Equity	0.71	0.81
Working Capital	$ 139,689,078	$ 109,717,814
Current Ratio	2.90	2.73
Shareholders' Equity	$ 114,469,192	$ 98,844,681

Scientific-Atlanta, Inc.

One Technology Parkway
Atlanta, Georgia 30348
(404) 441-4000

Officers: Sidney Topol, chairman of the board; William E. Johnson, vice chairman & chief executive officer; John H. Levergood, president & chief operating officer; Jules E. Kadish, vice president; Leo E. Ramsauer, Jr., vice president; James H. Hart, vice president; M. Allen Ecker, vice president; Sezer M. Soylemez, vice president; David A. Eggers, v.p., secretary & general counsel; Julian W. Eidson, v.p. & controller; Margaret W. Jones, asst. secretary; Russell E. Cogan, acting v.p.-human resources.

Directors: Wilbur B. King, Sidney Topol, William B. Harrison, James V. Napier, Alonzo L. McDonald, John H. Levergood, Wickham Skinner, William E. Johnson, David J. McLaughlin.

Areas of Work: Designs, manufactures and markets commercial electronic signal generating and receiving equipment consisting of a variety of standard and proprietary communications and instrumentation products. Communications products are used in satellite earth stations, cable television receiving and distribution systems, wireless home security systems and energy management systems. Communications products include antennas, recivers, transmitters and related electronic equipment. The Company's instrumentation products are used by a wide range of industrial and military customers to electronically test, measure and help control various equipment and processes. Instrumentation products consist of spectrum analyzers and systems, instruments to test and measure the quality and performance of various types of telecommunications equip-

ment, antenna test and measurement products, and cabinets and enclosures. The Government Systems Group manufacturers telemetry, electronic warfare, anti-submarine warfare and acoustic communications products and systems for the U.S. and foreign governments.

Subsidiaries:

Digital Video Systems Corp.
Toronto, Canada

Scientific-Atlanta GmbH
Munich, West Germany

Scientific-Atlanta Ltd.
Herts, England

Scientific-Atlanta (Canada), Ltd.
Mississauga, Ontario, Canada

Scientific-Atlanta S.A.
Montesson (Paris), France

Scientific-Atlanta S.p.A.
Rome, Italy

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SFA

Number of Employees:

1987	N.A.	1984	6,403
1986	4,139	1983	4,805
1985	4,215		

Plant Footage:

1987	N.A.	1984	1,467,000
1986	1,052,000 sq. ft.	1983	1,360,000
1985	1,467,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 495,346,000	$ 24,260,000
1986	469,124,000	(9,212,000)
1985	436,892,000	16,385,000
1984	398,861,000	11,776,000
1983	326,567,000	370,000

	No. of Com. Shares	Earn. per Share
1987	24,086,073	$ 1.04
1986	24,086,073	—
1985	24,086,073	0.71
1984	24,086,073	0.50
1983	24,014,681	0.02

(Loss)

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.12	—	—
1986	0.12	—	—
1985	0.12	—	—
1984	0.12	—	—
1983	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 201,603,000	$ 8.37
1986	179,863,000	7.47
1985	188,691,000	7.83
1984	174,067,000	7.23
1983	177,278,000	7.38

Income Account *
(000's)

Year ended June 30	1987	1986
Net sales	$ 495,346	$ 469,124
Cost of sales	355,909	347,374
Expenses	93,303	112,203
Prov. for disposal of prod. lines	(4,530)	21,200
Other income	(213)	(2,162)
Interest expense	2,357	6,123
Income (loss) bef. taxes	$ 48,520	$ (13,614)
Income taxes (credit)	24,260	(6,402)
Net Income (Loss)	$ 24,260	$ (9,212)

* Included in Costs and Expenses, Depreciation: $14,224,000 in 1987 and $13,040,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash	$ 22,176	$ 3,603
Receivables, net	113,483	121,404
*Inventories	91,287	105,780
Income taxes recov.	2,461	9,182
Current Assets	$ 229,407	$ 239,969
#Fixed assets	44,992	56,537
Other assets	13,151	13,364
Total Assets	$ 287,550	$ 309,870

Liabilities
(000's)

Short-term debt & long-term debt, curr.	$ 4,062	$ 26,171
Accts. payable	24,238	31,325
Accruals	27,148	45,908
Income taxes	2,824	—
Curr. Liabilities	$ 58,272	$ 103,404
Long-term debt	3,171	6,126
Deferred inc. taxes	15,241	18,069
Other liabilities	9,263	2,408
+Common stock	12,043	12,043
Add. paid-in capital	112,481	112,151
Retained earnings	82,835	62,774
Treasury stock	(5,683)	(6,429)
Accum. trans. adjust.	(73)	(676)
Total Liabilities & Shareholders' Equity	$ 287,550	$ 309,870

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.80	—
%Net Income to Sales	4.90	—
%Net Income to Equity	12.03	—
Sales to Inventories	5.43	4.43
Debt to Equity	0.04	0.18
Working Capital	$ 171,135,000	$ 136,565,000
Current Ratio	3.94	2.32
Shareholders' Equity	$ 201,603,000	$ 179,863,000

Scientific Industries, Inc.

Airport International Plaza
70 Orville Drive
Bohemia, New York 11716
(516) 567-4700

Officers: Lowell A. Kleiman, president & treasurer; Charles N. Bellm, secretary; Cathy Zimlinghaus, v.p.-administration; Claire McAuliffe, asst. secretary & asst. treasurer.

Directors: Charles N. Bellm, Joseph I. Kesselman, Lowell A. Kleiman, Roger B. Knowles, Arthur M. Bordon.

Areas of Work: Produces scientific instruments and apparatus for laboratory use. Products include liquid mixers, timers, peristaltic pumps, rotators hospital supply sterilizers, and sterilizer control systems. Also customizes and remanufactures sterilizers and autoclaves for laboratories, pharmaceutical houses, and medical device manufacturers.

Subsidiary:

Scientific Packaging Industries Inc.

Transfer Agent(s):

Continental Stock Transfer & Trust Co.
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SCND (NASDAQ)

Number of Employees:

1987	25	1986	23

Plant Footage:

1987	41,287 sq. ft.	1986	41,287

Sales & Earnings

	Net Sales	Net Income†
1987	$ 1,843,000	$ (70,200)
1986	2,054,600	121,900
1985	1,784,400	(221,000)
1984	1,620,900	(95,600)
1983	1,118,400	(321,600)

	No. of Com. Shares	Earn. per Share‡†
1987	802,232	$ —
1986	802,232	0.16
1985	754,232	—
1984	754,232	—
1983	749,232	—

(Loss)
† Including extraordinary gain of $2,600 in 1986.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Revenues by Line of Business

	1987	1986	1985	1984
Laboratory equipment	75%	68%	60%	68%
Sterilizers, autoclaves and similar devices	25	32	40	32
Total	100%	100%	100%	100%

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 506,200	$ 0.63
1986	576,400	0.72
1985	414,500	0.55
1984	635,500	0.84
1983	726,700	0.97

Scientific Industries, Inc.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 1,843,000	$ 2,054,600
Cost of sales	1,270,700	1,322,600
Expenses	708,400	678,300
Interest income	(700)	(800)
Interest expense	7,700	5,900
Other income	(72,900)	(73,900)
Inc. (loss) bef. taxes	$ (70,200)	$ 122,500
Income taxes	—	3,200
Net Income (Loss)	$ (70,200)	119,300
Extraord. gain	—	2,600
Net Income (Loss) & extraord. gain	$ (70,200)	$ 121,900

* Included in Costs and Expenses, Depreciation and Amortization: $23,000 in 1987 and $23,200 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 36,800	$ 57,300
Accts. receiv., net	140,600	225,700
Costs in exc. of billings	72,700	—
*Inventories	434,500	514,200
Prepaid expenses	35,800	37,700
Subscriptions receiv.	—	26,500
Current Assets	$ 720,400	$ 861,400
#Fixed assets	68,400	63,800
Other assets	24,100	23,900
Total Assets	$ 812,900	$ 949,100

Liabilities

Bank note	$ 50,000	$ 75,000
Accts. payable	162,900	182,700
Accrued expenses	52,400	79,000
Billings in exc. of costs	24,800	30,600
Customer advances	16,600	5,400
Curr. Liabilities	$ 306,700	$ 372,700
+Common stock	41,100	41,100
Add. paid-in capital	835,100	835,100
Deficit	(317,600)	(247,400)
Treasury stock	(52,400)	(52,400)
Total Liabilities & Shareholders' Equity	$ 812,900	$ 949,100

* At lower of cost (FIFO) or replacement market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.96
%Net Income to Sales	—	5.81
%Net Income to Equity	—	20.70
Sales to Inventories	4.24	4.00
Working Capital	$ 413,700	$ 488,700
Current Ratio	2.35	2.31
Shareholders' Equity	$ 506,200	$ 576,400

Scintrex Limited

222 Snidercroft Road
Concord, Ontario L4K 1B5 Canada
(416) 669-2280

Officers: Harold O. Seigel, president; Gerald Stork, sr. v.p.; Jon G. Baird, sr. v.p.; Anthony W. Howland-Rose, v.p.; Alfred J. Shaul, secretary.

Directors: Harold O. Seigel, Alfred J. Shaul, Gerald Stork, Harold I. Schiff, J. Denis Whitaker, Anthony W. Howland-Rose, Marilyn M. Seigel, John Patrick Sheridan, Barnett J. Danson, Allan I. Carswell.

Areas of Work: A high technology company engaged in the research, design and manufacture of geophysical and geochemical exploration instrumentation, analytical instruments, including a portable bomb sniffer, nuclear reactor monitoring devices, defense-related equipment and other scientific products.

Subsidiaries:

Scintrex Pty. Ltd.
1031 Wellington Street
West Perth 6005 Australia

6 Tramore Place
Killarney Heights, N.S.W. 2087 Australia

Scintrex, Inc.
4048 West 1820 South
Salt Lake City, Utah 84104
(801) 972-4004

Transfer Agent(s):

The Canada Trust Company

Stock Exchange(s): Toronto

Ticker Symbol: SCT

Number of Employees:

1987	200	1984	215
1986	200	1983	200
1985	220		

Plant Footage:

1987	70,000 sq. ft.	1984	46,000
1986	75,000	1983	46,000
1985	72,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 11,264,000	$ (1,153,000)
1986*	10,900,000	464,000
1985	18,211,000	1,342,000
1984	10,534,000	286,000
1983	9,622,692	505,754

	No. of Com. Shares‡	Earn. per Share‡
1987	1,910,706	$ —
1986*	1,468,470	0.30
1985	1,095,569	1.21
1984	1,082,165	0.25
1983	1,068,856	0.45

(Loss)
* 11 months.
‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity‡	Equity Per Share†
1987	$ 16,348,000	$ 8.56
1986	17,769,000	12.10
1985	8,719,000	7.96
1984	7,338,000	6.78
1983	7,130,039	6.67

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares outstanding.

Income Account

Year ended	12/31/87	12/31/86
Net sales	$ 11,264,000	$ 10,900,000
Cost of sales & expenses	10,409,000	9,450,000
Expenses	1,337,000	1,096,000
Depreciation & amortization	590,000	544,000
Interest expense	—	32,000
Product discontinuance	927,000	—
Interest income	(677,000)	(343,000)
Profit from sale of invest.	(52,000)	(231,000)
Share of income of Unisearch	(86,000)	(206,000)
Income (loss) before taxes	$ (1,184,000)	$ 558,000
Income taxes (credit)	(31,000)	94,000
Net Income (Loss)	$ (1,153,000)	$ 464,000

Assets

As of	12/31/87	12/31/86
Cash	$ 7,026,000	$ 8,934,000
Accts. receiv., net	2,901,000	2,025,000
*Inventories	3,849,000	4,155,000
Prepaid expenses	27,000	86,000
Current Assets	$ 13,803,000	$ 15,200,000
#Fixed assets	4,347,000	4,271,000
Other assets	938,000	1,119,000
Total assets	$ 19,088,000	$ 20,590,000

Liabilities

Bank loan	$ —	$ 350,000
Customer deposits	307,000	331,000
Accts. payable & accruals	1,896,000	1,379,000
Income taxes	11,000	235,000
Curr. Liabilities	$ 2,214,000	$ 2,295,000
Deferred inc. taxes	198,000	198,000
+Preferred stock	328,000	328,000
++Common stock	11,992,000	12,104,000
Retained earnings	4,571,000	5,926,000
For exch. trans.	(215,000)	(261,000)
Total Liabilities Shareholders' Equity	$ 19,088,000	$ 20,590,000

* At lower of cost (FIFO) and net relizable value.
# Less accumulated depreciation.
+ $1 par value.
++ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.12
%Net Income to Sales	—	4.26
%Net Income to Equity	—	2.56
Sales to Inventories	2.93	2.62
Debt to Equity	—	0.02
Working Capital	$ 11,589,000	$ 12,905,000
Current Ratio	6.23	6.62
Shareholders' Equity	$ 16,676,000	$ 18,097,000

Seagate Technology

920 Disc Drive
Scotts Valley, California 95066
(408) 438-6550

Officers: Alan F. Shugart, chairman & chief exec. officer; David T. Mitchell, president & chief operating officer; Douglas K. Mahon, sr. v.p. & chief technical officer; Donald L. Waite, sr. v.p., chief financial officer & secretary; Sing C. Tien, sr. v.p.-Far East operations; Gary Allison, sr. v.p.-worldwide sales and marketing; Joe Chen, v.p.-engineering, Far East operations; Sanjoy Ghose, v.p.-product development; Gunter Heine, v.p.-Motor Division; James O.

Jacques, v.p.-product development; Thomas W. Mahet, v.p. & gen. mgr.-Seagate Magnetics; Robert E. Martell, v.p.-distribution sales; Anthony L. Perlick, v.p.-technical support; Robert A. Sandie, v.p.-domestic operations; Frederick B. Schudel, v.p.-Far East engineering; Ronald D. Verdoorn, Calvin L. Reed, Sing G. Tien, Far East manufacturing; Tom R. Dillon, v.p.-corp. materials; Edwin Gomez, v.p.-Far East finance; Stephen B. Greenspan, v.p.-process development; LaMar S. Leishman, v.p.-manufacturing systems integration; Dean W. Personne, v.p.-domestic manufacturing; Stephen R. Strain, v.p.-human resources; James G. Watson, v.p.-Oem sales; Ken Wing, v.p.-quality assurance and reliability.

Directors: Alan F. Shugart, chairman; Gary B. Filler, Kenneth Haughton, Robert A. Kleist, David T. Mitchell, Carmelo J. Santoro.

Areas of Work: Designs, manufactures and markets a line of rigid magnetic disc drives and related products for use in small computers.

Divisions:

Motor Division

Disc Drive Division

Subsidiary:

Seagate Magnetics
Produces sputtered thin-film media.

Transfer Agent(s):

Bank of America
National Trust and Savings Association
San Fracisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SGAT (NASDAQ)

Number of Employees:

1987	16,000	1986	8,900

Plant Footage:

1987	927,700 sq. ft.	1986	635,300

Sales & Earnings

	Net Sales	Net Income
1987	$ 958,065,000	$ 139,741,000
1986	459,836,000	34,536,000
1985	214,836,000	1,045,000
1984	343,903,000	39,377,000
1983	110,411,000	12,523,000

	No. of Com. Shares‡	Earn. per Share‡
1987	49,772,000	$ 2.81
1986	48,182,000	0.72
1985	47,346,000	0.02
1984	46,630,000	0.84
1983	40,739,000	0.31

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 353,964,000	$ 7.11
1986	208,417,000	4.33
1985	172,108,000	3.64
1984	170,237,000	3.65
1983	120,698,000	2.96

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended June 30	1987	1986
Net sales	$ 958,065	$ 459,836
Cost of sales	684,934	369,508
Products develop.	33,550	18,924
Mkt. & adm. expenses	58,947	32,226
Interest expense	5,029	2,798
Interest income	(9,785)	(1,464)
Other expense (income)	(321)	1,713
Income before taxes	$ 185,711	$ 36,131
Income taxes	45,970	1,595
Net Income	$ 139,741	$ 34,536

* Included in Costs and Expenses, Depreciation and Amortization: $27,701,000 in 1987 and $19,290,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash	$ 395,651	$ 46,518
Accts. receiv., net	103,909	67,324
°Inventories	135,871	64,423
Other curr. assets	11,387	5,233
Current Assets	$ 646,818	$ 183,498
Investments	395	4,042
#Fixed assets	162,039	107,693
Other assets	4,872	9,846
Total Assets	$ 814,124	$ 305,079

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 602	$ 574
Accts. payable	64,103	48,305
Accrued compensation	13,493	7,084
Other accruals	25,546	9,808
Income taxes	4,916	1,652
Curr. Liabilities	$ 108,660	$ 67,423
Long-term debt	301,841	15,084
Deferred inc. taxes	49,659	14,155
+ Common stock	481	112,551
Add paid-in capital	117,766	—
Notes receiv. from shareholders	(7)	(117)
Retained earnings	235,724	95,983
Total Liabilities & Shareholders' Equity	$ 814,124	$ 305,079

° At lower of standard cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	19.38	7.86
%Net Income to Sales	14.59	7.51
%Net Income to Equity	39.48	16.57
Sales to Inventories	7.05	7.14
Debt to Equity	0.85	0.08
Working Capital	$ 538,158,000	$ 116,075,000
Current Ratio	5.95	2.72
Shareholders' Equity	$ 353,964,000	$ 208,417,000

Semicon, Inc.

11 North Avenue
Burlington, Massachusetts 01803
(617) 272-9015

Officers: Robert E. House, chairman of the board & president; Richard C. Allard, treasurer & v.p.-finance.

Directors: Robert E. House, Charles T. Russell, Jr., Mary E. Weber, Bruce W. Everitt.

Areas of Work: Engaged in the manufacture and sale of semiconductor devices such as zener diodes, high voltage diodes and rectifiers, primarily to the television, industrial, commercial, telephone, military, computer and automotive industries.

Divisions and Subsidiaries:

Semicon Components, Inc.
Burlington, Massachusetts
(617) 272-9015

Semicon Ventures, Inc.
Burlington, Massachusetts
(617) 229-6290

Semetex Corp. (16% owned)
Torrance, California
Research and development of semiconductors.

Transfer Agent(s):

Continental Stock Transfer and Trust Co.
(common stock)
72 Reade Street
New York, New York 10007

Fleet National Bank
(convertible debentures)
111 Westminster Street
Providence, Rhode Island 02903

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	245	1984	781
1986	638	1983	585
1985	625		

Plant Footage:

1987	N.A.	1984	193,000
1986	350,000 sq. ft.	1983	183,000
1985	350,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 12,476,000	$ (11,348,000)
1986	13,104,000	(598,000)
1985	16,946,000	2,753,000
1984	N.A.	3,015,000
1983	N.A.	960,000

	No. of Com. Shares #	Earn. per Share #
1987	2,839,000	$ —
1986	2,842,000	—
1985	3,561,000	0.89
1984	3,567,000	0.97
1983	2,812,000	0.34

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ (945,000)	$ —
1986	10,753,000	3.79
1985	11,396,000	4.01
1984	9,033,000	3.13
1983	5,364,000	1.90

(Deficiency)

Semicon, Inc.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 12,476,000	$ 13,104,000
Other income	825,000	1,891,000
Total income	$ 13,301,000	$ 14,995,000
Cost of sales	10,550,000	10,169,000
Expenses	3,265,000	3,637,000
Interest & debt expense	1,042,000	1,123,000
Income (loss) before taxes	$ (1,556,000)	$ 66,000
Tax credit	(335,000)	—
Distr. from venture cap. invest.	—	(1,904,000)
Inc. (loss)-cont. oper.	$ (1,221,000)	$ 1,970,000
Loss-discont. oper.	(10,127,000)	(2,568,000)
Net Loss	$ (11,348,000)	$ (598,000)

* Included in Costs and Expenses, Depreciation and Amortization: $700,000 in 1987 and $1,017,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 143,000	$ 474,000
Accts. receiv., net	1,890,000	4,166,000
Refundable income taxes	1,019,000	697,000
*Inventories	3,267,000	7,573,000
Deferred inc. taxes	—	755,000
Other curr. assets	70,000	513,000
Current assets	$ 6,389,000	$ 14,178,000
#Fixed assets	3,644,000	18,242,000
Other assets	1,837,000	3,224,000
Total Assets	$ 11,870,000	$ 35,644,000

Liabilities

Notes payable	$ 1,050,000	$ 2,171,000
Long-term debt, curr.	8,081,000	1,463,000
Accts. payable	1,820,000	2,557,000
Accrued payroll	415,000	490,000
Accured interest	370,000	459,000
Net liab. of discont. oper.	1,079,000	—
Curr. Liabilities	$ 12,815,000	$ 7,140,000
Long-term debt	—	15,489,000
Deferred inc. taxes	—	2,262,000
+Common stock	781,000	781,000
Add. paid-in capital	1,101,000	1,101,000
Retained earnings (deficit)	(685,000)	10,663,000
Treasury stock	(2,142,000)	(1,792,000)
Total Liabilities & Shareholders' Equity	$ 11,870,000	$ 35,644,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

Sales to Inventories	3.82	1.73
Debt to Equity	—	1.78
Working Capital	$ —	$ 7,038,000
Current Ratio	—	1.99
Shareholders' Equity (Deficiency)	$ (945,000)	$ 10,753,000

Semtech Corporation

652 Mitchell Road
Newbury Park, California 91320
(805) 498-2111

Officers: John D. Poe, president, chief exec. officer; Steven M. Otterbeck, v.p., secretary & treasurer; Raymond E. Berger, vice president; Tom Lewis, vice president; Stephen J. Madigan, vice president; Gisela Auchter, asst. secretary.

Directors: John D. Poe, Judith R. Nelson, James R. Nelson.

Areas of Work: Manufactures silicon rectifiers, rectifier assemblies, high-voltage monolithic capacitors and related devices which are used mainly to convert alternating current into direct current. These products are also used in electrical circuits to limit or regulate voltage or to protect other devices or systems by absorbing or diverting electrical energy.

Subsidiary:

Semtech Ltd.
Newark Road, South Eastfield
Glenrothes, Fifes, Scotland

Transfer Agent(s):

First Interstate Bank
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): American

Ticker Symbol: SMH

Number of Employees:

1988 ..... N.A. 1986 282
1987 255

Plant Footage:

1988 ..... N.A. 1986 90,000
1987 ..... 123,000 sq. ft.

N.A. -- Not Available.

Sales & Earnings

	Net Sales	Net Income†
1988	$ 15,612,000	$ 1,059,000
1987	11,924,000	179,000
1986	12,956,000	(865,000)
1985	10,949,000	(3,971,000)
1984	11,414,000	(668,000)

	No. of Com. Shares	Earn. per Share‡†
1988	2,891,416	$ 0.38
1987	2,465,790	0.08
1986	1,831,490	—
1985	1,831,490	—
1984	1,831,490	—

(Loss)
† Including extraordinary gain of $442,000 ($0.16 per share) in 1988.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 7,292,000	$ 2.52
1987	5,731,000	2.32
1986	4,890,000	2.67
1985	5,625,000	3.07
1984	9,754,000	5.33

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended Jan. 31	1988	1987
Net sales	$ 15,612,000	$ 11,924,000
Cost of sales	9,555,000	7,774,000
Expenses	4,889,000	3,991,000
Loss on sale of land	16,000	30,000
Interest expense	58,000	82,000
Loss on write-down of fixed assets	—	72,000
Other expense	39,000	79,000
For. curr. trans.	(71,000)	(88,000)
Income (loss) before taxes	$ 1,126,000	$ (16,000)
Income taxes (credit)	509,000	(195,000)
Net Income	$ 617,000	$ 179,000
Extraord. gain	442,000	—
Net Income & extraord. gain	$ 1,059,000	$ 179,000

* Included in Costs and Expenses, Depreciation and Amortization: $588,000 in 1988 and $452,000 in 1987.

Assets

As of Jan. 31	1988	1987
Cash	$ 2,499,000	$ 951,000
Receiv., net	2,671,000	2,222,000
Refund inc. taxes	42,000	80,000
*Inventories	3,413,000	3,636,000
Prepaid expenses	124,000	96,000
Current Assets	$ 8,749,000	$ 6,985,000
#Fixed assets	2,910,000	1,982,000
Other assets	792,000	986,000
Total Assets	$ 12,451,000	$ 9,953,000

Liabilities

Long-term debt, curr.	$ 139,000	$ 28,000
Accts. payable	603,000	648,000
Accruals	1,342,000	881,000
Income taxes payable	167,000	50,000
Curr. Liabilities	$ 2,251,000	$ 1,607,000
Cap. lease oblig.	2,773,000	2,476,000
Deferred inc. taxes	135,000	139,000
+Common stock	44,000	40,000
Add. paid-in capital	6,273,000	5,850,000
Retained earnings (deficit)	1,028,000	(31,000)
Currency transl. adj.	(53,000)	(128,000)
Total Liabilities & Shareholders' Equity	$ 12,451,000	$ 9,953,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.21	—
%Net Income to Sales	3.95	1.50
%Net Income to Equity	8.46	3.12
Sales to Inventories	4.57	3.28
Debt to Equity	0.40	0.44
Working Capital	$ 6,498,000	$ 5,378,000
Current Ratio	3.89	4.30
Shareholders' Equity	$ 7,292,000	$ 5,731,000

Sensormatic Electronics Corporation

500 N.W. 12th Avenue
Hillsboro Plaza
Deerfield Beach, Florida 33442
(305) 427-9700

Officers: Ronald G. Assaf, chairman of the board; Allen J. Dussault, president & chief exec. officer; James E. Lineberger, chairman of the executive committee; William G. Weider, v.p.-customer service; Olin S. Giles, v.p.-operations; Dennis C. Gillette, v.p.-marketing & sales; Albert R. Tate, Jr., v.p.-sales, West; Michael E. Pardue, v.p.-finance, treasurer & secretary; Henry Wurtele, v.p.-sales, East; Gerd Witter, v.p.-European operations.

Directors: Ronald G. Assaf, chairman; James E. Lineberger, Arthur G. Milnes, Jerome M. LeWine, Allen J. Dussault, Arthur S. Nicholas.

Areas of Work: Designs and manufactures electronic article surveillance systems which consist of an electronic transmitter and coordinated receiver placed at the exits of stores and a supply of specially designed and unmagnetized tags. Also manufactures micro-processor controlled closed circuit television systems to deter internal and external theft.

Subsidiaries:

Senelco France S.A.
Rungis, France

Senelco (Benelux) S.A.
Avenue du Roi Albert 177
Bte 12
1080 Brussels, Belgium

Senelco Ges. m.b.H.
Telekygasse 4/5
A-1190
Linz, Austria

Senelco Italia S.r.l.
Via Cesare de Sesto 15
Milano 20123 Italy

Sensormatic Electronics Corp. (Puerto Rico)
Pridco T-1236
State Road No. 125
Moca 00716 Puerto Rico

Senelco Netherlands B.V.
Sterrebaan 4
3606 E B Maarsen, Netherlands

Senelco Iberia S.A.
C/Velazquez
Madrid 6, Spain

Senelco A.G.
Im Rotel 10a
Postfach 442
Zug CH-6301 Switzerland

Senelco GmbH
Broichhofstr, Strasse 289
4030 Ratingen 1/Duesseldorf West Germany

Senelco Limited (49% interest)
Berkshire, England
Distributes the Company's products in the U.K., Australia and New Zealand.

Identitech Corporation (joint venture with Allied-Signal Inc.)
Formed to manufacture an advanced anti-theft electronic article surveillance product line for the protection of hard goods merchandise in retail and other makrets.

CheckRobot Inc. (45% interest)
Engaged in the development of an automated self-checkout system for use primarily in supermarkets.

Transfer Agent(s):

First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SNSR (NASDAQ)

Number of Employees:

1987	939	1984	1,199
1986	1,046	1983	1,050
1985	1,157		

Sales & Earnings

	Revenues	Net Income
1987	$ 98,263,000	$ 13,754,000
1986	89,453,000	(4,308,000)
1985	91,322,000	7,482,000
1984	93,638,000	18,215,000
1983	86,087,000	22,903,000

	No. of Com. Share+	Earn. per Share‡
1987	$ 28,262,000	$ 0.48
1986	27,982,000	—
1985	27,868,000	0.27
1984	27,757,000	0.65
1983	24,222,000	0.92

(Loss)
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987	$ 0.05	—	—
1986	0.05	—	—
1985	0.075	—	—
1984	0.025	—	—
1983	0.045	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 203,282,000	$ 7.19
1986	187,188,000	6.69
1985	189,925,000	6.82
1984	185,561,000	6.69
1983	114,424,000	4.72

+ Adjusted to reflect stock split.

Income Account

Year ended May 31	1987	1986
Revenues	$ 98,263,000	$ 89,453,000
Cost of sales	37,532,000	37,053,000
Expenses	41,486,000	58,237,000
Depreciation	4,724,000	4,349,000
Int. income	(8,362,000)	(5,797,000)
Int. expense	1,449,000	1,474,000
Amortization	180	282
Income (loss) bef. taxes	$ 21,254,000	$ (6,145,000)
Income taxes (credit)	7,500,000	(1,837,000)
Net Income (Loss)	$ 13,754,000	$ (4,308,000)

Assets

As of May 31		
Cash	$ 88,959,000	$ 74,638,000
Accts. receiv, net	55,690,000	93,365,000
#Fixed assets	49,376,000	59,670,000
Investments	45,114,000	12,915,000
Deferred charges & other assets	7,956,000	7,200,000
Total Assets	$ 247,095,000	$ 247,788,000

Liabilities

Notes payable	$ 9,508,000	$ 22,185,000
Accts. payable	4,664,000	4,531,000
Accruals	14,941,000	16,986,000
Income taxes	8,511,000	1,215,000
Deferred income taxes	6,109,000	15,683,000
+Common stock	283,000	279,000
Add. paid-in capital	122,057,000	119,952,000
Retained earnings	86,271,000	73,928,000
Foreign curr. trans.	1,242,000	(828,000)
Treasury stock	(6,571,000)	(6,143,000)
Total Liabilities & Shareholders' Equity	$ 247,095,000	$ 247,788,000

Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	21.63	—
%Net Income to Revenues	14.00	—
%Net Income to Equity	6.77	—
Debt to Equity	0.05	0.12
Shareholders' Equity	$ 203,282,000	$ 187,188,000

Sequa Corporation

(formerly Sun Chemical Corporation)

200 Park Avenue
New York, New York 10166
(212) 986-5500

Officers: Norman E. Alexander, chairman of the board & chief exec. officer; Robert E. Davis, president & chief operating officer; Stuart Z. Krinsly, sr. exec. v.p. & general counsel; Gerald S. Gutterman, exec. v.p.-finance & administration; Bernard M. Jaffe, sr. v.p. & secretary; William H. Borten, sr. v.p.; Harry Brill-Edwards, sr. v.p.-gas turbine operations; Dennis M. Libutti, sr. v.p.-machinery & metal coatings; Martin Weinstein, sr. v.p.-gas turbine operations; Ronald H. Wright, sr. v.p.-Kollman; Monroe Adlman, v.p.-taxes; Joseph C. Allwarden, v.p.-Kollman Avionics; Donald S. Bunin, v.p.-engineering & environment; Kenneth A. Drucker, v.p. & treasurer; William P. Kniazek, v.p. & controller; Linda G. Kyriakou, v.p.-corp. communications; William E. Morris, v.p.; David J. O'Brien, v.p.-financial services; John J. Quicke, v.p.-financial projects; Stanley W. Rosen, v.p.-industrial relations & personnel; Richard P. Schneider, v.p.-corp. development; Jenny Kade, asst. treasurer; Leonard S. Rodin, asst. treasurer; Stanley L. Waldbaum, asst. secretary.

Directors: Norman E. Alexander, chairman; Robert E. Davis, Alvin Dworman, A. Leon Fergenson, Raymond Frankel, David S. Gottesman, Stuart Z. Krinsly, Donald D. Kummerfeld, Richard S. LeFrak, Fred R. Sullivan, Gerald Tsai, Jr..

Areas of Work: Manufactures electronic and electro-optical devices for military weapons, including night vision systems and aircraft fighter training units; avionics products including flight deck instruments and automated equipment test sets; medical equipment including automated blood analyzers; rocket motors and propellant for missiles; data analyzers and advanced equipment to test and maintain electronic data distribution systems; electronic proudcts and systems in line with U.S. Government standards; automotive cigarette lighters for cars, trucks and recreational vehicles; high-speed equipment used to form two-piece food and beverage cans and to decorate two-piece cans; pump parts and primary converting equipment for the petroleum industry; and specialty chemicals. The Company is also engaged in marine transport and metal coating operations.

Divisions and Subsidiaries:

Gas Turbine Group

Chromalloy Gas Turbine Corporation
4430 Director Drive
P.O. Box 200150
San Antonio, Texas 78220
(512) 333-6010

Sequa Corporation

Blaisdell Road
Orangeburg, New York 10962
(914) 359-4700

Kollsman

Kollsman Instrument Company
Daniel Webster Highway Souty
Merrimack, New Hampshire 03054
(603) 889-2500

Kollsman Avionics
Kollsman Military Systems
Kollsman Systems Management

Kollsman Manufacturing Company
10 Columbia Drive
Amherst, New Hampshire 03031
(603) 880-7746

Atlantic Research Corporation
5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4000

Electronics activities consist of the development and manufacture of data communications test equipment, including data monitors, analyzers, and network control systems, used in the testing, operating and maintenance of data communications networks. Other segments include electromagnetic engineering, propulsion systems for defense applications, and printing services.

Arkansas Propulsion Division
Highland Industrial Park
Building M85 Complex
East Camden, Arkansas 71701
(501) 574-0610

Virginia Propulsion Division
5945 Wellington Road
Gainesville, Virginia 22065
(703) 642-6000

Teleproducts Division
7401 Boston Boulevard
Springfield, Virginia 22153
(703) 644-9000

Tempest Division
5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4000

ORI Group
1375 Piccard Drive
Rockville, Maryland 20850
(301) 670-2000

ORI, Inc.
1375 Piccard Drive
Rockville, Maryland 20850
(301) 670-2000

ORI/Cahulon
2440 Research Boulevard
Rockville, Maryland 20850
(301) 258-5300

ORI/Intercon
2440 Research Boulevard
Rockville, Maryland 20850
(301) 590-0001

Systems & Applied Sciences Corporation
1577 Springhill Road, Suite 600
Vienna, Virginia 22180
(703) 790-3700

Atlantic Research Services Corporation
5390 Cherokee Avenue
Alexandria, Virginia 22312
(703) 642-4312

Machinery and Metal Coatings

Rutherford Machinery Division
401 Central Avenue
East Rutherford, New Jersey 07073
(201) 933-1200

Materiels Equipments Graphiques
32-34 rue des Malines
Z.I. Les Malines
91 Lisses-Evry, France
(33-1)64977575

Precoat Metals Division
4301 S. Spring Avenue
St. Louis, Missouri 63116
(314) 352-8000

Special Products Engineering Company
50 Shawmut Road
Canton, Massachusetts 02021
(617) 821-4430

Standun Conforming Systems
2943 East Las Hermanas Street
Rancho Dominguez, California 90221
(213) 537-5230

Transportation

Marine Transportation Group

The Valley Line Company
120 South Central Avenue
St. Louis, Missouri 63015
(314) 889-0100

Sabine Towing and Transportation Co.
7200 Highway 87
Port Arthur, Texas 77642
(409) 962-0201

Specialty Chemicals

Sequa Chemicals, Inc.
One Sequa Drive
Chester, South Carolina 29706
(803) 385-5181

Sequa Plc
147 London Road
Kingston upon Thames
Surrey KT2 6NG England
(44-1)549-1755

Warwick International Limited
Wortley Moor Road
Leeds LS12 4JE England
(44-0532)63733

Automotive Parts

Casco Products Corporation
512 Hancock Avenue
Bridgeport, Connecticut 06605
(203) 366-4511

Petroleum

Gemoco Division
202 Industrial Boulevard
Houma, Louisiana 70361
(504) 872-3265

Sturm Machine Company
1305 Main Street
Barboursville, West Virginia 25504
(304) 736-3476

Financial Services

Sequa Capital Corporation
420 Lexington Avenue
New York, New York 10170
(212) 983-4250

SunRise Insurance Limited
Collymore Rock
Bridgetown, Barbados, West Indies
(809) 426-1442

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: SQA A and SQA B

Number of Employees:

1987	16,800	1984	8,300
1986	15,700	1983	6,700
1985	8,000		

Plant Footage:

1987 ..... 4,907,000 sq. ft.

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 1,132,700	$ 47,200
1986	371,400	160,100
1985	326,600	4,100
1984	316,900	25,200
1983	290,400	9,500

	No. of Com. Shares	Earn. per Share #
1987	10,926,000	$ 3.95
1986	10,827,000	19.90
1985	7,807,374	0.52
1984	7,791,663	3.23
1983	7,541,606	1.24

+ Of continuing operations only.
# Based on the average number of shares outstanding.

Revenues By Line of Business
($000's)

	1987	1986
Aerospace	$ 675,006	$ 174,953
Transportation	132,512	—
Machinery & metal coatings	170,481	91,302
Specialty chemicals	98,985	75,093
Prof. serv. & other	55,676	30,065
Total	$ 1,132,660	$ 371,413

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	0.48	—	—
1985	0.48	—	—
1984	0.48	—	—
1983	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 640,832,000 †	$ 58.65
1986	598,434,000 †	55.27
1985	192,123,000	24.61
1984	178,501,000	22.91
1983	162,180,000	21.50

† After allowing for preferred stock at involuntary liquidation value.

Income Account
($000's)

Year ended Dec. 31	1987	1986
Revenues	$ 1,132,660	$ 371,413
Cost of sales	847,541	269,719
Expenses	163,186	69,466
Oper. profit	$ 121,933	$ 32,228
Interest expense	34,423	19,576
Interest income	(11,346)	(3,996)
Eq. in earn of Chromalloy Amer.	—	(17,888)
Earn. of fin. serv. grp.	(1,723)	(2,303)
Loss on invest. portfolio	21,100	—
Other expense	660	418
Inc. bef. taxes	$ 78,819	$ 36,421
Income taxes	27,968	8,375
Inc.-cont. oper.	$ 50,851	$ 28,046
Inc. (loss)-discont. oper.	(3,653)	132,087
Net Income	$ 47,198	$ 160,133

* Included in Costs and Expenses, Depreciation: $46,934,000 in 1987 and $9,813,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 19,165	$ 83,161
Short-term invest.	66,784	405,655
Accts. & notes receiv. net	260,274	165,478
Unbilled receivables	80,262	—
*Inventories	223,516	194,647
Assets-discont. oper.	80,248	—
Other curr. assets	47,198	20,762
Curr. Assets	$ 777,447	$ 869,703
Investments	105,257	72,018
#Fixed assets	399,478	304,250
Defer. charges	15,291	11,199
Intangibles	365,952	137,834
Total Assets	$ 1,663,425	$ 1,395,004

Liabilities
(000's)

Bank loans	$ 35,028	$ 28,331
Long-term debt, curr.	23,729	31,423
Accts. payable	124,208	116,468
Accrued expenses	170,345	149,752
Accrued inc. taxes	8,376	86,632
Accrued acq. costs	34,200	—
Curr. Liabilities	$ 395,886	$ 412,606
Long-term debt	493,264	273,395
Minority interest	85,929	60,881
Deferred inc. taxes	14,343	16,170
+Preferred stock	797	805
++Common stock	10,926	10,827
Add. paid-in capital	303,433	300,388
Cum. trans. adjust.	11,436	(2,048)
Retained earnings	399,629	322,583
Treasury stock	(12,218)	(603)
Total Liabilities & Shareholders' Equity	$ 1,663,425	$ 1,395,004

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $1 par value; $5 cumulative convertible.
++ No par value.

Statistical Summary

%Net Income to Equity	7.00	25.34
Debt to Equity	0.82	0.53
Working Capital	$ 381,561,000	$ 457,097,000
Current Ratio	1.96	2.11
Shareholders' Equity	$ 674,003,000	$ 631,952,000

Servo Corporation of America

111 New South Road
Hicksville, New York 11802
(516) 938-9700

Officers: Henry Blackstone, chairman of the board; Stephen A. Barre, president & chief exec. officer; Louis A. Galina, sr. v.p.-operations; Walter W. Worden, Jr., sr. v.p.-transportation products; Edward V. Mollichelli, sr. v.p.-electronic system programs; Robert J. Stalzer, sr. v.p.-administration & finance & asst. secretary; Joseph E. Bambara, v.p.-corp. advanced development; Joel C. Tate, v.p.-infrared/electro-optics products; Brian J. Smith, controller; Edgar W. Tappen, Jr., treasurer; William L. Maher, secretary.

Directors: Henry Blackstone, chairman; Stephen A. Barre, Alan J. Strassman, Floyd A. Lyon, Emil N. Block, Jr..

Areas of Work: Engaged in the design and manufacture of infrared/electro-optics components such as infrared detectors; lens assemblies for spacecraft; direction finder systems used in aviation air traffic control operations; meterological systems; microwave amplifiers, signal generators, devices employed to monitor and locate dangerous axle conditions on moving rail cars; automatic railroad car identification systems.

Subsidiary:

Servo International, Inc. (FSC)
Hicksville, New York

Acquisition:

Applied Research Inc.
160 Dupont
Plainview, New York
(516) 349-7200
Designs and manufactures radio frequency receivers and transmitters and related components.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: SCA

Number of Employees:

1987 ..... 232 1986 228

Plant Footage:

1987 ..... 134,000 sq. ft. 1986 134,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 16,602,786	$ 456,174
1986	18,266,856	1,133,048
1985	14,980,496	544,872
1984	12,547,151	83,084
1983	15,966,467	418,595

	No. of Com. Shares	Earn. per Share‡
1987	697,228	$ 0.62
1986	685,799	1.52
1985	680,571	0.77
1984	665,071	0.12
1983	651,521	0.58

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 7,395,265	$ 10.61
1986	6,933,098	10.11
1985	6,141,920	9.02
1984	5,538,479	8.33
1983	5,410,653	8.30

Income Account *

Year ended Oct. 31	1987	1986
Net sales	$ 16,602,786	$ 18,266,856
Cost of sales	10,269,707	10,947,110
Expenses	5,915,585	5,459,168
Oper. profit	$ 417,494	$ 1,860,578
Other income	147,840	206,618
Total	$ 565,334	$ 2,067,196
Interest expense	69,160	34,148
Income before taxes	$ 496,174	$ 2,033,048
Income taxes	40,000	900,000
Net Income	$ 456,174	$ 1,133,048

* Included in Costs and Expenses, Depreciation and Amortization: $354,820 in 1987 and $274,759 in 1986.

Assets

As of Oct. 31	1987	1986
Cash and cash equiv.	$ 1,370,396	$ 2,462,009
Accts. receiv., net	3,127,074	1,409,958
*Inventories	3,843,516	3,807,956
Inc. taxes receivable	541,116	—
Prepaid expenses	220,497	261,845
Deferred tax benefits	—	90,000
Current Assets	$ 9,102,599	$ 8,031,768
Goodwill	266,140	—
#Fixed assets	1,488,062	1,324,668
Other assets	451,304	361,268
Deferred tax benefits	239,000	260,000
Total Assets	$ 11,547,105	$ 9,977,704

Liabilities

Long-term debt, curr.	$ 3,378	$ 14,242
Short-term borrowings	875,000	—
Accts. payable	1,064,722	686,275
Accruals	1,065,639	1,073,927
Income taxes	—	347,211
Deferred inc. tax liab.	165,000	—
Excess amts. receiv. U.S. gov't. contracts	90,342	310,192
Curr. Liabilities	$ 3,264,081	$ 2,431,847
Cust. advance	300,000	—
Long-term debt	315,009	315,009
Deferred comp.	272,750	297,750
+Common stock	697,228	685,799
Add. paid-in capital	625,945	631,381
Retained earnings	6,072,092	5,615,918
Total Liabilities & Shareholders' Equity	$ 11,547,105	$ 9,977,704

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.99	11.13
%Net Income to Sales	2.75	6.20
%Net Income to Equity	6.7	16.34
Sales to Inventories	4.32	4.80
Debt to Equity	0.16	0.05
Working Capital	$ 5,838,518	$ 5,599,921
Current Ratio	2.79	3.30
Shareholders' Equity	$ 7,395,265	$ 6,933,098

SFE Technologies

1501 First Street
San Fernando, California 91340-2793
(818) 361-1176

Officers: Alan D. Rubendall, chairman of the board & chief exec. officer; Jerome J. Jahn, v.p.-finance & secretary; Robert Rubendall, v.p.; Michael A. Rosenberg, v.p.-technology; Joseph L. Lucia, v.p.-marketing & sales; Robert W. Bronson, v.p.-corp. quality; H. Kermit Hawkins, v.p..

Directors: Alan D. Rubendall, chairman; Donald E. Rubendall, Jerome J. Jahn, Michael A. Rosenberg, Oren Lane, Donald E. Butler, Richard H. Green.

Areas of Work: Designs, manufactures and markets passive electronic components, including multi-layer ceramic capacitors and wound-film capacitors, quartz crystal frequency control devices, magnetic components and frequency interference filters. The products are used in telecommunications, consumer electronics, data processing, automotive and aero-space applications. The company also designs and produces circuit assemblies utilizing surface mount technology (SMT).

Division:

Electro Dynamics Division
Overland Park, Kansas
Quartz crystals.

SFE Technologies

San Fernando Electric Division
1501 First Street
San Fernando, California 91340
(818) 365-9411
Ceramic capacitors, EMI/RFI filters.

Subsidiaries:

West-Cap Arizona
2201 East Elvira Road
P.O. Box 11277
Tucson, Arizona 85706
(602) 294-2646
Magnetic components and wound-film capacitors.

West-Cap Sales International
1501 First Street
San Fernando, California 91340
(818) 365-9411

West-Cap Arizona de Mexico S.A. de C.V.
Nogales, Sonora, Mexico

Orchard Electronics, Inc.
9280 Davidson Highway
Concord, North Carolina 28025
(704) 786-0100
Designs and produces circuit assemblies featuring surface mount technology.

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SFEM (NASDAQ)

Number of Employees:

1987	1,480	1984	2,900
1986	1,500	1983	2,373
1985	1,950		

Plant Footage:

1987	313,000 sq. ft.	1984	434,000
1986	313,000	1983	410,000
1985	400,000		

Sales & Earnings

	Net Sales	Net Income†
1987	$ 39,482,000	$ (5,666,000)
1986	42,672,000	(15,889,000)
1985	57,024,000	(4,989,000)
1984	65,853,000	3,764,000
1983	49,105,000	3,284,000

	No. of Com. Shares‡	Earn. per Share‡†
1987	6,604,000	$ —
1986	6,282,000	—
1985	6,255,000	—
1984	6,362,000	0.59
1983	5,743,000	0.57

(Loss)
† Including extraordinary gain of $2,620,000 in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.10	4%	—
1984	0.10	4%	—
1983	—	—	4-for-3

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 21,311,000	$ 3.23
1986	26,709,000	4.25
1985	41,677,000	6.66
1984	47,990,000	7.54
1983	43,973,000	7.66

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Income Account *

Year ended Oct. 31	1987	1986
Net sales	$ 39,482,000	$ 42,672,000
Cost of sales	34,308,000	45,665,000
Expenses	8,413,000	14,011,000
Other expenses	106,000	319,000
Interest expense	1,236,000	2,384,000
Loss on disposal of division	1,085,000	—
Loss bef. taxes	$ (5,666,000)	$ (19,707,000)
Tax credit	—	(1,198,000)
Net Loss	$ (5,666,000)	$ (18,509,000)
Extraord. gain	—	2,620,000
Net Loss & extraord. gain	$ (5,666,000)	$ (15,899,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,418,000 in 1987 and $4,577,000 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 139,000	$ 77,000
Funds held in escrow	—	1,200,000
Accts. receiv., net	5,979,000	4,632,000
*Inventories	20,552,00	21,259,000
Prepaid expenses	36,000	65,000
Current Assets	$ 26,706,000	$ 27,233,000
#Fixed assets	19,975,000	22,344,000
Construction funds held	—	2,115,000
Other assets	1,048,000	1,744,000
Total Assets	$ 47,729,000	$ 53,436,000

Liabilities

Long-term debt, curr.	$ 528,000	$ 533,000
Accts. payable	3,473,000	2,108,000
Other accrued expenses	2,056,000	2,433,000
Curr. Liabilities	$ 6,057,000	$ 5,074,000
Long-term debt	17,586,000	18,899,000
Deferred comp	342,000	350,000
Deferred royalty income	250,000	250,000
Other liabilities	2,183,000	2,154,000
+ Common stock	6,604,000	6,604,000
Add. paid-in capital	40,217,000	40,217,000
Ret. earnings (deficit)	(24,563,000)	(18,897,000)
Reduc. of stock equity due to debt guarantee	(1,082,000)	(1,215,000)
For. curr. trans. adj.	135,000	—
Total Liabilities & Shareholders Equity	$ 47,729,000	$ 53,436,000

* At lower of standard cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	1.92	2.01
Debt to Equity	0.85	0.73
Working Capital	$ 20,649,000	$ 22,567,000
Current Ratio	4.41	5.84
Shareholders' Equity	$ 21,311,000	$ 26,709,000

Sheldahl, Inc.

P.O. Box 170
Northfield, Minnesota 55057
(507) 663-8000

Officers: James S. Womack, president & chief executive officer; James H. Kessler, Jr., v.p.-finance & asst. secretary; Richard J. Slater, sr. v.p. corporate development; Carl A. Edstrom, v.p.-int'l business development; Lyle L. Pavlin, v.p.-operations; Roger D. Quam, v.p.-engineered products group; Edward L. Lundstrom, v.p.-Northfield Circuits Division; Gerald E. Magnuson, secretary; Sam W. Hughes, Jr., v.p.-Cirtel Division; Gaylan M. Myran, gen. mgr.-Membrane Switches and Graphic Display Division; Beverly M. Brumbaugh, v.p.-human resources; John V. McMasters, controller; James T. Preece, v.p.-Nashua Division; Eric D. Horning, gen. mgr.-Symbolic Displays, Inc.; Thomas J. Schneiders, v.p.-marketing.

Directors: Gerald E. Magnuson, John P. Robinson, Richard S. Wilcox, James S. Womack, John G. Kassakian, Wesley M. Mader.

Area of Work: Provides technological services and manufacturing to customer specifications; manufactures electrical materials, flexible circuitry, electronic connectors and terminals.

Divisions:

Electronic Materials/Engineered Products
Flexible electronic materials are the 'raw materials' from which flexible circuits are made. For the most part, they are laminates of metallic foils - commonly copper - bonded to a variety of dielectric substrates as well as coverlay materials to insulate the complete circuit. Both the electronic materials and coverlays are produced by Sheldahl in industrial size rolls, ready for conversion into flexible circuitry components.

Engineered products include aerostats for telecommunications, a 'padeye' systems for transloading ships at sea, helicopter blade liners, special fabrications, tambour covers, splicing tapes, coated products, tapes and laminated, and vacuum metalized materials.

Flexible Circuits/Membrane Switches
Flexible circuits are preassembled 'interconnect' products - generally free of defects and adaptable to a constantly growing number of applications. Because they are indeed flexible, they can conform to almost any configuration on multiple planes, while retaining their electrical/electronic function. Typical applications for flex circuits include telephones and communication switching equipment, computer memory storage systems, cameras, hand-held calculators, automobiles and medical instrumentation.

Sheldahl's FLEXSWITCH membrane switches make up the company's newest product line - for the membrane switch keyboard market. In composition, the FLEXSWITCH keyboard consists of a three-layer polyester film sandwich bonded together by means of a special Sheldahl proprietary adhesive. A flexible circuit, an integral part of the membrane switch, provides interconnection. Typical applications for FLEXSWITCH include electronic educational devices, control panels for washers and dryers, medical instrumentation control panels, automotive electronics and plain paper copiers.

Cirtel Division
2302 Barranca Road
Irvine, California 92714
Designs and manufactures complex, high-technology printed circuits for high-reliability applications.
ECI.

Nashua Division
100 Northeastern Blvd.
Nashua, New Hampshire 03061
Manufactures single-side, double-sided, sculptured, multi-layer, ridig-flex circuitry and assemblies for military and commercial applications.

Subsidiaries:

Sheldahl International, Inc. (DISC)
Northfield, Minnesota

Sheldahl International Sales, Inc. (FSC)

Symbolic Displays, Inc.
Irvine, California

Manufactures custom-designed, medium-travel lighted display assemblies for use in military and commercial aircraft.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SHAL (NASDAQ)

Number of Employees:

1987	N.A.	1986	700

Plant Footage:

1987	N.A.	1986	405,000 sq. ft.

N.A.-Not Available

Sales & Earnings

	Net Sales +	Net Income
1987	$ 79,878,000	$ 676,738
1986	54,212,000	620,778
1985	53,994,000	2,597,028
1984	43,102,000	3,017,091
1983	36,941,000	(418,280)

	No. of Com. Shares #	Earn. per Share #
1987	4,335,586	$ 0.16
1986	4,132,716	0.15
1985	4,347,089	0.60
1984	4,267,678	0.71
1983	4,258,678	—

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2
1986	—	—	—
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 24,579,535	$ 5.67
1986	18,662,111	4.52
1985	20,341,825	4.68
1984	17,287,001	4.05
1983	14,242,910	3.34

Base on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account*

Year ended August 31	1987	1986
Net sales	$ 79,878,191	$ 54,212,221
Cost of sales	61,358,474	44,906,553
Expenses	12,297,528	7,474,212
Interest expense	1,569,839	1,237,547
Income bef. tax	$ 4,652,350	$ 593,909
Income taxes	2,187,000	88,000
Inc.-cont. oper.	$ 2,465,350	$ 505,909
Inc. (loss)-discont. oper.	(1,788,612)	114,869
Net income	$ 676,738	$ 620,778

* Included in Costs and Expenses, Depreciation: $4,174,148 in 1987 and $2,451,294 in 1986.

Assets

As of Aug. 31	1987	1986
Cash	833,550	3,090,184
Accts. receiv., net	12,178,766	7,616,120
Tax refund receiv.	645,000	—
*Inventories	9,325,829	7,555,504
Tax benefits	540,000	1,309,000
Prepaid exp. & deposits	398,422	223,457
Net assets - discount oper.	2,512,079	4,144,814
Current Assets	$ 26,633,646	$ 25,980,279
# Fixed assets	23,127,607	15,488,224
Notes receiv. & other assets	475,278	122,181
Total Assets	$ 50,236,531	$ 41,590,684

Liabilities

Long-term debt, curr.	$ 1,772,886	$ 1,529,477
Accts. payable	5,220,721	2,035,551
Accruals	3,274,620	1,039,045
Accrued payroll	2,456,980	1,616,670
Income taxes	—	304,151
Curr. Liabilities	$ 12,757,207	$ 8,524,894
Long-term debt	10,538,742	11,699,632
Deferred inc. taxes	2,393,047	2,704,047
+ Common stock	1,159,663	1,014,791
Add. paid-in capital	6,831,608	1,735,794
Retained earnings	16,588,264	15,911,526
Total Liabilities & Shareholders' Equity	$ 50,236,531	$ 41,590,684

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

% Net Income to Equity	2.75	3.33
Sales to Investories	8.57	7.18
Debt to Equity	0.50	0.71
Working Capital	$ 13,876,439	$ 17,455,385
Current Ratio	2.09	3.05
Shareholders' Equity	$ 24,579,535	$ 18,662,111

SI Handling Systems, Inc.

Kealierville Road
P.O. Box 70
Easton, Pennsylvania 18042
(215) 252-7321

Officers: L. Jack Bradt, chairman of the board; Leonard S. Yurkovic, president & chief executive officer; John L. DeRito, v.p.-finance; E. Jerome Brose, secretary.

Directors: John R. Boehringer, L. Jack Bradt, Karl-Henry Bergkvist, Leonard S. Yurkovic, Thomas P. Latimer.

Areas of Work: Designs, manufactures, sells and installs mechanized and automated material handling and order selection systems under mechanical, electronic and computer control.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SIHS (NASDAQ)

Number of Employees:

1988	159	1985	238
1987	205	1984	300
1986	243		

Plant Footage:

1988	172,000 sq. ft.	1985	172,000
1987	172,000	1984	172,000
1986	172,000		

Sales & Earnings

	Net Sales	Net Income+
1988	$ 21,426,000	$ (1,278,000)
1987	19,280,000	(1,984,000)
1986	24,989,000	251,000
1985*	23,309,000	32,000
1984	19,248,000	(742,000)

	No. of Com. Shares	Earn. per Share‡+
1988	1,467,519	$ —
1987	1,467,519	—
1986	1,491,119	0.17
1985*	1,491,119	0.02
1984	1,501,705	—

(Loss)
* 53 weeks.
+ Including extraordinary gain of $374,000 ($0.25 per share) in 1986 and $657,000 ($0.44 per share) in 1985.
‡ Based on the weighted average number of common shares and common equivalent shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	$ —	—	—
1987	0.05	—	—
1986	0.10	—	—
1985	0.10	—	—
1984	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 4,623,000	$ 3.15
1987	5,943,000	4.05
1986	8,105,000	5.44
1985	7,812,000	5.24
1984	8,149,000	5.43

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

SI Handling Systems, Inc.

Income Account *

Year ended	2/28/88	3/1/87
Net sales	$ 21,426,000	$ 19,280,000
Cost of sales	17,809,000	14,284,000
Expenses	6,173,000	6,198,000
Research & develop.	363,000	972,000
Other income	(1,668,000)	(359,000)
Interest expense	123,000	86,000
Early retirement incen.	—	204,000
Loss bef. taxes	$ (1,378,000)	$ (2,105,000)
Tax credit	(100,000)	(121,000)
Net Loss	$ (1,278,000)	$ (1,984,000)

* Included in Costs and Expenses, Depreciation and Amortization: $970,000 in 1987 and $824,000 in 1986.

Assets

As of	2/28/88	3/1/87
Cash	$ 1,545,000	$ 3,635,000
Receiv., net	3,449,000	2,315,000
Cost in exc. of billings	1,880,000	1,400,000
*Inventories	2,028,000	2,875,000
Prepaid expenses	160,000	193,000
Current Assets	$ 9,062,000	$ 10,418,000
# Fixed assets	2,581,000	3,372,000
Note receivable	850,000	—
Intangibles & other assets	225,000	202,000
Total Assets	$ 12,718,000	$ 13,992,000

Liabilities

Long-term debt, curr.	$ 581,000	$ 585,000
Accts. payable	1,836,000	1,359,000
Cust. deposits	1,115,000	1,373,000
Accrued payroll	964,000	574,000
Income taxes payable	324,000	397,000
Deferred inc. taxes	—	83,000
Other accruals	1,436,000	1,322,000
Curr. Liabilities	$ 6,256,000	$ 5,693,000
Long-term debt	1,839,000	2,495,000
Deferred compensation	—	61,000
+ Common stock	1,527,000	1,527,000
Add. paid-in capital	4,353,000	4,353,000
Retained earnings (deficit)	(164,000)	414,000
Treasury stock	(393,000)	(393,000)
Curr. trans. adj.	—	42,000
Total Liabilities & Shareholders' Equity	$ 12,718,000	$ 13,992,000

* At lower of cost (average) or replacement market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	10.57	6.71
Debt to Equity	0.52	0.52
Working Capital	$ 2,806,000	$ 4,925,000
Current Ratio	1.45	1.90
Shareholders' Equity	$ 4,623,000	$ 5,943,000

Siemens AG

Wittelsbacherplatz 2
D-8000 Munich 2, Federal Republic of Germany
2 34-0

Managing Board: Karlheinz Kaske, president & chief executive officer; Heads of Groups and Corporate Divisions: Hans Baur-Telecommunication Networks and Security Systems Group; Hermann Franz-Electrical Installations and Automotive Systems Group; Hermann R. Franz-Components Group; Max Gunther-Corporate Business Administration; Claus Kessler-Communication and Information Systems Group; Friedrich Kuhrt-Medical Engineering Group; Heribald Narger-Corporate Finance; Hans-Gerd Neglein-Corporate Sales and Marketing; Hans H. Schlitzberger-Corporate Personnel; Hans Gunter Vogelsaent-Energy and Automation Group; Heads of Divisions and Staff Divisions: Gerhard Bornecke-Communication and Information Systems Group manufacturing; Ernst Gerhardt-Telecommunication Networks and Security Systems Group, business administration; Heinz Gumin-Central Department for Management Personnel; Erwin Hardt-Telecommunication Networks and Security Systems Group, Public Communication Networks Division, business administration; Eberhard Kill-Energy and Automation Group, Power Divisions; Gerhard Kuhn-Communication and Information Systems Group, business administration; Horst Langer-Energy and Automation Group, Industry Divisions; Werner Poschenrieder-Communication and Information Systems Group, Data Systems Division; Konrad Samberger-Energy and Automation Group, manufacturing and product development; Carl-Heiner Thomas-Energy and Automation Group, business administration

Supervisory Board: Ernst von Siemens, honorary chairman; Bernhard Plettner, chairman; Rudolf Moosbammer, Wilfried Guth, deputy chairman; Werner Frischholz, Herbert Grunewald, Maximilian Hackl, Helmut Haeussen, Heinz Hawreliuk, Wolkgang Keim, Reimar Lust, Egon Overbeck, Wilhelm Polakowski, Franz Rehm, Helmut Reithmeier, Wolfgang Schieren, Eduard Schleinkofer, Alexander von Seidel, Dieter Spethmann, Fritz Steinke, Dietrich Ummelmann

Areas of Work: The Company's' Components Group manufactures integrated circuits, discrete semiconductors, passive components, electron tubes, and gas lasers. The Energy and Automation Group provides instrumentation and automation products and systems for industry, utilities, transportation and public authorities. The Electrical Installations and Automotive Systems Group manufactures power cables, installation equipment and lighting systems, electricity meters and heating/air conditioning systems, automotive systems, and provides electrical contracting services. The Communication and Information Systems Group manufactures communications terminals, private communications systems and networks, data systems, and laser printers. The Medical Engineering Group provides X-ray systems, cross-sectional imaging systems and therapy, electromedical systems, dental equipment, and hearing instruments. The Telecommunication Networks and Security Systems Group provides public communication networks, safety and security systems, and manufactures optical fiber cables. The Company is also involved in research and development activities.

Divisions and Subsidiaries

Kraftwerk Union AG, Mulheim on Ruhr
Interatom GmbH, Bergisch Gladbach
Internationale Natrium-Brutreaktor-Bau GmbH, Bergisch Gladbach (70% owned)
Multi-Arc GmbH, Bergisch Gladbach (51% owned)
NRG Nuklearrohr-Gesellschaft mbH, Duisburg
Kraftwerk Union - Umwelttechnik GmbH, Stuttgart
Reaktor-Brennelement Union GmbH, Hanau (60% owned)
Alkem GmbH, Hanau (60% owned)
Poligrat - Nuclear GmbH, Munich (51% owned)
Siemens Finanzierungsgesellschaft fur Informationstechnik mbH, Munich
Sietec Siemens-Systemtechnik und Portfolio GmbH & Co. KG, Berlin
Computer Gesellschaft Konstanz mbH, Constance
Risicom Ruckversicherung Aktiengesellschaft, Berlin
Siemens Portfolio GmbH & Co. KG Grunwald, Grunwald
Siemens Portfolio Beteiligungs-GmbH, Berlin
GVD Gesellschaft fur die Vermietung von Datenverarbeitungsanlagen mbH, Munich
Sietec Siemens-Systemtechnik und Portfolio Beteiligungs-GmbH, Berlin
Osram GmbH, Berlin and Munich
Elektro-Rohren-Gesellschaft mbH & Co. KG, Gottingen
Elektro-Rohren-Gesellschaft mbH, Gottingen
Vogess Gluhlampenfabrik GmbH, Coburg
Hejalux Lampen GmbH, Munich
Radium Elektrizitats-Gesellschaft mbH, Wipperfurth (67% owned)
Dr.-Ing. Rudolf Hell GmbH, Kiel
RXS Schrumpftechnik-Garnituren GmbH, Hagen
Vacuumschmelze GmbH, Hanau
VCB Venture Capital Beteiligungsgesellschaft mbH, Munich
Heimann GmbH, Wiesbaden
Inak GmbH Industrielle Anlagen fur Krankenhauser, Forchheim
Plessing Dental Handel GmbH, Stuttgart
KKW Kulmbacher Klimageraie-Werk GmbH, Kulmbach
Manutec Gesellschaft fur Automatisierungs-und Handhabungssysteme mbH, Furth
Pacesetter Systems GmbH, Hamburg
Siemens Nachrichtentechnik-Beteiligungsgesellschaft mbH, Munich
UUK Versicherungsvermittlungs-und Verkehrskontor GmbH, Munich
Transformatoren Union AG, Nuremberg (75% owned)
I.T.-Transformatoren Beteiligungs-GmbH, Nuremberg (87% owned)
Volta-Werke Elektrizitats-Gesellschaft mbH, Berlin (75% owned)
Leitungswerk Friesoythe GmbH & Co. KG, Friesoythe (70% owned)
Leitungswerk Friesoythe GmbH, Friesoythe (70% owned)
Siemens Telekommunikations-Beteiligungsgesellschaft mbH, Munich (65% owned)
Siecor Gesellschaft fur Lichtwellenleiter mbH & Co. KG, Neustadt near Coburg (50% owned)
Siecor Gesellschaft fur Lichtwellenleiter mbH, Munich (50% owned)

United States Subsidiaries

Siemens Capital Corporation
New York, New York

Siemens Communication Systems, Inc.
Boca Raton, Florida

Siemens Information Systems, Inc.
Boca Raton, Florida

Siemens Energy & Automation, Inc.
Atlanta, Georgia

Siemens Medical Systems, Inc.
Iselin, New Jersey

Siemens Components, Inc.
Iselin, New Jersey

Sibag Investments, Inc.
New York, New York

United States Associated Companies:

Advanced Micro Devices, Inc. (14% interest)
Sunnyvale, California

Tel-Plus Communications, Inc. (35% interest)
Boca Raton, Florida

Siecor Corporation (50% owned)
Hickory, North Carolina

NOTE: The Siemens share is listed on all eight German Stock exchanges and on seven other European exchanges.

Number of Employees:

1986	363,000	1983	313,000
1985	348,000	1982	324,000
1984	328,000		

Sales & Earnings ¤

	Revenues (000's)	Net Income (000's)
1986	DM 52,234,000	DM 1,474,000
1985	53,645,000	1,528,000
1984	47,798,000	1,066,000
1983	41,490,000	802,000
1982	40,723,000	738,000

	No. of Com. Shares	Earn. per Share
1986	47,111,013	DM 31.29
1985	46,811,000	32.64

¤ - Worldwide operations
DM - Deutsche Mark

Revenues By Line of Business

	1986
Components	5 %
Energy & automation	26
Electrical install. & auto syst.	7
Communications & info. syst.	19
Medical engineering	10
Telecommunication networks & secur. syst.	18
Power plant business	8
Lamp business	4
Other	3
Total	100 %

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986 12	DM	—	—
1985 12		—	—

Shareholders' Equity

	Total Equity (000's)	Equity Per Share
1986	DM 15,135,000	DM321.26
1985	13,267,000	283.42
1984	11,649,000	—
1983	10,824,000	—
1982	9,980,000	—

Income Account
(000's)

Year ended Sept. 30	1986	1985
Revenues	DM 52,234,325	DM 53,645,141
Cost of sales	21,199,659	20,727,605
Expenses	21,281,266	20,426,414
Depreciation & amortization	2,867,472	2,110,451
Writedown on invest.	32,396	12,750
Interest expense	786,166	994,443
Income-profit-and-loss transfer agree.	(12,479)	(14,866)
Interest income	(2,677,187)	(2,913,108)
Gain on dispos. of fixed assets	(676,975)	(108,038)
Other income	(3,438,107)	(2,875,777)
Losses--profit-and-loss transfer agree.	9,791	-13,925
Transfer to spec. reserves	465,108	19,391
Other expenses	9,328,569	11,448,254
Income before taxes	DM 3,068,646	DM 3,803,697
Income taxes	1,594,350	2,275,391
Net Income	DM 1,474,296	DM 1,528,306

Assets
(000's)

As of Sept. 30	1986	1985
Cash & cash equivalents	DM 1,268,213	DM 1,215,788
Equip. leased to cust.	1,043,374	1,014,374
Marketable securities	20,622,209	19,324,384
Advances	210,128	282,905
Accts. receiv., net	9,581,658	9,084,884
Other receivables	365,390	369,341
Other curr. assets	4,640,226	4,519,650
Treasury stock	26,202	35,879
Inventories	7,736,371	6,696,545
Prepaid expenses	32,342	27,440
Current Assets	DM 45,526,113	DM 42,571,190
Investments	1,191,297	1,164,720
Fixed assets	9,995,413	8,018,649
Adjust. from consol.	1,618,668	386,311
Total Assets	DM 58,331,491	DM 52,140,870

Liabilities
(000's)

Special reserves	DM 628,080	DM 194,496
Prov. for pension plan	3,329,064	8,792,285
Other provisions	14,520,419	14,197,081
Curr. Liabilities	DM 24,477,563	DM 23,178,862
Long-term debt	4,155,357	3,269,523
Deferred income	145,910	116,316
Unapprop. net income consol.	576,416	572,816
Other liabilities	13,841,505	11,736,640
+ Preferred stock	46,182	46,182
+ Common stock	2,355,550	2,340,550
Add. paid-in capital	4,416,676	3,591,422
Retained earnings	7,549,134	6,605,376
Minority interests	767,198	683,183
Total Liabilities & Shareholders' Equity	DM 58,331,491	DM 52,140,870

+ DM 50 par value.

Statistical Summary

% Income bef. Taxes to Sales	5.87	7.09
% Net Income to Sales	2.82	2.85
% Net Income to Equity	9.74	11.52
Sales to Inventories	6.75	8.01
Debt to Equity	0.27	0.25
Working Capital	DM 21,048,550 *	DM 19,392,328 *
Current Ratio	1.86	1.84
Shareholders' Equity	DM 15,135,000 *	DM 13,267,000 *

* (000's)

Sierracin Corporation

12780 San Fernando Road
Sylmar, California 91342-3796
(818) 362-6802

Officers: Christoph Tribull, chairman of the board, president & chief executive officer; Gary Roberts, sr. v.p.-finance and administration & secretary; Patricia A. Sprouse, gen. counsel & asst. secretary; Terrence Jacobsen, president-Intrex Division; Richard Monteferrante, president-TransTech Division; Eldon Swanson, president Transflex Division; George A. Nikas, president-Sylmar Division; Errol Roy, president-Harrison Division; James Romine, president-Magnedyne Division; Erich Schopa, v.p.-Marketing, Paris.

Directors: Christoph Tribull*, chairman; Walter E. Hinds*, Raimon Conlisk*, John C. Janneck, Saleem S. Naher.

* Member of the Executive Committee

Areas of Work: Manufactures and markets high technology transparency products for the aerospace and industrial markets.

Divisions and Subsidiaries:

Transflex Division
Bell, California
(213) 269-9100
Designs and manufactures flexible circuits and sensors, touch panels, composite heaters and anti-icing systems for both commercial and military applications.

Harrison Division
3020 Empire Avenue
Burbank, California 91504
(213) 849-6581
Specializes in the design and manufacture of patented hydraulic components and seals of pneumatic fluid and nuclear power applications.

Magnedyne Division
2258 Rötherford Road
Carlsbad, California 92008
(619) 438-3321
Manufactures precision servo motors and tachometers for aerospace and industrial applications.

TransTech Division
12780 San Fernando Road
Sylmar, California 91342
(818) 362-6811
Manufactures high-impact windshields for railroad locomotives, rapid transit vehicles, custom VIP vehicles and ships security glazing for architectural applications.

Sylmar Division
12780 San Fernando Road
Sylmar, California 91342
(818) 362-6711
Engaged in the production of transparencies for aircraft.

Intrex Products
Manufactures coates film products.

Transfer Agent(s):

Bank of America
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: SER

Number of Employees:

1987 950
1986 875
1985 1,246
1984 1,450
1983 1,450

Plant Footage:

1987 ..... 381,260 sq. ft.
1986 381,760
1985 487,270

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 72,832,000	$ 2,030,000
1986	72,670,000	642,000
1985	61,455,000	(2,718,000)
1984	62,187,000	4,504,000
1983	56,483,000	4,098,000

	No. of Com Share +	Earn. per Share +
1987	3,395,000	$ 0.60
1986	3,388,000	0.19
1985	3,382,000	—
1984	3,553,000	1.27
1983	3,672,000	1.12

(Loss)
‡ Includes other income. Of continuing operations only.
+ Based on the average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Aerospace prods.	$ 50,060,000	$ 46,675,000
Industrial/Commercial prods.	22,772,000	25,995,000
Total	$ 72,832,000	$ 72,670,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.20	—	—
1984	0.40	—	—
1983	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 17,373,000	$ 5.12
1986	15,366,000	4.54
1985	14,645,000	4.33
1984	18,466,000	5.20
1983	17,929,000	4.88

‡ Based on the average number of shares outstanding.

Income Account* (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 72,195	$ 72,309
Other income	637	361
Total income	$ 72,832	$ 72,670
Cost of sales	52,907	53,500
Expenses	15,348	14,608
Interest expense	734	938
Nonrecurring item	763	—
Income bef. taxes	$ 3,080	$ 3,624
Income taxes	1,450	2,081
Inc.-cont. oper.	$ 1,630	1,543
Loss-discont. oper.	—	(901)
Net Income	$ 1,630	$ 642
Extraord. gain	400	—
Net Income & Extraord. gain	$ 2,030	$ 642

* Included in Costs and Expenses, Depreciation and Amortization: $1,930,000 in 1987 and $1,990,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & cert. of dep.	214	$ 1,943
Notes receivable	176	307
Acct. receiv, net	12,809	10,716
*Inventories	12,023	9,145
Prepaid expenses	1,559	1,109
Current Assets	$ 26,781	$ 23,220
#Fixed assets	10,770	11,662
Other assets	1,239	1,925
Total Assets	$ 38,790	$ 36,807

Liabilities (000's)

Long-term debt, curr. & notes payable	$ 51	$ 806
Accts. payable	5,707	5,401
Accruals	3,226	3,441
Accrued payroll	3,808	4,000
Income taxes payable	957	956
Curr. Liabilities	$ 13,749	$ 14,604
Cap. lease oblig.	750	65
Long-term debt	5,779	5,685
Deferred income taxes	573	490
Deferred income	566	597
+Common stock	3,660	3,660
Add. paid-in capital	504	504
Retained earnings	16,300	14,270
Treasury stock	(1,091)	(3,068)
Total Liabilities & Shareholders' Equity	$ 38,790	$ 36,807

* At lower of cost (primary LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.27	—
%Net Income to Sales	2.26	—
%Net Income to Equity	9.38	4.18
Sales to Inventories	6.00	7.91
Debt to Equity	0.38	0.43
Working Capital	$ 13,032,000	$ 8,616,000
Current Ratio	1.95	1.59
Shareholders' Equity	$ 17,373,000	$ 15,366,000

Silicon General, Inc.

85 West Tasman Drive
San Jose, California 95134
(408) 943-9403

Officers: Q.T. Wiles, chairman of the board; William D. Rasdal, president & chief exec. officer; Paul N. Risinger, exec. v.p.-advanced marketing & technology; Charles C. Thompson, exec. v.p. & gen. mgr.-Semiconductor Division; Robert M. Austin, exec. v.p. & gen. mgr.-Telecom Solutions Division; Richard I. Powers, exec. v.p. & gen. mgr.-Analog Solution Division; M. J. Narasimha, v.p.-Telecom Solutions Technology; John L. Kehoe, v.p.-finance, chief financial officer & secretary.

Directors: Q.T. Wiles, chairman; William R. Hambrecht, Daniel A. McMillan, William D. Rasdal, Allen M. Peterson.

Areas of Work: The Company, including its wholly-owned subsidiaries, manufactures telecommunications equipment for local telephone companies, data conversion subsystems and components, and linear and digital integrated circuits.

Divisions:

Analog Solutions
85 West Tasman Drive
San Jose, California 95134
(408) 433-1900
Produces precision analog signal conversion products and custom DC:DC power conversion products.

Semiconductors
11861 Western Avenue
Garden Grove, California 92641
(714) 898-8121
Designs, manufactures and markets specialized linear circuits and hybrid circuits for the military and industrial market.

Telecom Solutions
85 West Tasman Drive
San Jose, California 95134
(408) 433-0910
Supplies specialized transmission equipment, to local telephone companies for subscriber loop applications.

Transfer Agent(s):

Manufacturers Hanover Trust Company
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SILN (NASDAQ)

Number of Employees:

87	N.A.	1984	402
86	424	1983	247
85	693		

N.A. -- Not Available.

Sales & Earnings

	Revenues	Net Income
1987	$ 39,608,000	$ 1,308,000
1986	33,922,000	(6,619,000)
1985	47,358,000	9,612,000
1984	47,969,000	9,273,000
1983	29,328,000	4,396,000

	No. of Com. Shares†	Earn. per Share †
1987	12,169,924	$ —
1986	12,063,856	—
1985	11,791,644	0.80
1984	11,695,621	0.77
1983	11,131,552	0.38

(Loss)
† Adjusted to reflect stock splits.
+ Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1 & 2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 37,497,000	$ 3.08
1986	35,407,000	2.93
1985	41,318,000	3.50
1984	30,847,000	2.64
1983	18,694,000	1.68

‡ Adjusted to reflect stock splits.

Income Account*

Year ended	6/28/87	6/29/86
Net sales	$ 38,855,000	32,712,000
Other income	753,000	1,210,000
Total income	$ 39,608,000	$ 33,922,000
Cost of sales	23,459,000	26,627,000
Expenses	14,406,000	11,737,000
Interest expense	2,273,000	2,985,000
Gain on sale of stock	(1,538,000)	—
Income (loss) bef. taxes	$ 1,008,000	$ (7,427,000)
Income taxes (credit)	274,000	(808,000)
Net Income (Loss)	$ 734,000	$ (6,619,000)
Extraord. gain	574,000	—
Net Income (Loss) & extraord. gain	$ 1,308,000	$ (6,619,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,754,000 in 1987 and $3,933,000 in 1986.

Assets

Year ended	6/28/87	6/29/86
Cash	$ 661,000	$ 2,227,000
Accts. receiv., net	8,123,000	7,303,000
*Inventories	18,275,000	15,468,000
Other curr. assets	912,000	162,000
Current Assets	$ 27,971,000	$ 25,160,000
#Fixed assets	28,796,000	30,916,000
Other assets	4,727,000	11,358,000
Total Assets	$ 61,494,000	$ 67,434,000

Liabilities

Long-term debt, curr.	$ 1,459,000	$ 8,135,000
Notes payable	6,299,000	7,165,000
Accts. payable	4,201,000	2,312,000
Income taxes payable	89,000	107,000
Accruals	2,485,000	2,279,000
Allow. for sales returns	220,000	291,000
Curr. Liabilities	$ 14,753,000	$ 20,289,000
Long-term debt	8,366,000	10,116,000
Deferred inc. taxes	900,000	1,622,000
+ Common stock	5,544,000	5,219,000
Add. paid-in capital	5,152,000	4,695,000
Retained earnings	26,801,000	25,493,000
Total Liabilities Shareholders' Equity	$ 61,494,000	$ 67,434,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.59	—
%Net Income to Sales	1.89	—
%Net Income to Equity	1.96	—
Sales to Inventories	2.13	2.11
Debt to Equity	0.43	0.72
Working Capital	$ 13,218,000	$ 4,871,000
Current Ratio	1.90	1.24
Shareholders' Equity	$ 37,497,000	$ 35,407,000

Siliconix Incorporated

(34%-owned by Westinghouse Electric Corporation)

2201 Laurelwood Road
P.O. Box 54951
Santa Clara, California 95054
(408) 988-8000

Officers: Richard E. Lee, chairman, chief exec. officer & president; Douglas R. Sullivan, exec. v.p. & chief operating officer; Donald G. Keefe, v.p.-European operations; John W.F. Niem, v.p.-Far East operations; Bruce G. Burman, v.p.-FET Business Unit; Richard J. Kulle, v.p.-Worldwide manufacturing; Thomas W. Hardy, v.p.-IC Business Unit; Walter Seages, v.p.-worldwide sales; John F. Crimmins, chief financial officer; James D. Jacobson, v.p.-wafer fabrication; Peter W. Weber, v.p.-product planning & marketing; Walter Faleschini, secretary; Marian Rawlinson, asst. secretary.

Directors: Richard E. Lee, chairman; Douglas R. Sullivan, Clifford A. Morton, Francis T. Thompson, Robert P. Rhen, Robert L. Wehrli.

Areas of Work: Designs, develops, manufactures and sells discrete devices and integrated circuits which include junction and MOS field-effect transistors (FETs) and digital linear and large-scale integrated circuits. Product application innovations in the areas of switching, multiplexing, interface circuitry, operational and sense amplifiers, phased arrays, signal processing and LSI circuits for the data conversion and telecommunications markets are derivations of advanced components technologies.

Subsidiaries:

Siliconix, (Hong Kong) Limited
61-63 King Yip Street
Fourth Floor, Kwun Tong
Kowloon, Hong Kong

Siliconix (Taiwan) Limited
Nantze Export Processing Zone
Kaohsiung, Taiwann Republic of China

Siliconix Limited
Morriston
Swansea, Wales United Kingdom SA6 6NE

Siliconix S.A.R.L.
70-72 Avenue du General de Gaulle
Echat 559
94020 Creteil Cedex, Creteil, France

Siliconix Japan (50% interest)

Siliconix GmbH
7024 Bernhausen
Postfach 1340
Johannestrasse 27
Filderstadt, West Germany

Transfer Agent(s):

First Interstate Bank
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SILI (NASDAQ)

Number of Employees:

1987	2,549	1984	2,727
1986	2,603	1983	2,225
1985	2,587		

Plant Footage:

1987	376,300 sq. ft.	1984	312,700
1986	376,300	1983	296,700
1985	312,700		

Sales & Earnings

	Net Sales	Net Income†
1987	$ 122,528,000	$ 5,025,000
1986	111,185,000	7,364,000
1985	108,022,000	9,059,000
1984	96,305,000	8,408,000
1983	69,595,000	8,812,000

	No. of Com. Shares #	Earn. Per Share #†
1987	12,942,000	$ 0.39
1986	13,338,000	0.55
1985	12,840,000	0.71
1984	12,350,000	0.68
1983	12,332,000	0.71

† Including extraordinary gains of $1,126,000 ($0.09 per share) in 1987 and $545,000 ($0.04 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 65,828,000	$ 5.43
1986	65,721,000	5.14
1985	57,410,000	4.63
1984	46,271,000	3.84
1983	41,786,000	3.44

‡ Adjusted to reflect stock splits.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 122,528,000	$ 111,185,000
Cost of sales	67,630,000	56,104,000
Expenses	46,130,000	43,262,000
Interest expense	3,143,000	1,815,000
Currency gains	(134,000)	(15,000)
Income before taxes	$ 5,559,000	$ 10,019,000
Income taxes	1,660,000	2,655,000
Net Income	$ 3,899,000	$ 7,364,000
Extraord. gain	1,126,000	—
Net Income & extraord. gain	$ 5,025,000	$ 7,364,000

* Included in Costs and Expenses, Depreciation $11,587,000 in 1987 and $10,966,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 3,321	$ 6,671,000
Accts. receiv., net	26,692	21,624,000
*Inventories	32,117	26,834,000
Prepaid expenses	11,476	9,666,000
Current Assets	$ 73,606	$ 64,775,000
#Fixed assets	65,897	65,228,000
Other assets	2,022	1,748,000
Total Assets	$ 141,525	$ 131,751,000

Liabilities

Note payable	$ 8,184	$ 2,335,000
Long-term debt, curr.	68	51,000
Accts. payable	6,306	7,429,000
Accruals	6,781	5,711,000
Income taxes	1,743	1,081,000
Curr. Liabilities	$ 23,082	$ 16,607,000
Long-term debt	40,956	40,048,000
Deferred inc. taxes	11,679	9,375,000
+Common stock	17,649	23,215,000
Retained earnings	47,156	43,184,000
Accum. trans. adjust.	1,003	(678,000)
Total Liabilities & Shareholders' Equity	$ 141,525	$ 131,751,000

* At Lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.54	9.01
%Net Income to Sales	3.18	6.62
%Net Income to Equity	5.92	11.20
Sales to Inventories	3.82	4.15
Debt to Equity	0.75	0.65
Working Capital	$ 50,524,000	$ 48,168,000
Current Ratio	3.19	3.90
Shareholders' Equity	$ 65,808,000	$ 65,721,000

The Singer Company

P.O. Box 10151
8 Stamford Forum
Stamford, Connecticut 06904-2151
(203) 356-4200

(Acquired by a subsidiary of Bilzerion Partners Limited Partnership 1, a private corporation, in early 1988.)

Officers: William F. Schmied, chairman of the board, chief exec. officer & president; F. Gordon Bitter, sr. v.p. & chief financial officer; Terry W. Hail, exec. v.p.-Defense Electronics Group; Theron S. Hoffman, Jr., sr. v.p.-human resources; William D. Turner, group v.p.-Training System Group; Philip A. Watson, sr. v.p. & general counsel; Thomas L. Elliott, Jr., v.p.-corporate relations; Austin J. Greene, v.p.-general tax counsel; Wesley K. Brown, pres.-HRB Division; Jay Hoffman, engineering; Larry F. Neely, pres-Mesta Division; Ernest J. Szilagyi, planning; Ralph K. Kessler, v.p. & deputy general counsel; Francis E. Nicastro, treasurer; Jeremiah A. Keating, controller; Adrienne D. Whitehead, secretary.

Directors: William F. Schmied *, chairman; Randolph W. Bromery *, Lt. Gen. Kelly H. Burke, USAF, (ret) *; Francis E. Ferguson, Arthur H. Fredston, Robert P. Jensen *, Lloyd L. Kelly *, Archibald E. MacKay, Donald E. Meads *, Arthur J. Santry, Jr. *, Delbert C. Staley.

* Member of the Executive Committee

Areas of Work: Defense Electronics and Training Systems products include a broad line of navigation systems for aircraft, spacecraft, and marine vessels; guidance systems for missiles; anti-submarine warfare systems; aircraft, spacecraft, marine and industrial simulators; large-screen display systems; electronic intelligence systems; telecommunications; terminals; and related systems and products. Electro-Mechanical Products include floor care equipment, meter, and motor products such as vacuum cleaners and power tools manufactured for Sears Roebuck & Co.

Divisions

Defense Electronics Group

The Singer Company

Kearfott Guidance and Navigation
1225 McBride Avenue
Little Falls, New Jersey 07424
(201) 785-6000

Products: Airborne inertial, Doppler and hybrid navigation and guidance systems; time ordered ranging systems; analog computers; digital computers; analog-digital/digital-analog converters; airborne multiplex systems; digitally controlled support equipment; test equipment platforms, gyros, accelerometers and inertial packages; electronic assemblies; servomechanism components including synchros, resolvers, servomotors and tachometers; synchronous and stepping motors; electromechanical and hydraulic actuators.

Electronic Systems
164 Totowa Road, CN975
Wayne, New Jersey 07474-0975
(201) 785-6000

HRB
P.O. Box 60
Science Park Road
State College, Pennsylvania 16804
(814) 238-4311

ESM Systems which include system engineering and analysis, airborne reconnaissance systems; fixed and mobile signal processing, graphic computer analysis techniques, special signal anayus techniques, quick reaction capability, special purpose displays and EW simulation.

Librascope
833 Sonora Avenue
Glendale, California 91201
(818) 244-6541

Products: Naval weapon control systems, underwater acoustic systems, computing and data processing systems for shipborne antisubmarine warfare applications; mobile command/control and communications systems for the army; fixed station command/control systems for air defease including real-time displays ranging from CRT to very large screen; computer peripheral equipment such as disc memories and encoders.

Dalmo Victor
1515 Industrial Way
Belmont, California 94002-4095
(415) 595-1414

Products: Electronic warfare systems, principally radar-threat warning devices for aircraft, helicopters, and ships; antennas; surveillance systems; naval electronic countermaneuvers; and software systems.

Training Systems Group

Link Flight Simulation
Binghamton, New York 13902-1237
(607) 721-5465

Products: Simulators for aircraft flight and mission, missile and spacecraft, and visual; general aviation flight trainers.

Link Simulation Systems
11800 Tech Road
Montgomery Industrial Park
Silver Spring, Maryland 20904
(301) 622-4400

Products: Simulators for ASW flight and tactics, helicopter, locomotive, ships handling, VTOL trainers for aircraft flight, cockpit procedures, flight procedures; Part task, radar, submarine, power generating station simulators.

Simuflite
P.O. Box 619119
D/FW Airport, Texas 75261
(214) 456-8000

Products: Flight simulators for coporate/commercial aviation.

Allen
209 Madison Street
Alexandria, Virginia 22314
(703) 548-4200

Design: high-technology training programs and produces related courseware.

Education
80 Commerce Drive
Rochester, New York 14623
(716) 334-8080

Products manufactured for the consumer.

Electro-Mechanical Products

Motor Products
Pumpkington Highway
P.O. Box 35
Pickens, South Carolina 29671
(803) 878-6331

Portable electronic power tools, aluminum die castings, small universal motors, floor care products.

Meters
13500 Philmont Avenue
Philadelphia, Pennsylvania 19116
(215) 673-2100

Products: Flow meters, flow control instruments, large gas meters, gas equipment accessory apparatus, turbine meters, laboratory apparatus.

Number of Employees:

1987	28,000	1984	50,000
1986	28,000	1983	55,000
1985	46,000		

Sales & Earnings

	Net Sales + (000's)	Net Income‡ (000's)
1987	$ 1,902,700	$ 26,400
1986	1,725,200	82,600
1985	1,569,500	82,300
1984	1,481,500	65,100
1983	1,346,700	31,600

	No. of Com. Shares	Earn. per Share‡+
1987	21,069,031	$ 1.01
1986	20,964,694	3.82
1985	17,265,147	4.30
1984	17,089,706	3.41
1983	16,935,406	1.52

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $3,000,000 ($0.14 per share) in 1987, $18,000,000 ($0.89 per share) in 1986, $11,800,000 ($0.67 per share) in 1984 and $15,400,000 ($0.88 per share) in 1983.
+ Based on the monthly average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1987	1986
Defense electronics	$ 783,400	$ 719,800
Training System	785,600	710,900
Motor products	230,100	181,900
Meter products	103,600	112,600
Total	$ 1,902,700	$ 1,725,200

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.30	—	—
1984	0.10	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1987	$ 489,600,000	$ 23.24
1986	463,400,000	22.10
1985	403,400,000	23.36
1984	321,600,000	18.82
1983	270,600,000	15.98

‡ After allowing for preferred stock at total liquidation preference value.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,902,700	1,725,200
Cost of sales & exp.	1,815,700	1,611,100
Interest expense	47,800	35,600
Misc. expenses	11,800	13,200
Income before taxes	$ 27,400	$ 65,300
Income taxes	4,000	6,800
Inc. - cont. oper	$ 23,400	$ 58,500
Inc. - discont. oper.	—	33,300
Net Income	$ 23,400	91,800
Extraord. gain	3,000	18,000
Cum. effect of change in accntg. meth.	—	(27,200)
Net Income & extraordinary gain	$ 26,400	$ 82,600

* Included in Costs and Expenses, Depreciation and Amortization: $61,900,000 in 1987 and $68,900,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 18,400	13,200
Accts. receiv., net	440,800	350,700
*Inventories	426,700	309,500
Prepaid expenses	7,200	7,700
Current Assets	$ 893,100	681,100
Investments	93,300	55,900
#Fixed assets	325,100	305,700
Intangibles	190,900	195,600
Other assets	87,000	49,600
Total Assets	$ 1,589,400	$ 1,287,900

Liabilities
(000's)

Notes & loans payable	$ 282,800	4,500
Long-term debt, curr.	17,700	16,700
Accts. payable	207,900	161,700
Accruals	139,500	149,000
Income taxes	500	2,900
Curr. Liabilities	$ 648,400	$ 334,800
Long-term debt	249,100	311,500
Other liabilities	58,700	34,600
+ Preferred stock	18,700	18,700
++ Common stock	210,700	209,600
Add. paid-in capital	122,900	121,400
Retained earnings	282,500	269,500
Unreal. loss on eq. secur.	(8,700)	(12,900)
Eq. adjust. from curr. trans.	7,100	700
Total Liabilities Shareholders' Equity	$ 1,589,400	$ 1,287,900

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value
+ + $10 par value.

Statistical Summary

%Net Income to Equity	3.30	15.12
Sales to Inventories	4.46	5.57
Debt to Equity	0.87	0.55
Working Capital	$ 244,700,000	$ 346,300,000
Current Ratio	1.38	2.03
Shareholders' Equity	$ 633,200,000	$ 607,000,000

Sippican Inc.

(formerly Sippican Ocean Systems, Inc.)

7 Barnabas Road
P.O. Box 861
Marion, Massachusetts 02738
(617) 748-1160

Officers: Richard I. Arthur, president & chief executive officer; Richard W. Bixby, v.p.-engineering; David P. Gagnon, v.p.-manufacturing, sonobuoys; Stephen S. Galliker, v.p.-finance & treasurer; Henry C. Hall, v.p. & controller; John Kelso, v.p.-manufacturing, standard products; William E. Walsh, Jr., sr. v.p.-engineering, marketing & program management; Howard C. Mott, v.p.-quality systems; Richard Testa, secretary.

Directors: Thayer Francis, Jr., chairman; Robert S. Ames, Richard I. Arthur, Alfred M. Bertocchi, Ruel C. Mercure, Jr., Daniel Semels, Alfred J. Whittle, Jr.

Area of Work: The company designs, develops, manufactures and markets expendable oceanographic instrumentation and associated support systems, sonobuoys, acoustic and radio frequency communications devices and mine actuators, and is developing underwater training targets, for use primarily by the United States and other free world navies, as well as by the scientific community. The Company's products are utilized in antisubmarine and mine warfare and for submarine command, control and communication. Sippican's expendable temperature probes are used to predict sonar detection ranges, a critical input to tactical deployment of antisubmarine warfare forces. The Company's products are also employed by oceanographers to compute current flow, ocean-atmosphere heat transfer and other variable physical phenomena, in the study of energy transport in the ocean, and in other scientific applications.

Transfer Agent(s):

Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SOSI (NASDAQ)

Number of Employees:

1986	N.A.	1983	344
1985	553	1982	333
1984	375		

Plant Footage:

1986	N.A.	1983	124,000
1985	220,000 sq. ft.	1982	124,000
1984	210,000		

N.A. -- Not Available.

Sales & Earnings

	Net Sales	Net Income
1986	$ 49,761,000	$ 3,635,000
1985	32,063,000	2,113,000
1984	32,057,000	4,931,000
1983	27,043,000	2,625,000
1982	19,863,000	1,753,000

	No. of Com. Shares #	Earn. per Share #
1986	4,196,000	$ 0.87
1985	4,121,000	0.51
1984	4,148,000	1.19
1983	3,996,000	0.66
1982	3,415,000	0.51

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	5-for-4
1984	—	—	—
1983	—	—	—
1982	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	$ 28,390,000	$ 6.77
1985	24,409,000	5.92
1984	21,779,000	5.25
1983	19,087,000	4.78
1982	9,303,000	2.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account °

Year ended Dec. 31	1986	1985
Revenues	$ 49,761,180	$ 32,063,171
Cost of revenues	33,242,094	20,460,693
Expenses	10,387,919	8,318,638
Other income	(304,926)	(191,215)
Income before taxes	$ 6,436,093	$ 3,475,055
Income taxes	2,801,000	1,362,000
Net Income	$ 3,635,093	$ 2,113,055

° Included in Costs and Expenses, Depreciation and Amortization: $3,202,028 in 1986 and 2,521,082 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & cash equiv.	$ 10,607,105	$ 4,302,527
Accts. receiv., net	6,555,105	7,510,229
*Inventories	5,282,975	3,455,841
Prepaid expenses	121,306	80,438
Deferred inc. taxes	342,000	—
Current Assets	$ 22,908,491	$ 15,349,035
#Fixed assets	16,046,665	17,208,428
Total Assets	$ 38,955,156	$ 32,557,463

Liabilities

Long-term debt, curr.	$ 495,000	$ 470,000
Accts. payable	2,633,349	1,962,812
Accrued payroll	1,390,413	712,035
Profit sharing	664,855	714,256
Commissions	585,087	546,705
Inc. taxes payable	1,156,000	399,000
Curr. Liabilities	$ 6,924,704	$ 4,804,808
Deferred inc. taxes	2,885,000	2,094,000
Long-term debt	755,000	1,250,000
+Common stock	4,196,154	4,350,996
Add. paid-in capital	6,218,205	8,157,562
Retained earnings	17,978,093	14,343,000
Treasury stock	—	(2,442,903)
Total Liabilities & Shareholders' Equity	$ 38,955,156	$ 32,557,463

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.93	10.84
%Net Income to Sales	7.31	6.59
%Net Income to Equity	12.80	8.66
Sales to Inventories	9.42	9.28
Debt to Equity	0.04	0.07
Working Capital	$ 15,983,787	$ 10,544,227
Current Ratio	3.31	3.19
Shareholders' Equity	$ 28,390,452	$ 24,408,655

SL Industries, Inc.

Suite 201, Three Greentree Centre
Marlton, New Jersey 08053
(609) 596-7800

Officers: John C. Instone, president & chief exec. officer; James E. Morris, treasurer; William J. Blewis, asst. secretary; Charles A. Shipley, v.p.-finance & secretary; Gordon C. Mason, v.p.-corporate development; Raymond R. Wright, v.p.-operations; S. James Stansky, dir.-personnel; Michael J. Froggatt, mgr.-information services; Robert C. Alexander, corporate controller.

Directors: Bryne Litschgi, chairman; William M. Hess, Grant Heilman, Donald J. Lloyd-Jones, John C. Instone, Marlin Miller, Jr., Mandell Shimberg, Richard T. Niner.

Area of Work: Electrical and electronic products include electromagnetic indicator wheels and meters, gyro windings, spark plugs and jet engine igniters for the avionics industry, power conditioners, voltage surge protectors, electric feed-throughs, and observation ports.

Metal products include grinding wheels and abrasives, specialty pipe flanges, pipe bends, tank nozzles, and the piping systems of chemical and food processing plants.

Plastic products include a variety of high tolerance parts produced by many processes including injection molding, profile and sheet extrusion, and casting of crystal clear sheet, tube and rod.

Divisions:

Electrical Products Group

SL Auburn, Inc.
89 York Street
Auburn, New York 13021
(315) 252-9501

SL Waber, Inc.
300 Harvard Avenue
Westville, New Jersey 08093
(609) 456-5400

SL Montevideo Technology, Inc.
Montevideo, Minnesota

Metalworking Group

SL Abrasives
Cave Hill Drive
Carlisle, Pennsylvania 17013
(717) 234-3471

SL Piping Systems, Inc.
Newport, Delaware

SL Lube/Systems, Inc.
Elmwood Park, New Jersey
(201) 791-6200

SL Modern Hard Chrome, Inc.
Camden, New Jersey
(609) 665-8600

Plastics Group

SL Plastics
P.O. Box 211
Nazareth, Pennsylvania 18064
(215) 759-0280

SL Ameritech Plastics, Inc.
Patterson, New York

SL International
Marlton, New Jersey

SL Industries, Inc.

Transfer Agent(s):

Mellon Bank (East) N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): New York, Philadelphia

Ticker Symbol: SL

Number of Employees:

1987	994	1985	1,024
1986	884	1984	883

Sales & Earnings

	Net Sales +	Net Income
1987	$ 63,321,000	$ 4,433,000
1986	61,906,000	4,124,000
1985	61,331,000	4,304,000
1984	52,283,000	3,493,000
1983	36,074,000	1,706,000

	No. of Com. Shares‡	Earn. per Share‡
1987	5,366,000	$ 0.83
1986	5,354,000	0.77
1985	5,340,000	0.81
1984	5,342,000	0.65
1983	6,391,000	0.27

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Revenue by Lines of Business
(000's)

	1987	1986
Electrical prods.	$ 39,937	$ 38,939
Metalworking	16,307	16,058
Plastics	7,077	6,909
Total	$ 63,321	$ 61,906

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.17	6%	—
1986	0.15	6%	4-for-3
1985	0.14	6%	—
1984	0.12	6%	3-for-2
1983	0.09	6%	3-for-2

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 32,236,000	$ 6.00
1986	28,642,000	5.35
1985	25,283,000	4.73
1984	21,705,000	4.06
1983	19,003,000	2.97

‡ Adjusted to reflect stock dividends and stock splits.

Income Account

Year ended July 31	1987	1986
Net sales	$ 63,321,000	$ 61,906,000
Cost of sales	39,963,000	39,924,000
Expenses	13,674,000	13,358,000
Depreciation	1,616,000	1,907,000
Oper. profit	$ 8,068,000	$ 7,117,000
Interest income	(349,000)	(329,000)
Interest expense	163,000	323,000
Income before taxes	$ 8,254,000	$ 7,123,000
Income taxes	3,821,000	3,144,000
Inc.-cont. oper.	$ 4,433,000	$ 3,979,000
Inc.-discont. oper.	—	145,000
Net Income	$ 4,433,000	$ 4,124,000

Assets

As of July 31	1987	1986
Cash	$ 2,321,000	$ 1,707,000
Trade receiv., net	9,941,000	8,875,000
Recoverable income taxes	—	687,000
*Inventories	10,999,000	9,338,000
Prepaid expenses	515,000	440,000
Current Assets	$ 23,776,000	$ 21,017,000
#Fixed assets	13,551,000	13,226,000
Defer. charges & other assets	2,720,000	1,679,000
Intangibles	984,000	984,000
Notes receiv.	1,709,000	1,737,000
Total Assets	$ 42,740,000	$ 38,643,000

Liabilities

Short-term bank debt	$ —	$ 1,000,000
Long-term debt, curr.	389,000	394,000
Accts. payable	2,630,000	2,252,000
Accruals	1,999,000	1,844,000
Income taxes	705,000	—
Curr. Liabilities	$ 5,713,000	$ 5,490,000
Long-term debt	2,311,000	2,707,000
Deferred inc. taxes	1,599,000	947,000
Retire. benefits	881,000	857,000
+ Common stock	1,219,000	1,148,000
Add. paid-in capital	20,573,000	17,334,000
Retained earnings	14,261,000	13,977,000
Treasury stock	(3,817,000)	(3,817,000)
Total Liabilities & Shareholders' Equity	$ 42,740,000	$ 38,643,000

* At lower of cost primarily (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.04	—
%Net Income to Sales	7.00	—
%Net Income to Equity	13.75	14.40
Sales to Inventories	5.76	6.63
Debt to Equity	0.08	0.14
Working Capital	$ 18,063,000	$ 15,527,000
Current Ratio	4.16	3.83
Shareholders' Equity	$ 32,236,000	$ 28,642,000

SmithKline Beckman Corporation

One Franklin Plaza
P.O. Box 7929
Philadelphia, Pennsylvania 19101
(215) 751-4000

Officers: Henry Wendt, chairman & chief executive officer; George W. Ebright, president & chief operating officer; Gavin S. Herbert, exec. v.p.; Kenneth N. Kermes, exec. v.p. & chief financial officer; Norman N. Blanchard, president-SmithKline Animal Health Products; John P. Chappell, president-SmithKline & French Laboratories-International; Thomas M. Collins, corporate affairs; Richard V. Holmes, secretary & general counsel; William E. Leonard, president-SmithKline Consumer Products; Richard W. Rodney, corporate technical services; Louis T. Rosso, president-Beckman Instruments, Inc.; Stanley T. Crooke, president-Research & Development, SmithKline & French Laboratories; James H. Cavanaugh, president- SmithKline & French Laboratories-U.S.; Harry C. Groome, III, president-SmithKline Bio-Science Laboratories, Ltd.; Thomas O. Davis, corp. medical & regulatory affairs; William J. Henderson, corp. personnel; Frederick W. Kyte, sr. v.p. SmithKline & French Laboratories-U.S.; George H. Poste, research & preclinical development-SmithKline & French Laboratories; William C. Shepherd, president-Allergan; Duncan H. Cocroft, treasurer; Joseph C. Gardner, controller.

Directors: Samuel H. Ballam, Jr., Carolyne K. Davis, William R. Grant, Gavin S. Herbert, Francis P. Lucier, R. Gordon McGovern, Donald F. McHenry, Ralph A. Pfeffer, Jr., Henry Wendt, Drew Lewis, George W. Ebright, Hanziel E. Evans, Thomas W. Langfitt, Harold W. Pote, Linda Gosden Robinson, Leon E. Rosenberg.

Areas of Work: Engaged in the fields of health care and high technology. Markets a broad line of prescription and proprietary products for human and animal health as well as diagnostic and analytical products and services that facilitate the detection and treatment of disease and the advancement of biomedical research.

Products for the separation of biological materials include ultracentrifuges, low-speed centrifuges and high-performance liquid chromatography systems. Products for the detection, monitoring and quantification of biological materials include spectrophotometers, nuclear counters and electrochemical instruments. Instrumentation for analysis of molecular structure and composition includes an amino acid analyzer and an instrument for determining protein and peptide sequences. The Company also produces a DNA synthesizer which uses licensed phosphoramidite chemistry and microprocessor control to speed and simplify the synthesis of nucleic acids and a peptide synthesizer which enables scientists to duplicate or make analogs of the structures of natural peptides or small proteins. The Company has also introduced an automated laboratory work station using robotics technology.

Divisions:

Therapeutics Group

Ethical Pharmaceutical Products
SmithKline Animal Health Care Products
SmithKline Consumer Health Care Products
Eye and Skin Care Products

Diagnostic/Analytical Group

SmithKline Clinical Laboratories
Beckman Analytical Systems
Beckman Diagnostic Systems
Geometric Data
SmithKline Diagnostics

Subsidiaries:

Allergan, Inc.
Beckman Instruments, Inc.
Laboratories SmithKline & French S.A. (France)
SmithKline Consumer Products, Inc.
Norden Laboratories, Inc.
SK&F Lab Co.
SK&F Co.
SmithKline & French Laboratories Limited (United Kingdom)
SmithKline Bio-Science Laboratories, Ltd. (72.5% owned)
SmithKline & Fujisawa KK

Transfer Agent(s):

The Philadelphia National Bank
P.O. Box 13433
Philadelphia, Pennsylvania 19101

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Security Pacific National Bank
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific, Philadelphia, Swiss, London, Paris, Tokyo.

Ticker Symbol: SKB

Number of Employees:

1987	36,323	1984	30,465
1986	33,747	1983	31,317
1985	32,824		

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 4,329,000	$ 570,000
1986	3,745,000	521,000
1985	3,257,000	514,000
1984	2,949,000	504,000
1983	2,835,000	490,000

	No. of Com. Shares #	Earn. per Share #
1987	126,600,000	$ 4.50
1986	153,930,000	3.39
1985	156,806,000	3.28
1984	161,700,000	3.11
1983	166,300,000	2.94

+ Of continuing operations only.
# Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
($000's)

	1987	1986
Therapeutics	$ 3,194,000	$ 2,752,700
Diagnostic/Analytical	1,134,800	992,700
Total	$ 4,328,800	$ 3,745,400

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.62	—	2-for-1
1986	1.50	—	—
1985	1.425	—	—
1984	1.40	—	—
1983	1.325	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share‡
1987	$ 1,585,000	$ 12.74
1986	1,296,000	10.19
1985	2,266,000	14.67
1984	2,069,000	13.05
1983	2,055,000	12.34

‡ Adjusted to reflect stock split.

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 4,328,800	$ 3,745,400
Cost of sales	1,541,200	1,315,200
Expenses	1,910,700	1,466,000
Interest income	(52,000)	(65,100)
Interest expense	113,400	51,000
Nonrecurring charges	—	57,800
Other expense (income)	12,600	(1,800)
Income before taxes	$ 802,900	$ 722,300
Income taxes	232,800	201,200
Net Income	$ 570,100	$ 521,100

* Included in Costs and Expenses, Depreciation and Amortization: $199,800,000 in 1987 and $157,900,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash	$ 691,100	$ 433,500
Accts. receiv., net	899,500	766,900
*Inventories	583,700	533,100
Other curr. assets	173,300	159,300
Current Assets	$ 2,347,600	$ 1,892,800
Cash reserved	—	425,000
Investments & other assets	177,800	162,800
#Fixed assets	1,480,200	1,410,800
Intangibles	440,600	330,600
Total Assets	$ 4,446,200	$ 4,222,000

Liabilities
($000's)

Notes payable	$ 492,700	$ 273,100
Accts. payable	228,100	201,700
Accrued comp.	140,400	103,700
Accruals	407,100	323,100
Income taxes	537,600	453,700
Curr. Liabilities	$ 1,805,900	$ 1,355,300
Share repurchase oblig.	—	1,203,400
Long-term debt	715,200	71,400
Deferred inc. taxes	75,300	65,800
Other liab.	145,300	119,900
Minority interest	119,900	110,200
+Common stock	36,800	20,800
Add. paid-in capital	218,700	243,200
For. curr. trans.	116,300	(1,300)
Retained earnings	3,094,100	2,729,700
Treasury stock	(1,881,300)	(1,696,400)
Total Liabilities & Shareholders' Equity	$ 4,446,200	$ 4,222,000

* At lower of cost (average & FIFO) or market.
# Less accumulated depreciation.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	18.55	19.28
%Net Income to Sales	13.17	13.91
%Net Income to Equity	35.98	40.21
Sales to Inventories	7.42	7.03
Debt to Equity	0.76	0.27
Working Capital	$ 541,700,000	$ 537,500,000
Current Ratio	1.30	1.40
Shareholders' Equity	$ 1,584,600,000	$ 1,296,000,000

Snap-on Tools Corporation

2801 80th Street
Kenosha, Wisconsin 53141
(414) 656-5200

Officers: William B. Rayburn, chairman & chief executive officer; Marion F. Gregory, president & chief operating officer; Earl B. Reed, sr. v.p.-marketing; Harry W. Fry, sr. v.p.-administration; Michael G. Hassett, sr. v.p.-manufacturing and research & engineering; Jay W. Schultz, v.p.-research & engineering; George J. Bartl, Jr., v.p.-Eastern Division; James R. Asheris, controller; Branko M. Beronja, v.p.-Western Division; Kenneth E. Ragan, v.p.-international; James D. Johnson, v.p.-Central Division; Lowell L. Larson, sr. v.p.-finance; Donald E. Lyons, v.p.-human resources; Michael F. Montemurro, treasurer; Joseph R. Olson, secretary & general counsel; Jay H. Schnabel, v.p.-marketing services; Robert C. Stenman, v.p.-planning & information services; James L. Somers, v.p.-manufacturing; Thomas J. Gibbons, v.p.-corp. quality; Daniel J. Riordan, v.p.-national sales; Charles J. Labanowsky, asst. secretary.

Directors: William B. Rayburn, chairman of the board; Marion F. Gregory, Harry W. Fry, Earl B. Reed, Arthur L. Kelly, Robert A. Cornog, Lowell L. Larson, Daniel J. Krumm, George W. Mead, J. Thomas Schanck, Michael G. Hassett.

Areas of Work: Manufactures hand tools for the professional automotive mechanic and industrial tool user, electronic automotive diagnostic equipment, sheet metal tool chests and cabinets, wheel aligning, and balancing equipment and air powered tools.

Subsidiaries:

Snap-on Tools of Canada Ltd.
Toronto, Ontario, Canada
Manufactures tools, tool chests and cabinets.

Herramientas Snap-on de Mexico, S.A.
Vallejo, Mexico
Distributes U.S. and Mexican manufactured products throughout Mexico.

Snap-on AG
Zug, Switzerland

Snap-on Tools de Mexico, S.A. de C.V.
Vallejo, Mexico
Manufactures basic tools.

Snap-on Tools International, Ltd. (FSC)
Kenosha, Wisconsin
Foreign sales corporation.

Snap-on Tools Limited
Kettering Northant's, England
Distributes U.S. and Canadian manufactured products throughout England.

Snap-on Tools (Europe) Ltd.

Snap-on Tools GmbH
Willsbach, West Germany

American Assembly Tools, Inc.

ATI Industries, Inc.
Engaged primarily in manufacturing and marketing high quality precision aircraft tools used in the construction and maintenance of commercial and military aircraft.

Transfer Agent(s):

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York

Ticker Symbol: SNA

Number of Employees:

1987	6,910	1984	5,906
1986	6,580	1983	5,448
1985	6,209		

Plant Footage:

1987	1,974,150 sq. ft.	1984	1,886,300
1986	2,116,350	1983	1,885,000
1985	1,975,500		

Snap-on Tools Corporation

Sales & Earnings

	Net Sales	Net Income
1987	$ 754,303,000	$ 88,596,000
1986	670,086,000	65,496,000
1985	591,278,000	59,732,000
1984	539,933,000	59,629,000
1983	454,748,000	42,974,000

	No. of Com. Shares‡	Earn. per Share‡
1987	41,525,145	$ 2.13
1986	41,168,798	1.59
1985	40,873,186	1.46
1984	40,703,024	1.46
1983	40,564,558	1.06

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.70	—	—
1986	0.61	—	2-for-1
1985	0.38	—	—
1984	0.465	—	—
1983	0.425	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 457,536,000	$ 11.02
1986	382,952,000	9.30
1985	337,328,000	8.25
1984	298,574,000	7.34
1983	258,941,000	6.38

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 754,303,000	$ 670,086,000
Cost of sales	377,136,000	338,136,000
Expenses	252,115,000	230,489,000
Install. contact inc.	(30,908,000)	(25,443)
Oper. profit	$ 155,560,000	$ 126,904,000
Other income	(3,024,000)	(2,264,000)
Interest expense	2,788,000	2,672,000
Income before taxes	$ 155,796,000	$ 126,496,000
Income taxes	67,200,000	61,000,000
Net Income	$ 88,596,000	$ 65,496,000

* Included in Costs and Expenses, Depreciation and Amortization: $16,597,000 in 1987 and $14,862,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 64,575,000	$ 27,333,000
Accts. receiv., net	277,357,000	226,551,000
*Inventories	120,083,000	124,845,000
Prepaid expenses	8,501,000	13,443,000
Current Assets	$ 470,516,000	$ 392,172,000
#Fixed assets	128,082,000	115,146,000
Other assets	17,219,000	19,264,000
Total Assets	$ 615,817,000	$ 526,580,000

Liabilities

Long-term debt, curr.	$ 3,439,000	$ 4,343,000
Accts. payable	32,207,000	26,267,000
Accruals	52,460,000	43,159,000
Deposits	43,314,000	38,534,000
Curr. Liabilities	$ 131,420,000	$ 112,303,000
Long-term debt	12,622,000	16,061,000
Deferred income taxes	14,239,000	15,264,000
+Common stock	41,696,000	41,256,000
Add. paid-in capital	10,120,000	716,000
Retained earnings	407,941,000	348,405,000
Currency translation adjustment	(2,221,000)	(7,425,000)
Total Liabilities & Shareholders' Equity	$ 615,817,000	$ 526,580,000

Statistical Summary

%Income bef. Taxes to Sales	20.65	18.88
%Net Income to Sales	11.75	9.77
%Net Income to Equity	19.36	17.10
Sales to Inventories	6.28	5.37
Debt to Equity	0.04	0.05
Working Capital	$ 339,096,000	$ 504,475,000
Current Ratio	3.58	3.49
Shareholders' Equity	$ 457,536,000	$ 382,952,000

Solid Controls, Inc.

820 South 5th Street
Hopkins, Minnesota 55343
(612) 933-9053

Officers: Ronald A. Kokesh, president; Edward A. Cashin, executive vice president; John L. Rodgers, Jr., v.p.-engineering; A. Larry Katz, secretary.

Directors: Ronald A. Kokesh, Edward A. Cashin, A. Larry Katz.

Areas of Work: Designs and manufactures a widely diversified line of solid state controls for the industrial machine industry.

Transfer Agent(s):

Mellon Securities Trust Company

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	60	1984	80
1986	84	1983	87
1985	90		

Plant Footage:

1987	22,000 sq. ft.	1984	31,000
1986	31,000	1983	29,000
1985	31,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 5,593,178	$ 82,105
1986	8,348,756	613,226
1985	8,837,093	1,126,198
1984	7,836,419	955,486
1983	3,392,748	3,429

	No. of Com. Shares†	Earn. per Share x
1987	1,185,804	$ 0.07
1986	1,185,804	0.52
1985	1,185,804	0.95
1984	1,185,804	0.81
1983	1,185,804	0.01

† Adjusted to reflect stock split.
x Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.13	—	—
1986	0.13	—	—
1985	0.1575	—	2-for-1
1984	0.10	—	—
1983	0.10	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 3,862,433	$ 3.26
1986	3,934,483	3.32
1985	3,465,526	2.92
1984	2,496,949	2.11
1983	1,663,522	1.40

+ Adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986
Net sales	$ 5,593,178	$ 8,348,756
Cost of sales	3,801,184	5,331,655
Expenses	1,764,450	2,034,531
Other income	(74,561)	(55,656)
Income before taxes	$ 102,105	$ 1,038,226
Income taxes	20,000	425,000
Net Income	$ 82,105	$ 613,226

* Included in Costs and Expenses, Depreciation: $101,574 in 1987 and $78,544 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 1,503,390	$ 310,949
Accts. receiv., net	912,962	2,233,396
Investment	128,692	80,401
Tax refund receiv.	32,514	83,991
*Inventories	1,006,525	1,289,697
Prepaid expenses	24,353	26,588
Current Assets	$ 3,608,436	$ 4,025,022
Marketable securities	230,175	230,175
Long-term contract receiv.	112,500	—
Software develop. costs	103,290	—
#Fixed assets	335,125	227,307
Total Assets	$ 4,389,526	$ 4,482,504

Liabilities

Accts. payable	$ 24,955	$ 176,340
Profit sharing	8,934	90,845
Accruals	179,311	280,836
Cap. lease oblig., curr.	34,037	—
Curr. Liabilities	$ 247,237	$ 548,021
Deferred income	162,300	—
Cap. lease oblig.	117,356	—
+Common stock	59,290	59,290
Add. paid-in capital	419,118	419,118
Retained earnings	3,384,025	3,456,075
Total Liabilities & Shareholders' Equity	$ 4,389,526	$ 4,482,504

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.83	12.44
%Net Income to Sales	1.47	7.35
%Net Income to Equity	2.13	15.59
Sales to Inventories	5.56	6.47
Debt to Equity	0.05	—
Working Capital	$ 3,361,199	$ 3,477,001
Current Ratio	14.60	7.34
Shareholders' Equity	$ 3,862,433	$ 3,934,483

Sony Corporation

7-35, Kitashinagawa 6-chome
Shinagawa-ku, Tokyo 141 Japan
(03) 448-2244

Officers and Directors: Masaru Ibuka, honorary chairman and director; Akio Morita*, chairman & chief executive officer; Norio Ohga*, president & chief operating officer; Masaaki Morita*, Masahiko Morizono*, Susumu Yoshida*, deputy presidents; Nobutoshi Kihara, senior managing director; managing directors: Toshio Sakai, Kazuyuki Shirakura, Toshio Miyamoto, Tsunehiko Ishizuka, Tsunao Hashimoto, Makoto Kikuchi, Koji Adachi, Eijiro Oki, Nobuo Kanoi; directors: Goro Koyama, Yusuke Kashiwagi, Hajime Unoki, Fumio Kohno, Masaaki Wakao, Yoshitoshi Araki, Kiyoshi Yamakawa, Senri Miyaoka, Junichi Kodera, Shiro Koriyama, Ken Iwake, Takao Kanaoka, Yoshiyuki Kaneda, Kenji Tamiya.
*Members of the Executive Committee.

Areas of Work: Manufactures a wide variety of video equipment, audio equipment, televisions, electronic components, information processing equipment, and telecommunications systems.

Subsidiaries (Japan):

Sony Ichinomiya Corporation
Manufactures color TVs and VTRs (video tape recorders).

Sony Kohda Corporation
Manufactures VTRs.

Sony Kisarazu Corporation
Manufactures VTRs, CD (compact disc) players, and flat TVs.

Sony Minokamo Corporation
Manufactures video equipment.

Sound System Corporation
Manufactures key components for VTRs and CD players.

Sony Inazawa Corporation
Manufactures color TV tubes.

Sony Denshi Corporation
Manufactures color TV and TV components.

Motomiya Denshi Corporation
Manufactures security systems, flat display tubes, and key components for televisions and VTRs.

Sony Audio Inc.
Manufactures audio/video/camera/optical systems for home and industrial use.

Sony Mizunami Corporation
Manufactures color TV tubes.

Taron Corporation
Manufactures audio and video equipment.

Sony Bonson Corporation
Manufactures tape recorders (including Walkmans), flat TVs, and car audio products.

Sony Tsukuba Corporation
Manufactures audio products.

Toyo Electronics Corporation
Manufactures audio products.

Sony Magnetic Products, Inc.
Manufactures audio and video recording tapes and ferrite products.

Sony Kokubu Semiconductor Corporation
Manufactures semiconductors.

Sony Shiroishi Semiconductor Inc.
Manufactures semiconductors.

Sony Oita Corporation
Manufactures semiconductors.

Tohkai Electronics Corporation
Manufactures printed circuit boards.

Sony Asco Inc.
Manufactures micro floppydisk drives.

Sony Haneda Corporation
Plating.

Sony Chemicals Corporation
Manufactures videotapes, adhesives, and electronic components.

Sony Telecom Inc.
Sale of information and telecommunications systems.

Sony Video Software International Corporation
Manufactures and markets video software.

Aiwa Co., Ltd.*
Manufactures and markets tape recorders, hi-fi audio systems, and VTRs.

Sony Magnescale Inc.*
Manufactures and markets Magnescale digital position readout systems, digital gauging systems, Magnescale CNC systems, instrumentation tape recorders, and Sprinter high-speed video duplicating systems.

CBS/Sony Group Inc.*
Manufactures and markets phonograph records, music tapes, and compact discs.

Sony/Tektronix Corporation*
Manufactures and markets oscilloscopes. *Unconsolidated subsidiaries and affiliated companies.

Subsidiaries (United States)

Sony Corporation of America
9 West 57th Street
New York, New York 10019
(212) 371-5800
Manufactures and sale of Sony products in the United States.

Digital Audio Disc Corporation
Manufactures compact discs.

Depository, Transfer Agent, and Registrar for American

Morgan Guaranty Trust Company of New York
New York, New York

Co-Transfer Agents and Co-Registrars:

Continental Illinois National Bank and Trust Co. of Chicago
Chicago, Illinois

Bank of America National Trust and Savings Association
San Francisco, California

The Royal Trust Company (Co-Transfer Agent only)
Montreal, Canada

National Trust Company, Limited (Co-Registrar only)
Toronto, Canada

Stock Exchange(s): Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Japan; New York, London, Amsterdam, Pacific, Hong Kong, Paris, Frankfurt, Dusseldorf, Brussels, Antwerp, Vienna, Toronto, Montreal, Vancouver, Midwest, Zurich, Basle, Geneva.

Ticker Symbol: SNE (New York Stock Exchange)*
*Trades as an ADR

Number of Employees:

1986	48,671	1983	42,654
1985	44,908	1982	43,126
1984	43,973		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1987*	¥ 547,749	¥ 13,261
1986	1,325,158	41,888
1985	1,420,785	73,021
1984	1,261,546	71,431
1983	1,111,021	29,791

	No. of Com. Shares‡	Earn. per Share‡
1987*	231,236,000	¥ 57.35
1986	231,223,000	181.16
1985	231,043,000	316.05
1984	230,923,000	309.33
1983	230,879,000	129.03

¥ Yen
* 5 months.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1987 (5 months)	1986* (5 months)
Video equipment	¥ 182,219	¥ 213,041
Audio equipment	151,241	141,331
Television	127,808	139,827
Other	86,401	83,666
Total	¥ 547,749	¥ 577,863

* The financial data for the five-month period ended March 31, 1986 are presented for comparative purposes.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 18.5	—	—
1986	44.0	—	—
1985	44.0	—	—
1984	44.0	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share‡
1987	¥ 608,834	¥ 2,632.96
1986	606,392	2,622.54
1985	599,163	2,593.30
1984	542,180	2,347.88
1983	478,291	2,071.61

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Sony Corporation

Income Account
(millions)

Year ended	3/31/87 (5 months)	10/31/86
Net sales	¥ 547,749	¥ 1,325,158
Other income	10,010	20,925
Total Income	¥ 557,759	¥ 1,346,083
Cost of sales	407,769	1,009,847
Expenses	131,044	302,459
Interest income	(7,190)	(19,489)
For. exch. gain	(1,809)	(28,350)
Other income	(10,775)	(27,739)
Interest expense	9,438	22,172
Other expense	5,377	10,778
Income before taxes	¥ 23,905	¥ 76,405
Income taxes	14,640	41,037
Eq. in earn. of affil. cos.	(3,796)	(6,520)
Net Income	¥ 13,261	¥ 41,888

* Included in Costs and Expenses, Depreciation and Amortization: ¥ 32,990,000,000 in 1987 and ¥ 78,810,000,000 in 1986.

Assets
(millions)

As of	3/31/87	10/31/86
Cash	¥ 35,465	¥ 41,306
Time deposits	117,449	104,787
Marketable securities	132,192	129,711
Accts. receiv., net	256,585	294,326
*Inventories	302,909	313,299
Prepaid expenses	23,670	37,101
Inc. tax prepayments	53,938	53,600
Current Assets	¥ 922,208	¥ 974,130
Investments & advances	115,367	114,899
#Fixed assets	343,135	332,622
Other assets	30,520	28,494
Total Assets	¥ 1,411,230	¥ 1,450,145

Liabilities
(millions)

Short-term borrowings	¥ 151,969	¥ 155,222
Long-term debt, curr.	4,147	1,921
Notes & acts. payable	263,597	302,164
Dividends payable	4,309	5,145
Accrued taxes	26,341	25,611
Other accruals	136,587	138,232
Curr. Liabilities	¥ 586,950	¥ 628,295
Long-term debt	143,360	143,896
Liability for severance indemnities	47,642	47,016
Deferred inc. taxes	24,444	24,546
+Common stock	11,975	11,975
Add. paid-in capital	99,692	99,654
Legal reserve	6,322	6,150
Retained earnings	540,369	531,557
Cum. trans. adjust.	(49,524)	(42,944)
Total Liabilities & Shareholders' Equity	¥ 1,411,230	¥ 1,450,145

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.36	5.77
%Net Income to Sales	2.42	3.16
%Net Income to Equity	2.18	6.91
Sales to Inventories	1.81	4.23
Debt to Equity	0.49	0.50
Working Capital	¥ 335,258*	¥ 345,835*
Current Ratio	1.57	1.55
Shareholders' Equity	¥ 608,834*	¥ 606,392*

* (million's)

Sparton Corporation

2400 East Ganson Street
Jackson, Michigan 49202
(517) 787-8600

Officers: John J. Smith, chairman of the board & chief executive officer; David W. Hockenbrocht, president & chief operating officer; Blair H. Thompson, vice president, treasurer & asst. secretary; Richard D. Mico, v.p. & gen. mgr.-Sparton Technology, Inc.; Lawson K. Smith, v.p. & secretary and president-Lake Odessa Machine Products, Inc.; William E. Beckteil, v.p. & gen. mgr.-Sparton Manufacturing; Richard C. French, v.p. & gen. mgr.-Lake Odessa Machine Products, Inc.; Richard H. Nichols, v.p., asst. secretary, asst. treas. and gen. mgr.-Defense Electronics Group; Douglas E. Johnson, pres & gen. mgr.-Sparton of Canada, Ltd.; Thomas R. Paul, v.p. and gen. mgr.-Michigan Oil Company; Stanley V. Kostecki, v.p. & gen. mgr.-Kent Products, Inc..

Directors: Marshal V. Noecker, John J. Smith, L. K. Smith, J. N. DeBoer, Blair H. Thompson, David W. Hockenbrocht, Robert J. Kirk, Bill H. Bowerman, Robert A. Brooks.

Divisions and Subsidiaries:

Sparton Electronics Division
2400 East Ganson Street
Jackson, Michigan 49202
(517) 787-8600
High reliability electronic, electro-mechanical and mechanical equipment for the U.S. military, particularly in oceanography, communications and navigation, sonobuoys, under-water ordnance and anti-submarine warfare.

Sparton Electronics Washington Office
1215 Jefferson Davis Highway
Chrystal Gateway III, Suite 301
Arlington, Virginia 22202

Sparton Electronics Florida, Inc.
Johnson Lake Road
Box 788
DeLeon Springs, Florida 32028
(904) 985-4631

Sparton Electronics Florida, Inc.
Brooksville, Florida
Crystal River, Florida

Sparton of Canada, Ltd.
99 Ash Street
London, Ontario N6A 4N2 Canada
(519) 455-6320
Military electronic equipment for the Canadian government.

Sparton of Canada, Ltd.
Campbellford, Ontario, Canada

Sparton Technology, Inc.
4901 Rockaway Blvd., S.E.
Rio Rancho, New Mexico 87124
Microprocessor-based systems for telephone cable pressure monitoring and building energy management; pressure and flow transducers for the telephone industry, aerospace and others; printed circuit manufacture; contract-manufacturing, including electronic and electro-mechanical assemblies, and intrusion detection sensors and systems.

Sparton Technology, Inc.
9621 Coors Road, N.W.
Albuquerque, New Mexico 87103
(505) 898-1150

Deming Electronics
Deming, New Mexico

Sparton Manufacturing Company
P.O. Box 399
Old U.S. Highway 50, W.
Flora, Illinois 62839
(618) 662-2101
Automobile, truck marine, ordnance and industrial horns, directional signals for trucks and off highway construction equipment, automotive and marine safety accessories; and automotive stampings.

Sparton Manufacturing Sales Office
1000 John R. Suite 202
Troy, Michigan 48083

Sparton Manufacturing Company
Grayville, Illinois

Lake Odessa Machine Products, Inc.
1201 North 4th Avenue
Lake Odessa, Michigan 48849
(616) 374-8863
Manufacturer of automotive parts and accessories consisting primarily of small and medium chassis underbody and innerbody stampings and wire accessories; manufactures modular assemblies.

Lake Odessa Machine Products Sales Office
2075 W. Big Beaver, Suite 222
Troy, Michigan 48084

LA-KO Products
Gladwin, Michigan

Kent Products, Inc.
427 N. Griffin Street
Grand Haven, Michigan 49417
(616) 842-5800
Manufacturer of engineered metal stampings, hood mechanisms; manual & automatic shifters; parking brake assemblies; tailgate handles & hinges; tire carriers; appliance hinges; and ashtrays.

White Cloud Products, Inc.
White Cloud, Michigan

Kent Products, Inc.
Brownstown, Indiana

Lake Manufacturing
Spring Lake, Michigan

Sales Office
3221 W. Big Beaver Road, Suite 204
Troy, Michigan 48084

Michigan Oil Company
603 Lansing Avenue
Jackson, Michigan 49202
(517) 788-9770
Exploration and production of oil and gas in the Michigan Basin.

Transfer Agent(s):

The Huntington Bank of Northeast Ohio
917 Euclid Avenue
Cleveland, Ohio 44101

Bradford Trust Company
2 Broadway
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: SPA

Number of Employees:

1987	3,000	1985	3,900
1986	3,600		

Sales & Earnings

	Net Sales+	Net Income
1987	$ 219,427,357	$ 10,043,953
1986	243,900,349	8,896,610
1985	158,860,217	(3,235,505)
1984	159,072,321	8,582,451
1983	141,324,690	10,007,377

	No. of Com. Shares +	Earn. per Share +
1987	7,911,351	$ 1.27
1986	7,890,903	1.14
1985	7,874,833	---
1984	7,854,362	1.09
1983	7,831,852	1.28

(Loss)
+ Manufacturing revenues of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Defense electronics	$ 134,954,874	$ 157,722,859
Commercial/industrial elec.	15,184,997	18,301,452
Auto & industrial prods.	89,287,486	67,875,838
Oil & gas	4,872,832	6,638,684
Total	$ 224,300,189	$ 250,538,833

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.52	—	—
1986	0.52	—	—
1985	0.52	—	—
1984	0.45	—	2-for-1
1983	0.315	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 63,914,115	$ 8.08
1986	57,827,567	7.32
1985	53,090,340	6.74
1984	59,852,219	7.60
1983	54,062,026	6.90

† Adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Manufacturing:		
Net sales	$ 219,427,357	$ 243,900,149
Cost of sales	176,951,768	207,198,042
Expenses	19,118,808	17,653,930
Oper. income	$ 23,356,781	$ 19,048,177
Oil & Gas:		
Revenues	4,872,832	6,638,684
Cost & exp.	8,574,161	9,607,477
Oper. loss	$ (3,701,329)	$ (2,968,793)
Interest expense	1,556,525	1,269,261
Other income	(724,026)	(195,487)
Inc. bef. taxes	$ 18,822,953	$ 15,005,610
Income taxes	8,779,000	6,039,000
Net Income	$ 10,043,953	$ 8,966,610

* Included in Costs and Expenses, Depreciation and Depletion: $9,188,246 in 1987 and $5,404,070 in 1986.

Assets

As of June 30	1987	1986
Cash & short-term invest.	$ 1,292,441	$ 4,993,970
Accts. receiv., net	23,896,944	21,598,165
*Inventories	48,334,560	48,406,868
Prepaid expenses	1,651,064	1,915,879
Current Assets	$ 75,175,009	$ 76,914,882
#Fixed assets	20,313,536	20,674,654
‡Oil and gas prop.	10,356,681	9,521,687
Other assets	682,883	1,036,627
Total Assets	$ 106,528,109	$ 108,147,850

Liabilities

Notes payable	$ 10,500,000	$ 18,750,000
Accts. payable	20,916,946	19,195,380
Accruals	3,161,600	3,055,885
Salaries and wages	2,608,753	2,576,584
Dividends declared	1,028,855	1,026,596
Income taxes	2,235,159	3,709,178
Curr. Liabilities	$ 40,451,313	$ 48,313,625
Deferred compensation	1,111,818	1,014,658
Deferred inc. taxes	139,000	267,000
Cap. lease oblig.	911,863	725,000
+Common stock	9,892,840	9,875,240
Add. paid-in capital	377,225	237,755
Retained earnings	53,644,050	47,714,572
Total Liabilities & Shareholders' Equity	$ 106,528,109	$ 108,147,850

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
‡ Less accumulated depreciation and depletion.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.58	6.15
%Net Income to Sales	4.58	3.68
%Net Income to Equity	15.71	15.51
Debt to Equity	0.18	0.34
Working Capital	$ 34,723,696	$ 28,601,257
Current Ratio	1.86	1.59
Shareholders' Equity	$ 63,914,115	$ 57,827,567

Spectrum Control, Inc.

2185 West Eighth Street
Erie, Pennsylvania 16505
(814) 455-0966

Officers: Thomas L. Venable, chairman of the board & president; Geoffrey Robinson, sr. v.p.-engineering; Glenn L. Warnshuis, v.p.-engineering; Elmer Ziegler, v.p.-quality control; John R. Lane, exec. v.p.; Peter Rode, v.p.-manufacturing; Jon VanAmringe, sr. v.p. & chief financial officer; James A. Siegel, treasurer; Louise A. Stuart, v.p.-manufacturing; Jack Baker, v.p.-engineering; Olin Stancliff, v.p.-manufacturing; James F. Toohey, secretary; Karen L. Phelps, asst. secretary.

Directors: John R. Lane, John P. Leemhuis, John M. Petersen, James F. Toohey, Gerald A. Ryan, Thomas L. Venable, Glenn Warnshuis.

Areas of Work: Designs, manufactures and markets electro-magnetic components which are used to filter out electronic pollution or interference in modems, communication receivers, and other electronic equipment.

Divisions:

Electromagnetic Division
8061 Avonia Road
Fairview, Pennsylvania 16415

Material Science Division
600 Erie Street
Saegertown, Pennsylvania 16433

Western Electromagnetic Division
28106 Avenue Crocker
Valencia, California 91355

Connecting Devices Division
6000 West Ridge Road
Erie, Pennsylvania 16506

Subsidiaries:

Spectrum Control GmbH
Hansastrasse 6
D-8540 Schwabach, West Germany

Spectrum Engineering International, Inc.
3411 Silverside Road
Wilmington, Delaware 19810
Domestic International Sales Corporation (DISC).

Spectrum Control, Inc. (Delaware)
3411 Silverside Road
Wilmington, Delaware 19810
Investment company.

Spectrum Control Technology, Inc.
4100 Michoud Boulevard
New Orleans, Louisiana 70129-2284

Spectrum Polytronics, Inc. (96% owned)
10906 North Stallard Place
Tucson, Arizona 85737

Transfer Agent(s):

Fund/Plan Services, Inc.
Two Elm Street
Conshohocken, Pennsylvania 19428

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPEC (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 33,657,682	$ 32,796
1986	25,979,022	3,318,798
1985	24,186,365	2,660,257
1984	22,199,754	2,267,932
1983	17,561,888	1,689,480

	No. of Com. Shares	Earn. per Share‡
1987	5,370,879	$ 0.01
1986	5,346,865	0.62
1985	5,342,699	0.50
1984	5,316,399	0.43
1983	5,307,232	0.32

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.07	—	—
1986	0.07	—	—
1985	0.06	—	—
1984	0.05	—	—
1983	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 19,649,637	$ 3.66
1986	20,946,958	3.92
1985	17,951,980	3.36
1984	14,181,918	2.67
1983	12,792,937	2.41

Income Account *

Year ended Nov. 30	1987	1986
Net sales	$ 33,657,682	$ 25,979,022
Cost of sales	21,879,399	14,547,061
Expenses	10,732,416	7,805,307
Dividend & int. income	(1,085,408)	(2,057,092)
Interest expense	2,053,479	834,222
Income before taxes	$ 77,796	$ 4,849,324
Income taxes	45,000	1,530,526
Net Income	$ 32,796	$ *3,318,798

* Included in Costs and Expenses, Depreciation and Amortization: $2,340,960 in 1987 and $1,217,566 in 1986.

Spectrum Control, Inc.

Assets

As of Nov. 30	1987	1986
Cash	$ 907,598	$ 465,168
Funds held by trustee	—	8,077,558
Marketable securities	—	6,077,723
Accts. receiv., net	5,546,840	5,492,921
Dividends receiv.	464,584	255,605
*Inventories	11,334,659	10,343,208
Prepaid inc. taxes	1,100,388	—
Current Assets	$ 19,354,069	$ 30,712,183
Investments	3,079,519	3,904,205
#Fixed assets	34,354,222	31,293,508
Other assets	1,540,654	1,350,723
Total Assets	$ 58,328,464	$ 67,260,619

Liabilities

Long-term debt, curr.	$ 1,385,012	$ 2,065,427
Short-term debt	6,120,768	13,116,394
Accts. payable	2,463,097	2,491,286
Accrued salaries	1,228,788	1,436,873
Accrued interest	335,725	171,163
Income taxes	—	617,004
Deferred compensation	366,258	—
Curr. Liabilities	$ 11,902,648	$ 19,898,147
Long-term debt	22,723,101	23,085,364
Deferred inc. taxes	4,053,078	2,998,078
Def. compensation	—	332,072
+Common stock	6,495,742	6,377,176
Retained earnings	14,227,709	14,569,782
Unreal. loss on eq. securities	(796,024)	—
For. curr. adjustment	(213,730)	—
Treasury stock	(64,060)	—
Total Liabilities & Shareholders' Equity	$ 58,328,464	$ 67,260,619

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	0.23	18.67
%Net Income to Sales	0.10	12.77
%Net Income to Equity	0.17	15.84
Sales to Inventories	2.97	2.51
Debt to Equity	1.16	1.10
Working Capital	$ 7,451,421	$ 10,814,036
Current Ratio	1.63	1.54
Shareholders' Equity	$ 19,649,637	$ 20,946,958

Spex Group, Inc.

3880 Park Avenue
Edison, New Jersey 08820
(201) 549-7144

Officers: Jud B. Flato, president & chief exec. officer; Charles W. Gibney, v.p.-finance & treasurer; Charles L. Jaffin, secretary; Robert F. Johnston v.p.

Directors: Bernard J. Bulkin, Jud B. Flato, Robert F. Johnston, William J. Kissel, Bradford Mills.

Areas of Work: Engaged in the manufacture and distribution of spectrometric analytical instrumentation and systems; analytical standards and laboratory supplies and less complex laboratory equipment.

Subsidiaries:

Spex International, Inc.
Foreign Sales Corporation (FSC)

Spex Industries, Inc.
Manufacture and distribution of spectrometric equipment.

Spex Industries (UK) Ltd.
Baird-Atomic, Limited
Braintree, Essex, England
Manufactures filter fluorometers, analytical spectrofluorometers and economical atomic absorption spectrometers.

Transfer Agent(s):

The Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPEX (NASDAQ)

Number of Employees:

1987	200	1984	N.A.
1986	157	1983	109
1985	140		

Plant Footage:

1987	70,700 sq. ft.	1984	N.A.
1986	70,700	1983	69,000
1985	70,700		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 13,216,397	$ (951,015)
1986	13,787,300	680,041
1985	12,342,854	558,808
1984	11,763,478	366,471

	No. of Com. Shares	Earn. per Share‡
1987	5,929,844	$ —
1986	5,929,858	0.09
1985	5,929,858	0.07
1984	5,923,921	0.04

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Spectrometric instruments	$ 10,415,000	$ 10,851,000
Chemicals	811,000	879,000
Laboratory accessories	1,990,000	2,057,000
Total	$ 13,216,000	$ 13,787,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,966,863	$ 0.33
1986	3,174,792	0.54
1985	2,654,751	0.45
1984	2,251,817	0.38

Income Account*

Year ended Sept. 30	1987	1986
Net sales	$ 13,216,397	$ 13,787,300
Cost of sales	6,948,444	6,368,252
Expenses	6,643,183	5,855,733
Interest expense	747,530	712,545
Other income	(45,745)	(121,271)
Income (loss) before taxes	$ (1,077,015)	$ 972,041
Income taxes (credit)	(126,000)	292,000
Net Income	$ (951,015)	$ 680,041

* Included in Costs and Expenses, Depreciation and Amortization: $397,110 in 1987 and $385,786 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 59,069	$ 168,276
Income taxes	—	175,431
Accts. receiv., net	3,368,797	3,450,806
*Inventories	5,653,345	3,880,835
Prepaid expenses	208,125	150,463
Current Assets	$ 9,289,336	$ 7,825,811
#Fixed assets	3,609,222	3,738,619
Other assets	74,877	89,877
Intangibles	2,178,812	1,924,929
Total assets	$ 15,152,247	$ 13,579,236

Liabilities

Long-term debt, curr.	$ 1,490,294	$ 380,000
Accts. payable	1,870,494	1,066,523
Accrued payroll	314,602	287,881
Accrued commissions	209,612	131,788
Accrued profit-sharing	—	72,000
Other accruals	294,014	246,120
Other curr. liab.	74,312	173,132
Curr. Liabilities	$ 4,253,328	$ 2,357,444
Long-term debt	6,862,056	5,795,000
Deferred inc. taxes	70,000	252,000
+Redeem. preferred stock	2,000,000	2,000,000
++Common stock	59,299	59,299
Add. paid-in capital	1,950,396	1,950,396
Retained earnings	54,082	1,165,097
Cum. trans. adjust.	(96,914)	—
Total Liabilities & Shareholders' Equity	$ 15,152,247	$ 13,579,236

+ At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $5 par value; 8% cumulative.
++ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.05
%Net Income to Sales	—	4.93
%Net Income to Equity	—	21.42
Sales to Inventories	2.34	3.55
Debt to Equity	4.25	1.95
Working Capital	$ 5,036,008	$ 5,468,367
Current Ratio	2.18	3.32
Shareholders' Equity	$ 1,966,863	$ 3,174,792

Spire Corporation

Patriots Park
Bedford, Massachusetts 01730
(617) 275-6000

Officers: Roger G. Little, chairman, chief executive officer, president & treasurer; Richard S. Gregorio, controller; Stephen M. Honig, clerk; Robert G. Wolfson, v.p.-electronic materials; Ghazi Darkazalli, v.p.-equipment; Piran Sioshansi, v.p.-ion implantation; Bobby Buchanan, v.p.-strategic technology.

Directors: Roger G. Little, chairman; Alfred John Gale, James D. Gerson, Robert H. Masson, John A. Tarello, Carl N. Graf, Howard Scharfman.

Areas of Work: The company fabricates and sells manufacturing equipment used by the photovoltaic industry for the production of solar modules and cells and by the electronics industry for the processing of semiconductor materials and devices; conducts contract supported material and process research relating to photovoltaic energy, semiconductor materials and metal surface modification industries; and provides contract services for the treatment of semiconductor materials and metal surfaces.

Transfer Agent(s):

The Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPIR (NASDAQ)

Number of Employees:

1987	158	1986	165

Plant Footage:

1987	74,000 sq. ft.	1985	74,000 sq. ft.
1986	74,000 sq. ft.		

Sales & Earnings

	Revenues	Net Income‡
1987	$ 11,329,000	$ (1,366,631)
1986	12,604,000	826,000
1985	13,673,000	1,350,000
1984	9,455,000	852,000
1983	5,759,000	423,000

	No of Com. Shares #	Earn. per Share #‡
1987	$ 3,512,000	$ —
1986	3,505,100	0.24
1985	3,405,000	0.40
1984	3,388,000	0.25
1983	2,757,000	0.15

(Loss)

‡ Including extraordinary gain of $101,365 ($0.04 per share) in 1983.

Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 10,428,000	$ 2.97
1986	11,764,000	3.36
1985	8,286,000	2.43
1984	6,829,000	2.02
1983	5,355,000	1.94

‡ Based on the weighted average number of common shares outstanding.

Income Account*

Year ended Dec. 31	1987	1986
Contract & serv. revenues	$ 9,350,164	$ 8,213,859
Sales of mfg. equip.	1,979,206	4,390,247
Total revenues	$ 11,329,370	$ 12,604,106
Cost of sales	9,025,729	8,323,415
Expenses	3,615,774	3,280,506
Interest expense (income)	151,498	(3,309)
Income bef. taxes	$ (1,463,631)	1,003,494
Income taxes (credit)	(97,000)	177,100
Net Income	$ (1,366,631)	$826,394

* Included in Costs and Expenses, Depreciation and Amortization: $1,648,069 in 1987 and $1,174,780 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 171,594	$ 13,817
Accts. receiv., net	2,821,957	5,191,126
Refundable income taxes	23,901	15,022
*Inventories	2,373,297	2,542,313
Prepaid expense	304,411	314,637
Current Assets	$ 5,695,160	$ 8,076,915
#Fixed assets	10,092,569	8,889,609
Computer software costs	462,280	349,277
Other assets	77,809	102,509
Intangibles	143,891	110,701
Total Assets	$ 16,471,710	17,529,011

Liabilities

Accts. payable	$ 527,619	886,157
Accruals	636,449	803,119
Advances on contracts	296,203	1,825,082
Curr. Liabilities	$ 1,460,271	$ 3,514,358
Deferred income taxes	281,800	350,800
Long-term debt	4,300,000	1,900,000
+ Common stock	34,861	34,705
Add. paid-in capital	8,396,197	8,365,436
Retained earnings	1,997,081	3,363,712
Total Liabilities & Shareholders' Equity	$ 16,471,710	17,529,011

* At lower of cost (average) or market.

Less accumulated depreciation and amortization.

+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Revenues	—	7.96
% Net Income to Revenues	—	6.56
% Net Income to Equity	—	7.02
Working Capital	$ 4,234,889	$ 2,662,557
Current Ratio	3.90	1.49
Shareholders' Equity	$ 10,428,139	$ 11,763,853

Square D Company

Executive Plaza
Palatine, Illinois 60067
(312) 397-2600

Officers: Dalton L. Knauss, chairman & chief exec. officer; J. L. Stead, president & chief operating officer; Thomas H. Brown, v.p. & president-Anderson Products; Charles W. Denny, III, v.p.-electrical group; Dexter S. Free, treasurer & asst. secretary; Richard A. Hegeman, v.p.-marketing; E. A. Kemper, v.p.-corp. planning & asst. secretary; W. W. Kurczewski, v.p., general counsel & secretary; G. E. Meyers, v.p.-electronic materials & components group; Richard M. O'Neal, v.p.-power equipment business; Charles E. Quentel, III, v.p.-engineering & quality assurance; Roger A. Sackett, v.p.-public affairs; W. J. Mueller, v.p., controller & chief accounting officer; W. H. Roberts, v.p.-industrial relations; J. Vikmanis, v.p.-electronic systems group; Thomas W. Wilbor, v.p.-distributor relations & marketing administration; T. L. Bindley, v.p.-finance & chief financial officer; Simon Yin, v.p.-research & development; C. E. Ashley, v.p.-distribution equipment business; J. C. Garrett, v.p.-control business; C. L. Hite, v.p.-human resources; M. W. Schiefen, v.p.-corporate development; C. N. Thompson, III, v.p.-sales.

Directors: Michel L. Besson, Donald C. Clark*, Robert F. Froehlke, C. Roland Haden, James J. Howard, Dalton L. Knauss*, Sheldon B. Lubar, David B. Meeker*, Frank J. Morgan*, John B. Schwemm, Jerre L. Stead.

* Member of the Executive Committee

Areas of Work: The Company is involved in two business segments: electrical equipment and electronic products. The electrical equipment group manufactures and markets electrical products including switches, circuit breakers, panelboards, switchboards, transformers, motor starters, relays and accessories such as pushbuttons, limit, pressure and vacuum switches. The products are marketed to electrical contractors, electrical utilities and industrial plants.

The electronic products segment is engaged in the manufacture and sale of electrodeposited copper foil, semiconductor devices, power conditioning equipment, programmable controllers, energy management systems, infrared radiation thermometers and pyrometers, computerized control and data gathering systems, snap dome switches and other electronic devices.

Subsidiaries:

Square D Canada Electrical Equipment Inc.
Toronto, Ontario, Canada

Equipment Electrique Square D Canada Inc.
Mississauga, Ontario, Canada

Square D Limited
Swindon, England

Square D de Mexico, S.A. de C.V.
Mexico City, Mexico

Versamex S.A. de C.V.
Mexico City, Mexico

Square D Italia, S.p.A.
Arenzano, Italy

Square D Company Australia Pty., Ltd.
Melbourne, Australia

Square D Company Ireland Ltd.
Ballinasloe
County Galway, Ireland

Square D Japan Ltd.
Osaka, Japan

Square D France S.A.
Paris, France

Square D GmbH
Darmstadt, West Germany

Ircon Pyrometers, Inc.
Cedex, France

Ircon GmbH
Taunusstein, West Germany

Square D Starkstrom GmbH
West Germany

Square D Andina, S.A.
Latacunga, Ecuador

Square D Centroamericana, S.A.
San Jose, Costa Rica

Engineered Systems, Inc.
Tempe, Arizona
Control and data gathering systems.

KB-Denver, Inc.
Frederick, Colorado
Keyboards, snap dome switches.

Square D Espana
Barcelona, Spain

Square D Company (Singapore) Pte. Ltd.
Singapore

Yates Industries, Inc.
Beaumont, California; Bordentown, New Jersey
Electrodeposited copper foil.

Yin Research Corporation
Fremont, California

General Semiconductor Industries, Inc.
Cottonwood, Arizona; Tempe, Arizona
Power transistors, transient suppressors, transient protection systems.

Yates Industries, S.A.
Wiltz, Luxembourg

Yates Circuit Foil Co., Ltd.
Silloth, England

Square D Benelux B.V.
Woerden, The Netherlands

Square D Company

Square D Company (Hong Kong) Limited
Hong Kong

Square D Company (Thailand) Limited
Bangkok, Thailand

Ircon Limited
Dartford, Kent, England

Square D Ventures Corporation
Palatine, Illinois

Ircon, Inc.
Niles, Illinois
Infrared radiation thermometers.

Topaz, Inc.
San Diego, California
Uninterruptible power systems, power conditioners, electronic noise suppression equipment.

Square D China Ltd.
Beijing, People's Republic of China

General Semiconductor Ireland Ltd.
Macroom, Irish Republic

Topaz, Inc-Industrias Electronicas Pacifico, S.A. de C.V.
Tijuana, Mexico

Transfer Agent(s):

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): New York

Ticker Symbol: SQD

Number of Employees:

1987	19,500	1984	22,600
1986	20,500	1983	21,200
1985	22,100		

Plant Footage:

1987	9,15[illegible] sq. ft.	1984	9,529,000
1986	N.A.	1983	9,298,000
1985	9,568,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,484,2[illegible]1,000	$ 110,001,000
1986	1,403,472,000	98,928,000
1985	1,348,114,000	87,108,000
1984	1,310,126,000	106,153,000
1983	1,093,931,000	62,911,000

	No. of Com. Shares	Earn. per Share +
1987	27,660,000	$ 3.82
1986	28,966,000	3.42
1985	28,864,000	3.02
1984	28,748,000	3.71
1983	28,589,000	2.22

+ Based on the weighted average number of shares outstanding during the year.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.86	—	—
1986	1.84	—	—
1985	1.84	—	—
1984	1.84	—	—
1983	1.84	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 679,711,000	$ 24.57
1986	670,789,000	23.16
1985	606,139,000	21.00
1984	551,163,000	19.17
1983	505,970,000	17.70

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,484,221	$ 1,403,472
Cost of sales	962,173	934,393
Expenses	307,802	284,999
Restructuring charge	21,692	—
Other income	(19,466)	(15,769)
Interest expense	19,757	24,638
Income before taxes	$ 192,237	$ 175,211
Income taxes	82,236	76,283
Net Income	$ 110,001	$ 98,928

* Included in Costs and Expenses, Depreciation and Amortization: $60,482,000 in 1987 and $55,583,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & cash equiv.	$ 100,850	$ 73,964
Accts. receiv., net	258,231	215,854
*Inventories	139,611	153,648
Prepaid expenses	31,193	37,855
Current Assets	$ 529,885	$ 481,225
Investment	45,111	35,053
#Fixed assets	483,876	505,025
Other assets	54,596	22,267
Intangibles	79,603	88,418
Total Assets	$ 1,193,071	$ 1,131,988

Liabilities
(000's)

Short-term bank borrowings	$ 79,916	$ 19,389
Long-term debt, curr.	8,075	12,047
Accts. payable & accruals	180,452	170,389
Dividends payable	13,298	13,336
Income taxes	13,901	11,615
Deferred income taxes	7,113	5,911
Curr. Liabilities	$ 302,755	$ 232,787
Long-term debt	127,877	150,214
Deferred inc. taxes	82,728	78,198
+ Common stock	48,779	48,326
Add. paid-in capital	103,863	92,500
Retained earnings	601,173	544,670
Cum. trans. adjust	6,028	(14,875)
Treasury stock	(80,132)	(1,232)
Total Liabilities & Shareholders' Equity	$ 1,193,071	$ 1,131,988

* At lower of cost (LIFO in U.S., FIFO for foreign) or market.
# Less accumulated depreciation.
+ $1.66 2/3 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.95	12.48
%Net Income to Sales	7.41	7.05
%Net Income to Equity	16.18	14.75
Sales to Inventories	10.63	9.15
Debt to Equity	0.19	0.22
Working Capital	$ 227,130,000	$ 248,438,000
Current Ratio	1.75	2.07
Shareholders' Equity	$ 679,711,000	$ 670,789,000

Standard Logic, Inc.

4940-A East La Palma Avenue
Anaheim, California 92807
(714) 779-2897

Officers: Dennis A. Wade, chairman of the board, pres., v.p.-finance, chief financial officer & sec.; Earnest W. Baumgardner, vice chairman; Michael J. Cirrincione, v.p.-sales & marketing; Vicki Paschal, secretary.

Directors: Ernest W. Baumgardner, Dennis A. Wade, Marian M. Merhab, Bruce L. Billington.

Areas of Work: The Company manufactures integrated circuit packaging systems and wire wrap machines for use by the electronic manufacturing industry, and provides wire wrap, contract engineering and manufacturing services. The Company also manufactures a computerized restaurant and hospitality point-of-sale system called the DART (Dynamic Automated Restaurant Terminal) System.

Transfer Agent(s):

Bank of America
Los Angeles, California

Stock Exchange(s): Over-the-Co[illegible] Boston

Ticker Symbol: STDL (NASDAQ); SLO (Boston)

Number of Employees:

1987	31	1984	70
1986	45	1983	141
1985	66		

Plant Footage:

1987	20,000 sq. ft.	1984	57,000
1986	31,500	1983	57,000
1985	33,000		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 1,511,800	$ (990,518)
1986	2,432,000	(132,788)
1985	3,076,000	(657,064)
1984	2,094,000	(4,586,817)
1983	3,279,000	(775,681)

	No. of Com. Shares	Earn. per Share
1987	4,974,118	$ —
1986	4,974,118	—
1985	4,974,118	—
1984	4,974,118	—
1983	4,983,711	—

(Loss)
† Of continuing operations only.
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,760,151	$ 0.35
1986	2,750,669	0.55
1985	2,883,457	0.58
1984	3,552,971	0.71
1983	8,150,582	1.64

Income Account *

Year ended Oct. 31	1987	1986
Net sales	$ 1,511,759	$ 2,432,479
Cost of sales	826,695	1,174,612
Expenses	1,698,586	1,346,801
Other income	(39,639)	(123,246)
Gain on sale of land	—	(200,000)
Income (loss) before taxes	$ (973,883)	$ 334,312
Income taxes	800	154,500
Inc. (loss)-cont.-oper.	$ (974,683)	$ 179,812
Loss-discont. oper.	(15,835)	(312,600)
Net Loss	$ (990,518)	$ (132,788)

* Included in Costs and Expenses, Depreciation and Amortization: $72,906 in 1987 and $47,782 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 45,812	$ 478,348
Marketable securities	1,056	1,296,329
Accts. receiv., net	249,786	429,150
Note receivable	901,099	—
*Inventories	533,528	416,750
Prepaid expenses	147,186	82,753
Current Assets	$ 1,878,467	$ 2,703,330
#Fixed assets	333,892	217,897
Other assets	61,997	122,800
Total Assets	$ 2,274,356	$ 3,044,027

Liabilities

Accts. payable	247,825	198,220
Accrued compensation	175,138	74,636
Other liabilities	11,191	20,502
Customer advances	80,051	—
Curr. Liabilities	$ 514,205	$ 293,358
+ Common stock	124,352	124,352
Add. paid-in capital	10,199,941	10,199,941
Warrants	24,687	24,687
Ret. earnings (deficit)	(8,588,829)	(7,598,311)
Total Liabilities & Shareholders' Equity	$ 2,274,356	$ 3,044,027

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.025 par value.

Statistical Summary

Sales to Inventories	2.83	5.67
Working Capital	$ 1,364,262	$ 2,409,972
Current Ratio	3.65	9.22
Shareholders' Equity	$ 1,760,151	$ 2,750,669

Standard Microsystems Corporation

35 Marcus Boulevard
Hauppauge, New York 11788
(516) 273-3100

Officers: Paul Richman, chairman & chief exec. officer; Gerald E. Gollub, president & chief operating officer; Arthur Sidorsky, exec. v.p.; Victor F. Trizzino, exec. v.p.; Walter J. Kmeta, senior v.p.; H. Peter Zimbelmann, vice president; Jean-Pierre Chalmin, vice president; John Tweedy, vice president; Harry J. Horn, vice president; Leonard Novara, vice president; Ernest W. Sera, vice president; George J. Granieri, vice president; Harold I. Kahen, secretary; Al Marvet, controller.

Directors: Herman Fialkov, Richard L. Geiger, Paul Richman, Peter F. Dicks, Gerald E. Gollub, Raymond Frankel, John Gatti, Arthur Sidorsky, Joseph L. Parkinson.

Areas of Work Engaged in the design, development, manufacture and and marketing of metal-oxide-semiconductor (MOS) large-scale integrated (LSI) circuits and very large-scale integrated (VLSI) circuits and subsystems. Also manufactures digital logic devices for industrial and commercial applications.

Subsidiaries:

SMC International, Inc.
St. Thomas, U.S. Virgin Islands

Standard Microsystems Corporations (Asia)
Taipei, Republic of China

Standard Microsystems GmbH
Munich, West Germany

Tokyo Microsystems Corporation (80%-owned)
Tokyo, Japan
Markets the Company's products in Japan.

Transfer Agent(s):

Mellon Securities Trust Company
120 Broadway
New York, New York 10271

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SMSC (NASDAQ)

Number of Employees:

1988 ..... 614 1986 619
1987 ..... N.A.

N.A. - Not Available.

Plant Footage:

1988 ..... 243,000 sq. ft. 1985 80,000
1987 ..... 197,000 1984 80,000
1986 250,000

Sales & Earnings

	Net sales	Net Income
1988	$ 59,262,000	$ (3,533,000)
1987	53,155,000	439,000
1986	44,463,000	51,000
1985	69,062,000	13,617,000
1984	44,381,644	7,728,418

	No. of Com. Shares +	Earn. per Share‡
1988	11,263,000	$ —
1987	11,184,000	0.04
1986	11,087,821	—
1985	10,912,019	1.23
1984	10,780,483	0.74

(Loss)
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding during the year adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	—
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 87,270,000	$ 7.75
1987	87,125,000	7.80
1986	84,638,000	7.63
1985	83,150,000	7.62
1984	68,045,190	6.31

‡ Adjusted to reflect stock split.

Income Account *

Year ended Feb. 28	1988	1987
Net sales & revenues	$ 59,262,000	$ 53,155,000
Cost of sales	34,552,000	26,878,000
Expenses	30,746,000	26,094,000
Tender offer exp.	1,931,000	—
Interest expense	556,000	553,000
Interest income	(1,791,000)	(1,395,000)
Minority interest	(84,000)	14,000
Inc. (loss) bef. taxes	$ (6,646,000)	$ 411,000
Tax credit	(3,113,000)	(48,000)
Net Income (Loss)	$ (3,533,000)	$ 459,000

* Included in Costs and Expenses, Depreciation and Amortization: $9,151,000 in 1988 and $8,485,000 in 1987.

Assets

As of Feb. 18	1988	1987
Cash & cert. of deposit	$ 29,453,000	$ 35,146,000
Accts. receiv.	14,353,000	12,659,000
Tax refunds	4,158,000	2,191,000
*Inventories	21,730,000	18,719,000
Prepaid expenses & other assets	1,320,000	1,037,000
Current assets	$ 71,014,000	$ 69,752,000
#Fixed assets	46,557,000	48,977,000
Other assets	1,382,000	998,000
Total Assets	$ 118,953,000	$ 119,727,000

Liabilities

Long-term debt, curr.	$ 67,000	$ 60,000
Accts. payable & accruals	9,504,000	10,706,000
Curr. Liabilities	$ 9,571,000	$ 10,766,000
Long-term debt	4,433,000	4,500,000
Deferred inc. taxes	5,012,000	4,985,000
Minority interest	12,667,000	12,751,000
+Common stock	1,126,000	1,118,000
Add. paid-in capital	54,523,000	53,511,000
Retained earnings	28,112,000	31,645,000
For. curr. trans.	3,509,000	851,000
Total Liabilities & Shareholders' Equity	$ 118,953,000	$ 119,727,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.77
%Net Income to Sales	—	0.86
%Net Income to Equity	—	0.53
Sales to Inventories	2.73	2.84
Debt to Equity	0.05	0.05
Working Capital	$ 61,443,000	$ 58,986,000
Current Ratio	7.42	6.48
Shareholders' Equity	$ 87,270,000	$ 87,125,000

Standex International Corporation

6 Manor Parkway
Salem, New Hampshire 03079
(603) 893-9701

Officers: Daniel E. Hogan, chairman of the board; Thomas L. King, president & chief exec officer; Warren S. Cooper, vice chairman; Samuel S. Dennis, III, v.p.; Sam G. Grillo, exec. v.p.-operations; John M. Wall, v.p.-industrial relations & corporate communications; John J. Buckley, controller; Thomas H. DeWitt, exec. v.p.-administration, general counsel & secretary; Norman B. Asher, asst. secretary; Lindsay M. Sedwick, treasurer; Deborah A. Rosen, asst. secretary & sr. corp. attorney; Tom L. Peterson, corp.

Standex International Corporation

counsel & asst. secretary; Robert R. Kettinger, asst. controller.

Directors: Daniel H. Hogan*, chairman; John Bolten, Jr., William Brewster, William L. Brown*, Warren S. Cooper*, Samuel S. Dennis, III*, Thomas L. King*, John Hill, C. Kevin Landry, Sol Sackel, Daniel B. Hogan, H. Nicholas Muller, III,

* Member of the Executive Committee

Areas of Work: The Electronics Group manufactures electronic components, inductors, capacitors, connectors, EMI/RFI filters, microcoils, reed switches and reed relays. the Industrial Group manufactures embossing rolls and plates, mold engraving, specialty converting and finishing machinery and systems; ducting for heating, air-conditioning, and ventilation systems; power metal spinning of components for aerospace, energy systems, and industrial applications. The Consumer Products Group manufactures and sells pine furniture and furnishings through its Yield House mail order operation and manages a chain of 20 Yield House retail stores; sells grapefruit and other gift packages and fund raising supplies through other mail order operations. The Institutional Products Group manufactures patient feeding systems, handblown glassware, barbecuing and baking equipment, candle-lamps and candles, food waste disposers, refrigeration equipment, slicing machines and choppers, casters and wheels, and food racks, cabinets and carts. The Graphics Group publishes religious literature and manufactures election supplies; manufactures commercial printing products and educational materials and specialized binding systems; operates a chain of 17 Berean religious retail bookstores.

Electronics Divisions & Subsidiaries:

B.F. Standex Electronics
4538 Camberwell Road
Cincinnati, Ohio
(513) 871-3777
Manufacturer of electronic components and assemblies for the color television, automotive and communications industries.

Van Products
4538 Camberwell Road
Cincinnati, Ohio
(513) 871-3777.
Manufacturer of hermetic electrical connectors for the refrigeration and air conditioning industries.

Standex Electronics (UK) Limited
Morley Road
Tonbridge, Kent, England
Tonbridge, 0732 358023 England
Manufacturer of the full range of standard reed switches; also vacuum and high pressure reed switches and DIP reed relays, for the telecommunications and electronics industries.

Standex Electronics (Haiti) S.A.
Avenue Haile Selassie
Rt. Simmonds
Port au Prince, Haiti
Manufacturer of fixed precision mica capacitors and variable mica capacitors for the automotive and communications industries.

Paul Smith Company (Douglas)
323 G Avenue
Douglas, Arizona 85607
(602) 364-7964
Manufacturer of electronic components.

Standex Electronics
P.O. Box 10147
3750 Prospect Avenue
Riviera Beach, Florida 33404
Manufacturer of EMI/RFI filters and quality control and warehousing operations supporting Standex Electronics (Haiti) S.A.

S.I. de Mexico S.A. de C.V.
Calle Primera #2550
Agua Prieta
Sonora, Mexico
(602) 364-7966
Manufacturer of electronic components.

Paul Smith Company
4538 Camberwell Road
Cincinnati, Ohio 45209
(513) 871-3777
Manufacturer of fixed and variable precision inductors for the color TV and communications industries; also of custom designed, high voltage transformers for solid state furnace ignition systems.

Gerald L. Green Company
Fountain Valley, California
Designs, manufactures and installs digital measuring and monitoring equipment for cranes and other large lifting devices.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1619
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SXI

Number of Employees:

1987	N.A.	1984	5,700
1986	5,300	1983	5,600
1985	5,100		

Plant Footage:

1987	N.A.	1985	4,034,000
1986	4,161,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 409,172,577	$ 17,355,000
1986	376,322,000	15,591,000
1985	375,275,000	18,568,000
1984	378,547,000	20,006,000
1983	357,731,000	16,099,000

	No. of Com. Shares #	Earn. per Share #
1987	12,350,000	$ 1.41
1986	13,040,000	1.20
1985	13,601,000	1.37
1984	13,854,000	1.44
1983	13,612,000	1.13

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Graphics	$ 107,301	$ 100,642
Consumer	49,827	56,157
Institutional	153,479	131,004
Electronics	17,233	14,958
Industrial	80,839	72,940
General, corporate & other	494	621
Total	$ 409,173	$ 376,322

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.52	—	—
1986	0.52	—	—
1985	0.52	—	—
1984	0.50	—	2-for-1
1983	0.48	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 159,664,000	$ 13.05
1986	146,784,000	11.85
1985	147,251,000	10.94
1984	144,019,000	10.39
1983	132,614,000	9.72

‡ Adjusted to reflect stock split.

Income Account

Year ended June 30	1987	1986
Net sales	$ 409,172,577	$ 376,322,417
Other income	967,645	1,345,772
Total income	$ 410,140,222	$ 377,668,189
Cost of sales	261,413,477	240,383,431
Expenses	104,747,157	97,310,729
Depreciation & amortization	9,690,203	8,358,345
Interest expense	4,622,981	3,409,049
Income before taxes	$ 29,666,204	$ 28,209,735
Income taxes	12,311,000	12,617,000
Net Income	$ 17,355,204	$ 15,592,735

Assets

As of June 30	1987	1986
Cash	$ 9,411,824	$ 8,112,595
Receiv., net	58,115,306	52,753,769
*Inventories	87,863,587	78,794,348
Prepaid expenses	3,949,520	3,883,190
Current Assets	$ 159,340,237	$ 143,543,902
#Fixed assets	85,626,721	79,183,291
Receivables	9,491,544	7,005,166
Intangibles	12,529,402	11,861,697
Total Assets	$ 266,987,904	$ 241,594,056

Liabilities

Notes payable & long-term debt, curr.	$ 5,340,221	$ 6,799,012
Accts. payable	23,544,482	19,645,931
Accruals	4,735,034	4,583,842
Accrued payroll	12,192,791	11,863,981
Income taxes	3,593,796	6,257,425
Curr. Liabilities	$ 49,406,324	$ 47,150,191
Long-term debt	45,851,195	37,244,036
Deferred inc. taxes	9,795,000	9,186,000
Other liab.	2,271,625	1,230,094
+Common stock	20,988,209	20,988,209
Add. paid-in capital	5,994,185	6,276,606
Retained earnings	157,263,556	146,282,899
Cum. trans. adjust.	615,137	(3,510,314)
Treasury stock	(25,097,327)	(22,653,665)
Bank loan	—	(600,000)
Total Liabilities & Shareholders' Equity	$ 266,987,904	$ 241,594,056

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.25	7.50
%Net Income to Sales	4.24	4.14
%Net Income to Equity	10.87	10.62
Sales to Inventories	4.66	4.78
Debt to Equity	0.32	0.30
Working Capital	$ 109,933,913	$ 96,393,711
Current Ratio	3.23	3.04
Shareholders' Equity	$ 159,663,760	$ 146,783,735

The L. S. Starrett Company

121 Crescent Street
Athol, Massachusetts 01331
(617) 249-3551

Officers: Douglas R. Starrett, president; George B. Webber, vice president; Douglas A. Starrett, vice president; Charles H. Morrow, vice president; Roger U. Wellington, Jr., treasurer & chief financial officer; Richard W. Baker, controller; Roger Moore, clerk.

Directors: John N. Engelsted, Walter W. Haskins, Douglas R. Starrett, George B. Webber, Douglas A. Starrett, J. Richard Bullock, Andrew B. Sides, Jr..

Area of Work: Manufactures and sells electronic gages, dial indicators, precision measuring tools, three-axis coordinate measuring machines, steel tapes, gageblocks, optical measuring tools, granite surface plates, vises, hacksaws, hole saws, band saws and precision ground flat stock.

Subsidiaries:

The L. S. Starrett Co. of Canada Limited
Starrett Industria e Comercio Ltda. (Brazil)
The L. S. Starrett Company Limited (Scotland)
The L. S. Starrett International Company (Barbados)
Evans Rule Company, Inc.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SCX

Number of Employees:

1987	2,630	1984	2,114
1986	2,600	1983	2,102
1985	2,252		

Plant Footage:

1987	1,137,200 sq. ft.	1984	887,200
1986	1,100,000	1983	887,200
1985	975,200		

Sales & Earnings

	Net Sales	Net Income
1987	$ 142,215,000	$ 14,369,000
1986	123,881,000	12,701,000
1985	118,386,000	12,734,000
1984	105,842,506	8,612,484
1983	88,519,951	6,201,060

	No. of Com. Shares	Earn. per Share‡
1987	3,463,362	$ 4.11
1986	3,526,871	3.54
1985	3,637,574	3.43
1984	3,743,605	2.27
1983	3,793,609	1.61

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.10	—	—
1986	1.08	—	—
1985	1.02	—	—
1984	1.00	—	—
1983	1.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 87,878,000	$ 25.37
1986	78,908,000	22.37
1985	72,685,000	19.98
1984	79,247,879	21.17
1983	77,488,600	20.43

Income Account *
(000's)

Year ended June 30	1987	1986
Net sales	$ 142,215	$ 123,881
Cost of sales	89,548	77,260
Expenses	26,560	22,664
Other expense	1,734	322
Income before taxes	$ 24,373	$ 23,635
Income taxes	10,004	10,934
Net income	$ 14,369	$ 12,701

* Included in Costs and Expenses, Depreciation: $4,701,000 in 1987 and $4,044,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash and equivalents	$ 29,218	$ 28,847
Accts. receiv., net	22,503	18,371
*Inventories	44,751	40,313
Prepaid expenses	3,602	3,105
Current Assets	$ 100,074	$ 90,636
# Fixed assets	36,688	24,934
Cost in exc. of assets acq.	10,118	—
Other assets	2,043	1,451
Total Assets	$ 148,923	$ 117,021

Liabilities
(000's)

Accts. payable & accruals	$ 13,628	$ 8,761
Accrued wages	3,616	3,770
Employee deposits	884	787
Income taxes	4,613	5,576
Curr. Liabilities	$ 22,741	$ 18,894
Industrial revenue bond	7,500	7,500
Deferred inc. taxes	4,395	2,697
ESOP guaranteed bank loan	8,409	9,222
Revolv. credit agree.	18,000	—
+Common stock	3,463	3,527
Add. paid-in capital	20,117	18,609
Retained earnings	74,484	68,766
For. curr. trans. adj.	(1,777)	(2,772)
ESOP guaranteed bank loan	(8,409)	(9,222)
Total Liabilities & Shareholders' Equity	$ 148,923	$ 117,021

* At lower of cost of market. (Domestic inventories at LIFO; all others at FIFO).
# Less accumulated depreciation.
+ $1.00 par value.

Statistical Summary

%Income bef. Taxes to Sales	17.14	19.08
%Net Income to Sales	10.10	10.25
%Net Income to Equity	16.35	16.10
Sales to Inventories	3.18	3.07
Debt to Equity	0.39	0.21
Working Capital	$ 77,333,000	$ 71,742,000
Current Ratio	4.40	4.80
Shareholders' Equity	$ 87,878,000	$ 78,908,000

Stocker & Yale, Inc.

P.O. Box 494
Route 128 and Brimbal Avenue
Beverly, Massachusetts 01915
(617) 927-3940

Officers: James Bickman, president & treasurer; John H. Rieman, v.p.; Leonidas V. Chalas, v.p.-finance; Norman B. Asher, clerk.

Directors: James Bickman, Norman B. Asher, Harold M. Band, Leonidas V. Chalas, John R. Rieman, Theodore Singer, George P. Stocker.

Area of Work: Designs, manufactures, assembles and markets products primarily in five industry segments: optical/electronic measuring instruments, machine tool accessories, material handling accessories, pressure control system, and ionatic compasses.

Divisions:

Stilson Division
Fraser, Michigan
Machine tool and material handling accessories for the automotive, appliance, automated and other high production industries.

Die-Draulic Division
Fraser, Michigan
Manufacturer of hydraulic and nitrogen spring structures for use in stamping presses and dies.

Wheatley Division
Fraser, Michigan
Manufacture of die sets.

Subsidiary:

MFE Instruments Corporation
Salem, New Hampshire
Manufactures galvanometers and chart recorder instruments for medical and industrial applications.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STKR (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 14,992,708	$ 1,946,288
1986	14,857,693	1,856,862
1985	13,085,103	2,152,362
1984	7,813,231	1,939,330
1983	7,442,306	1,637,480

	No. of Com. Shares‡	Earn. per Share+
1987	2,728,316	$ 0.71
1986	2,728,498	0.68
1985	2,728,498	0.79
1984	2,728,498	0.71
1983	2,728,498	0.53

‡ Adjusted to reflect stock split.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.180	—	—
1986	0.130	—	2-for-1
1985	0.080	—	—
1984	0.073	—	—
1983	0.062	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 15,274,460	$ 5.60
1986	13,676,302	5.01
1985	12,053,892	4.42
1984	10,119,810	3.71
1983	8,378,300	3.07

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 14,992,708	$ 14,857,693
Cost of sales	9,553,592	9,331,562
Expenses	2,522,492	2,336,548
Interest expense	162,694	211,300
Interest income	(419,748)	(339,442)
Dividend income	(115,610)	(202,137)
Income before taxes	$ 3,289,288	$ 3,519,862
Income taxes	1,345,000	1,663,000
Net income	$ 1,944,288	$ 1,856,862

* Included in Costs and Expenses, Depreciation: $385,408 in 1987 and $15,987 in 1986.

Assets

As of Dec. 31	1987 *	1986
Cash	$ 266,345	$ 249,649
Short-term investment	9,332,756	7,489,743
Receiv., net	2,750,950	2,745,330
*Inventories	3,173,208	3,978,659
Inc. tax refund receiv.	128,648	435,258
Prepaid expenses	126,129	151,635
Current Assets	$ 15,777,836	$ 14,650,074
#Fixed assets	2,180,807	2,581,612
Total Assets	$ 17,958,643	$ 17,231,686

Liabilities

Long-term debt, curr.	$ 120,000	$ 120,000
Notes payable	—	701,340
Accts. payable	557,361	467,949
Accruals	499,031	689,312
Curr. Liabilities	$ 1,176,392	$ 1,978,601
Long-term debt	1,275,000	1,395,000
Deferred inc. taxes	232,783	181,783
+Common stock	1,834,188	1,659,284
+Class A common stock	894,310	1,069,214
Retained earnings	12,638,088	10,947,804
Treasury stock	(92,118)	—
Total Liabilities & Shareholders' Equity	$ 17,958,643	$ 17,231,686

* At lower of cost (principally FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	21.94	23.69
%Net Income to Sales	12.97	12.50
%Net Income to Equity	12.73	13.58
Sales to Inventories	4.72	4.15
Debt to Equity	0.08	0.16
Working Capital	$ 14,601,444	$ 12,671,473
Current Ratio	13.41	7.40
Shareholders' Equity	$ 15,274,460	$ 13,676,302

Storage Technology Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

2270 South 88th Street
Louisville, Colorado 80028
(303) 673-5151

Officers: Ryal R. Poppa, chairman & chief exec. officer; Stephen G. Jerritts, president & chief operating officer; Robert G. Costain, corp. v.p.-strategic planning; Richard R. Douglas, corp. sr. v.p.-marketing & services; William R. Mansfield, Jr., exec. v.p.-finance & chief financial officer; Walter E. Meyers, corp. v.p.-mfg.; Harris Ravine, exec. v.p.-chief administrative officer, corp. secretary & general counsel; Sewell I. Sleek, corp. v.p.-systems development; Gregory A. Tynn, corp. v.p. & corp. controller; Carl R. Vertuca, corp. v.p. & treasurer; William M. Young, corp. v.p.-human resources.

Directors: Ryal R. Poppa, chairman; Charles R. Collins, Richard C. Steadman, Robert E. LaBlanc, Thomas F. Wands, Stephen G. Jerritts, Harrison Shull.

Areas of Work Engaged in the design, development and manufacture of computer data storage subsystems and the marketing and maintenance of those subsystems. The subsystems utilize one-half inch magnetic tape and magnetic disk recording techniques. Also engaged in the design, manufacture and service of high speed impact printers and card readers.

Subsidiaries:

Media Technology Corporation

Documation Incorporated

Storage Technology Finance Corporation

Storage Technology of Australia Pty. Ltd
586 Pacific Highway
Chatswood, New South Wales 2067 (Sydney) Australia

Storage Technology of Canada, Ltd.
51 International Boulevard
Rexdale/Toronto, Ontario M3W 6H3 Canada

Storage Technology Corporation, S.A.
Zone Industrielle
41 Rue Fourny
78350 BUC, France

Storage Technology Italia S.p.A.
Via Elio Vittorini, 78
Palazzo Uffici
00144 Rome, Italy

Nippon STC Kabushiki Kaisha
Taneda Building, 8F, 2-5, 1-Chome
Moto Akasaka
Minato-Ku, Tokyo 107 Japan

Storage Technology Corporation de Puerto Rico Inc.
Highway 127, Lot #13, P.O. Box 7334
Ltuge Industrial Park
Ponce 00731 Puerto Rico

Documation Mayaguez
STC
Zona Industrial Park
P.O Box 398
Mayaguez 00708 Puerto Rico

Storage Technology (Switzerland) A.G.
Gladbachstrasse 121
Zurich 8044 Switzerland

Storage Technology (Europe) Limited
European Headquarters
17 Old Court Place
Kensington, London W8 4PL England

Transfer Agent(s):

First National Bank of Boston

Stock Exchange(s): New York, Boston, Philadelphia, Pacific.

Ticker Symbol: QSTK

Number of Employees:

1986	8,608	1983	15,732
1985	8,540	1982	15,830
1984	14,886		

Plant Footage:

1986	2,020,000 sq. ft.	1983	N.A.
1985	2,020,000	1982	3,776,700
1984	N.A.		

N.A. -- Not Available

Sales & Earnings

	Revenues ('000's)	Net Income ('000's)‡
1986	$ 696,009	$ 36,180
1985	673,419	(57,437)
1984	808,584	(505,454)
1983	886,626	(40,867)
1982	1,079,235	64,738

	No. of Com. Shares	Earn. per Shares +‡
1986	34,745,329	$ 1.03
1985	34,674,908	—
1984	34,561,435	—
1983	34,214,997	—
1982	34,124,756	1.88

(Loss)
‡ Including extraordinary credits of $19,335,000 ($0.55 per share) in 1986, $2,479,000 ($0.07 per share) in 1985 and $1,411,000 ($0.04 per share) in 1982.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (18,060,000)	$ —
1985	(54,421,000)	—
1984	2,800,000	0.08
1983	503,069,000	14.70
1982	543,308,000	15.92

(Deficiency)

Income Account *
('000's)

Year ended	12/29/86	12/27/85
Net sales	$ 343,109	$ 327,259
Other income	352,900	346,160
Total income	$ 696,009	$ 673,419
Cost of sales	515,407	547,239
Expenses	176,220	185,069
Interest expense	6,273	7,159
Interest income	(41,983)	(30,957)
Reorganization costs	5,500	3,500
Income (loss) before taxes	$ 34,592	$ (38,591)
Income taxes	17,747	5,134
Net Income (Loss)	$ 16,845	$ (43,725)
Extraord. gain	19,335	2,479
Cum. effect of change in accntg. meth.	—	(16,191)
Net Income (Loss) & extraord. gain	$ 36,180	$ (57,437)

* Included in Costs and Expenses, Depreciation and Amortization: $99,832,000 in 1986 and $113,259,000 and 1985.

Assets
(000's)

As of	12/29/86	12/27/85
Cash	$ 243,642	$ 230,276
Accts. receiv., net	100,491	101,057
Notes receiv., net	12,852	8,432
Sales-type leases	70,128	63,412
°Inventories	81,390	81,412
Current Assets	508,503	$ 484,589
Notes receiv., net	13,936	24,530
Sales-type leases	101,578	88,995
Rental equipment	65,838	69,905
#Fixed assets	124,898	132,763
Spare parts	39,327	67,024
Assets rel. to divest.	4,770	9,740
Other assets	20,789	14,296
Total Assets	$ 879,639	$ 891,842

Liabilities
(000's)

Long-term debt, curr.	$ 10,767	$ 19,737
Accts. payable	19,182	10,596
Accruals	179,142	166,545
Income taxes	7,163	5,590
Curr. Liabilities	$ 216,254	$ 202,464
Liab. subj. to Chap XI	667,513	723,130
Long-term debt	9,273	17,756
Deferred income taxes	4,659	2,913
+Common stock	3,476	3,469
Add. paid-in capital	260,926	260,751
Retained earnings (deficit)	(282,233)	(318,613)
Treasury stock	(229)	(228)
Total Liabilities & Shareholders' Equity	$ 879,639	$ 891,842

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
† Less accumulated amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.08	—
%Net Income to Sales	4.91	—
Sales to Inventories	4.22	4.02
Working Capital	$ 292,249,000	$ 282,125,000
Current Ratio	2.36	2.39
Shareholders' Equity (Deficiency)	$ (18,060)	$ (54,421)

Stratus Computer, Inc.

55 Fairbanks Boulevard
Marlboro, Massachusetts 01752
(508) 460-2000

Officers: William E. Foster, president & chief executive officer; James E. D. Austin, sr. v.p.-manufacturing; John H. Curtis, sr. v.p.-sales; Robert A. Freiburghouse, sr. v.p.-engineering; William H. Thompson, sr. v.p.-marketing; Gary E. Haroian, v.p.-finance & administration & chief financial officer; William B. Elliott, v.p.-product marketing; Michael J. Grady, v.p.-major account engineering; William J. McBride, v.p.-hardware engineering; Gary H. Okimoto, v.p.-software engineering; J. Donald Oldham, v.p.-alternate channels; Joseph W. Sullivan, v.p.-manufacturing operations; Paul R. Tucker, v.p.-international operations.

Directors: Alexander V. d'Arbeloff, John H. Curtis, Paul J. Ferri, William E. Foster, Gardner C. Hendrie, J. Burgess Jamieson, Robert M. Morrill.

Areas of Work: Designs, manufactures, markets and services a family of fault-tolerant Continuous Processing Systems for on-line transaction processing and communications control.

Subsidiaries:

Stratus Computer, Limited
30 Cannon Street
London EC4M 6XH, England
44-1-248-8383

Stratus Computer S.A.
Tour Leopold
10 Rue de Geneve
1140 Brussels, Belgium
32-2-242-4119

Stratus Computer S.A.
14 Rue de Prony
75017 Paris, France
33-1-426-70303

Stratus GmbH
Frankfurter Strasse 63-69
6236 Eschborn TS, Federal Republic of Germany
49-6196-47250

Stratus Computer (Hong Kong) Limited
3501 One Exchange Place
Central, Hong Kong
852-5-844-5200

Stratus Japan
Shoei Rokubancho Building 4F
6 Rokubancho, Chiyoda-ku
Tokyo 102, Japan
81-3-234-5301

Stratus Computers B.V.
World Trade Center
Strawinskylaan 159
1077XX Amsterdam, Holland
31-20-647171

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STRA (NASDAQ)

Number of Employees:

1987	1,224	1984	432
1986	1,069	1983	257
1985	775		

Sales & Earnings

	Revenues	Net Income
1987	$ 184,150,000	$ 19,395,000
1986	124,559,000	13,519,000
1985	80,166,000	8,615,000
1984	42,140,000	5,414,000
1983	20,562,000	2,195,000

	No. of Com. Shares‡	Earn. per Share‡
1987	19,974,000	$ 0.97
1986	19,391,000	0.70
1985	19,133,000	0.45
1984	18,715,000	0.29
1983	16,757,000	0.13

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 102,360,000	$ 5.12
1986	75,698,000	3.90
1985	59,403,000	3.10
1984	49,145,000	2.63
1983	43,199,000	2.58

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account °
(000's)

Year ended	1/3/88	12/28/86
Revenues:		
Product	$ 164,019	$ 111,981
Service	20,131	12,578
Total income	$ 184,150	$ 124,559
Cost of sales	66,869	42,715
Expenses:		
Res. & develop.	18,909	14,107
Sell., gen. & adm.	67,585	45,551
Interest income	(256)	(1,217)
For. curr. exch. gain	(577)	(106)
Income before taxes	$ 31,620	$ 23,509
Income taxes	12,225	9,990
Net Income	$ 19,395	$ 13,519

° Included in Costs and Expenses, Depreciation and Amortization: $8,452,000 in 1987 and $5,519,000 in 1986.

Assets
(000's)

As of	1/3/88	12/28/86
Cash & short-term invest.	$ 32,423	$ 22,687
Accts. receiv., net	51,833	36,075
°Inventories	27,651	21,154
Other curr. assets	2,394	3,142
Current Assets	$ 114,301	$ 83,058
#Fixed assets	28,549	23,008
Other assets	2,579	1,096
Total Assets	$ 145,429	$ 107,162

Liabilities

Cap. lease oblig., curr.	$ 1,950	$ 1,390
Accts. payable	5,526	3,153
Accrued payroll	8,077	6,462
Other accruals	7,757	6,134
Income taxes	13,602	8,640
Curr. Liabilities	$ 36,912	$ 25,779
Cap. lease oblig.	6,157	5,685
+Common stock	191	187
Add. paid-in capital	57,697	50,610
Retained earnings	44,603	25,208
Cum. trans. adjust.	(131)	(307)
Total Liabilities & Shareholders' Equity	$ 145,429	$ 107,162

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Revenues	17.17	18.87
%Net Income to Revenues	7.27	10.85
%Net Income to Equity	13.09	17.86
Debt to Equity	0.08	0.09
Working Capital	$ 77,389,000	$ 57,279,000
Current Ratio	3.10	3.22
Shareholders' Equity	$ 102,360,000	$ 75,698,000

Sun Electric Corporation

One Sun Parkway
Crystal Lake, Illinois 60014
(815) 459-7700

Officers: D. Barry Davis, chairman of the board, president & chief executive officer; H. Allan Stark, sr. v.p.--legal & human resources & secretary; Craig A. Loomis, sr. v.p.-U.S. Automotive Operations; Adilson R. DeLuna, v.p. & president-Sun Electric Europe; Michae P. Nicholas , v.p.-U.S. materials mgmt. & mfg. operations & president-Sun-

Sun Electric Corporation

tronic Systems; Peter T. Shukas, v.p.-personnel.

Directors: D. Barry Davis*, chairman; Louis G. Lang-pop*, C.J. Gauthier*, Julius Lewis*, Gerald A. Kien*, H. Allan Stark, Craig A. Loomis, Lee N. Mortenson*.

* Member of the Executive Committee

Areas of Work: Engaged in the design, manufacture and marketing of diagnostic, test and service equipment for the transportation industry, utilizing microcomputer applications and advanced electronics. The company serves primarily the vehicle service industry, consumers, and motor vehicle manufacturers in more than 100 countries. Sun Electric's product line includes engine and emissions analyzers, wheel service equipment, including balancers, aligners and brake service equipment; a line of hand-held engine test equipment for home mechanics and repair professionals; and air conditioning and electrical systems testers. These products aid in vehicle maintenance, improve fuel economy, monitor exhaust emissions and check compliance with safety standards.

Divisions and Subsidiaries:

Suntronic Systems Division
Crystal Lake, Illinois

Vehicle-Test Technology, Inc. (50%-owned)
Bellevue, Washington
Operates vehicle emission inspection stations in the State of Washington.

Sun Electric do Brasil Comericio e Industria Limitada
Sao Paulo, Brazil

Sun Electric Europe B.V.
Amsterdam, The Netherlands

Sun Electric Austria GmbH
Vienna, Austria

Suntester (Aust.) Pty. Ltd.
Sydney, Australia

Sun Electric de Mexico S.A. de C.V.
Mexico City, Mexico

Sun Electric U.K. Limited
King's Lynn, Norfolk, England

Sun Electric Belgium N.V.
Antwerp, Belgium

Sun Electric Nederland B.V.
Amsterdam, The Netherlands

Sun Electric Deutschland GmbH
Dusseldorf, West Germany

Sun Automotive Equipment (Canada) Ltd.
Toronto, Ontario, Canada

Sun Electric Systems B.V.
Weesp, The Netherlands

Musashi Sun Electric K.K.
Toyko, Japan

Transfer Agent(s):

Harris Trust & Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): New York

Ticker Symbol: SE

Number of Employees:

1987	2,441	1984	2,752
1986	2,506	1983	2,654
1985	2,505		

Plant Footage:

1987	695,400 sq. ft.	1984	953,700
1986	755,400	1983	934,700
1985	705,700		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 203,904,000	$ 4,951,000
1986	176,998,000	1,932,000
1985	164,296,000	(9,485,000)
1984	176,472,000	(5,099,000)
1983	151,676,000	(2,435,000)

	No. of Com. Shares	Earn. per Share+
1987	7,010,000	$ 0.46
1986	7,030,000	0.20
1985	6,556,000	—
1984	6,519,000	—
1983	6,436,000	—

(Loss)
- + Of continuing operations only.
+ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 80,410,000	$ 11.47
1986	71,430,000	10.16
1985	64,475,000	9.83
1984	72,181,000	11.07
1983	77,605,000	12.06

Income Account *

Year ended October 31	1987	1986
Net sales	$ 203,904,000	$ 176,998,000
Cost of sales	113,580,000	99,402,000
Expenses	78,517,000	71,126,000
Interest expense	4,952,000	5,264,000
Foreign curr. trans. losses (gains)	(310,000)	39,000
Earn. of Sun Elec.	(403,000)	(776,000)
Other income	(13,000)	(1,717,000)
Income bef. taxes	$ 7,581,000	$ 3,660,000
Income taxes	4,318,000	2,285,000
Income-cont. oper.	$ 3,263,000	$ 1,375,000
Inc.-discont. oper.	1,688,000	557,000
Net Income	$ 4,951,000	$ 1,932,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,092,000 in 1987 and $5,034,000 in 1986.

Assets

As of Oct. 31	1987	1986
Cash	$ 3,045,000	$ 3,187,000
Cert. of deposit	4,804,000	2,800,000
Accts. receiv., net	47,735,000	44,059,000
*Inventories	70,048,000	65,611,000
Current Assets	$ 125,632,000	$ 115,657,000
Investments	2,236,000	3,073,000
#Fixed assets	27,545,000	26,590,000
Other assets	6,559,000	6,715,000
Total Assets	$ 161,972,000	$ 152,035,000

Liabilities

Notes payable	$ 9,619,000	$ 13,168,000
Accts. payable	11,841,000	12,389,000
Accruals	21,197,000	17,765,000
Income taxes	927,000	660,000
Curr. Liabilities	$ 43,584,000	$ 43,982,000
Long-term debt	37,978,000	36,566,000
Deferred inc. taxes	—	57,000
+Common stock	6,622,000	7,030,000
Add. paid-in capital	44,553,000	44,424,000
Retained earnings	26,673,000	21,722,000
Cum. translation adjustment	2,562,000	(1,746,000)
Total Liabilities & Shareholders' Equity	$ 161,972,000	$ 152,035,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.72	2.07
%Net Income to Sales	2.43	1.09
%Net Income to Equity	6.16	2.70
Sales to Inventories	2.91	2.70
Debt to Equity	0.59	0.70
Working Capital	$ 82,048,000	$ 71,675,000
Current Ratio	2.88	2.63
Shareholders' Equity	$ 80,410,000	$ 71,430,000

Sunair Electronics, Inc.

3101 Southwest Third Avenue
Fort Lauderdale, Florida 33315
(305) 525-1505

Officers: Robert Uricho, chairman of the board, president & chief exec. officer; Adolf F. Klostermann, sr. v.p. & chief operating officer; Sue Steadman, v.p.; William R. Dawes, secretary & general counsel; Richard H. Hoster, sr. v.p. & chief financial officer.

Directors: Robert Uricho, chairman; Everett A. Cooper, William R. Dawes, Earl M. Anderson, Jr., Thomas J. Seward, II.

Areas of Work: Engaged in the design, manufacture and sale of high-frequency single sideband communications equipment utilized for long-range voice and data communications in fixed station, airborne, mobile and marine applications.

Subsidiaries:

Sunair International Sales Corp (ICDDISC)
3101 Southwest Third Avenue
Fort Lauderdale, Florida 33315
(305) 525-1505

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SNRU (NASDAQ)

Number of Employees:

1987	83	1984	137
1986	120	1983	250
1985	126		

Plant Footage:

1987	67,700 sq. ft.	1984	80,000
1986	67,700	1983	80,000
1985	67,700		

Sales & Earnings

	Net Sales‡	Net Income
1987	$ 8,624,525	$ 1,624,201
1986	8,361,395	1,670,751
1985	9,653,564	2,041,226
1984	15,295,287	2,488,086
1983	17,939,816	3,374,073

	No. of Com. Shares #	Earn. per Share #
1987	4,543,319	$ 0.36
1986	4,704,466	0.31
1985	4,736,079	0.43
1984	4,737,930	0.53
1983	4,717,454	0.72

‡ Includes other income.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	0.24	—	—
1986	0.24	—	—
1985	0.24	—	—
1984	0.24	—	—
1983	0.21	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 20,470,380	$ 4.62
1986	21,039,851	4.58
1985	21,356,877	4.53
1984	20,566,544	4.33
1983	19,228,675	4.08

Income Account

Year ended Sept. 30	1987	1986
Net sales	$ 7,684,465	$ 7,383,149
Cost of sales	4,609,170	4,409,832
Expenses	1,841,154	2,170,812
Dividend income	(43,282)	(189,316)
Interest income	(842,862)	(870,106)
Other income	(13,369)	(33,101)
Unrealized loss on eq. secur.	—	114,277
Gain on sale of eq. secur.	(40,547)	—
Income before taxes	$ 2,174,201	$ 1,780,751
Income taxes	550,000	310,000
Net Income	$ 1,624,201	$ 1,470,751

* Included in Costs and Expenses, Depreciation: $209,868 in 1987 and $259,546 in 1986.

Assets

As of Sept. 30	1987	1986
Cash & short-term invest.	$ 4,969,574	$ 7,329,842
Accts. receiv., net	1,664,830	818,050
*Inventories	5,053,939	6,127,908
Prepaid expenses	207,729	277,093
Current Assets	$ 11,896,072	$ 14,552,893
#Fixed assets	1,312,389	1,331,366
Investments	7,938,587	6,316,201
Other assets	1,050	1,041
Total Assets	$ 21,148,098	$ 22,201,501

Liabilities

Accts. payable	$ 512,406	$ 1,055,660
Accruals	165,312	105,990
Curr. Liabilities	$ 677,718	$ 1,161,650
+Common stock	480,074	480,074
Add. paid-in capital	2,609,239	2,609,239
Retained earnings	19,605,282	19,076,627
Treasury stock	(2,224,215)	(1,126,089)
Total Liabilities & Shareholders' Equity	$ 21,148,098	$ 22,201,501

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	28.29	24.12
%Net Income to Sales	21.14	19.92
%Net Income to Equity	7.93	6.99
Sales to Inventories	1.52	1.20
Working Capital	$ 11,218,354	$ 13,391,243
Current Ratio	17.55	12.53
Shareholders' Equity	$ 20,470,380	$ 21,039,851

Sundstrand Corporation

4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois 61125-7003
(815) 226-2500

Officers: Evans W. Erikson, chairman of the board & chief executive officer; Don R. O'Hare, vice chairman of the board; Harry C. Stonecipher, president & chief operating officer; Bernard W. Kittle, group v.p.-advanced technology; David MacMorris, exec. v.p.; Philip W. Polgreen, v.p.-personnel & public relations; Kenelm A. Groff, v.p.-administration; Richard M. Schilling, v.p. & general counsel; Ted L. Ross, v.p-finance & secretary; A. Adrian Kemper, controller; Paul Donovan, treasurer.

Directors: Evans W. Erikson, chairman; Don R. O'Hare, Klaus Murmann, Donald E. Nordlund, Robert C. Hyndman, David MacMorris, John A. Puelicher, Thomas G. Pownall, Thomas L. Martin, Jr., Ward Smith, Harry C. Stonecipher.

Areas of Work: The Company's operations can be divided into three groups: power transmission, fluid and heat transfer, and aerospace. Power transmission activities include the manufacture of mechanical power transmissions and couplings for stationary units and marine propulsion drives; hydraulic gear pumps and motors; and controls for a variety of work vehicles and industrial equipment. The aerospace segment manufactures voice and data recorders, tape transport units, navigation systems and data banks, ground proximity warning systems, stall warning systems, controls to supply electrical power for aircraft and related products. The fluid and heat transfer group is engaged in the manufacture of high speed centrifugal pumps and blowers, fuel oil pumps, and heating and cooling components.

Divisions and Subsidiaries:

Sundstrand Hydraulics
2210 Harrison Avenue
Rockford, Illinois 61101
(815) 226-6000

Sundstrand-Sauer (50%-owned)
2800 East 13th Street
Ames, Iowa 60010
(515) 239-6000

Sundstrand Hydratec

Sundstrand Fluid Handling
14845 W. 65th Avenue
Arvada, Colorado
(303) 425-0800

The Falk Corporation
P.O. Box 492
Milwaukee, Wisconsin 53201
(414) 342-3131

The Falk Corporation
Auburn Operation
P.O. Box 1387
Auburn, Alabama 36830
(205) 821-9100

Sunstrand Heat Transfer, Inc.
P.O. Box 530
Dowagiac, Michigan 49047
(616) 782-2141

Sundstrand Tubular Products, Inc.
P.O. Box 636
Camdenton, Missouri 65020
(314) 346-5593

Sundstrand Energy Systems
Rockford, Illinois

Sundstrand Advanced Technology

Sundstrand Data Control, Inc.
Overlake Industrial Park
Redmond, Washington 98052
(206) 885-3711

Trans Com. Division of Sundstrand Data Control, Inc.
3100 Pullman Avenue
Costa Mesa, California 92626
(714) 979-2600

Falk Canada Inc.
Toronto, Ontario, Canada

Falk do Brasil Equipanmentos Industrias Ltda.
San Paulo, Brazil

Mecanica Falk, S.A. de C.V.
(49%) owned
Mexico City, Mexico

Sundstrand Pacific (Pte.) Ltd.
Singapore, Republic of Singapore

Sundstrand France
Dijon, France

Nikkiso-Sundstrand Company Limited
(50% owned)
Toyko, Japan

Munck-Sundstrand Transmissoes Hidro Staticas Ltda.
(40% owned)
Sao Paulo, Brazil

Global-Wulfsberg Systems
Irvine, California
Markets specialized communication systems.

Sullair Corporation
Manufactures rotary screw compressors and systems for air, gas, process and refrigeration applications.

Signatron, Inc.
Lexington, Massachusetts
Engaged in specialized communication products and custom engineering in radar, communication, computer simulation, software, signal processing, and electronic warfare equipment.

Sundstrand Turbomach
San Diego, California
Manufacturer of small, lightweight gas turbine engines for airborne, ground, and vehicular power units.

Transfer Agent(s):

The First national Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: SNS

Number of Employees:

1987	14,200	1984	15,200
1986	16,000	1983	13,400
1985	16,100		

Plant Footage:

1987	7,285,000 sq. ft.	1984	7,371,000
1986	6,992,000	1983	7,092,000
1985	7,796,000		

Sales & Earnings

	Net Sales ($000's)	Net Income ($000's)
1987	$ 1,365,500	$ 34,600
1986	1,433,940	45,400
1985	1,284,141	74,448
1984	1,041,948	66,412
1983	909,318	44,240

	No. of Com. Shares #	Earn. per Share #
1987	18,726,000	$ 1.85
1986	18,733,000	2.42
1985	18,533,000	4.02
1984	18,300,000	3.63
1983	18,296,000	2.42

Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Industrial	$ 990,948	$ 968,040
Aerospace	374,534	465,900
Total	$ 1,365,482	$ 1,433,940

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.80	—	—
1986	1.80	—	—
1985	1.80	—	—
1984	1.80	—	—
1983	1.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 594,988,000	$ 31.77
1986	604,669,000	32.28
1985	589,129,000	31.79
1984	535,785,000	29.28
1983	500,399,000	27.35

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 1,365,482	$ 1,433,940
Cost of sales	912,070	944,297
Expenses	331,714	343,389
Aerospace loss provision	34,200	—
Gov't contract disputes prov.	—	61,500
Interest expense	66,961	56,349
Royalties & commissions	(2,682)	(8,201)
Interest income	(35,361)	(26,299)
Other expense (income)	2,853	(3,504)
Income before taxes	$ 55,727	$ 66,409
Income taxes	21,092	21,009
Net Income	$ 34,635	$ 45,400

* Included in Costs and Expenses, Depreciation and Amortization: $87,896,000 in 1987 and $84,353,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 13,516	$ 16,280
Accts. receiv., net	238,491	200,926
*Inventories	443,339	427,412
Other assets, curr.	43,274	24,800
Curr. Assets	$ 738,620	$ 669,418
#Fixed assets	502,889	524,915
Other assets	238,643	204,843
Total Assets	$ 1,480,152	$ 1,399,176

Liabilities' (000's)

Notes payable	$ 41,967	$ 8,221
Long-term debt, curr.	21,058	12,182
Accts. payable	92,321	94,507
Contrib. due retirement plans	20,527	25,884
Accrued payroll	40,791	44,976
Other accruals	138,865	69,441
Curr. Liabilities	$ 355,529	$ 255,211
Gov't contract disputes prov.	50,200	61,500
Long-term debt	278,902	296,762
Deferred inc. taxes	200,533	181,034
+Common stock	18,921	18,921
Add. paid-in capital	132,077	130,921
Retained earnings	477,621	476,774
Foreign currency translation adjustment	(6,070)	(7,152)
Treasury stock	(19,555)	(5,705)
Unamortized value of restricted stock issue	(8,006)	(9,090)
Total Liabilities & Shareholders' Equity	$ 1,480,152	$ 1,399,176

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.08	4.63
%Net Income to Sales	2.54	3.17
%Net Income to Equity	5.82	7.51
Sales to Inventories	3.08	3.35
Debt to Equity	0.47	0.49
Working Capital	0.60	$ 414,207,000
Current Ratio	2.08	2.74
Shareholders' Equity	$ 594,988,000	$ 604,669,000

The Superior Electric Company

383 Middle Street
Bristol, Connecticut 06010
(203) 582-9561

Officers: Maurice P. Andrien, Jr., president & chief executive officer; Martin Kaplan, v.p.-research & development; Frank S. Doyle, sr. v.p.-finance & chief financial officer; Gilbert M. Dinkins, v.p.-operations; Phil L. Ferrari, treasurer & asst. secretary; Harold W. Lorenson, v.p. & pres.-Specialty Products Division; A. Keith Drewett, v.p.-marketing & sales; Robert L. Rosenzweig, secretary; Dennis M. Newman, asst. treasurer.

Directors: Maurice P. Andrien, Jr.*, Betty H. Jerome*, Donald A. Nelson*, Richard B. Nelson, James R. Dempsey, Donald S. McCoy*, John B. Kraus, Stephen J. Raffay, Gerald L. Wilson, Alfred B. Nelson.

* Member of the Executive Committee

Areas of Work: Engaged in the design, engineering, manufacturing and marketing of a range of electronic products, voltage controls and motion controls. Voltage controls include variable transformers, automatic voltage regulators, uninterruptible power supply/conditioners, light controls, electrical connectors and frequency converters. Motion controls include synchronous, d-c stepping motors, and stepping control devices.

Subsidiaries:

Unitron Incorporated
10925 Miller Road
Dallas, Texas 75238
Supplies solid state frequency converters.

Electro-Kinesis, Inc.
Bristol, Connecticut 06010
Design, production and marketing of encoders, rotors and other motor components made from Telsan, an advanced magnetic material.

The American Superior Electric Company, Limited
38 Torlake Crescent
Toronto, Ontario M8Z 1B3 Canada

Superior Electric Nederland B.V.
Koperwerf 33
2544 EM The Hague, The Netherlands

Superior Electric G.m.b.H.
Frankfurt, Germany

Superior Electric Engineering Services, B.V.
Harlow, Essex, England

Superior Electric International Sales Company
Bristol, Connecticut 06010

Superior Electric S.A.R.L.
Paris, France

Transfer Agent(s):

The Connecticut Bank & Trust Company
Hartford, Connecticut

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SUPE (NASDAQ)

Number of Employees:

1987	667	1985	900
1986	814		

Plant Footage:

1987	465,500 sq. ft.	1985	400,000
1986	465,500		

Sales & Earnings

	Net Sales	Net Income
1987	$ 52,221,000	$ (638,000)
1986	52,077,000	(4,487,000)
1985	49,537,000	(496,000)
1984	56,096,000	2,872,000
1983	44,438,000	338,000

	No. of Com. Shares‡	Earn. per Share‡
1987	2,870,592	$ —
1986	2,864,263	—
1985	2,861,632	—
1984	2,852,938	1.01
1983	2,847,825	0.12

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Revenues by Line of Business

	1987 (000's)	1986 (000's)
Voltage Control	$ 23,357	$ 22,484
Motion Control	28,864	29,593
Total	$ 52,221	$ 52,077

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	10%	—
1984	—	5%	—
1983	—	—	—

† Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 20,473,000	$ 7.13
1986	20,312,000	7.09
1985	24,054,000	8.40
1984	23,869,000	8.36
1983	21,377,000	7.50

† Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 52,221,000	$ 52,077,000
Cost of sales	33,570,000	35,360,000
Expenses	13,383,000	14,216,000
Product develop.	4,645,000	5,037,000
Prov. for prod. discont.	—	1,000,000
Interest expense	1,729,000	1,406,000
Other expense (income)	(3,452,000)	147,000
Provision for restructuring	2,651,000	—
Loss. bef. taxes	$ (305,000)	$ (5,089,000)
Income taxes (credit)	333,000	(602,000)
Net Loss	$ (638,000)	$ (4,487,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,968,000 in 1987 and $1,742,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,724,000	$ 1,523,000
Accts. receiv., net	11,257,000	8,667,000
*Inventories	17,721,000	19,723,000
Other current assets	1,232,000	1,043,000
Refundable inc. taxes	467,000	587,000
Current Assets	$ 32,401,000	$ 31,543,000
# Fixed assets	13,987,000	14,534,000
Other assets	2,069,000	1,944,000
Total Assets	$ 48,457,000	$ 48,021,000

Liabilities

Notes payable	$ 2,279,000	$ 3,518,000
Long-term debt, curr.	1,147,000	1,460,000
Accts. payable	3,349,000	3,261,000
Accrued pension	1,133,000	995,000
Accrued payroll & compen.	591,000	692,000
Income taxes	345,000	60,000
Other taxes	626,000	645,000
Other accruals	1,305,000	1,072,000
Curr. Liabilities	$ 10,775,000	$ 11,703,000
Long-term debt	16,486,000	15,858,000
Deferred inc. taxes	723,000	148,000
+Common stock	2,874,000	2,864,000
Add. paid-in capital	17,748,000	17,692,000
Retained earnings (def.)	(1,124,000)	(486,000)
Eq. adjust. from for. curr. trans.	975,000	242,000
Total Liabilities & Shareholders' Equity	$ 48,457,000	$ 48,021,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	2.95	2.64
Debt to Equity	0.97	1.03
Working Capital	$ 21,626,000	$ 19,840,000
Current Ratio	3.01	2.70
Shareholders' Equity	$ 20,473,000	$ 20,312,000

Survival Technology, Inc.

8101 Glenbrook Road
Bethesda, Maryland 20814
(301) 656-5600

Officers: Stanley J. Sarnoff, chairman of the board, chief exec. officer & president; Elliot Bartner, v.p.-new antidotes; Douglas J. Greenwold, v.p.-planning & development; Cabot R. Caskie, exec. v.p., chief operating officer & secretary; Gerlof Homan, v.p.-research & development; William J. Milinchuk, v.p.-pharmaceutical division; Herbert Reinhold, emergency care products division; Sharon A. Santa, v.p.-outpatient care division; Doris L. Geier, asst. secretary; Maria Cristina D'Eramo, asst. treasurer.

Directors: Stanley J. Sarnoff*, chairman; Robinson Bosworth, Jr., Robert E. Herzstein*, Brian H. Dovey, Bruce M. Dresner, Cabot R. Caskie, George S. Blanchard, Paul H. Way.

* Member of the Executive Committee

Areas of Work: Develops, manufactures and sells syringes, electronic cardiac monitoring equipment, automatic injectors, and emergency care products.

Divisions:

Pharmaceutical Division
2555 Hermelin Drive
St. Louis, Missouri

Outpatient Care Division
Bethesda, Maryland

Emergency Care Products Division
Bethesda, Maryland

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-counter

Ticker Symbol: SURV (NASDAQ)

Number of Employees:

1987	279	1984	233
1986	337	1983	326
1985	N.A.		

N.A. - Not available.

Plant Footage:

1987	120,900 sq. ft.	1984	97,400
1986	88,000	1983	97,400
1985	N.A.		

N.A. - Not available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 27,789,000	$ 316,500
1986	30,781,000	(769,800)
1985	26,809,000	(908,400)
1984	24,265,000	(766,600)
1983	25,396,000	946,000

	No. of Com. Shares‡	Earn. per Share‡
1987	2,794,000	$ 0.11
1986	2,781,000	—
1985	2,652,000	—
1984	2,629,000	—
1983	2,594,000	0.37

(Loss)
† Including extraordinary gain of $137,000 ($0.05 per share) in 1987.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenue by Lines of Business

	1987	1986	1985	1984
Military automatic injectors	70 %	69 %	61 %	63 %
Syringe prods. & serv.	13	13	16	13
Emergency care prods.	10	8	8	10
Cardiac monitoring serv.	7	5	5	4
Operations sold	—	5	9	9
Other	—	—	1	1
Total	100 %	100 %	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 6,365,100	$ 2.24
1986	5,727,800	2.06
1985	6,243,700	2.35
1984	6,996,600	2.66
1983	7,462,000	2.88

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended July 31	1987	1986
Net sales	$ 27,789,200	$ 30,780,500
Cost of sales	17,703,700	20,560,900
Expenses	7,523,700	8,706,800
Depreciation & amortization	1,253,700	911,000
Restruc. charges	529,300	—
Interest expense	1,025,400	946,700
Other income	(513,100)	(352,500)
Royalty expense	555,800	777,400
Gain on dispos. of oper.	(605,800)	—
Income (loss) bef. taxes	$ 316,500	$ (769,800)
Income taxes	137,000	—
Net Income (Loss)	$ 179,500	$ (769,800)
Extraord. gain	137,000	—
Net Income (Loss) & extraord. gain	$ 316,500	$ (769,800)

Assets

As of July 31	1987	1986
Cash	$ 183,200	$ 126,400
Receivables, net	8,175,800	5,596,500
*Inventories	4,402,200	4,343,400
Prepaid expenses & deposits	684,000	594,700
Current Assets	$ 13,445,200	$ 10,661,000
# Fixed assets	7,237,400	7,290,300
Intangibles	658,100	639,300
Other assets	709,500	413,100
Total Assets	$ 22,050,200	$ 19,003,700

Liabilities

Notes payable	$ 6,975,000	$ 4,725,000
Long-term debt, curr.	561,600	458,000
Accts. payable	2,734,300	2,261,700
Accruals	422,800	252,800
Customer deposits	604,200	538,200
Curr. Liabilities	$ 11,297,900	$ 8,235,700
Long term debt	4,377,600	4,874,100
Other liabilities	109,600	166,100
+ Common stock	273,300	270,600
Add. paid-in capital	2,089,600	1,871,500
Retained earnings	3,902,200	3,585,700
Total Liabilities & Shareholders' Equity	$ 22,050,200	$ 19,003,700

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Survival Technology, Inc.

Statistical Summary

%Income bef. Taxes to Sales	1.14	—
%Net Income to Sales	0.65	—
%Net Income to Equity	2.87	—
Sales to Inventories	6.31	7.09
Debt to Equity	1.90	1.76
Working Capital	$ 2,147,300	$ 2,425,300
Current Ratio	1.19	1.29
Shareholders' Equity	$ 6,265,100	$ 5,727,800

Sykes Datatronics, Inc.

375 Orchard Street
Rochester, New York 14606
(716) 458-8000

Officers: William S. Christiansen, chairman, president & chief executive officer; William A. Jenny, treasurer; Mary G. Islas, secretary.

Directors: Robert F. Sykes, William S. Christiansen, Mary G. Islas, David Lamb, James E. Van Slooten, Robert Oppenheimer, Mario Silverstrone.

Areas of Work: Engaged in the design, development, manufacture and marketing of microprocessor-based equipment for use in data communication and information processing applications.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): Over-the-Counter

Number of Employees:

1988	55	1985	275
1987	79	1984	447
1986	69		

Plant Footage:

1988	51,200 sq. ft.	1985	125,000
1987	51,200	1984	190,000
1986	51,200		

Sales & Earnings

	Net Sales	Net Income†
1988	$ 4,411,000	$ (868,000)
1987	4,916,000	(775,000)
1986	8,026,000	(17,646,000)
1985	20,235,000	(14,015,000)
1984	33,883,000	(3,863,000)

	No. of Com. Shares #	Earn. per Share #
1988	12,979,982	$ —
1987	12,942,434	—
1986	12,842,969	—
1985	12,826,549	—
1984	12,786,179	—

(Loss)
† Including extraordinary gains of $787,630 in 1988 and $472,623 in 1987.
# Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ (1,737,090)	$ —
1987	(776,000)	—
1986	(55,000)	—
1985	17,808,000	1.39
1984	31,616,000	2.47

(Deficiency).
‡ Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Feb. 28	1988	1987
Net sales	$ 4,410,864	$ 4,916,206
Cost of sales	2,065,122	2,696,834
Expenses	3,942,268	3,127,937
Interest expense	189,819	385,622
Other income	(131,148)	(46,916)
Net Loss	$ (1,655,197)	$ (1,247,271)e
Extraord. gain	787,630	472,623
Net Loss & extraord. gain	$ (867,567)	$ (774,648)

* Included in Costs and Expenses, Depreciation: $648,017 in 1988 and $517,241 in 1987.

Assets

As of Feb. 28	1988	1987
Cash & short-term invest.	$ 222,650	$ 235,702
Accts. receiv., net	276,901	512,762
Leases receivable	109,579	163,820
*Inventories	410,571	587,792
Other curr. assets	44,654	73,840
Current Assets	$ 1,064,355	$ 1,573,916
#Fixed assets	746,017	1,034,068
Leases receiv.	69,898	—
Other assets	25,642	1,509,752
Total Assets	$ 1,905,912	$ 4,117,736

Liabilities

Long-term debt, curr.	$ 41,155	$ 71,988
Accts. payable	267,616	148,257
Accruals	304,002	235,143
Liab. to unsecured creditors	—	336,120
Curr. Liabilities	$ 612,773	$ 791,508
Liab. pre-bankruptcy petition	1,500,000	4,031,302
Long-term debt	30,229	71,067
Convert. deben.	1,500,000	—
+ Common stock	1,299,451	1,296,545
Add. paid-in capital	21,578,633	21,674,921
Retained earnings (deficit)	(24,615,174)	(23,747,607)
Total Liabilities & Shareholders' Equity	$ 1,905,912	$ 4,117,736

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	10.74	8.36
Working Capital	$ 451,582	$ 782,402
Current Ratio	1.74	1.99
Shareholders' Equity (Deficiency)	$ (1,737,090)	$ (776,141)

Tab Products Co.

1400 Page Mill Road
Palo Alto, California 94304
(415) 852-2400

Officers: H. W. Le Claire, chairman & chief exec. officer; Dennis R. Searles, president & chief operating officer; W.B. Brookaby, v.p. finance & administration & secretary; Robert M. Nugent, v.p. sales & national sales mgr.; Kurt Lein, v.p. international operations; John Petry, v.p. manufacturing & distribution; Frank F. Desafey, v.p. marketing; David A. Price, v.p. field sales Eastern Region; Michael D. Skelton, v.p. & general mgr. laser-optic filing systems; William Bradley, corp. controller; R.J. Sexton, treasurer & asst. sec.

Directors: H.W. Le Claire*, F.S. Foote, Jr., J.D. MacConnell*, C. Lester Hogan, Robert Augsburger, C.D. Means, D.E. Moffitt*, Dennis Searles.

* Member of the Executive Committee

Areas of Work: Develops, manufacturers and markets optical disk filing systems, clustered workcenter, panel systems and computer furniture, accessory products that store or handle computer media, forms processing equipment and a line of terminal products.

Subsidiaries:

Tab Products of Canada Ltd.
550 McNicoll Avenue
Willowdale, Ontario M2H 2E1 Canada
(416) 494-0077

Tab Products (Europa) B.V.
Hellenkeuvelwey 8-10
1101 BN Amsterdam Zuid Oost, The Netherlands

Tab Sales Corp. International
St. Thomas, Virgin Islands

Transfer Agent(s):

Bank of America
Stock Transfer Dept. #9511
P.O. 37002
San Francisco, California 94137

Stock Exchange(s): American

Ticker Symbol: TBP

Number of Employees:

1987	N.A.	1984	N.A.
1986	975	1983	1,165
1985	960		

Plant Footage:

1987	N.A.	1984	600,000
1986	600,000 sq. ft.	1983	600,000
1985	600,000		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income
1987	$ 123,681,000	$ 6,790,000
1986	121,429,000	5,685,000
1985	117,013,000	6,326,000
1984	113,595,000	6,303,000
1983	101,461,000	4,315,000

	No. of Com. Shares +	Earn per Share #
1987	6,681,496	$ 1.00
1986	6,639,163	0.85
1985	5,634,425	0.95
1984	6,577,657	0.95
1983	6,483,010	0.67

+ Adjusted to reflect stock splits.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.20	—	—
1986	0.15	—	3-for-2
1985	0.13	—	—
1984	0.10	—	3-for-2
1983	0.07	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 53,180,000	$ 7.96
1986	47,273,000	7.12
1985	42,563,000	6.42
1984	36,912,000	5.61
1983	30,685,000	4.73

‡ Adjusted to reflect stock splits.

Income Account *

Year ended May 31	1987	1986
Net sales & oper. rev.	$ 123,681,000	$ 121,429,000
Cost of sales	63,785,000	65,003,000
Expenses	46,796,000	45,333,000
Interest income	(370,000)	(182,000)
Income before taxes	$ 13,470,000	$ 11,275,000
Income taxes	6,680,000	5,590,000
Net Income	$ 6,790,000	$ 5,685,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,636,000 in 1987 and $4,988,000 in 1986.

Assets

As of May 31	1987	1986
Cash	$ 9,079,000	$ 7,100,000
Accts. receiv., net	24,926,000	22,564,000
*Inventories	13,294,000	12,762,000
Prepaid expenses	1,695,000	1,665,000
Current Assets	$ 48,994,000	$ 44,091,000
#Fixed assets	16,843,000	17,702,000
Other assets	2,206,000	727,000
Total Assets	$ 68,043,000	$ 62,520,000

Liabilities

Short-term debt	$ —	$ 577,000
Long-term debt, curr.	115,000	165,000
Accts. payable	4,921,000	4,363,000
Commissions	2,688,000	2,646,000
Other accruals	4,490,000	4,881,000
Income taxes	1,414,000	1,109,000
Curr. Liabilities	$ 13,628,000	$ 13,741,000
Long-term debt	810,000	925,000
Deferred taxes	425,000	581,000
+Common stock	67,000	5,832,000
Add. paid-in capital	6,391,000	—
Retained earnings	47,146,000	41,605,000
Treasury stock	(310,000)	—
Foreign curr. translation	(114,000)	(164,000)
Total Liabilities & Shareholders' Equity	$ 68,043,000	$ 62,520,000

* Domestic inventories purchased for resale are valued at LIFO, remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $0.01 par value in 1987; no par in 1986.

Statistical Summary

%Income bef. taxes to Sales	10.89	9.29
%Net Income to Sales	5.49	4.68
%Net Income to Equity	12.77	12.03
Debt to Equity	0.02	0.04
Working Capital	$ 35,366,000	$ 30,350,000
Current Ratio	3.60	3.21
Shareholders' Equity	$ 53,180,000	$ 47,273,000

Talley Industries, Inc.

2702 North 44th Street
Phoenix, Arizona 85008
(602) 957-7711

Officers: William H. Mallender, chief executive officer & chairman; Jack C. Crim, president & chief operating officer; Donald L. Corey, v.p.-corp. development; Daniel R. Mullen, treasurer; Edward T. Ryan Jr., vice president-operations; Arthur M. Squicciarini, vice president-operations; William E. Bonnell, dir.-human resources; Lonnie D. Schnell, dir.-internal audit; Mark S. Dickerson, general counsel & secretary; Kenneth May, controller.

Directors: William H. Mallender*, chairman; Jack C. Crim, William B. Bolton, Hubert T. Mandeville, Alex Stamatakis, David Victor, Oliver Grace, Jr., Townsend W. Hoopes, John D. MacNaughton, Jr., Emiel T. Nielsen, Jr., Thomas F. Reddy, Jr.*, John C. Robinson*, Fred G. Schuller, Wesley A. Stanger, Jr.*, John W. Stodder.

* Member of the Executive Committee

Areas of Work: In the area of Government Products and Services, the Company designs, manufactures and markets solid propellant actuated devices, high-reliability electronic components, aircraft ejection seats and air crew escape systems. Industrial Products include a broad spectrum of products and services, including inflators and modules for automotive passive restraint systems, specialty steel products, high-voltage ceramic insulators, automated welding equipment and services, and electronic assembly for original equipment manufacturers. Specialty Products include ornamental metal buttons; molded plastic components for commercial use; aerosol, insecticide and air freshener products, and specialty advertising items. Services include electronic products assembly. The Company also engages in real estate operations.

Divisions, Subsidiaries & Affiliates:

Talley Defense Systems Inc.
4551 East McKellips Road
Mesa, Arizona 85205
(602) 832-3830
Gas generators, initiators, survival equipment and systems.

Minelco Inc.
135 South Main Street
Thomaston, Connecticut 06787
(203) 283-8261
High-reliability electronic components and systems.

Electrodynamics, Inc.
1200 Hicks Road
Rolling Meadow, Illinois 60008
(312) 259-0740
High-reliability electronic components and systems.

Dimetrics, Inc.
Diamond Springs, California
Automated welding systems and welding services

Universal Propulsion Company, Inc.
Phoenix, Arizona
Gas generators, initiators, survival equipment and systems.

Talley Metals Technology, Inc.
McBee, South Carolina
Stainless steel rods and bars.

Porcelain Products, Inc.
Carey, Ohio
High-voltage ceramic insulators.

Rowe Industries, Inc.
Toledo, Ohio
Electronic interconnect systems.

Waters Manufacturing, Inc.
Wayland, Massachusetts
High-reliability electronic components and systems.

General Time Instruments, Inc.
Davidson, North Carolina
Electronic products assembly, timing devices.

Talley Canada Inc.
Peterborough, Canada

Talley U.K., Ltd.
Strathleven, Scotland
Timing products, electronic product assembly.

Amcan Specialty Steels, Inc.
East Brunswick, New Jersey
Specialty steel distribution.

Merrick Engineering, Inc.
Nashville, Tennessee
Custom-built automated arc welding systems.

Talley Automotive Products, inc.
Mesa, Arizona
Inflators and modules for automotive passive restraint systems.

Waterbury Companies, Inc.
Waterbury, Connecticut
Metal buttons, plastic products, automated aerosol dispensers.

Barlow Specialty Advertising, Inc.
Los Angeles, California
Specialty advertising products.

Talley Realty Corp.
Phoenix, Arizona
Land development and marketing.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
Post Office Box 712399
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: TAL

Number of Employees:

1987	3,150	1984	4,400
1986	4,000	1983	3,900
1985	4,300		

Plant Footage:

1987	2,087,000 sq. ft.	1985	2,291,000
1986	2,645,482		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 270,560,000	$ (21,180,000)
1986	206,806,000	13,850,000
1985	183,444,000	12,014,000
1984	161,819,000	10,474,000
1983*	102,406,000	6,713,000

	No. of Com. Shares†	Earn. per Share†
1987	9,273,000	$ —
1986	10,000,000	1.38
1985	9,951,000	1.21
1984	10,056,000	1.04
1983*	10,114,000	0.66

* 9 months.
+ Of continuing operations only.
† Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Industrial prods.	$ 99,729	$ 61,233
Specialty prods.	55,785	51,063
Government prods. & services	84,778	90,779
Realty	30,268	3,731
Total	$ 270,560	$ 206,806

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	5-for-4

Common Stock Equity

	Total Equity *	Equity Per Share‡
1987	$ 84,766,000	$ 9.14
1986	105,935,000	10.59
1985	73,398,000	7.38
1984	63,479,000	6.31
1983	56,046,000	5.54

* After allowing for preferred stock at total involuntary liquidation preference value.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 270,560	$ 206,806
Cost of sales	204,572	145,493
Expenses	51,734	48,221
Other income	(9,803)	(15,062)
Interest expense	19,279	17,956
Interest capitalized	(4,283)	(4,257)
Income before taxes	$ 9,061	$ 14,457
Income taxes	4,134	5,265
Inc.-cont. oper.	$ 4,927	$ 9,192
Inc. (loss)-discont. oper.	(26,107)	4,658
Net Income (Loss)	$ (21,180)	$ 13,850

* Included in Costs and Expenses, Depreciation and Amortization: $9,088,000 in 1987 and $7,302,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 515	$ 1,540
Marketable securities	4,974	—
Accts. receiv., net	55,503	56,975
*Inventories	149,580	126,344
Deferred inc. taxes	7,321	—
Prepaid expenses	4,049	2,586
Net assets-discont. oper.	21,262	54,543
Current Assets	$ 243,204	$ 241,988
Long-term receiv.	8,587	18,222
#Fixed assets	84,144	65,732
Defer. charges & other assets	59,825	22,045
Intangibles	14,811	12,319
Net assets - discont. oper.	12,525	16,386
Total Assets	$ 423,096	$ 376,692

Liabilities
(000's)

Notes payable	$ 20,822	$ 4,111
Long-term debt, curr.	3,706	17,299
Realty debt	17,854	12,161
Accts. payable	22,406	21,095
Accruals	19,107	15,233
Deferred income taxes	—	3,754
Income taxes	1,099	1,909
Curr. Liabilities	$ 85,794	$ 75,562
Long-term debt	196,437	141,397
Deferred inc. taxes	16,828	14,489
Other liabilities	4,746	4,197
+Preferred stock:		
Series A	82	85
Series B	1,644	1,649
++Common stock	9,223	7,293
Add. paid-in capital	67,436	65,545
For. curr. trans. adj.	1,256	(657)
Retained earnings	39,650	67,132
Total Liabilities & Shareholders' Equity	$ 423,096	$ 376,692

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value, cumulative convertible.
++ $1 par value.

Statistical Summary

%Net Income to Equity	—	9.82
Sales to Inventories	1.81	1.64
Debt to Equity	1.85	1.13
Working Capital	$ 157,410,000	$ 166,426,000
Current Ratio	2.83	3.20
Shareholders' Equity	$ 119,291,000	$ 141,047,000

Tandem Computers Incorporated

19333 Vallco Parkway
Cupertino, California 95014-2599
(408) 725-6000

Officers: Thomas J. Perkins, chairman of the board; James G. Treybig, president & chief executive officer; Robert C. Marshall, sr. v.p. & chief operating officer; Lawrence A. Laurich, v.p.-Transaction Systems Division; Thomas J. Klitgaard, v.p., gen. counsel & secretary; Jan E. Jensen, v.p.-human resources; Dennis McEvoy, v.p.-Transaction Networks Division; Michael K. Bateman, v.p.-third party marketing; Jack W. Chapman, v.p.-international sales operations; George Eckert, v.p.-major projects mgmt.; Thomas L. Chun, v.p.-corp. projects; Gerd Stoecker, treasurer; Lawrence W. McGraw, v.p.-U.S. sales operations; Michael C. Moore, v.p. & managing dir.-Intercontinental div.; Gerald L. Peterson, v.p.-marketing; Alois J. Strnad, v.p.-mgmt. information systems; David J. Ryane, v.p. & chief financial officer; Stephen C. Schmidt, v.p.-operations; Donald E. Fowler, v.p.-strategy & corp. development; Gerald D. Held, v.p.-new ventures; Robert F. Hoogstraten, v.p. & managing dir.-European Division; Barry E. Young, V.p.-Micro Products Division; Robert G. Gargus, corp. controller.

Directors: Thomas J. Perkins, Morton Collins, Thomas J. Davis, Jr., Franklin P. Johnson, Jr., Robert C. Marshall, Robert G. Stone, Jr., James G. Treybig, Thomas I. Unterberg, Andrew Knight, Walter B. Wriston.

Areas of Work: Designs, develops, manufactures, markets and services multiple processor computer systems solely dedicated to on-line transaction processing and software. The Tandem NonStop System eliminates the risk of system failures and protects the customer's data base from damage caused by electronic hardware malfunctions.

Operating Units:

Eastern Division
One Penn Plaza
New York, New York 10119

Central Division
1627 Walden Office Square
Schaumberg, Illinois 60195

Western International Division
245 Santa Ana Court
Sunnyvale, California 94086

Tandem Computers Canada Limited
180 Duncan Mill Road
Don Mills, Ontario M3B 1Z6 Canada

Tandem Computers Limited
Peel House, 32-34 Church Road
Northolt, Middlesex UB5 5AB England

Tandem NonStop Pty., Ltd.
Sydney, Melbourne, Australia

Tandem Computers S.A.
1, Place des Etats-Unis
Silic 255
Rungis Cedex 94568 France

Tandem Computers, S.A./N.V.
Brussels, Belgium

Tandem Computers GmbH
Ikenerstrasse 34
6000 Frankfurt/Main 56, Germany

Tandem Computers A.B.
Industrivagen 20 2TR
S-171 48 Solna, Sweden

Tandem Computers A/S
Taastrup, Denmark

Tandem NonStop Pty. Ltd.
Wellington, New Zealand

Tandem Computers A.S.
Oslo, Norway

Tandem Computers Italia S.p.A.
Via del Ghisallo 20
Milan, Italy

Tandem Computers Japan Limited
3-1-1 Hagashi Ikebukuro
Toshima-ku
Toyko, Japan

Tandem Computers B.V.
Kosingin Juliana Plein 30-20
2595 AA The Hague, The Netherlands

Tandem Computers AG
Zweierstrasse 138
8003 Zurich, Switzerland

Tandem Computers (Hong Kong) Limited
Kowloon, Hong Kong

Tandem Computers International, Inc.
Singapore

Tandem Computer Ges. m.b.H.
Vienna, Austria

Tandem Computers Iberica S.A.
Madrid, Spain

Acquisitions:

Atalla Corporation
2304 Zanker Road
San Jose, California 95134
Provides secure systems solutions in the areas of network interchange, electronic payment, and computer security.

Transfer Agent(s):

Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TDM

Number of Employees:

1987	7,007	1984	5,223
1986	5,719	1983	4,396
1985	5,494		

Plant Footage:

1987	1,555,000 sq. ft.	1985	1,925,000
1986	1,428,400		

Sales & Earnings

	Revenues	Net Income
1987	$ 1,035,495,000	$ 105,604,000
1986	767,793,000	63,766,000
1985	624,138,000	34,374,000
1984	532,620,000	42,908,000
1983	418,282,000	30,805,000

	No. of Com. Shares #	Earn. per Share #
1987	97,711,000	$ 1.08
1986	88,402,000	0.72
1985	83,530,000	
1984	82,796,000	
1983	81,568,000	

Based on the weighted average number of common share and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 720,919,000	$ 7.38
1986	534,680,000	6.05
1985	420,408,000	5.03
1984	375,122,000	4.53
1983	310,993,000	3.81

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account*
(000's)

Year ended Sept. 30	1987	1986
Revenues	$ 1,035,495	$ 767,793
Cost of revenues	358,228	279,924
Prod. develop.	108,474	87,024
Expenses	398,105	294,867
Interest income	(14,223)	(8,504)
Income before taxes	$ 184,911	$ 114,482
Income taxes	79,307	50,716
Net Income	$ 105,604	$ 63,766

* Included in Costs and Expenses, Depreciation and Amortization: $43,242,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash & cash invest.	$ 317,461	$ 239,819
Accts. receiv., net	254,758	197,658
°Inventories	92,315	64,229
Prepaid expenses	22,776	17,505
Current Assets	$ 687,310	$ 519,211
#Fixed assets	252,861	175,022
Other assets	27,140	10,792
Total Assets	$ 967,241	$ 705,025

Liabilities
(000's)

Cap. lease oblig. curr.	$ 1,500	$ 5,969
Accts. payable	78,714	50,766
Accruals	100,567	56,385
Accrued inc. taxes	10,989	21,670
Curr. Liabilities	$ 191,770	$ 134,792
Long-term debt & cap. lease oblig.	9,013	5,725
Deferred inc. taxes	45,539	29,828
+Common stock	2,329	2,196
Add. paid-in capital	368,845	288,343
Retained earnings	349,795	244,141
Total Liabilities & Shareholders' Equity	$ 967,241	$ 705,025

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.025 par value.

Statistical Summary

%Income bef. Taxes to Revenues	17.86	14.91
%Net Income to Revenues	10.20	8.31
%Net Income to Equity	14.65	11.93
Debt to Equity	0.02	0.02
Working Capital	$ 495,540,000	$ 384,419,000
Current Ratio	3.58	3.85
Shareholders' Equity	$ 720,919,000	$ 534,680,000

Tandy Corporation

1800 One Tandy Center
Fort Worth, Texas 76102
(817) 390-3700

Officers: John V. Roach, chairman of the board, president & chief executive officer; John McDaniel, senior v.p. & controller; Paul L. Hill, senior v.p. & treasurer; Herschel C. Winn, sr. v.p. & secretary; John W. Burnam, v.p.; Ronald L. Parrish, v.p.; Richard L. Ramsey, v.p.; Donald L. Bock, asst. treasurer; Jana R. Freundlich, asst. secretary; Jim B. Sheets, asst. secretary.

Directors: John V. Roach°, chairman; William C. Conner, Lawrence E. Dempsey, William T. Smith, Alfred J. Stein, Jesse L. Upchurch°, John A. Wilson, Robert R. Lowdon°, G. R. Nugent°, Donald L. Bryant, Lewis F. Kornfeld, Jr.°, Thomas G. Plaskett, William E. Tucker.

° Member of the Executive Committee

Areas of Work: Manufactures minicomputers, microcomputers and various other consumer electronics products in 26 factories in 7 different countries. The Lika subsidiary manufactures printed circuit boards. Also operates over 7,000 company-owned and franchise Radio Shack stores and 287 Tandy Brand Name Retail stores.

Divisions and Subsidiaries

Radio Shack Division
Radio Shack Consumer Retail Operations
Radio Shack Business Products Division

Tandy Electronics
Tandy Computers
Tandy Brand Name Retail Group

Tandy Trading International
A & A Trading Company
Tandy Credit Corporation

Lika Corporation
Manufactures printed circuit boards.

Memtek Products
Markets a line of Memorex audio and video products.

O'Sullivan Industries
Manufactures furniture for electronic equipment.

Scott-McDuff Corporation
Chain of 24 audio-video appliance stores.

VideoConcepts
Name-brand electronics retailers located in malls in 29 states.

Transfer Agent(s):

First National Bank of Boston (Common Stock)
Boston, Massachusetts

Texas American Bank/Fort Worth N.A.
(Common Stock & Debentures)
Fort Worth, Texas

Stock Exchange(s): New York

Ticker Symbol: TAN

Number of Employees:

1987	N.A.	1984	34,000
1986	N.A.	1983	32,000
1985	35,000		

Plant Footage:

1987	N.A.	1984	2,959,000
1986	N.A.	1983	2,434,000
1985	3,382,000 sq. ft.		

N.A. - Not Available.

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1987	$ 3,452,178	$ 242,329
1986	3,035,969	197,659
1985	2,595,695	189,060
1984	2,490,473	281,871
1983	2,241,434	278,521

	No. of Com. Shares‡	Earn. per Share‡
1987	89,899,000	$ 2.70
1986	89,203,000	2.22
1985	89,490,000	2.11
1984	102,328,000	2.75
1983	104,335,000	2.67

+ Includes operating revenues; of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,380,039,000	$ 15.35
1986	1,306,458,000	14.65
1985	1,063,454,000	11.88
1984	988,696,000	9.66
1983	1,120,872,000	10.74

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended June 30	1987	1986
Net sales & oper. rev.	$ 3,452,178	$ 3,035,969
Cost of sales	1,700,109	1,471,310
Expenses	1,205,600	1,077,707
Depreciation & amortization	62,591	55,388
Interest expense	25,087	44,530
Income before taxes	$ 458,791	$ 387,034
Income taxes	213,623	186,436
Eq. in loss of oper. to be spun off	2,837	2,919
Net Income	$ 242,329	$ 197,659

Tandy Corporation

Assets
(000's)

As of June 30	1987	1986
Cash & short-term invest.	$ 58,422	$ 273,634
Accts. & notes receiv., net	160,425	116,166
* Inventories	1,128,435	982,881
Other assets	41,554	46,681
Current Assets	$ 1,388,836	$ 1,419,362
# Fixed assets	337,154	301,722
Assets of oper. to be spun off	—	195,765
Other assets	236,574	161,256
Total Assets	$ 1,962,564	$ 2,078,105

Liabilities
(000's)

Notes payable	$ 31,304	$ 179,415
Subord. debentures called for redemp.	—	100,044
Accts. payable	112,789	96,309
Accruals	159,125	159,096
Income taxes receivable	(1,118)	(22,533)
Curr. Liabilities	$ 302,100	$ 512,331
Notes payable	168,194	163,995
Subord. deb.	26,414	25,941
Other liabilities	26,996	24,785
Deferred inc. taxes	58,821	44,595
+ Common stock	95,645	95,645
Add. paid-in capital	102,305	87,645
Retained earnings	1,344,394	1,301,016
For. curr. trans.	4,130	(21,818)
Treasury stock	(166,435)	(156,030)
Total Liabilities & Shareholders' Equity	$ 1,962,564	$ 2,078,105

° At lower of cost (primarily average) or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	13.29	12.75
% Net Income to Sales	7.02	6.51
% Net Income to Equity	17.56	15.13
Debt to Equity	0.14	0.26
Working Capital	$ 1,086,736,000	$ 907,031,000
Current Ratio	4.60	2.77
Shareholders' Equity	$ 1,380,039,000	$ 1,306,458,000

TDK Corporation

1-13-1, Nihonbashi
Chuo-Tokyo 103, Japan
(03) 278-5111

Officers: Yutaka Otoshi, chairman; Hiroshi Sato, president; Sho Masujima, executive managing director; Makoto Komoda, executive managing director; Goro Suzuki, executive managing director; Masao Chihara, executive director; Hiroshi Sawano, executive director; Yasuo Imaoka, executive director; Takao Masaki, executive director; Sadao Iwaya, executive director; Matsuo Takeuchi, executive director; Fukujiro Sono, executive director & adviser; Katsuro Kamiya, executive director & adviser; Toyohiko Maruta, auditor; Akira Iizuka, auditor.

Areas of Work: The Company is the world's leading manufacturer of magnetic recording tapes and ferrite products and a major producer of coil, ceramic, and other components. These components include ferrite cores and magnets, rare-earth cobalt magnets, magnetic heads, inductors/coils, transformers, switching power supplies, DC-DC converters, noise filters, composite components, high-voltage units, thermal reed switches, microwave components, ceramic capacitors speakers, chip composite components, hybrid integrated circuits, varistors, thin-film heads, and MR sensors.

Subsidiaries (Japan):

Iida TDK Co., Ltd.
Production of TV and radio coil components.

Tsuruoka TDK Co., Ltd.
Production of coil components.

Yuza TDK Co., Ltd.
Production of ceramic components.

Kinagata TDK Co., Ltd.
Production of ceramic components.

Yashima TDK Co., Ltd.
Production of rotary transformers and noise filters.

Ujo TDK Co., Ltd.
Production of ceramic components.

TDK Service Co., Ltd.
Administration of welfare facilities for TDK and its employees.

TDK Design Core Co., Ltd.
Advertising services mainly for TDK.

TDK MCC Co., Ltd.
Production of multilayer ceramic capacitors.

Iwaki Kogyo Co., Ltd.
Plating of TDK metallic parts.

Yuri TDK Co., Ltd.
Production of coil components.

Konoura TDK Co., Ltd.
Production of coil components.

TDK Core Co., Ltd.
Production and sale of educational tapes.

Ouchi TDK Co., Ltd.
Production of coil components.

TDK Distributor Co., Ltd.
Warehousing of TDK products.

Sakata TDK Co., Ltd.
Production of coil components.

Honjo TDK Co., Ltd.
Production of alumina substrates and hydrid ICs.

Kofu TDK Co., Ltd.
Assembly of magnetic floppy heads.

Yuzawa TDK Co., Ltd.
Assembly of noise-suppression connectors and antenna terminal capacitor units.

Toso TDK Co., Ltd.
Assembly of microwave components.

Subsidiaries (U.S.)

TDK U.S.A. Corporation
12 Harbor Park Drive
Port Washington, New York 11050
(516) 625-0100
A holding company.

TDK Corporation of America
1600 Feehanville Drive
Mount Prospect, Illinois 60056
(312) 803-6100
Sales of TDK electronic components.

TDK Electronics Corporation
12 Harbor Park Drive
Port Washington, New York 11050
(516) 625-0100
Sale of TDK recording media.

TDK Magnetic Tape Corporation
330 Highway 74 South
Peachtree City, Georgia 30269-2047
(404) 487-5200
Production of recording media.

TDK Components U.S.A., Inc.
One TDK Boulevard, Highway 74 South
Peachtree City, Georgia 30269
(404) 631-0410
Production of multilayer chip ceramic capacitors.

Saki Magnetics, Inc.
26600 Agoura Road
Calabasas, California 91302
(818) 880-6054
Production and sale of magnetic heads.

TDK Ferrites Corporation
5900 North Harrison Street
Shawnee, Oklahoma 74801
(405) 275-2100
Production of large ferrite cores.

Allen-Bradley/TDK Magnetics (50%-owned)
5900 North Harrison Street
Shawnee, Oklahoma 74801
(405) 275-2100

Transfer Agent(s):

The Chuo Trust & Banking Co., Ltd.
1-7-1, Kyobashi
Chuo-ku, Toyko 104, Japan

Stock Exchange(s): Tokyo, Osaka, Paris, London, New York (as ADR), Amsterdam (as CDR), Brussels and Antwerp (as DR).

Ticker Symbol: TDK (New York)

Number of Employees:

1987	17,567	1984	14,599
1986	16,182	1983	13,538
1985	14,661		

Sales & Earnings

	Net Sales (000's)	Net Income (000's)
1987	¥ 398,258,000	¥ 18,066,000
1986	385,890,000	15,408,000
1985	426,966,000	30,131,000
1984	416,186,000	32,251,000
1983	346,589,000	26,899,000

	No. of Com. Shares	Earn. per Share‡
1987	120,462,231	¥ 150.05
1986	120,358,740	128.02
1985	120,360,000	250.34
1984	120,378,000	267.96
1983	120,359,000	223.49

¥ - Yen
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ 40.00	—	—
1986	40.00	—	—
1985	38.18	—	—
1984	36.36	—	—
1983	34.09	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	¥ 264,915,000	¥2,199.15
1986	253,932,000	2,109.79
1985	242,533,000	2,015.06
1984	220,437,000	1,831.21
1983	191,964,000	1,595.09

Income Account *
(millions)

Year ended Nov. 30	1987	1986
Net sales	¥ 398,258	¥ 385,890
Cost of sales	269,247	264,400
Expenses	83,147	82,218
Interest expense	4,163	2,940
Interest income	(3,535)	(4,116)
Other expense	3,403	4,213
Income before taxes	¥ 41,833	¥ 36,255
Income taxes	23,592	20,647
Minority interest	175	180
Net income	¥ 18,066	¥ 15,408

* Included in Costs and Expenses, Depreciation: ¥ 27,682,000,000 in 1987 and ¥ 27,644,000,000 in 1986.

Assets
(millions)

As of Nov. 30	1987	1986
Cash	¥ 73,967	¥ 21,222
Marketable securities	48,272	49,774
Accts. receiv., net	87,482	91,291
*Inventories	74,408	67,049
Prepaid expenses	17,033	13,938
Current Assets	¥ 301,162	¥ 243,274
Investments & advances	13,928	11,387
#Fixed assets	145,052	146,696
Other assets	5,269	5,038
Total Assets	¥ 465,411	¥ 406,395

Liabilities
(millions)

Short-term bank loans	¥ 26,477	¥ 19,171
Long-term debt, curr.	6,797	998
Accts. payable	48,457	49,623
Accruals	17,419	16,830
Income taxes	15,885	10,443
Other current liabilities	7,224	7,513
Curr. Liabilities	¥ 122,259	¥ 104,578
Long-term debt	60,252	31,087
Retirement benefits	17,158	16,107
Minority interest	827	691
+Common stock	6,208	6,018
Add. paid-in capital	36,624	36,433
Legal reserve	2,723	2,607
Retained earnings	229,378	216,442
For. curr. trans.	(10,218)	(7,568)
Total Liabilities & Shareholders' Equity	¥ 465,411	¥ 406,395

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.50	9.40
%Net Income to Sales	4.54	3.99
%Net Income to Equity	6.82	6.07
Sales to Inventories	5.35	5.76
Debt to Equity	0.35	0.20
Working Capital	¥ 178,903,000	¥ 138,696,000
Current Ratio	2.46	2.33
Shareholders' Equity (000's)	¥ 264,915,000	¥ 253,932,000

TEC, Incorporated

2727 North Fairview Avenue
P.O. Box 5646
Tucson, Arizona 85703
(602) 792-2230

Officers: Byron C. Hamilton, chairman & president; Don V. Hamilton, vice chairman; Ivan D. Schlaefer, v.p.-human resources; William E. Wallin, v.p.; treasurer & corp. controller.

Directors: Don V. Hamilton*, Byron C. Hamilton, Edward B. Grayden*, Bruce Hamilton, Kelvin T. Bacon, John P. Schaefer*.

* Member of the Executive Committee.

Area of Work: Provides electronic and electro-mechanical human interface products for original equipment manufacturers, as well as performing subcontract assembly for select customers.

Divisions:

Component Group
Tucson, Arizona 85705
Produces Tec-Lite TM switches, indicators and readouts; keyboards, Data-Monitor TM annunciators; Data-Panel displays for the data processing and control industry.

Peripheral Group
Tucson, Arizona 85705
Develops and manufactures computer input/output Data Screen terminals, and subcontract products.

Transfer Agent(s):

First Interstate Bank of Arizona, N.A.
P.O. Box 1871
Tucson, Arizona 85702

Stock Exchange(s): American

Ticker Symbol: TCK

Number of Employees:

1987	128	1984	393
1986	343	1983	429
1985	487		

Plant Footage:

1987	150,000 sq. ft.	1984	150,000
1986	150,000	1983	150,000
1985	150,000		

Sales & Earnings

	Net Sales	Net Income +
1987	$ 9,760,000	$ (1,173,000)
1986	12,814,000	(759,000)
1985	18,401,000	362,000
1984	14,898,000	349,000
1983	14,817,000	(1,007,000)

	No. of Com. Shares	Earn. per Share +
1987	856,275	$ —
1986	856,275	—
1985	866,315	0.42
1984	826,901	0.41
1983	826,901	—

(Loss)
+ Including extraordinary gain of $73,000 ($0.09 per share) in 1984.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.04	—	—
1986	0.16	—	—
1985	0.14	—	—
1984	—	—	—
1983	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,550,000	$ 4.15
1986	4,757,000	5.56
1985	5,715,000	6.60
1984	5,310,000	6.42
1983	4,961,000	6.00

Income Account *

Year ended June 30	1987	1986
Net sales	9,760,000	$ 12,814,000
Cost of sales	8,483,000	10,804,000
Expenses	2,279,000	2,808,000
Oper. loss	$ (1,002,000)	$ (798,000)
Loss on sale of equip.	13,000	11,000
Interest income	(51,000)	(115,000)
Interest expense	128,000	128,000
Other expense	81,000	49,000
Loss before taxes	$ (1,173,000)	$ (871,000)
Tax credit	—	(112,000)
Net Loss	$ (1,173,000)	$ (759,000)

* Included in Costs and Expenses, Depreciation: $530,000 in 1987 and $514,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 297,000	$ 569,000
Receivables, net	819,000	1,506,000
*Inventories	905,000	1,058,000
Prepaid expenses	51,000	54,000
Current Assets	$ 2,072,000	$ 3,187,000
#Fixed assets	3,393,000	4,010,000
Other assets	—	198,000
Total Assets	$ 5,465,000	$ 7,395,000

Liabilities

Notes payable	$ 750,000	$ 300,000
Long-term debt, curr.	290,000	495,000
Cap. lease oblig., curr.	100,000	129,000
Accts. payable	225,000	329,000
Accruals	393,000	707,000
Curr. Liabilities	$ 1,758,000	$ 1,960,000
Long-term debt	15,000	436,000
Cap. lease oblig.	142,000	242,000
+Common stock	173,000	173,000
Add. paid-in capital	1,654,000	1,654,000
Retained earnings	1,784,000	2,991,000
Treasury stock	(61,000)	(61,000)
Total Liabilities & Shareholders' Equity	$ 5,465,000	$ 7,395,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

Sales to Inventories	10.78	12.11
Debt to Equity	0.37	0.34
Working Capital	$ 314,000	$ 1,227,000
Current Ratio	1.18	1.63
Shareholders' Equity	$ 3,550,000	$ 4,757,000

Tech Serv, Inc.

5301 Holland Drive
Beltsville, Maryland 20705-2383
(301) 474-2900

Tech Serv, Inc.

Officers: Eli W. Fleming, v.p.-corporate operations, secretary & treasurer; William M. Stephens, v.p..

Directors: Eli W. Fleming, Ronald C. Ray, William M Stephens.

Areas of Work: Manufactures radio-controlled miniature aerial target systems and radio controls which are used in guidance of miniature aircraft and other applications.

Divisions:

RS Systems-a Tech Serve Company
Beltsville, Maryland 20705
(301) 474-2900
Markets Tech Serv, Inc.'s products.

Transfer Agent(s):

Maryland National Bank
2 North Charles Street
Baltimore, Maryland 21202

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	N.A.	1985	50
1986	39	1984	30

Plant Footage:

1987	28,300 sq. ft.	1984	28,300
1986	28,300	1983	28,300
1985	28,300		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 722,765	$ (732,749)
1986	3,109,555	793,983
1985	2,886,167	239,962
1984	1,018,921	(502,950)
1983	2,943,539	128,437

	No. of Com. Shares‡	Earn. per Share‡†
1987	860,349	$ —
1986	860,236	0.92
1985	860,236	0.28
1984	860,236	—
1983	860,236	0.15

(Loss)
† Including extraordinary gains of $210,492 ($0.24 per share) in 1986, $73,000 ($0.09 per share) in 1985 and $39,331 ($0.05 per share) in 1983.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 27,674	$ 0.03
1986	760,423	0.88
1985	(33,560)	—
1984	(273,522)	—
1983	229,428	0.27

(Deficiency)
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 722,765	$ 3,109,555
Cost of sales	866,355	2,433,740
Expenses	555,811	566,265
Interest expense	103,959	116,274
Gain on sale of fl. eq.	—	(757,943)
Other income	(53,866)	(83,385)
Inc. (loss) bef. taxes	$ (749,494)	$ 834,604
Income taxes (credit)	(16,745)	251,113
Net Income (Loss)	$ (732,749)	$ 583,491
Extraord. gain	—	210,492
Net Income (Loss) & extraord. gain	$ (732,749)	$ 793,983

* Included in Costs and Expenses, Depreciation: $85,302 in 1987 and $39,592 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 123,761	$ 424,611
Accts. receiv., net	182,495	225,320
Inc. taxes receiv.	16,745	—
*Inventories	251,663	166,288
Prepaid expenses	50,622	59,699
Note receivable	30,000	26,804
Current Assets	$ 655,286	$ 902,722
# Fixed assets	983,266	1,045,237
Note receivable	197,036	214,433
Other assets	68,950	72,520
Total Assets	$ 1,904,538	$ 2,234,912

Liabilities

Long-term debt, curr.	$ 55,484	$ 44,352
Accts. payable	202,615	144,070
Interest payable	1,703	—
Notes payable	108,000	—
Accruals	33,002	31,471
Income tax payable	—	16,736
Billings in exc. of profit	439,281	129,891
Curr. Liabilities	$ 832,085	$ 366,520
Long-term debt	42,112	50,607
Capital leases	848,871	895,437
Deferred inc. taxes	23,885	23,885
Deferred profit		138,040
+Common stock	86,035	86,035
Add. paid-in capital	1,061,994	1,061,994
Deficit	(1,120,355)	(387,606)
Total Liabilities & Shareholders' Equity	$ 1,904,538	$ 2,234,912

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	26.84
%Net Income to Sales	—	18.76
%Net Income to Equity	—	76.73
Sales to Inventories	2.87	18.70
Debt to Equity	—	1.30
Working Capital	—	$ 536,202
Current Ratio	—	2.46
Shareholders' Equity	$ 27,674	$ 760,423

Technical Communications Corporation

100 Domino Drive
Concord, Massachusetts 01742
(617) 862-6035

Officers: Arnold M. McCalmont, president; Herbert A. Lerner, secretary; Edward E. Hicks, clerk; John I. Gill, v.p.-manufacturing; Roy A. Gould, controller; James L. Woodward, treasurer.

Directors: Dean L. Kellogg, Herbert A. Lerner, Arnold M. McCalmont, chairman; Blanton C. Wiggin, James L. Woodward.

Areas of Work: Involved in the design, development and sale of communications security devices, data modulators and demodulators, signaling and supervisory control communication equipment and computer interface equipment.

Subsidiaries:

TCC Foreign Sales Corp. (FSC)
TCC Investment Corp.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TCCO (NASDAQ)

Number of Employees:

1987	N.A.	1984	N.A.
1986	35	1983	80
1985	60		

Plant Footage:

1987	N.A.	1984	N.A.
1986	22,800 sq. ft.	1983	22,800
1985	22,800		

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 3,280,560	$ 103,476
1986	2,572,129	(1,109,946)
1985	5,270,930	336,725
1984	4,127,302	581,825
1983	4,776,027	501,141

	No. of Com. Shares +	Earn. per Share†
1987	1,211,776	$ —
1986	1,204,576	—
1985	1,197,876	0.29
1984	1,120,810	0.25
1983	1,119,910	0.43

(Loss)
† Including extraordinary gain of $32,000 ($0.03 per share) in 1987.
+ Adjusted to reflect stock dividend.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 2,407,688	$ 1.99
1986	2,290,262	1.90
1985	3,470,996	2.90
1984	2,626,175	2.34
1983	2,341,550	2.09

Adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 3,280,560	$ 2,572,129
Cost of sales	1,488,783	1,606,757
Expenses	1,715,951	2,528,855
Oper. income (loss)	$ 75,826	$ (1,563,483)
Other income	42,950	63,537
Income (loss) bef. taxes	$ 118,776	$ (1,499,946)
Income taxes (credit)	47,300	(310,000)
Net Income (Loss)	$ 71,476	$ (1,189,946)
Extraord. gain	32,000	—
Net Income (Loss) & extraord. gain	$ 103,476	$ (1,189,946)

* Included in Costs and Expenses, Depreciation and Amortization: $118,413 in 1987 and $122,131 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 117,478	$ 137,540
Accts. receiv., net	519,495	620,377
Short-term investments	1,191,273	223,330
*Inventories	843,584	1,149,657
Refundable income taxes	—	369,316
Deferred income taxes	16,630	—
Other assets	42,963	66,977
Current Assets	$ 2,731,423	$ 2,567,197
Cash value of life ins.	48,280	46,187
#Fixed assets	352,300	467,356
Deferred income taxes	19,708	20,342
Other assets	1,126	6,809
Loan receivable	85,868	86,954
Total Assets	$ 3,238,705	$ 3,194,845

Liabilities

Accts. payable	$ 78,841	$ 134,087
Accruals	394,537	241,505
Customers advances	45,188	266,331
Income taxes payable	30,138	—
Curr. Liabilities	$ 548,704	$ 639,923
Deferred compensation	282,313	264,660
+Common stock	121,178	120,458
Add. paid-in capital	1,232,854	1,219,624
Retained earnings	1,053,656	950,180
Total Liabilities & Shareholders' Equity	$ 3,238,705	$ 3,194,845

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.62	—
%Net Income to Sales	2.18	—
%Net Income to Equity	2.97	—
Sales to Inventories	3.89	2.24
Working Capital	$ 2,182,719	$ 1,927,274
Current Ratio	4.98	4.01
Shareholders' Equity	$ 2,407,688	$ 2,290,262

The Technical Materiel Corporation

700 Fenimore Road
Mamaroneck, New York 10543-0142
(914) 698-4800

Officers: Ray H. de Pasquale, chairman of the board & treasurer; Neil H. de Pasquale, president; Frank Budetti, v.p.; Ruth S. Taylor, secretary.

Directors: R.H. de Pasquale, chairman; F. Budetti, G.W. Jennings, Neil H. de Pasquale, Sandra E. MacDonald.

Areas of Work: Engaged in the engineering and manufacture of single sideband radio communications equipment, including field installation, servicing and maintenance.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Sales & Earnings x

	Net Sales	Net Income‡
1987	$ 1,165,067	$ 67,877
1986	1,170,414	(826,751)
1985	2,271,919	10,719
1984	1,980,924	392,517
1983	2,900,623	578,927

	No. of Com. Shares	Earn. per Share†‡
1987	2,847,741	$ 0.02
1986	2,847,704	—
1985	2,847,704	—
1984	2,847,704	0.14
1983	2,847,704	0.20

‡ Including extraordinary gains of $13,613 ($0.0048 per share) in 1987, $1,123 ($0.0004 per share) in 1985 and extraordinary loss of $518,225 in 1986.
† Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 1,211,968	$ 0.43
1986	1,144,091	0.40
1985	1,970,842	0.69
1984	1,960,123	0.69
1983	1,566,456	0.55

Income Account*

Year ended Sept. 30	1987	1986
Net sales	$ 1,165,067	$ 1,170,414
Cost of sales	623,665	781,331
Expenses	327,112	555,412
Interest expense	147,451	143,876
Other income	(5,848)	(4,544)
Income (loss) before taxes	$ 72,687	$ (305,661)
Income taxes	18,423	2,865
Net Income (Loss)	$ 54,264	$ (308,526)
Extraord. items	13,613	(518,225)
Net Income (Loss) & extraord. items	$ 67,877	$ (826,751)

* Included in Costs and Expenses, Depreciation and Amortization: $23,040 in 1987 and $26,213 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 24,907	$ 29,326
Accts. receiv., net	159,661	229,359
*Inventories	2,555,215	2,474,557
Prepaid expenses	21,287	18,825
Current Assets	$ 2,761,070	$ 2,752,067
#Fixed assets	156,447	169,548
Total Assets	$ 2,917,517	$ 2,921,615

Liabilities

Notes payable	$ —	$ 200,000
Mortgage notes payable	75,000	90,000
Demand notes payable	955,000	765,090
Accts.payable	19,745	15,572
Other accrued taxes	5,804	21,952
Curr. Liabilities	$ 1,055,549	$ 1,052,524
Long-term debt	650,000	725,000
+Common stock	355,963	355,963
Add. paid-in capital	6,924,042	6,924,042
Accumulated deficit	(6,068,037)	(6,135,914)
Total Liabilities & Shareholders' Equity	$ 2,917,517	$ 2,921,615

* At lower of cost average or market.
# Less accumulated depreciation and amortization.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.24	—
%Net Income to Sales	4.66	—
%Net Income to Equity	4.48	—
Sales to Inventories	0.46	0.47
Debt to Equity	0.54	0.81
Working Capital	$ 1,705,521	$ 1,699,543
Current Ratio	2.62	2.61
Shareholders' Equity	$ 1,211,968	$ 1,144,091

Technitrol, Inc.

8200 Flourtown Avenue, Suite 10
Wyndmoor, Pennsylvania 19118
(215) 233-9500

Officers: Roy E. Hock, chairman & president; James J. Rafferty, Jr., v.p.; J. Barton Harrison, secretary; Robert J. Citrino, treasurer; Thomas J. Flakoll, v.p..

Directors: Roy E. Hock, chairman; Edward M. Mazze, Gordon Palmer, Jr., J. Barton Harrison, Edwin S. Eichert, III, James M. Papada, III, James J. Rafferty, Jr., Thomas J. Flakoll, Graham Humes.

Areas of Work: Manufactures power transformers, pulse transformers, delay lines, electronic scales, electronic force measuring instruments and electronic components.

Divisions:

Components & Transformer Division
Philadelphia & Petersburg, Pennsylvania
Greensboro, Maryland

Products Division
1952 East Allegheny Avenue
Philadelphia, Pennsylvania 19134

Subsidiaries:

Advanced Metallurgy, Inc.
Manufactures electrical contacts for circuit breakers and semiconductor devices.
McKeesport, Pa.; Plum Boro, Pa.; Lancaster, Pa.

John Chatillon & Sons, Inc.
Manufactures scales, force measuring instruments, and springs.
Kew Gardens, N.Y. and Greensboro, N.C.

Technitrol International Inc.
Wilmington, Delaware

Transfer Agent(s):

Registrar and Transfer Company
Cranford, New Jersey

Stock Exchange(s): American

Ticker Symbol: TNL

Technitrol, Inc.

Number of Employees:

1987	578	1984	728
1986	551	1983	565
1985	667		

Plant Footage:

1987	238,600 sq. ft.	1985	255,100
1986	236,600		

Sales & Earnings

	Net Sales +	Net Income
1987	$ 43,321,000	$ 5,143,000
1986	37,385,000	3,202,000
1985	39,009,000	3,343,000
1984	37,833,000	3,632,000
1983	32,401,000	2,956,000

	No. of Com. Shares†	Earn. per Share‡
1987	1,936,950	$ 2.57
1986	2,002,870	1.59
1985	2,014,476	1.65
1984	2,010,750	1.81
1983	2,009,500	1.34

x Restated to reflect change in accounting for inventories.
+ Of continuing operations only.
† Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstadning adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Electronic products	$ 14,877	$ 13,347
Electrical products	15,804	12,187
Mechanical products	9,697	8,843
Services	2,943	3,008
Total	$ 43,321	$ 37,385

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	$ 0.54	—	—
1986	0.38	—	—
1985	0.30	—	—
1984	0.24	—	—
1983	0.325	—	2-for-1

† Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity	Equity Per Share†
1987	$ 24,604,000	$ 12.70
1986	21,925,000	10.95
1985	19,743,000	9.80
1984	17,052,000	8.48
1983	13,919,000	6.93

x Restated.
† Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986‡
Net sales	$ 43,321,000	$ 37,385,000
Cost of sales	26,215,000	24,644,000
Expenses	8,352,000	7,171,000
Other income	(527,000)	(462,000)
Income before taxes	$ 9,281,000	$ 6,032,000
Income taxes	4,138,000	2,830,000
Net Income	$ 5,143,000	$ 3,202,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,127,000 in 1987 and $1,061,000 in 1986.
‡ Restated.

Assets

As of Dec. 31	1987	1986‡
Cash	$ 12,446,000	$ 9,745,000
Accts. & notes receiv., net	5,979,000	5,585,000
*Inventories	6,517,000	5,748,000
Prepaid expenses	245,000	171,000
Current Assets	$ 25,187,000	$ 21,249,000
#Fixed assets	4,788,000	5,000,000
Mortgage receivable	316,000	340,000
Other assets	420,000	430,000
Total Assets	$ 30,711,000	$ 27,019,000

Liabilities

Long-term debt, curr.	$ 72,000	$ 66,000
Accts. payable	1,331,000	948,000
Accruals	1,993,000	1,522,000
Income taxes	242,000	—
Dividends payable	349,000	240,000
Curr. Liabilities	$ 3,987,000	$ 2,776,000
Long-term debt	1,275,000	1,347,000
Deferred inc. taxes	845,000	971,000
+Common stock	373,000	373,000
Add. paid-in capital	1,952,000	1,786,000
Retained earnings	27,173,000	23,221,000
Treasury stock	(4,606,000)	(3,247,000)
Unearned comp.-stock plan	(288,000)	(208,000)
Total Liabilities & Shareholders' Equity	$ 30,711,000	$ 27,019,000

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.125 par value.

Statistical Summary

%Income bef. Taxes to Revenues	21.42	16.13
%Net Income to Revenues	11.87	8.56
%Net Income to Equity	20.90	14.60
Debt to Equity	0.05	0.06
Working Capital	$ 21,200,000	$ 18,473,000
Current Ratio	6.32	7.65
Shareholders' Equity	$ 24,604,000	$ 21,925,000

Tech/Ops Sevcon, Inc.

One Beacon Street
Boston, Massachusetts 02108
(617) 523-2030

(In January 1988, Tech/Ops, Inc. was divided into two, new separate public companies, Tech/Ops Sevcon, Inc. and Tech/Ops Landauer, Inc.)

Officers: Marvin G. Schoor, chairman of the board; Bernard F. Start, president & chief executive officer; Robert P. Moncreiff, secretary; Paul B. Rosenberg, treasurer.

Directors: Marvin G. Schorr, chairman; Bernard F. Start, Eric T. Clarke, Milton C. Lauenstein, Harold C. Mayer, Jr., Paul B. Rosenberg, Herbert Roth, Jr., C. Vincent Vapps.

Areas of Work: Designs, manufactures and distributes solid state controls for electric vehicles, including forklift trucks, mining vehicles, airport tractors, sweepers, and other battery-powered vehicles.

Subsidiaries:

Tech/Ops Limited
Sevcon Division
Kingsway
Gateshead, NE11 OQA, England
091-487-8516

Tech/Ops S.A.
12 Rue Jean Poulmarch
95100 Argenteuil, France
1-3410-9545

Sevcon, Inc.
40 North Avenue
Burlington, Massachusetts 01803
(617) 272-3612

ICW Limited
Miners Road
Llay Industrial Estate
Wrexham, Clwyd, LL120PJ, Wales
097-883-3805

Transfer Agents:

The Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: TOC

Sales & Earnings *

	Net Sales†	Net Income
1987	$ 10,631,000	$ 557,000
1986	10,275,000	817,000
1985	8,312,000	398,000
1984	7,349,000	46,000
1983	6,045,000	(180,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	2,036,000	$ 0.27
1986	2,016,000	0.41
1985	2,257,000	0.18
1984	N.A.	0.02
1983	N.A.	—

(Loss)
N.A. - Not Available.
* Certain selected historical financial data with respect to Tech/Ops Sevcon, Inc. is stated as if it had been a separate company during the periods covered.
† Includes other income.
‡ Based on the weighted average number of common shares and common share equivalents outstanding; shares presented are those for Tech/Ops.

Common Stock Equity

	Total Equity *	Equity Per Share
1987	$ 5,034,000	$ 2.33
1986	4,017,000	—

* Parent company investment.

Income Account *

Year ended Sept. 30	1987	1986
Net sales & other income	$ 10,631,000	$ 10,275,000
Cost of sales	6,396,000	6,164,000
Expenses	3,297,000	2,795,000
Interest expense	12,000	7,000
Other expense (income)	7,000	(64,000)
Income before taxes	$ 919,000	$ 1,373,000
Income taxes	362,000	556,000
Net Income	$ 557,000	$ 817,000

* Included in Costs and Expenses, Depreciation and Amortization: $240,000 in 1987 and $223,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 994,000	$ 944,000
Accts. receiv., net	2,633,000	1,840,000
*Inventories	1,839,000	1,584,000
Prepaid expenses	6,000	5,000
Current Assets	$ 5,472,000	$ 4,373,000
#Fixed assets	1,180,000	1,083,000
Other assets	87,000	77,000
Intangibles	1,522,000	1,518,000
Total Assets	$ 8,261,000	$ 7,051,000

Liabilities

Notes payable	$ 33,000	$ 46,000
Accts. payable	823,000	715,000
Accrued compensation	391,000	362,000
Other accruals	585,000	652,000
Deferred income taxes	1,040,000	873,000
Curr. Liabilities	$ 2,872,000	$ 2,648,000
Deferred inc. taxes	355,000	386,000
Parent company invest.	5,034,000	4,017,000
Total Liabilities & Shareholders' Equity	$ 8,261,000	$ 7,051,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.

Statistical Summary

% Income bef. Taxes to Sales	8.64	13.36
% Net Income to Sales	5.24	7.95
% Net Income to Equity	11.06	20.34
Sales to Inventories	5.78	6.49
Debt to Equity	0.01	0.01
Working Capital	$ 2,600,000	$ 1,725,000
Current Ratio	1.91	1.65
Shareholders' Equity	$ 5,034,000	$ 4,017,000

Tech-Sym Corporation

10500 Westoffice Drive
Houston, Texas 77042
(713) 785-7790

Officers: Wendell W. Gamel, chairman of the board & president; Robert E. Moore, v.p., secretary & general counsel; Ray F. Thompson, treasurer, controller & president-Syntron, Inc.; Coy J. Scribner, v.p. & president-Metric Systems Corp..

Directors: Keith R. Beeman, Wendell W. Gamel, Robert E. Moore, Joal A. Teruko, Coy J. Scribner, Rollin J. Sloan, Christopher C. Kraft, Jr., Albert A. Gallotia, Jr., Charles K. Watt.

Divisions and Subsidiaries:

TRAK Microwave Corporation
4726 Eisenhower Boulevard
Tampa, Florida 33634
(813) 884-1411

Designs, manufactures and markets a variety of electronic microwave components that are sold to manufactures of electronic systems.

TRAK Microwave Company Limited
3 Lindsay Court
Dundee Technology Park
Dundee DD2 1TY Scotland
0382 561509

Manufactures a broad range of ferrite isolators and circulators, along with a variety of other passive microwave components, for commercial applications.

Metric Systems Corporation
645 Anchors Street
Fort Walton Beach, Florida 32548
(904) 244-9600

Produces military electronics, industrial and commercial data interface, monitoring and data processing. Military electronic products include timing terminals, the IRIG Time Reader, real time interface systems, meterological data processing systems, and other computer oriented systems. Produces monitoring and controls products and systems for paper mill boiler operations, paper production and electric power companies. Has developed a microprocessor, a small scale digital computer designed around a central integrated circuit. The Aeromechanics Division of Metric Systems Corporation is a supplier of materials and equipment for the domestic military transportation market; products include aerial delivery equipment.

Enterprise Electronics Corporation
Industrial Boulevard
P.O. Box 1216
Enterprise, Alabama 36331
(205) 347-3478

World-wide supplier of radar systems for meterology. The systems detect, analyze and display information on weather patterns.

Tecom Industries, Inc.
9324 Topanga Canyon Blvd.
Chatsworth, California 91311
(818) 341-4010

Manufactures antennas for surveillance, communications, electronic warfare, missiles, and telemetry. Other products include positioners and controllers.

Acquisition:

Syntron, Inc.
3000 Hayes Road
Houston, Texas 77082
(713) 531-1100

Manufactures marine seismic equipment.

Transfer Agent(s):

First City National Bank of Houston
Stock Transfer Section
P.O. Box 809
Houston, Texas 77001

The Chase Manhattan Bank, N.A.
Shareholder Services
1 New York Plaza, 14th Floor
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: TSY

Number of Employees:

1987 ..... 1,706 1986 1,538

Plant Footage:

1987 ..... 450,750 sq. ft. 1986 431,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 110,615,000	$ 8,295,000
1986	100,046,000	8,517,000
1985	91,441,000	6,411,000
1984	71,585,000	7,826,000
1983	57,126,000	6,805,000

	No. of Com. Shares	Earn. per Share‡
1987	6,595,985	$ 1.25
1986	6,623,245	1.29
1985	6,619,225	0.96
1984	6,682,245	1.19
1983	6,619,818	1.08

+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding during each year.

Revenues By Line of Business

	1987	1986	1985
Microwave prods.	27 %	29 %	31 %
Vertical launching syst.	20	22	17
Antennas	12	13	10
Radar systems	17	13	16
Meteorological radar syst.	10	14	16
Other	14	9	10
Total	100 %	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 78,632,000	$ 11.92
1986	70,648,000	10.67
1985	62,110,000	9.38
1984	56,496,000	8.45
1983	47,750,000	7.21

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 110,615,000	$ 100,046,000
Cost of sales	73,901,000	67,302,000
Expenses	20,583,000	17,913,000
Prod. develop. costs	2,431,000	1,937,000
Interest expense	1,972,000	1,912,000
Other income	(2,067,000)	(3,942,000)
Income bef. taxes	$ 13,795,000	$ 14,924,000
Income taxes	5,500,000	6,407,000
Net Income	$ 8,295,000	$ 8,517,000

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: $3,535,000 in 1987 and $3,276,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 3,219,000	$ 2,639,000
Marketable securities	10,850,000	14,507,000
Receiv., net	18,324,000	20,616,000
Unbilled revenue	80,562,000	29,825,000
*Inventories	13,817,000	7,938,000
Other curr. assets	596,000	225,000
Current Assets	$ 87,368,000	$ 75,750,000
Other assets	3,881,000	2,743,000
Long-term receivables	5,297,000	4,778,000
#Fixed assets	24,465,000	20,057,000
Prop. held for resale	1,176,000	1,039,000
Total Assets	$ 122,187,000	$ 104,367,000

Liabilities

Long-term debt, curr.	$ 11,697,000	$ 8,414,000
Accts. payable	5,776,000	3,635,000
Accruals	6,986,000	5,744,000
Income taxes	1,404,000	123,000
Current Liabilities	$ 25,663,000	$ 17,916,000
Long-term debt	13,524,000	11,950,000
Deferred commissions & other liabilities	4,368,000	3,853,000
+ Common stock	689,000	688,000
Add. paid-in capital	32,272,000	32,063,000
Retained earnings	47,338,000	39,043,000
Treasury stock	(1,667,000)	(1,146,000)
Total Liabilities & Shareholders' Equity	$ 122,187,000	$ 104,367,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and depletion.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.47	14.92
%Net Income to Sales	7.50	8.51
%Net Income to Equity	10.55	12.06
Sales to Inventories	8.01	12.60
Debt to Equity	0.32	0.29
Working Capital	$ 61,705,000	$ 57,834,000
Current Ratio	3.40	4.23
Shareholders' Equity	$ 78,632,000	$ 70,648,000

Tektronix, Inc.

P.O. Box 500
14150 S.W. Karl Braun Drive
Beaverton, Oregon 97077
(503) 627-7111

Officers: John D. Gray, chairman; Earl Wantland, president & chief exec. officer; Willem B. Velsink, exec. v.p.; Larry N. Chorouby, sr. v.p. & chief financial officer; John L. Landis, sr. v.p.; Philip J. Robinson, Sr., v.p. & chief marketing officer; George Kerseh, v.p.; Kevin T. Cunningdine, v.p.; Francis Doyle, v.p.; David P. Friedley, v.p.; Charles H. Frost, v.p.; Frederick L. Hanson, v.p.; Stanley F. Kosiba, v.p.; Tom Long, v.p.; Jon S. Reed, v.p.; R. Allen Leedy, Jr., v.p. secretary & gen. counsel; Robert E. Newberry, asst. controller.; Terry Clifford, treasurer; Jack Raiton, controller; Edward J. Lewis, asst. secretary; Eric Jorgensen, asst. secretary; Barbara J. Block, asst. treasurer.

Directors: John D. Gray, chairman; James P. Castles, Louis B. Perry, Earl Wantland, Donald Lundeen, William D. Walker, Paul Bragdon, F. Paul Carlson, Leonard Laster, Donald O. Pederson, Joan E. Vollum.

Areas of Work: Designs, manufactures and markets a wide variety of electronic equipment for design, service and manufacturing. These include laboratory and portable oscilloscopes, instrument systems, accessories, spectrum and logic analyzers, LSI and VSLI semiconductor testers, microprocessor development systems, television test and production equipment, fiber optic and coaxial reflectometers, and network testers. Also manufactures smart and intelligent graphic computer workstations, inkjet and dry silver hardcopy devices, graphic input products, graphic display products and electronic design software.

Subsidiaries:

Anthro Corp.
Portland, Oregon

TriQuint Semiconductor, Inc.
Beaverton, Oregon

Tektronix Development Corp.
Beaverton, Oregon

CAE Systems Inc.
Santa Clara, California

The Grass Valley Group, Inc.
Grass Valley, California

Dubner Computer Systems, Inc.
Fort Lee, New Jersey

Tektronix Australia Pty. Ltd.
Australia
Sydney, Melbourne, Brisbane, Canberra, Adelaide & Perth

Tektronix Ges. mbH
Vienna & Graz, Austria

Tektronix S.A.
Brussels, Belgium

Tektronix Canada Ltd.
Canada
Barrie, Calgary, Edmonton, Halifax, Montreal, Ottawa, Toronto & Vancouver

Tektronix A/S
Copenhagen, Denmark

Tektronix S.A.
France
Paris, Aix-en-Provence, Lyon, Nanterre, Merignac, Rennes, Strasbourg & Toulouse

Tektronix GmbH
Cologne, West Germany

Tektronix Holland N.V.
Hoofddorp, The Netherlands

Sony/Tektronix Corporation (50% owned)
Tokyo & Gotemba, Japan

Tektronix AB
Stockholm & Gothenburg, Sweden

Tektronix International A.G.
Zug, Switzerland

Tektronix U.K. Ltd.
England
Hoddesdon, Marlow, Marpenden & Manchester

Tektronix U.K. Ltd.
Dublin, Ireland

Tektronix Norge A/S
Oslo, Norway

Tektronix Oy
Helsinki, Finland

Tektronix Industria e Comercio Ltda.
Rio de Janeiro & Sao Paulo, Brazil

Tektronix Guernsey Limited
Channel Island of Guernsey

Tektronix S.A. de C.V. (49% owned)
Mexico City, Mexico

Tektronix S.P.A.
Milan, Rome and Turin, Italy

Tektronix Espanola S.A.
Madrid & Barcelona, Spain

Tektronix Foreign Sales Corporation
St. Thomas, U.S. Virgin Islands

Grass Valley International, Inc.
St. Thomas, U.S. Virgin Islands

Tektronix China, Limited
Beijing, People's Republic of China

Tektronix S.A.
Algiers, Algeria

Transfer Agent(s):

Morgan Shareholder Services Trust Company
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: TEK

Number of Employees:

1987	17,099	1984	20,693
1986	19,251	1983	21,078
1985	20,525		

Plant Footage:

1987	7,689,000 sq. ft.	1984	7,747,000
1986	7,901,000	1983	7,795,000
1985	7,840,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 1,395,885,000	$ 51,188,000
1986*	1,352,212,000	39,327,000
1985	1,438,082,000	90,181,000
1984	1,332,958,000	112,054,000
1983	1,191,485,000	46,807,000

	No. of Com. Shares†	Earn. per Share #
1987	36,977,000	$ 1.33
1986*	38,555,000	0.98
1985	41,402,000	2.20
1984	40,484,000	2.87
1983	38,670,000	1.22

* 53 weeks.
† Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Instrument prod. sales	$ 617,692,000	$ 583,184,000
Design & display prod. sales	501,213,000	533,917,000
Communication prod. sales	276,980,000	235,111,000
Total	$ 1,395,885,000	$ 1,352,212,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	$ 0.55	—	2-for-1
1986	0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.50	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 838,424,000	$ 22.67
1986	837,059,000	21.71
1985	855,038,000	20.65
1984	783,174,000	19.35
1983	665,657,000	17.21

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	5/30/87	6/3/86 (53 weeks)
Net sales	$ 1,395,885	$ 1,352,212
Cost of sales	638,728	663,424
Expenses	601,980	585,227
Profit sharing	53,882	35,083
Interest expense	10,479	15,586
Other expense (income)	(12,222)	10,565
Income before taxes	$ 103,038	$ 42,327
Income taxes	51,850	3,000
Net Income	$ 51,188	$ 39,327

* Included in Costs and Expenses, Depreciation: $83,816,000 in 1987 and $84,139,000 in 1986.

Assets
(000's)

As of	5/30/87	6/3/86
Cash	$ 342,735	$ 258,396
Accts. receiv.	251,642	240,095
* Inventories	146,196	164,962
Prepaid expenses	56,230	64,015
Current Assets	$ 696,803	$ 727,468
Other assets	105,037	89,853
@ Fixed assets	357,573	379,626
Total Assets	$ 1,159,413	$ 1,196,947

Liabilities
(000's)

Short-term debt	$ 2,905	$ 84,817
Accts. payable	108,718	113,339
Accrued compensation	95,764	98,867
Income taxes	41,844	24,328
Curr. Liabilities	$ 249,231	$ 319,351
Long-term debt	50,857	10,935
Other liabilities	8,434	7,243
Deferred inc. taxes	12,467	22,359
+ Common stock	130,610	130,828
Reinvested earnings	803,722	776,587
Treasury stock	(133,798)	(79,289)
Currency trans. adj.	37,890	8,933
Total Liabilities & Shareholders' Equity	$ 1,159,413	$ 1,196,947

* At lower of cost or market. (U.S. inventory at LIFO, foreign at FIFO).
@ Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. Taxes to Sales	7.38	3.13
% Net Income to Sales	3.67	2.91
% Net Income to Equity	6.11	4.70
Sales to Inventories	9.55	8.20
Debt to Equity	0.06	0.11
Working Capital	$ 447,572,000	$ 408,117,000
Current Ratio	2.80	2.28
Shareholders' Equity	$ 838,424,000	$ 837,059,000

Teledyne, Inc.

1901 Avenue of the Stars
Los Angeles, California 90067
(213) 277-3311

Officers: Henry E. Singleton, chairman of the board; George A. Roberts, chief exec. officer & president; Leo W. Killen, vice president; G. Williams Rutherford, vice president; Allen H. Orbuch, vice president; Jerrold V. Jerome, vice president; Hudson B. Drake, vice president; William P. Rutledge, vice president; Gordon J. Bean, treasurer; Judith R. Nelson, secretary.

Directors: Henry E. Singleton, chairman; George Kozmetsky, George A. Roberts, Arthur Rock, Fayez Sarofim.

Areas of Work: The Company's major business segments include aviation and electronic products, industrial products, specialty metal products, and consumer products. Aviation and electronic products include aircraft engines, airframe structures, remotely piloted vehicles, drone systems, spacecraft and avionics. This segment also includes the manufacture of semiconductors, relays, aircraft monitoring and control systems, military electronic equipment and other related products and systems. Internal combustion engines are the major product of the industrial segment, including the manufacture of air and water cooled, gasoline and diesel fueled engines. Other products in this segment include machine tools, dies and consumable tooling. Specialty metal products include zirconium, high-speed and alloy steels, tungsten and molybdenum. Other operations in this segment include processing, casting, rolling and forging metals. The consumer segment includes oral hygiene products, shower massages, water filters, high fidelity speakers and other products and service. The Company also conducts insurance operations.

Divisions and Subsidiaries:

Aviation and Electronics

Teledyne Aerospace Systems
1007 E. 10th Street
Fairmont, Minnesota 56031
Designs and produces high quality multi-conductor electrical cable assemblies and wiring harnesses.

Teledyne Avionics
Charlottesville-Albemarle Airport
Charlottesville, Virginia 22906
Produces angle of attack instrumentation, pneumatic instrumentation such as the IVSI (Inertial-lead Vertical Speed Indicator), and audiometers used to screen children for hearing disabilities.

Teledyne Battery Products
840 West Brockton
Redlands, California 92374
Designs and manufactures dry charged lead acid batteries for military trucks, aircraft, standby power, and other specialty applications.

Teledyne Brown Engineering
Cummings Research Park
Huntsville, Alabama 35807
Manufactures missile components and subsystems and targets and drones for the military; performs tasks ranging from ground test support for the main engine to the role of payload integration, in the U.S. Shuttle program.

Teledyne CAE
1330 W. Laskey Road
Toledo, Ohio 43612
Designs, develops and manufactures gas turbine engines.

Teledyne Camera Systems
131 North Fifth Avenue
Arcadia, California 91006
Manufactures photographic instrumentation, photo-optical systems and components including specialized airborne cameras, underwater photographic equipment and infrared detection systems.

Teledyne Continental Motors Aircraft Products
Brookley & Industrial Complex
Mobile, Alabama 36615
Produces aircraft piston engines.

Teledyne Controls
12333 W. Olympic Boulevard
Los Angeles, California 90064
Produces a wide variety of electronic equipment for commercial military and other applications, including airborne electronic equipment utilizing automatic digital communication.

Teledyne Crystalonics
147 Sherman Street
Cambridge, Massachusetts 02140
Manufactures high reliability semiconductors and specializes in the redevelopment of silicon transistor, tuning and current regulator diodes and hybrid microcircuits.

Teledyne Electro-Mechanisms
110 Lowell Road
Hudson, New Hampshire 03051
Produces flexible etched circuitry used in high reliability aerospace and electronic applications where space and weight requirements must be kept to a minimum.

Teledyne Electronics
649 Lawrence Drive
Newbury Park, California 91320
Designs, develops and manufactures airborne and ground based identification systems and test equipment (Identification Friend or FOE/Air Traffic Control). Also produces telemetry transmitters, multiplexers and signal conditioning equipment.

Teledyne Hastings-Raydist
804 Newcombe Avenue
Hampton, Virginia 23661
Provides products and services for navigational purposes such as precise radio location and positioning in inland and coastal waterways.

Teledyne Kinetics
410 South Cedros Avenue
Solcna Beach, California 92075
Designs and manufactures proprietary electro-mechanical products including motor drive switches for use on missiles and space vehicles and printed circuit connectors.

Teledyne Lewisburg
Industrial Park
Lewisburg, Tennessee 37091
Manufactures high reliability electronic and electromechanical equipment for defense, space and industrial applications including UHF radio communications systems, fixed station transceivers, process control equipment for nuclear energy plant safety systems and data acquisition equipment for wind tunnel operation and control.

Teledyne McCormick Selph
3601 Union Road
Hollister, California 95023
Produces ordnance devices and specialty chemicals.

Teledyne MEC
3165 Porter Drive
Palo Alto, California 94304
Manufactures microwave devices for use in electronic counter measures.

Teledyne Microelectronics
12964 Panama Street
Los Angeles, California 90066
Manufactures custom, high-reliability hybrid microcircuits.

Teledyne Microwave
1290 Terra Bella Avenue
Mountain View, California 94043
Designs and manufactures passive and active microwave devices and subsystems including filters, multiplexers and integrated sub-assemblies; ferrite components including circulators and isolators; coaxial, SPDT, transfer and multithrow switches and voltage controlled oscillator systems.

Teledyne Neosho
Doniphan Drive
Neosho, Michigan 64850
Precision gear for jet, turbine, and reciprocating engines.

Teledyne Philbrick
Allied Drive at Route 128
Dedham, Massachusetts 02026
Manufactures hybrid and modular electronic components including data converters, linear circuit components, nonlinear components and power supplies.

Teledyne Relays
12525 Daphne Avenue
Hawthorne, California 90250
Manufactures hermetically sealed electromechanical relays and solid state relays for electronic applications.

Teledyne Ryan Aeronautical
2701 Harbor Drive
San Diego, California 92138
Designs and develops remotely piloted supersonic airborne vehicles, Doppler velocity sensors, radar and infrared altimeters, microwave and electronically scannable antennas and space landing radars.

Teledyne Ryan Electronics
8650 Balboa Avenue
San Diego, California 92123
Designs and manufactures high technology radar related navigation and avionic systems.

Teledyne Semiconductor
1300 Terra Bella Avenue
Mountain View, California 94043
Manufactures semiconductor components and integrated circuits.

Teledyne Systems
19601 Nordhoff Street
Northridge, California 91324
Engaged in the manufacture of airborne and spaceborne computers, intertial and radio frequency navigation systems, custom test and ground support systems. Sales are principally to government and defense.

Teledyne Thermatics
P.O. Box 909
Elm City, North Carolina 27822
Full service wire and cable company.

Transfer Agent(s):

Bank of America N.T. & S.A.
Corporate Agency Service Center
P.O. Box 37002
San Francisco, California 94137

Teledyne, Inc.

Stock Exchange(s): New York, Pacific

Ticker Symbol: TDY

Number of Employees:

1987	44,400	1984	45,000
1986	44,800	1983	50,000
1985	47,200		

Plant Footage:

1987 ..... 22,200,000 sq. ft. 1986 22,200,000

Sales & Earnings

	Net Sales ($000's)	Net Income ($000's)
1987	$ 3,216,800	$ 377,200
1986	3,241,400	238,300
1985	3,256,200	546,400
1984	3,494,300	574,300
1983	2,979,000	304,600

	No. of Com. Shares‡	Earn. per Share‡
1987	11,667,978	$ 32.25
1986	11,709,478	20.35
1985	11,709,478	46.66
1984	15,235,393	37.69
1983	20,479,764	14.87

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
($000's)

	1987	1986
Industrial	$ 788,600	$ 819,800
Aviation & electronics	1,439,300	1,444,300
Specialty metals	713,600	701,800
Consumer & other	295,300	275,500
Total	$ 3,216,800	$ 3,241,400

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 1,976,000,000	$ 169.35
1986	1,636,600,000	139.77
1985	1,577,400,000	134.71
1984	1,159,300,000	76.09
1983	2,641,200,000	128.97

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 3,216,800	$ 3,241,400
Cost of sales	2,460,600	2,542,200
Expenses	446,400	455,900
Interest expense	16,200	20,500
Interest income	(12,700)	(7,200)
Gain on sale of secur.	(6,200)	(300)
Income before taxes	$ 312,500	$ 230,300
Income taxes	128,400	101,200
Eq. in inc. of unconsol. subsid.	(193,100)	(109,200)
Net Income	$ 377,200	$ 238,300

* Included in Costs and Expenses, Depreciation and Amortization: $97,300,000 in 1987 and $107,700,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & market. secur.	$ 244,800	$ 116,800
Receiv., net	408,300	384,700
*Inventories	244,000	211,000
Deferred inc. taxes	43,300	27,200
Prepaid expenses	10,800	10,200
Current Assets	$ 951,200	$ 749,900
Investments	1,810,500	1,625,500
#Fixed assets	308,700	325,300
Other assets	64,600	43,500
Total Assets	$ 3,135,000	$ 2,744,200

Liabilities
($000's)

Long-term debt, curr.	$ 2,700	$ 2,400
Accts. payable	170,100	137,300
Accruals	258,700	247,000
Income taxes	16,200	29,900
Curr. Liabilities	$ 447,700	$ 416,600
Long-term debt	547,900	572,700
Def. income taxes	89,600	78,800
Other liabilities	73,800	39,500
+Common stock	11,700	11,700
Add. paid-in capital	82,900	83,200
Retained earnings	1,795,600	1,479,400
Equity in unrealized apprec. in marketable sec. of uncons. subs.	83,000	64,000
Treasury stock	(2,800)	(1,700)
Total Liabilities & Shareholders' Equity	$ 3,135,000	$ 2,744,200

* At lower of cost (FIFO and LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.71	7.10
%Net Income to Sales	11.73	7.35
%Net Income to Equity	19.09	14.56
Sales to Inventories	13.18	15.36
Debt to Equity	0.28	0.35
Working Capital	$ 503,500,000	$ 333,300,000
Current Ratio	2.12	1.80
Shareholders' Equity	$ 1,976,000,000	$ 1,636,600,000

Teleflex Incorporated

155 South Limerick Road
Limerick, Pennsylvania 19468
(215) 948-5100

Officers: L. K. Black, chairman & chief executive officer; David S. Boyer, president & chief operating officer; John H. Remer, vice chairman & chief administrative officer; John J. Sickler, president & chief operating officer-Defense/Aerospace Group; Ira Albom, sr. v.p.; Roy C. Carriker, president and chief operating officer-Sermatech International; Harold L. Zuber, Jr., v.p. & controller; John F. Schoenfelder, v.p., secretary & treasurer; Steven K. Chance, v.p. & dir.-legal services; Michael W. Young, v.p.

Directors: John H. Remer, L. K. Black, John J. Sickler, Lewis E. Hatch, Jr., Pemberton Hutchinson, Palmer E. Retzlaff, Donald Beckman, Lewis W. Bluemle, Jr., David S. Boyer, Richard A. Woodfield.

Areas of Work: Specialized mechanical, electromechanical, and hydraulic control systems including steering, engine controls, and cable linkages for aircraft, space vehicles, commercial ships and vehicular industries. Measurement and control systems for nuclear and chemical reactors, industrial processes, and other hostile atmospheres. Custom designed mechanical wire and cable controls including accelerators and cruise controls, hood releases, transmission and shift controls, disappearing tailgate window regulator system, heater, vent, and air conditioning controls, brake release controls, seat-back latches, and sunroof helical cable assemblies for automotive and motor truck industries. Engine control systems, electrical instrumentation systems, cables and wiring harnesses for buses, trucks, industrial and leisure vehicles. Mechanical steering systems, engine control systems and cables, electrical instrumentation systems and wiring harnesses for pleasure marine industry. Sermo-Tel inorganic corrosion resistant coatings and processes, ceramic compounds, and composites for aerospace, electronic, and industrial markets. Highly engineered fluoroplastic products including smooth wall and convoluted tubing, sleeving, and conduit, shapes, profile, custom linings and lined products, braided hose, custom wire products, rod and bending, and heat shrinkables for aerospace, automotive, industrial, medical and electronic applications.

Operations & Subsidiaries:

Major Facilities:

TFX Engineering Ltd.
Hamilton, Bermuda
Hong Kong

Teleflex Development & Training Center
King of Prussia, Pennsylvania

Technical Products and Services:

Teleflex Aerospace
Church Road
North Wales, Pennsylvania 19454

Hoover Electric Company
2100 South Stoner Avenue
Los Angeles, California 90025
(213) 272-3125

Teleflex Defense Systems
King of Prussia, Pennsylvania
Spanish Fork, Utah

Utah Valley Casting Corporation
Spanish Fork, Utah

Aero Space Controls Corporation
Wichita, Kansas

Electro-Pneumatic International GmbH
Hausham, West Germany

Motaco International
King of Prussia, Pennsylvania

Robinson-Halpern Company
Plymouth Meeting, Pennsylvania
Designs, manufactures and markets transducers for measuring linear displacement, pressure and velocity.

The Talley Corporation
Newbury Park, California
Designs and manufactures various actuators, control valves and missile launch components used by the defense/aerospace industry.

Arms Medical, Inc.
Woburn, Massachusetts

TFX Medical
Jaffrey, New Hampshire
Limerick County, Ireland

Warne/Franklin
Lurgan, Northern Ireland
High Wycombe, England

Sermatech International, Inc.

Sermatech Technical Services
Limerick, PA
Hartford, CT
Houston, TX
Los Angeles, CA
West Palm Beach, FL
Montreal, Canada
Dusseldorf, West Germany
Derbyshire, England

Seratech Repair Services
Hartford, CT
Derbyshire, England

Sermatech Materials Division
Limerick, Pennsylvania

Airfoil Management Company
Los Angeles, CA

Derbyshire, England

ECT Inc.
Limerick, Pennsylvania

Commercial Products:

Teleflex Automotive
2530 Industrial Row
Troy, Michigan 48084
(313) 280-0620

Capro, Inc.
300 South Cochran
Willis, Texas 77378

Teleflex Fluid Systems
Progress Industrial Park
506 Hayden Station Road
Windsor, Connecticut 06095
(203) 633-0745

Teleflex Fluoroplastics Inc.
Jaffrey, New Hampshire

Mechanical Division
Limerick, Pennsylvania

Electrical Division
Sarasota, Florida

Hydraulic Division
Vancouver, Canada

Acquisition:

Inmed Corporation
A medical products company producing a line of invasive disposable devices.
Alpharetta, GA
West Sussex, England
Taiping, Malaysia

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: TFX

Number of Employees:

1987	3,760	1984	2,000
1986	3,500	1983	1,940
1985	2,400		

Sales & Earnings

	Net Sales	Net Income
1987	$ 269,777,000	$ 19,671,100
1986	214,181,000	16,430,100
1985	171,816,400	13,308,300
1984	153,310,700	11,310,000
1983	129,341,000	9,501,000

	No. of Com. Shares‡	Earn. per Share‡
1987	10,973,000	$ 1.79
1986	10,877,050	1.51
1985	10,602,000	1.26
1984	10,526,000	1.07
1983	10,366,000	0.92

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985	1984
Commercial products	48 %	51 %	59 %	63 %
Technical products & services	52	49	41	37
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.32	—	—
1986	0.27	—	2-for-1
1985	0.23	—	—
1984	0.21	—	—
1983	0.19	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 115,517,100	$ 10.53
1986	100,572,700	9.37
1985	84,312,300	8.03
1984	72,619,600	6.96
1983	63,562,600	6.12

† Adjusted to reflect stock split.

Income Account *

Year ended	12/27/87	12/28/86
Net sales	$ 269,777,900	$ 214,181,900
Cost of sales	185,587,400	147,701,200
Expenses	49,631,300	39,837,100
Interest expense	4,885,800	3,678,500
Other income	(1,987,700)	(3,965,000)
Income before taxes	$ 31,661,100	$ 26,930,100
Income taxes	11,990,000	10,500,000
Net Income	$ 19,671,100	$ 16,430,100

* Included in Costs and Expenses, Depreciation and Amortization: $9,754,600 in 1987 and $7,244,700 in 1986.

Assets

As of	12/27/87	12/28/86
Cash & short-term invest.	$ 26,220,500	$ 24,247,000
Accts. receiv., net	58,004,000	44,143,300
°Inventories	53,124,000	41,792,700
Prepaid expenses	2,440,500	1,793,400
Current Assets	$ 139,789,000	$ 111,976,400
#Fixed assets	79,783,300	70,804,500
Other assets	6,334,400	2,380,800
Total Assets	$ 225,906,700	$ 185,161,700

Liabilities

Demand loans	$ 8,425,500	$ 5,474,000
Accts. payable	20,796,000	17,546,700
Long-term debt, curr.	3,880,100	4,831,500
Accruals	8,350,700	7,685,700
Income taxes	8,066,400	6,715,400
Curr. Liabilities	$ 49,518,700	$ 42,253,300
Long-term debt	55,012,900	37,577,700
Deferred inc. taxes	5,856,000	4,758,000
+ Common stock	10,857,000	10,729,700
Add. paid-in capital	21,138,300	20,163,800
Retained earnings	86,028,500	69,871,700
Foreign curr. trans. adj.	1,762,100	(192,500)
Treasury stock	(4,268,800)	—
Total Liabilities & Shareholders' Equity	$ 225,906,700	$ 185,161,700

° At lower of average cost or market.
Less accumulated depreciation.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	11.74	12.57
% Net Income to Sales	7.29	7.67
% Net Income to Equity	17.03	16.34
Sales to Inventories	5.08	5.12
Debt to Equity	0.58	0.48
Working Capital	$ 90,270,300	$ 69,723,100
Current Ratio	2.82	2.65
Shareholders' Equity	$ 115,517,100	$ 100,572,700

Telxon Corporation

3330 West Market Street
Akron, Ohio 44313-3352
(216) 867-3700

Officers: Robert F. Meyerson, chairman; Raymond D. Meyo, president & chief exec. officer; Ronald D. Buffon, sr. v.p.-operations; Eugene A. Novak, sr. v.p. & chief financial officer; Steven L. Galvanoni, v.p.-North American sales; Gary J. Sniadak, v.p.-field service; Thomas J. Kinch, v.p.-marketing; George D. Kostell, v.p.-engineering.

Directors: Robert F. Meyerson, chairman; Raymond D. Meyo, Dan R. Wipff, M. Donald McClusky, Raj Reddy.

Areas of Work: Designs, manufactures, markets and services hand-held, portable, interactive microcomputer systems.

Subsidiaries:

Telxon mde GmbH
Guterbergring 1-5
2000 Norderstadt
Hamburg, Germany

Telxon Limited
Old Orchard High Street
Poole, Dorset BH151AE United Kingdom

Telxon Data Systems AG
P.O. Box 358
6301 Zug, Switzerland

Telxon Canada Corporation, Inc.
2651 John Street, Unit 6
Markham, Ontario L3R 2W5 Canada

Telxon Australia Pty. Limited
15 Hunter Street
Parramatta N.S.W. 2150 Australia

Telxon France S.A.
Edifice Atlas
Avenue De La Baltique
Z.A.C. De Courtaboeuf, France

Real Time Computer Specialists, Inc.
101 East Miller Street
Newark, New York 14513

Transfer Agent(s):

AmeriTrust Company N.A.
900 Euclid Avenue
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TLXN (NASDAQ)

Number of Employees:

1988	910	1987	760

Plant Footage:

1988	N.A.	1987	123,300 sq. ft.

N.A. - Not Available.

Telxon Corporation

Sales & Earnings

	Net Sales	Net Income†
1988	$ 123,860,000	$ 13,891,000
1987	100,819,000	12,730,000
1986	52,095,000	8,109,000
1985	64,019,000	4,984,000
1984	41,493,000	2,980,000

	No. of Com. Shares‡	Earn. per Share†‡
1988	13,363,964	$ 1.05
1987	13,574,644	0.94
1986	12,722,962	0.64
1985	11,206,723	0.45
1984	10,166,446	0.29

† Including extraordinary gains of $121,000 ($0.01 per share) in 1988, $399,000 ($0.03 per share) in 1987, $224,000 ($0.02 per share) in 1986, $114,000 ($0.01 per share) in 1985 and $39,000 ($0.01 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987
Product sales	$ 106,655,000	$ 86,853,000
Field service	17,205,000	13,966,000
Total	$ 123,860,000	$ 100,819,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1988	$ 0.01	—	—
1987	0.01	—	—
1986	0.007	—	3-for-2
1985	0.005	—	—
1984	0.005	—	—

+ Adjusted to reflect stock split

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 79,559,000	$ 5.95
1987	69,256,000	5.10
1986	54,673,000	4.30
1985	28,928,000	2.58
1984	23,575,000	2.32
1983	8,939,000	1.03

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended Mar. 31	1988	1987
Revenues	$ 123,860	$ 100,819
Cost of sales & serv.	56,064	43,526
Expenses	34,189	34,914
Interest income	(3,436)	(1,005)
Interest expense	3,060	196
Income before taxes	$ 22,791	$ 23,188
Income taxes	8,900	10,857
Net Income	$ 13,891	$ 12,331
Extraord. gain	121	399
Net Income & extraord. gain	$ 14,012	$ 12,730

Assets
(000's)

As of Mar. 31	1988	1987
Cash	$ 62,678	$ 24,767
Accts. receiv., net	41,889	31,150
Other receivables	2,472	795
*Inventories	24,532	20,836
Prepaid expenses	903	726
Current Assets	$ 132,474	$ 78,272
#Fixed assets	13,334	12,080
Other assets	3,390	362
Intangibles	77	154
Total Assets	$ 149,235	$ 90,868

Liabilities
(000's)

Notes payable	$ 2,065	$ 2,807
Cap. lease oblig. curr.	398	318
Accts. payable	5,865	6,245
Income taxes	2,556	3,125
Accruals	10,775	7,339
Curr. Liabilities	$ 21,659	$ 19,834
Cap. lease oblig.	332	564
Deferred inc. taxes	1,255	1,214
Convert. debt	46,000	—
Other liab.	430	—
+Common stock	129	130
Add. paid-in capital	40,521	39,119
Retained earnings	38,330	30,046
For. curr. adjust.	579	(39)
Total Liabilities & Shareholders' Equity	$ 149,235	$ 90,868

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	18.40	23.00
%Net Income to Revenues	11.22	12.33
%Net Income to Equity	17.46	17.80
Debt to Equity	0.04	0.05
Working Capital	$ 110,815,000	$ 58,438,000
Current Ratio	6.12	3.95
Shareholders' Equity	$ 79,559,000	$ 69,256,000

Tenney Engineering, Inc.

1090 Springfield Road
Union, New Jersey 07083
(201) 686-7870

Officers: Saul S. Schiffman, chairman of the board; Robert S. Schiffman, president & chief exec. officer; Seymour B. Sternbach, exec. v.p.; Walter Gottesman, v.p. & secretary; Frank H. Gardner, vice president; Martin S. Schletter, vice president; G. Kenneth Sweden, vice president; Frank C. Goartyla, treasurer.

Directors: Saul S. Schiffman, Walter Gottesman, Robert S. Schiffman, David C. Schiffman, Seymour B. Sternbach, Stanley Siegel, Herman Hockmeyer.

Area of Work: Engineers, manufactures and markets high technology environmental test equipment, custom-printed circuit boards, and allied vacuum products, and insulated enclosures.

Subsidiaries

Tenney International, Inc. (FSC)

WesTen Sales, Inc.
4540 South Decatur Street
Englewood, Colorado 80110

Precision Circuits, Inc.
468 Industrial Way West
Eatontown, New Jersey 07724
Manufactures sophisticated custom printed circuit boards used in a wide variety of electronic equipment.

VacTenn, Inc.
3150 Coronado Plaza, Unit A
Santa Clara, California 95054

Gloekler Refrigerator Company
3950 West 20th Street
Erie, Pennsylvania 16512
Manufactures insulated enclosures used in the refrigeration and drug industries.

Acquisition

DynaTenn Inc. dba DynaVac
30 Woodrock Road
P.O. Box 179
Weymouth, Massachusetts 02189
Manufactures custom thin film deposition equipment and has a line of fully automated, computer-controlled optical coating systems.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: TNY

Number of Employees

1987	360	1985	350
1986	N.A.		

Plant Footage:

1987	170,000 sq. ft.	1985	141,000
1986	N.A.		

N. A. – Not Available.

Sales & Earnings

	Net Sales	Net Income
1987	$ 18,879,799	$ (944,421)
1986	21,208,977	354,820
1985	23,211,965	1,148,476
1984	22,055,838	1,370,367
1983	19,018,336	782,823

	No. of Com. Shares #	Earn. per Share #
1987	3,603,597	$ —
1986	3,515,409	0.10
1985	3,490,225	0.33
1984	3,481,882	0.39
1983	3,480,366	0.22

(Loss)
Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	5-for-4
1983	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 7,973,449	$ 2.21
1986	8,536,839	2.43
1985	8,181,052	2.34
1984	6,956,139	2.00
1983	5,611,948	1.61

‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 18,879,799	$ 21,208,977
Cost of sales	14,040,233	14,959,192
Expenses	6,881,877	5,885,545
Other income	(268,890)	(340,480)
Income (loss) bef. taxes	$ (1,773,421)	$ 704,720
Income taxes (credit)	(829,000)	349,900
Net Income (Loss)	$ (944,421)	$ 354,820

* Included in Costs and Expenses, Depreciation: $682,127 in 1987 and $642,137 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,982,316	$ 3,016,140
Accts. receiv., net	5,163,848	4,301,841
*Inventories	5,166,064	4,091,452
Income tax receiv.	537,760	244,014
Prepaid expenses	328,939	393,386
Current Assets	$ 13,178,927	$ 12,046,833
#Fixed assets	4,612,587	4,616,192
Other assets	169,546	134,081
Goodwill	559,616	584,855
Total Assets	$ 18,520,676	$ 17,381,961

Liabilities

Long-term debt, curr.	$ 286,600	$ 849,400
Accts. pay. & accruals	2,732,746	2,741,403
Accrued payroll	680,883	582,036
Deferred inc. tax	112,600	428,300
Curr. Liabilities	$ 3,812,829	$ 4,601,139
Long-term debt	6,147,098	3,733,783
Deferred inc. taxes	587,300	510,200
+Common stock	364,848	353,848
Add. paid-in capital	2,050,581	1,680,372
Retained earnings	5,687,034	6,631,455
Treasury stock	(129,014)	(128,836)
Total Liabilities & Shareholders' Equity	$ 18,520,676	$ 17,381,961

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.32
%Net Income to Sales	—	1.67
%Net Income to Equity	—	4.16
Sales to Inventories	3.65	5.18
Debt to Equity	0.81	0.54
Working Capital	$ 9,366,098	$ 7,445,694
Current Ratio	3.46	2.62
Shareholders' Equity	$ 7,973,449	$ 8,536,839

Teradyne, Inc.

321 Harrison Avenue
Boston, Massachusetts 02118
(617) 482-2700

Officers: Alexander V. d'Arbeloff, chairman of the board & president; G. Russell Ashdown, v.p.-Telecommunications Division; George W. Chamillard, v.p.-Teradyne Connection Systems; George V. d'Arbeloff, v.p.-Industrial/Consumer division; Joseph B. Lassiter, III, v.p.-Manufacturing Systems Division; Dennis P. O'Connell, v.p.-European operations; James A. Prestridge, v.p.-Component Test Group; Owne W. Robbins, v.p.-finance; Frederick T. Van Veen, v.p.-corporate relations; Loren G. Eaton, v.p.-personnel; Windsor H. Hunter, v.p.-Teradyne Connection Systems; Lennart B. Johnson, v.p.-Teradyne Connection Systems; Thomas B. Newman, Jr., v.p.-ATE customer service; Stuart M. Oattin, treasurer; Edward Rogas, Jr., v.p.-Semiconductor Test Division; John P. McCabe, controller; Richard J. Testa, secretary & clerk.

Directors: Alexander V. d'Arbeloff, Henry M. Watts, Jr., Franklin P. Johnson, Jr., Daniel S. Gregory, Edwin L. Artzt, John H. McArthur, Richard J. Testa, Dwight H. Hibbard, John P. Mulroney.

Areas of Work: Engaged in the design and manufacture of automatic and computer-operated instruments for testing semiconductors, electronic components, assemblies, certain types of printed circuit boards and networks; computer-operated laser-trimming systems for manufacturing hybrid circuits and film resistors; wire-wrap connectors and wire-wrapping service; and other electronic items. Also produces telephone line test systems, film resistors and wire-wrap connectors and back-plane connection systems.

Divisions:

Semiconductor Test Division
Agoura Hills, California

Manufacturing Systems Division
Boston, Massachusetts

Industrial-Consumer Division
Boston, Massachusetts

Teradyne Connection Systems
Nashua, New Hampshire

Japan Division
Tokyo, Japan

Telecommunications Division
Deerfield, Illinois

Subsidiaries:

Teradyne S.A.
11 bis, Rue Roquepine
Paris VIII, France

Teradyne Holdings Limited
England
Teradyne Limited
Mark Instruments Limited

Teradyne Benelux, Inc.
Teradyne Hong Kong, Ltd.
Teradyne International, Inc.
Teradyne Japan, Ltd.
Teradyne Canada Limited
Teradyne Italia S.r.l.
Teradyne GmbH
Teradyne K.K.
Teradyne Korea, Ltd.

Acquisitions:

Zehntel, Inc.
Walnut Creek, California
Designs, manufactures and markets test systems for printed-circuit boards and other subassemblies.

AIDA Corporation
Santa Clara, California
Designs and markets computer-aided engineering products.

CASE Technology Inc.
Mountain View, California
Designs and markets computer-aided engineering products.

Transfer Agent(s):

Bank of Boston
Capital Markets Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: TER

Number of Employees:

1987	4,700	1984	5,000
1986	4,300	1983	3,900
1985	4,300		

Plant Footage:

1987	1,313,000 sq. ft.	1984	1,118,000
1986	1,118,000	1983	1,278,000
1985	1,118,000		

Sales & Earnings x

	Net Sales	Net Income+
1987	$ 377,700,000	$ (21,100,000)
1986	351,100,000	(11,800,000)
1985	393,400,000	13,700,000
1984	452,700,000	46,500,000
1983	287,500,000	23,800,000

	No. of Com. Shares +	Earn. per Share‡
1987	28,400,000	$ —
1986	27,700,000	—
1985	26,100,000	0.51
1984	25,500,000	1.76
1983	23,900,000	1.08

(Loss)
x Restated to include operations of AIDA Corp., CASE Tech., Inc. and Zehntel, Inc., acquired on a pooling of interest basis.
+ Including extraordinary gains of $415,000 in 1987, $124,000 in 1986 and $77,000 in 1985.
+ Adjusted to reflect stock split.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	$ 278,700,000	$ 9.81
1986	295,500,000	10.67
1985	290,900,000	11.10
1984	269,900,000	10.54
1983	203,200,000	8.49

x Restated.
‡ Adjusted to reflect stock split.

Teradyne, Inc.

Income Account *
(000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 377,658	$ 351,068
Cost of sales	222,215	199,653
Expenses	176,559	165,292
Restruc. costs	10,981	2,498
Interest expense	3,325	3,041
Interest income	(2,183)	(2,811)
Gain on sale of assets	—	(1,854)
Loss bef. taxes	$ (33,239)	$ (14,751)
Tax credit	(11,717)	(2,801)
Net Loss	$ (21,522)	$ (11,950)
Extraord. gain	415	124
Net Loss & extraord. gain	$ (21,107)	$ (11,826)

* Included in Costs and Expenses, Depreciation: $28,905,000 in 1987 and $27,351,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash	$ 11,066	$ 42,743
Accts. receiv., net	96,941	79,560
*Inventories	64,865	61,014
Fed. & state inc. taxes	657	5,031
Prepaid expenses	6,643	6,430
Current Assets	$ 180,172	$ 194,778
#Fixed assets	198,191	176,698
Defer. charges & other assets	19,548	16,907
Total Assets	$ 397,911	$ 388,383

Liabilities
(000's)

Notes payable	$ 8,436	$ 8,553
Long-term debt, curr.	997	1,118
Accts. payable	11,414	10,541
Accruals	45,934	33,019
Income taxes	60	278
Curr. Liabilities	$ 66,841	$ 53,509
Convert. subord. deben.	14,130	—
Long-term note	29,228	15,693
Deferred inc. taxes	4,635	19,718
Def. gain on bldg. sale	4,369	4,883
+Common stock	3,552	3,462
Add. paid-in capital	166,847	162,000
Retained earnings	107,739	129,658
For. curr. trans.	570	350
Total Liabilities & Shareholders' Equity	$ 397,911	$ 388,383

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.125 par value.

Statistical Summary

Sales to Inventories	5.82	5.75
Debt to Equity	0.19	0.08
Working Capital	$ 113,331,000	$ 141,269,000
Current Ratio	2.70	3.64
Shareholders' Equity	$ 278,708,000	$ 295,470,000

Terminal Data Corporation

5898 Condor Drive
Moorpark, California 93021-2601
(805) 529-1500

Officers: Michael Rothbart, chairman of the board; David Krar Hutton, chief executive officer; James R. Schwartz, president & chief operating officer; Herman W. Pass, sr. v.p.-corporate strategic planning; Donald D. Meyers, v.p., chief financial officer & treasurer; William B. Green, v.p. & technical director; Samuel L. Greene, v.p.-marketing; Sharon K. Franzen, v.p.-administration & secretary; Ronald A. Ockander, v.p.-marketing; Kathryn A. Price, asst. secretary & corporate counsel.

Directors: Michael Rothbart, chairman; M. H. Jacobs, Charles A. Roberts, Richard M. Drysdale, Stanley R. Schoen.

Area of Work: Designs and manufactures components for electronic document image management systems including high resolution video terminals and automatic and manual high speed document digitizers. Designs and manufactures microfilm systems and microfiche duplicating equipment.

Subsidiaries:

TDC Properties Corp.
Terminal Data Service Corporation

Transfer Agent(s):

U.S. Stock Transfer Corporation
1745 Gardena Avenue
Glendale, California 91204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TERM (NASDAQ)

Number of Employees:

1987	325	1984	613
1986	370	1983	522
1985	430		

Plant Footage:

1987	126,000 sq. ft.	1984	190,000
1986	167,000	1983	163,000
1985	190,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 25,292,000	$ 174,000
1986	31,010,000	(3,824,000)
1985	34,848,000	(2,642,000)
1984	45,627,000	3,096,000
1983	30,254,000	1,993,000

	No. of Com. Shares‡	Earn. per Share‡
1987	4,486,000	$ 0.04
1986	4,482,000	—
1985	4,474,000	—
1984	4,555,000	0.68
1983	4,551,000	0.44

(Loss)
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	10%	—
1984	—	25%	—
1983	—	25%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 14,885,000	$ 3.32
1986	14,671,000	3.27
1985	18,495,000	4.13
1984	21,076,000	4.63
1983	17,711,000	3.89

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 25,292,000	$ 31,010,000
Cost of sales	18,487,000	24,651,000
Expenses	7,032,000	7,722,000
Oper. loss	$ (227,000)	$ (1,363,000)
Property held for sale	671,000	1,947,000
Interest expenses	1,243,000	1,044,000
Loss on sale of prop. held for sale	1,289,000	—
Other income	(3,479,000)	(30,000)
Income (loss) before taxes	$ 49,000	$ (4,324,000)
Tax credit	(125,000)	(500,000)
Net Income (Loss)	$ 174,000	$ (3,824,000)

* Included in Costs and Expenses, Depreciation and Amortization: $928,000 in 1987 and $1,101,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 3,798,000	$ 657,000
Receiv., net	6,365,000	7,703,000
*Inventories	8,263,000	10,978,000
Prepaid expenses	419,000	263,000
Current Assets	$ 18,845,000	$ 19,601,000
#Fixed assets	3,961,000	7,867,000
Prop. held for sale	—	20,402,000
Other assets	1,490,000	1,762,000
Total Assets	$ 24,296,000	$ 49,632,000

Liabilities

Notes payable	$ —	$ 4,930,000
Long-term debt, curr.	188,000	292,000
Accts. payable	1,122,000	1,491,000
Accruals	2,731,000	3,182,000
Curr. Liabilities	$ 4,041,000	$ 9,915,00
Long-term debt, curr.	5,226,000	24,791,000
Deferred inc. taxes	144,000	255,000
+ Common stock	4,492,000	4,482,000
Add. paid-in capital	14,176,000	14,166,000
Retained earn. (deficit)	(3,783,000)	(3,957,000)
Total Liabilities & Shareholders' Equity	$ 24,296,000	$ 49,632,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	3.06	2.82
Debt to Equity	0.35	1.69
Working Capital	$ 14,804,000	$ 9,686,000
Current Ratio	4.66	1.98
Shareholders' Equity	$ 14,885,000	$ 14,671,000

Texas Instruments Incorporated

P.O. Box 655474
13500 North Central Expressway
Dallas, Texas 75265
(214) 995-2011

Officers: Jerry R. Junkins, chairman, president & chief executive officer; William I. George, exec. v.p.; William B. Mitchell, exec. v.p. & pres.-Defense Systems & Electronics Group; William B. Weber, exec. v.p. & pres.-Semiconductor group; George H. Heilmeier, sr. v.p. & chief technical officer; Richard J. Agnich, sr. v.p.-secretary & general counsel; William A. Aylesworth, sr. v.p.-chief financial officer; Marvin M. Lane, Jr., v.p. & corporate controller; David D. Martin, v.p. & president-Materials & Control Group; James W. Martin, v.p. & pres.-Data Systems Group; William E. Boisvert, v.p. & treasurer; Walden C. Rhines, v.p. & exec. v.p.-Semiconductor Group; Liston M. Rice, v.p.-corp. communications/marketing; William E. Weisel, v.p.-corporate personnel; Joseph D. Zimmerman, v.p.-corporate services; Clara C. O'Donnell, asst. secretary.

Directors: Jerry R. Junkins, chairman; Mark Shepherd, Jr., Edward R. Kane, John C. Toomay, Gerald W. Fronterhouse, David C. Garrett, Jr., William P. Weber, Bernard M. Fauber, David M. Roderick.

Areas of Work: Semiconductors, including integrated circuits, small, medium, and large scale arrays (MOS and Bipolar); microprocessors & microcomputers, transitors, radar systems, electro-optic systems, missile guidance and control systems, classified electronics equipment; business consumer and scientific calculators, electronic learning aids, opto-electronic devices; electronic and electro-mechanical parts and assemblies, safety and control devices, clad metals; digital computers and computer systems, electronic data terminals and printers.

Subsidiaries:

Texas Instruments Asia Limited
Texas Instruments Deutschland G.m.b.H.
Texas Instrumentos Electronicos do Brasil Limitada
Texas Instruments Equipamento Electronico (Portugal) Lda.
Texas Instruments France
Texas Instruments Holland B.V.
Texas Instruments Italia S.p.A.
Texas Instruments Japan Limited
Texas Instruments Limited (U.K.)
Texas Instruments Malaysia Sdn. Bhd.
Texas Instruments Singapore (Pte) Limited
Texas Instruments Taiwan Limited

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

First Republic Bank Dallas, N.A.
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): New York

Ticker Symbol: TXN

Number of Employees:

1987	77,984	1984	86,563
1986	77,270	1983	80,696
1985	77,872		

Plant Footage:

1987	25,340,348 sq. ft.	1984	24,448,595
1986	25,360,668	1983	22,555,133
1985	24,802,752		

Sales & Earnings

	Net Sales (000's)	Net Income+ (000's)
1987	$ 5,594,500	$ 308,500
1986	4,974,000	29,100
1985	4,924,500	(118,700)
1984	5,741,600	316,000
1983	4,579,800	(145,400)

	No. of Com. Shares‡	Earn. per Share‡+
1987	82,023,000	$ 3.59
1986	75,942,000	0.24
1985	74,844,000	—
1984	72,620,000	4.35
1983	71,506,000	—

(Loss)
+ Including extraordinary gain of $51,600,000 ($0.63 per share) in 1987 and extraordinary loss of $10,800,000 ($0.43 per share) in 1986.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.71	—	3-for-1
1986	0.67	—	—
1985	0.67	—	—
1984	0.67	—	—
1983	0.67	—	—

Common Stock Equity

	Total Equity (000's)		Equity Per Share‡
1987	$ 1,725,600	+	$ 21.04
1986	1,427,100	+	18.79
1985	1,427,700		19.08
1984	1,540,500		21.21
1983	1,202,700		16.80

+ After allowing for preferred stock at liquidation value.
‡ Based on the average number of shares oustanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 5,594,500	$ 4,974,000
Cost of sales	4,382,900	4,035,400
Expenses	908,800	827,000
Retirement & Prof. sh. plan	85,400	9,700
Oper. profit	$ 217,400	$ 101,900
Interest of loans	20,700	24,100
Other income	(218,000)	(20,900)
Income before taxes	$ 414,700	$ 98,700
Income taxes	157,800	58,800
Net Income	$ 256,900	$ 39,900
Extraord. items	51,600	(10,800)
Net Income & extraord. items	$ 308,500	$ 29,100

* Included in Costs and Expenses, Depreciation: $380,100,000 in 1987 and $426,200,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 662,600	$ 214,400
Accts. receiv., net	848,200	669,700
*Inventories	738,700	609,500
Deferred inc. taxes	259,900	290,500
Prepaid expenses	53,400	37,300
Current Assets	$ 2,562,800	$ 1,781,400
#Fixed assets	1,519,700	1,437,000
Other assets & defer. charges	173,800	1,183,000
Total Assets	$ 4,256,300	$ 3,336,700

Liabilities
(000's)

Loans payable & long term debt, curr.	$ 63,300	$ 79,400
Accts. payable & accruals	1,063,000	909,200
Accrued retire. & prof. sh. plan	59,900	4,700
Dividend payable	16,800	14,200
Income taxes	43,700	25,600
Curr. Liabilities	$ 1,246,700	$ 1,113,100
Long-term debt	486,500	191,400
Deferred credits & other liab.	276,700	305,100
+Preferred stock:		
MKT auction pref.	300,000	300,000
Conv. money market pref.	220,800	—
++Common stock	78,700	25,700
Add. paid-in capital	383,500	374,600
Retained earnings	1,272,400	1,039,300
Treasury stock	(9,000)	(12,500)
Total Liabilities & Shareholders' Equity	$ 4,256,300	$ 3,336,700

* At lower of cost, current replacement cost, or est. realizable value.
# Less accumulated depreciation.
+ $25 par value.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.41	1.98
%Net Income to Sales	5.51	0.80
%Net Income to Equity	13.73	2.31
Sales to Inventories	7.57	8.16
Debt to Equity	0.24	0.16
Working Capital	$ 1,316,100,000	$ 668,300,000
Current Ratio	2.06	1.60
Shareholders' Equity	$ 2,246,400,000	$ 1,727,100,000

Texscan Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

7320 East Butherus Drive, Suite 200
Scottsdale, Arizona 85261
(602) 998-1788

Officers: James R. Bonfiglio, chairman, president, chief exec. and operating officer; Rene L. Flores, v.p.-finance, chief financial officer & secretary; William P. Dawson, v.p. & gen. mgr.-Instruments Division; William L. Firestone, v.p. & gen. mgr.-Communications Products Division; John R. Smith, v.p. & gen. mgr.-European Operations; David W. Keller, v.p. & gen. mgr.-MSI; Norman R. Barnard, v.p.; Berthold L. Henscheid, v.p.; Raymond G. Pastie, v.p.

Directors: James R. Bonfiglio, chairman; William L. Firestone, Burton G. Mendelson.

Texscan Corporation

Areas of Work: Designs, manufactures and markets a broad line of CATV distribution and testing equipment which is sold under the Theta-Com trademark, and CATV character generation equipment which is sold under the MSI trade name. CATV distribution equipment includes trunk amplifiers, line extenders, passives, power supplies and subscriber taps. CATV character generation equipment is used primarily in weather reporting, news and other textual displays. Also designs, manufactures and markets multipoint distribution system ('MDS') down converters under the Theta-Com trademark. The principal purchasers of the Company's products are operators of CATV systems. In addition, the Company designs and manufactures RF testing equipment, including spectrum analyzers, sweep signal generators, oscilloscopes, microwave filters, and coaxial components for laboratory, communications and industrial uses under the Texscan trademark. Designs, manufactures and markets nonaddressable converters. Designs and manufactures standby power supplies for CATV systems.

Divisions and Subsidiaries:

Texscan Instruments
3169 North Shadeland Avenue
Indianapolis, Indiana 46226
(317) 545-4196

Texscan MSI Corporation
3855 South 500 West
Suite S
Salt Lake City, Utah 84115
(801) 262-8475

Texscan El Paso Division
1440 Goodyear Drive
El Paso, Texas 79936
(915) 594-3555

Texscan Communicaciones Banda Grande
S.A. de C.V.
Parque Ind. A.J. Bermudez
Apdo. Postal 1747 Suc 'D'
Cuidad, Juarez, Chihuahua, Mexico

Texcan GmbH
Peschelanger II
D-8000 Munchen 83
Munich, West Germany

Texscan Instruments Limited
One Northbridge Road
Berkhamsted, Hertfordshire, England

Texscan de Mexico
Melguiades Alanis
Fray Juan de Zumarraga
Cuidad Juarez, Chihuahua, Mexico

Societe Texscan S.A.
7, Rue Du Chemin Vert
94100 Saint Maur, France

Texscan Instruments Limited
Watermeadow, Germain Street
Chesham, Bucks HP5 1LF England, United Kingdom

Transfer Agent(s):

American National Bank & Trust Co. of Chicago
LaSalle at Washington
Chicago, Illinois 60690

Stock Exchange(s): Over-the-Counter

Number of Employees:

1987	1,200	1985	3,000
1986	900		

Plant Footage:

1987	233,200 sq. ft.	1985	305,700
1986	184,700		

Sales & Earnings

	Net Sales	Net Income
1987	$ 35,992,000	$ 5,440,000
1986	47,078,001	(51,850,382)
1985	75,594,423	(50,905,814)
1984	84,859,336	4,795,178
1983	54,665,454	5,697,600

	No. of Com. Shares +	Earn. per Share +
1987	6,625,138	$ 0.82
1986	6,670,620	—
1985	6,711,091	—
1984	6,879,907	0.70
1983	6,385,108	0.89

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share+
1987	$ (44,369,000)	$ —
1986	(49,808,907)	—
1985	2,397,396	0.36
1984	51,747,604	7.52
1983	40,013,792	6.27

(Deficiency)
+ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended April 30	1987	1986
Net sales	$ 35,992,000	$ [illegible]8,001
Cost of sales	21,867,000	[illegible]2,371
Expenses	12,121,000	[illegible]43,967
Prov. for bad debts	—	3,571,946
Interest expense	82,000	3,407,561
Interest income	(2,819,000)	(181,951)
Prov. for unusual items	(900,000)	17,547,489
Income (loss) before taxes	$ 5,641,000	$ (51,863,382)
Income taxes (credit)	2,760,000	(13,000)
Net income (loss)	$ 2,881,000	$ (51,850,382)
Extraord. gain	2,559,000	—
Net income (loss) & extraord. gain	$ 5,440,000	$ (51,850,382)

* Included in Costs and Expenses, Depreciation and Amortization: $1,134,000 in 1987 and $3,775,214 in 1986.

Assets

As of April 30	1987	1986
Cash	$ 7,952,000	$ 6,872,898
Receiv., net	6,212,000	8,658,027
* Inventories	10,030,000	9,725,509
Other curr. assets	522,000	790,041
Current Assets	$ 24,716,000	$ 26,046,475
# Fixed assets	8,148,000	8,629,988
Fixed assets held for dispos.	2,026,000	2,603,774
Other assets	2,121,000	1,848,393
Total Assets	$ 37,011,000	$ 39,128,630

Liabilities

Accts. payable	$ 1,404,000	$ 1,120,274
Warranty reserve	1,447,000	5,441,800
Accruals	4,927,000	8,421,843
Long-term debt, curr.	118,000	24,771
Curr. Liabilities	$ 7,896,000	$ 15,008,688
Liab. subj. to Chap. XI	72,787,000	73,326,044
Long-term debt	610,000	584,235
Deferred inc. taxes	87,000	18,570
+ Common stock	35,884,000	35,884,002
Notes receivables	(801,000)	(800,840)
Add. paid-in capital	1,731,000	1,731,370
Retained earnings (deficit)	(80,330,000)	(85,770,045)
Treasury stock	(853,000)	(853,394)
Total Liabilities & Shareholders' Equity	$ 37,011,000	$ 39,128,630

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

% Income bef. Taxes to Sales	15.67	—
% Net Income to Sales	8.00	—
Sales to Inventories	3.59	4.84
Working Capital	$ 16,820,000	$ 1,037,787
Current Ratio	3.13	1.74
Shareholders' Equity (Deficiency)	$ (44,369,000)	$ (49,808,907)

Textron Inc.

40 Westminster Street
Providence, Rhode Island 02903
(401) 421-2800

Officers: B. F. Dolan, chairman, president & chief executive officer; William A. Anders, sr. exec. v.p.-operations; Donald K. Farrar, sr. exec. v.p.-operations; Seymour S. Feuer, sr. exec. v.p.-operations; William J. Ledbetter, senior exec. v.p.-administration & planning; Richard A. McWhirter, sr. v.p.-financial controls; Charles F. Chapin, v.p.; George H. Hartmann, v.p.; Quentin G. Achuff, v.p.; John J. Mahoney, v.p.; Gary E. Atwell, v.p.; E. Earl Fleck, v.p.; Derek Plummer, v.p.; Maurice G. Wilkins, Jr., v.p.; Edward O. Handy, Jr., v.p. & secretary; Thomas D. Soutter, executive v.p. & general counsel; William P. Janovitz, v.p. & controller; Raymond W. Caine, Jr., v.p.-corporate communications; Gregory E. Hudson, v.p.-taxes; John L. Morse, v.p.-risk management/insurance; Richard A. Watson, v.p. & pres.-TIMCO; Dennis G. Little, exec. v.p. & chief financial officer; William F. Wayland, sr. v.p.-human resources; Robert B. Clendenen, v.p.-internal audit; Brian T. Downing, v.p. & treasurer; Arnold M. Friedman, v.p. & deputy general counsel; Mary L. Howell, v.p.-government affairs; Cecil W. Labhart, v.p.-info. systems services; Lorna F. Long, v.p.-human resources develop. & adm.; Willard R. Gallagher, v.p.-int'l.

Directors: Dante C. Fabiani, James R. Martin, Sam F. Segnar, William A. Anders, Wendell W. Anderson, Jr., Martin D. Walker, Robert P. Straetz, Webb C. Hayes, III, Barbara Scott Preiskel, Jean Head Sisco, Howard R. Swearer, B. F. Dolan, John J. Schmidt, J. Paul Sticht, Joseph R. Carter, R. Stuart Dickson, William M. Ellinghaus, Donald K. Farrar, Amos A. Jordan, Jr..

Areas of Work: A multi-industry company with operations in three business sector: aerospace technology, commercial products, and financial services.

Divisions and Subsidiaries:

AEROSPACE TECHNOLOGY

Textron Lycoming
550 South Main Street
Stratford, Connecticut 06497
(203) 385-2000
Manufacturs gas turbine engines for the military.

Textron Aerostructures
P.O. Box 210
Nashville, Tennessee 37202
(615) 361-2000
A major subcontractor to the aerospace industry. Principal products are wings and tail sections for military aircraft.

Textron Specialty Materials
Two Industrial Avenue
Lowell, Massachusetts 01851
(617) 452-8961
Develops and manufactures advanced composite materials and components, particularly for high-temperature use.

Textron Defense Systems
201 Lowell Street
Wilmington, Massachusetts 01887
(617) 657-5111
Develops and produces advanced technology weapon systems for the U.S. Department of Defense. Products include the reentry system and the Mark 21 reentry vehicle and fuze for the Peacekeeper missile.

Ex-Cell-O Corporation
2855 Coolidge Road
Troy, Michigan 48084
(313) 637-1000
Major product lines of the company fall into three industry segments: Aerospace/Defense includes precision blades and vanes, turbomachinery rotating components, fuel metering devices, turret control and stabilization systems, lightweight armored vehicles, and related products; Automotive products include interior and exterior flexible urethane parts, gaskets, small DC motors, armatures, and windshield washer systems; industrial products include metal cutting and metal forming machine tools, cutting tools and abrasives, packaging and materials handling equipment, contractors' tools, power transmission equipment, computer-aided manufacturing controls.

Bell Aerospace Textron
P.O. Box One
Buffalo, New York 14240
(716) 297-1000
Rocket engines, communications and air cushion systems, aircraft landing systems, missile and spacecraft propulsion systems, rocket propellant tanks, inertial navigation instruments, gravity sensing systems, air cushion vehicles and surface effect ships.

Bell Helicopter Textron, Inc.
P.O. Box 482
Fort Worth, Texas 76101
(817) 280-2011
Military and commercial helicopters and vertical lift aircraft, systems integration, spare parts.

HR Textron Inc.
25200 West Rye Canyon Road
Valencia, California 91355
(805) 259-4030
System studies and analyses, flight control actuators, servovalve controls, cryogenic coolers, filters, automatic test equipment and product support.

Aircraft Engine Components
P.O. Box 11906
Wetington, Connecticut 06111
(203) 666-4601
Manufactures to customer design, gas turbine engine components such as discs, hubs, cases, frames and precision gears for engine producers and the spare market.

Airfoil Textron
P.O. Box 6427
Lima, Ohio 45802
(419) 226-2900
Produces titanium and superalloy compressor components, both forgings and finished parts, for the domestic and international gas turbine industry.

Fuel Systems Textron
700 North Centennial
Zeeland, Michigan 49464
(616) 772-9171
Major products are fuel nozzles, manifolds and augmentors for military and commercial customers.

Cadillac Gage Textron
P.O. Box 1027
Warren, Michigan 48090
(313) 777-7100
Produces lightweight armored combat vehicles, turrets and weapon/turret control and stabilization systems.

Textron Marine Systems
6800 Plaza Drive
New Orleans, Louisiana 70127
(504) 245-6600
Produces air cushion vehicles and surface effect ships, principally for the U.S. Department of Defense.

COMMERCIAL PRODUCTS

North American Machine Tool
P.O. Box 700
Walled Lake, Michigan 48088
(313) 624-7800
Designs and manufacture of proprietary production machine tools, components and systems for the automotive, applicance, aerospace, bearing off-highway and plastic components industries.

Davidson Exterior Trim Textron
Route 6, Box 10
Americus, Georgia 31709
(919) 924-6111
Manufactures and supplies exterior trim parts, principally fascia and body moldings, to manufacturers of cars and light trucks.

Davidson Instrument Panel Textron
875 Greenland Road
Building C
Portsmouth, New Hampshire 03801
(603) 433-4142
Develops, manufactures and markets high technology plastic instrument panels to car and light truck producers.

Davidson Interior Trim Textron
Industrial Park
Dover, New Hampshire 03820
(603) 742-0720
Designs, engineers, manufactures and markets polymer-based trim components for automobiles and light trucks.

McCord Winn Textron
620 Washington Street
Winchester, Massachusetts 01890
(617) 729-4400
Manufactures electro-mechanical components for automobile and light truck producers.

Contractor Tool and Equipment Textron
4455 Boeing Drive
Rockford, Illinois 61109
(815) 399-2078
Has two operations: Greenlee Tool Company, which produces conduit benders, cable pullers and punch and die metal hole-making systems for electricians; and Forest City Tool Company, which manufactures woodworking tools including wood augers, router bits and indexible tooling for the furniture and wood-working markets.

CWC Castings
Henry Street
Muskegon, Michigan 49441
(616) 733-1331
Iron castings for engine blocks, camshafts, cylinder heads, gears, manifolds, housings, transmission cases and other ferrous casting applications.

Randall
P.O. Box 46334
Cincinnati, Ohio 45246
(513) 896-9400
Manufactures metal and plastic parts and trim used in the automotive and appliance industries.

Speidel
70 Ship Street
Providence, Rhode Island 02903
(401) 421-8600
Watchbands, identification bracelets, analog quartz watches, jewelry, men's toiletries, and women's fragrances.

Camcar
600 18th Avenue
Rockford, Illinois 61108
(815) 226-3600
Cold-formed metal parts, proprietary and special fasteners for aerospace, automotive, railroad, and appliance industries.

Cherry
1224 East Warner Avenue
P.O. Box 2157
Santa Ana, California 92707
(714) 545-5511
Proprietary fastening systems for aerospace and commercial applications, lockout products and installation tools.

Townsend
5250-77 Center Drive
Suite 300
Charlotte, North Carolina 28217
(704) 525-8003
Special fasteners and cold-formed metal parts for aerospace, automotive, railroad, metal working, industrial construction industries and fastening systems.

Homelite
14401 Carowinds Boulevard
P.O. Box 7047
Charlotte, North Carolina 28241
(704) 588-3200
Chain saws, string trimmers, generators blowers, heaters, and pumps.

Jacobsen
1721 Packard Avenue
Racine, Wisconsin 53403
(414) 637-6711
Lawn mowers, snow throwers, lawn and garden tractors, commercial turf maintenance equipment.

E-Z-Go
P.O. Box 388
Augusta, Georgia 30913
(404) 798-4311
Produces gas and electric golf cars and utility vehicles.

FINANCIAL SERVICES

Textron Financial Corporation
P.O. Box 6687
Providence, Rhode Island 02940
(401) 272-8000
Financing and leasing programs to Textron Divisions to facilitate sale of their products.

Avco Financial Services
P.O. Box 19701
Irvine, California 92713
(714) 533-1200
Consumer finance.

Avco Insurance Services/Balboa Life and Casualty
P.O. Box 19702
Irvine, California 92713
(714) 533-0700
Collateral protection, credit life, disability and property casualty insurance.

Paul Revere Insurance Group
18 Chestnut Street
Worcester, Massachusetts 01608
(617) 799-4441
Principal product is individual noncancellable disability income insurance.

Transfer Agent(s):

Morgan Shareholder Service Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TXT

Number of Employees:

1987	61,000	1984	43,000
1986	72,000	1983	41,000
1985	56,000		

Plant Footage:

1987 ..... 20,500,000 sq. ft.

Textron Inc.

Sales & Earnings

	Net Sales + ($000's)	Net Income† ($000's)
1987	$ 5,388,400	$ 256,300
1986	4,688,100	239,200
1985	3,732,900	251,800
1984	1,997,000	113,500
1983	1,899,300	88,700

	No. of Com. Shares #	Earn. per Share #†
1987	87,733,000	$ 2.92
1986	82,564,000	2.90
1985	74,636,000	3.37
1984	72,938,000	1.56
1983	73,978,000	1.20

+ Of continuing operations only.
† Including extraordinary gain of $16,400,000 ($0.22 per share) in 1985 and extraordinary losses of $32,600,000 ($0.37 per share) in 1987, $6,700,000 ($0.08 per share) in 1986.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Aerospace technology:		
Helicopters	$ 1,177,000	$ 1,098,000
Propulsion	1,399,000	1,044,000
Systems	1,294,000	1,362,000
Commercial products	1,512,000	1,131,000
Financial & other serv.:		
Management serv.	6,000	53,000
Total	$ 5,388,000	$ 4,688,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.975	—	2-for-1
1986	0.90	—	—
1985	0.90	—	—
1984	0.90	—	—
1983	0.90	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity‡	Equity Per Share†
1987	$ 2,262,235,000	25.39
1986	1,781,455,000	22.38
1985	1,555,095,000	19.94
1984	1,156,905,000	17.23
1983	1,132,050,000	16.55

‡ After allowing for preferred stock at redemption values.
† Adjusted to reflect stock split.

Income Account ($000's)

Year ended	1/2/88	1/3/87
Net sales	$ 5,388,400	4,688,100
Cost of sales	4,387,700	3,768,300
Expenses	604,300	539,600
Interest income	(9,000)	(11,400)
Interest expense	206,100	191,502
Eq. in inc. of unconsol. co.	(253,300)	(223,900)
Income before taxes	$ 452,600	$ 423,600
Income taxes	191,500	194,000
Inc. - cont. oper.	$ 261,100	$ 229,600
Inc. - discont. oper.	27,800	16,300
Net Income	$ 288,900	$ 245,900
Extraord. loss	(32,600)	(6,700)
Net Income & extraord. loss	$ 256,300	$ 239,200

* Included in Costs and Expenses, Depreciation: $160,400,000 in 1987 and $111,300,000 in 1986.

Assets ($000's)

As of	1/2/88	1/3/87
Cash & market. securities	$ 10,500	51,700
Accts. receiv., net	773,200	844,000
* Inventories	1,210,400	1,320,700
Net assets of discont. oper.	123,900	—
Other curr. assets	56,400	64,800
Current Assets	$ 2,174,400	$ 2,281,200
Invest. in unconsol. subsid.	1,490,800	1,394,200
# Fixed assets	791,000	857,600
Goodwill	739,300	761,900
Other assets	148,100	262,200
Total Assets	$ 5,343,600	$ 5,557,100

Liabilities ($000's)

Short-term debt, curr.	$ 1,100	22,300
Long-term debt, curr.	2,800	9,100
Accts. payable	405,000	392,100
Income taxes	47,300	123,800
Other liabilities	831,500	737,900
Curr. Liabilities	$ 1,287,700	1,285,200
Long-term debt	1,485,800	2,181,500
Other liabilities	262,900	243,200
+ Preferred stock:		
$2.08 Cum. conv.	17,600	26,300
$1.40 Convertible	8,700	9,300
+ + Common stock	11,200	10,200
Add. paid-in capital	624,000	372,500
Retained earnings	1,672,100	1,502,800
For. curr. trans. adj.	4,800	(36,600)
Eq. secur. valuation adjust.	300	2,600
Treasury stock	(31,500)	(39,900)
Total Liabilities & Shareholders' Equity	$ 5,343,600	$ 5,557,100

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value.
+ + $0.125 par value.

Statistical Summary

% Net Income to Equity	12.52	13.31
Sales to Inventories	4.45	3.55
Debt to Equity	0.65	1.20
Working Capital	$ 886,700,000	$ 996,000,000
Current Ratio	1.69	1.77
Shareholders' Equity	$ 2,307,200,000	$ 1,847,200,000

Thermo Electron Corporation

101 First Avenue
P.O. Box 9046
Waltham, Massachusetts 02254
(617) 890-8700

Officers: George N. Hatsopoulos, chairman of the board, president & chief executive officer; George Caryotakis, exec. v.p. and chief financial officer; Robert C. Howard, exec. v.p.; John N. Hatsopoulos, exec. v.p.; Peter G. Pantazelos, exec. v.p.; Walter J. Bornhorst, sr. v.p.; Arvin H. Smith, sr. v.p.; Paul F. Ferrari, treasurer & secretary; Jerry F. Davis, vice president; Firooz Rafeh, vice president; John P. Appleton, vice president; Marshall J. Armstrong, vice president; William A. Rainville, vice president; Paul F. Kelleher, v.p. & controller.

Directors: George N. Hatsopoulos, chairman; Robert A. McCabe, Donald E. Noble, Alexander V. d'Arbeloff, Peter O. Crisp, Frank Jungers, Roger D. Wellington, Elias P. Gyftopoulos, John M. Albertine, Hutham S. Olayan.

Areas of Work: Provides industry, utilities, and government with high technology equipment and services, in fields of energy conversion, cogeneration systems, instruments to monitor nuclear radiation, and critical air pollutants; equipment used in the manufacture of computers and electronics, magnetic tapes and films, and components for national defense. Six groups of operations include cogeneration systems, instruments, process equipment, metallurgical services, R & D Center, and thermedics.

Divisions and Subsidiaries:

Thermo Environmental Corporation (81%-owned)
Nuclear health physics, hazardous waste management, water management and civil engineering, environmental consulting and monitoring, and industrial hygiene.

Tecogen Inc. (74%-owned)
Packaged cogeneration equipment, gas-fired commercial cooling systems, and cogeneration operating and maintenance services.

Thermo Instrument Systems Inc. (87%-owned)
Environmental/pollution instruments, specialty process controls, nuclear radiation monitors, and analytical instruments.

Thermo Process Systems Inc. (87%-owned)
Metallurgical heat-treating systems, hazardous waste incinerators, and aerospace/defense heat-treating services.

Thermedics Inc. (67%-owned)
Heart assist devices, biocompatible polymers, wound dressing products, percutaneous access devices, enteral feeding products, instruments and detectors.

Instruments Division

Environmental Instruments
108 South Street
Hopkinton, Massachusetts 01748

Analytical Instruments
101 First Avenue
P.O. Box 2108
Santa Fe, New Mexico 87501

Eberline
Airport Road
P.O. Box 2108
Santa Fe, New Mexico 87501

Air Monitoring
2015 Bellaire Avenue
Royal Oak, Michigan 48067

Environmental Analysis Laboratory
2030 Wright Avenue
Richmond, California 94804

Thermo Electron Limited
Woolborough Lane
Crawley, West Sussex RH10 2AQ England

Thermo Electron Nippon Co., Ltd.
3-5-11 Minami-Nakaburi
Hirakata, Osaka, Japan

Van Hengel Instruments B.V.
Heerbaan 220
Breda, The Netherlands

Van Hengel Instrumente GmbH
Baiertalerstrasse 24-26
6908-Wiesloch, West Germany

Energy Systems Division
Research, development and manufacturing programs related to the conversion of energy and the generation of power.

Energy Systems
101 First Avenue
P.O. Box 459
Waltham, Massachusetts 02254

Crusader Engines
7100 East 15 Mile Road
Sterling Heights, Michigan 48077

Metallurgical Equipment Division
Designs, develops, manufactures and markets controlled atmosphere furnaces and associated equipment for industrial heat-treating processes.

Loftus
5 Gateway Center
Pittsburgh, Pennsylvania 15222

Holcroft
12068 Market Street
Livonia, Michigan 48150
(313) 261-8410

Holcroft & Company (Canada) Ltd.
94 Bessemer Court
London, Ontario N6E 1K7 Canada

NAPCO, Inc.
NAPCO Drive
P.O. Box 26
Terryville, Connecticut 06786

Metallurgical Services Division
Develops and manufactures medical prosthetic devices and fabricate high performance metal alloy components.

BCAT DIVISION
2829 East Washington Boulevard
Los Angeles, California 90023

Metal Treating Division
1575 West Pierce Street
Milwaukee, Wisconsin 53204

Cal-Dorm Division
2830 East Washington Boulevard
Los Angeles, California 90023

TEMS Division
411 Jackson Hill Street
Houston, Texas 77007

Perfection Heat Treating Division
24200 Plymouth Road
Detroit, Michigan 48239

Metallurgical, Inc.
900 East Hennepin Avenue
Minneapolis, Minnesota 55414

Metals Division
115 Eames Street
Wilmington, Massachusetts 01887

R & D New Business Division
45 First Avenue
P.O. Box 02264
Waltham, Massachusetts 02254

National Nuclear Corporation
Manufacturer of highly sensitive devices for monitoring the presence of low-level radioactive materials.

Transfer Agent(s):

The First National Bank of Boston
Capital Markets, Technologies/Shareholder Services
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: TMO

Sales & Earnings

	Net Sales‡	Net Income
1/2/88	$ 383,383,000	$ 18,110,000
1/3/87	331,600,000	14,320,000
12/28/85	265,666,000	9,614,000
12/29/84	234,924,000	6,073,000
12/31/83	181,866,000	50,000

	No. of Com. Shares +	Earn. per Share +
1/2/88	18,049,620	$ 1.00
1/3/87	17,266,000	0.83
12/28/85	14,259,000	0.67
12/29/84	13,575,000	0.45
12/31/83	13,340,000	—

‡ Includes other income.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
($000's)

	1/2/88	1/3/87
Cogeneration systems	$ 129,831	$ 107,452
Instruments	85,161	69,254
Process equipment	74,957	81,602
Biomedical prods.	20,103	15,848
Services	67,651	53,397
R & D Center	5,680	4,047
Total	$ 383,383	$ 331,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1/2/88	—	—	—
1/3/87	—	—	3-for-2
12/28/85	—	—	3-for-2
12/29/84	—	—	—
12/31/83	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share +
1/2/88	$ 161,808,000	$ 8.96
1/3/87	145,767,000	8.44
12/28/85	101,638,000	7.13
12/29/84	84,219,000	6.20
12/31/83	79,026,000	5.92

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
($000's)

Year ended	1/2/88	1/3/87
Net sales	$ 363,128	$ 315,357
Rev. from rm. & develop. cont.	20,259	16,243
Gain on stock sale	16,159	15,890
Other income	8,522	4,666
Total Income	$ 408,064	$ 352,156
Cost of sales	256,813	227,653
Expenses	113,609	91,575
Restruc. costs	3,449	7,058
Interest expense	7,657	4,550
Other expense	1,983	3,458
Income before taxes	$ 24,553	$ 17,862
Income taxes	4,610	2,935
Minority interest	1,833	607
Net Income	$ 18,110	$ 14,320

* Included in Costs and Expenses, Depreciation and Amortization: $10,095,000 in 1986 and $8,437,000 in 1985.

Assets
($000's)

As of	1/2/88	1/3/87
Cash & short-term invest.	$ 144,118	$ 63,801
Accts. receiv., net	71,284	64,880
Unbilled contract costs & fees	26,383	19,855
*Inventories	48,238	43,321
Prepaid expenses	6,139	2,231
Current Assets	$ 296,162	$ 194,088
#Fixed assets	53,593	48,840
Other assets	31,671	21,778
Intangibles	44,722	44,184
Total Assets	$ 426,148	$ 308,890

Liabilities
($000's)

Notes payable	$ 8,068	$ 3,737
Long-term debt, curr.	1,054	863
Accts. payable	34,626	29,943
Billings in exc. of contract costs	10,717	7,951
Accrued payroll	13,342	11,081
Other accruals	18,731	15,907
Accruals & misc. taxes	8,572	6,262
Curr. Liabilities	$ 95,110	$ 75,744
Long-term debt	131,927	58,343
Deferred inc. taxes	748	345
Other deferred items	10,908	8,616
Minority interest	25,647	20,075
+Common stock	17,769	17,499
Add. paid-in capital	67,351	64,479
Retained earnings	88,061	69,560
Treasury stock	(7,730)	(609)
Cum. trans. adjust.	748	(2,299)
Deferred comp.	(4,391)	(2,872)
Total Liabilities & Shareholders' Equity	$ 426,148	$ 308,890

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes Revenues	6.02	5.07
%Net Income to Revenues	4.44	4.07
%Net Income to Equity	11.19	9.8.
Debt to Equity	0.87	0.43
Working Capital	$ 201,052,000	$ 118,344,000
Current Ratio	3.11	2.56
Shareholders' Equity	$ 161,808,000	$ 145,767,000

Thomas & Betts Corporation

1001 Frontier Road
Bridgewater, New Jersey 08807
(201) 685-1600

Officers: J. David Parkinson, chairman of the board; T. Kevin Dunnigan, president & chief executive officer; Robert V. Berry, sr. v.p.; James D. Hay, v.p. & general counsel; Ronald P. Babcock, v.p.-finance; John F. Walsh, v.p.-human resources; David M. Hunihan, v.p.-operations; James D. Oberlender, v.p.-marketing; J. W. Kearny Hibberd, treasurer; Janice H. Way, secretary.

Directors: J. David Parkinson, chairman; Ian M. Ross, Edward D. Thomas, William R. Hartman, Raymond B. Carey, Jr., Peter Cartmell, J. Wendell Crain, Frederick Bartenstein, Hobart Betts, T. Kevin Dunnigan, Norma Maine Lonser, William H. Waltrip, William C. Hittinger.

Areas of Work: Engaged in the manufacture and marketing of connectors and accessory products for the electrical-electronic industry. Products include tools that cut, strip, and identify wires and conduits; connectors that splice or terminate wires; markers that label wires; wire fittings; flat cables; flexible circuits.

Thomas & Betts Corporation

Divisions and Subsidiaries:

T&B Construction & Industrial Marketing
1001 Frontier Road
Bridgewater, New Jersey 08807
(201) 685-1600

Thomas & Betts France, S.A.
57, Place de la Seine
Silic 120
94513 Rungis Cedex, France

Thomas & Betts GmbH
6072 Dreieich
Siemenstrasse 11, West Germany

Thomas & Betts S.p.A.
Via Archimede 19
Angelo P. de Labriola
20092 Cinisello Balsamo (Mi), Italy

Thomas & Betts International, Inc.
Sedgwick Road
Luton LU4 9DT
Bedfordshire, England

Thomas & Betts Limited
Thomas & Betts Manufacturing, Ltd.
P.O. Box 30
700 Thomas Boulevard
Iberville, Quebec J2X 2M9 Canada

Thomas & Betts Pty. Limited
11 Inman Road, Dee Why West
N.S.W. P.O. Box 91
Brookvale 2100 N.S.W., Australia

T&B/Ansley Corporation
35 Elizabeth Avenue
Somerset, New Jersey

T&B Japan Ltd.
No. 32 Kowa Bldg.
2-32 Minami Azabu
Minato-Ku, Tokyo 106, Japan

Doylestown Manufacturing Corporation
Old Easton Road
Doylestown, Pennsylvania

Thomas & Betts Aktieboleg
Kanalvagen 1
S19461 Upplands Vasby, Sweden

Thomas & Betts de Mexico, S.A. de CV
Alberto J. Pani 165, Cto. Economintas
Cd. Satellite
Edo de Mexico, Mexico

Thomas & Betts Limited
Thomas & Betts Manufacturing Limited
England

Thomas & Betts (S.E. Asia) Pte. Ltd.
Unit 105, First Floor
Cidsco Industrial Complex, 50 Genting Lane 1334
Singapore

Thomas & Betts Spain
Pallars, 65-71
Barcelona 18, Spain

Ouest Electronic Connecteurs
1 Place Honore de Balzac
Tour du Moulin Sarrazin 1
B.P. 38
95102 Argenteuil, Cedex, France

Excel Products Company
New Brunswick, New Jersey
Manufactures logic packaging panels, DIP Sockets, and back plane wiring components and systems.

Quelcor, Inc.
P.O. Box 33
Media, Pennsylvania 19063
Flame retardant products.

Acquisition(s):

Vitramon, Incorporated
Route 25
Monroe, Connecticut 06468
(203) 268-6261
Manufactures monolithic ceramic capacitors for the electronics industry

Nevada Western Supply Inc.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: TNB

Number of Employees:

1987	4,200	1984	3,200
1986	3,200	1983	3,000
1985	3,200		

Sales & Earnings x

	Net Sales	Net Income
1987	$ 436,463,000	$ 48,500,000
1986	385,801,000	40,215,000
1985	347,912,000	34,262,000
1984	352,232,000	39,711,000
1983	301,958,000	27,755,000

	No. of Com. Shares‡	Earn. per Share‡
1987	16,865,000	$ 2.88
1986	16,747,000	2.40
1985	16,689,000	2.05
1984	16,712,000	2.38
1983	16,716,000	1.66

x Restated to include operations of Vitramon.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 1.64	—	—
1986	1.48	—	—
1985	1.33	—	—
1984	1.21	—	2-for-1
1983	1.08	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity x

	Total Equity	Equity Per Share‡
1987	$ 288,577,000	$ 17.07
1986	257,627,000	15.36
1985	234,969,000	14.08
1984	220,483,000	13.21
1983	202,531,000	12.11

x Restated.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986‡
Net sales	$ 436,463	$ 385,801
Cost of sales	221,328	193,980
Expenses	140,250	125,182
Prov. for restruc.	4,995	—
Patent infringe. recov.	(5,189)	—
Other income	(149)	(606)
Income before taxes	$ 75,428	$ 67,245
Income taxes	26,928	27,030
Net Income	$ 48,500	$ 40,215

* Included in Costs and Expenses, Depreciation: $21,561,000 in 1987 and $16,764,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash & invest.	$ 52,189	$ 58,672
Accts. receiv., net	69,645	58,150
*Inventories	103,854	99,064
Deferred in. taxes	8,162	6,097
Prepaid expenses	4,086	3,063
Current Assets	$ 237,936	$ 225,046
#Fixed assets	141,936	114,358
Defer. charges & other assets	30,215	24,049
Total Assets	$ 410,087	$ 363,453

Liabilities
(000's)

Notes payable	$ 23,344	$ 28,448
Long-term debt, curr.	1,436	1,760
Accts. payable	21,093	14,880
Accruals	21,733	16,926
Dividends payable	7,100	5,938
Income taxes	13,876	12,769
Curr. Liabilities	$ 88,582	$ 80,721
Long-term debt	19,641	16,281
Deferred inc. taxes	10,937	6,735
Other liabilities	2,550	2,089
+Common stock	8,530	8,516
Add. paid-in-capital	27,293	26,184
Retained earnings	253,243	231,482
For. curr. translation adjustment	4,475	(2,037)
Treasury stock	(4,964)	(6,518)
Total Liabilities & Shareholders' Equity	$ 410,087	$ 363,453

‡ Restated
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	17.28	17.43
%Net Income to Sales	11.11	10.42
%Net Income to Equity	16.81	15.61
Sales to Inventories	4.20	3.89
Debt to Equity	0.15	0.17
Working Capital	$ 149,354,000	$ 144,325,000
Current Ratio	2.69	2.79
Shareholders' Equity	$ 288,577,000	$ 257,627,000

Thomas French & Sons PLC

Sharston Road
Wythenshawe
Manchester M22 4TH, England
061-998 1811

Officers: T. J. French, chairman; H. R. J. Griffith, managing director; R. W. Bionion, managing director-Tekdata; P. J. Collins, managing director-Ruffiette/InHome; J. Slater, finance & secretary; G. N. Elliott, (non-executive); P. R. Fyson, (non-executive).

Areas of Work: The principal activities of the Company are the manufacture and sale of curtain styling products, together with products for the home improvement market; and the distribution of computer peripherals and components, the manufacture and sale of inter-connection systems for the electronics industry, and of specialized electrical heating equipment and cables.

Subsidiaries (U.K.):

Ruffiette Limited
Wythenshawe, Manchester

Ruffiette (Export) Limited
Wythenshawe, Manchester

InHome Limited
Wythenshawe, Manchester

Curtain Styling Limited
Bury, Lancs

Thomas French and Sons (Electrical) Limited
Wythenshawe, Manchester

Tekdata Limited
Tunstall, Stoke-on-Trent

Subsidiaries (outside U.K.):

Ruffiette France S.A.R.L.
Verrieres Le Buisson
Paris, France

Ruffiette Belgium S.A.
Brussels, Belgium

Thomas French and Sons (Australia) Pty. Limited
Sydney, Australia

Thomas French and Sons (N.Z.) Limited
Auckland, New Zealand

Associated Companies:

Mandor Engineering Limited
(25% interest)
Ashton-under-Lyne, Lancs., England
Manufactures and distributes rubber doors and key cutting machines.

Thomas French (Nigeria) Limited
(40% interest)
Lagos, Nigeria
Manufactures and distributes curtain styling and narrow fabric products.

Registrars:

Hill Samuel Registrars Ltd.

Stock Exchange(s): London

Sales & Earnings

	Net Sales	Net Income†
1987 *	£ 27,246,000	£ 408,000
1986	26,225,000	373,000
1985	26,832,000	178,000
1984	25,353,000	593,000
1983	23,113,000	1,309,000

	No. of Com. Shares‡	Earn. per Share†‡
1987 *	11,623,259	5.60p
1986	11,294,000	2.98
1985	N.A.	1.05
1984	N.A.	4.40
1983	N.A.	10.70

N.A. - Not Available.
* 53 weeks
£ -pound sterling
p - pence
† Before minority interest and extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	2.9p	—	—
1986	2.9	—	—
1985	2.9	—	—
1984	2.9	—	2-for-1
1983	2.5	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	£ 5,502,000	47p
1986	5,201,000	45
1985	6,364,000	58
1984	8,157,000	73
1983	7,208,000	64

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	10/3/87 (53 weeks)	9/27/86
Net sales	£ 27,246,000	£ 26,225,000
Cost of sales	17,461,000	16,558,000
Distribution costs	4,109,000	4,184,000
Adm. expenses	4,142,000	3,926,000
Oper. income	(36,000)	(67,000)
Interest expense	425,000	501,000
Interest income	(18,000)	(114,000)
Share of profits of assoc.	(11,000)	(1,000)
Exceptional item	374,000	—
Income before taxes	£ 800,000	£ 1,238,000
Income taxes	392,000	865,000
Minority interests	—	37,000
Net Income	£ 408,000	£ 336,000
Extraord. items	125,000	(931,000)
Net Income & extraord. items	£ 533,000	£ (595,000)

* Included in Costs and Expenses, Depreciation and Amortization: £ 589,000 in 1987 and £ 600,000 in 1986.

Assets

As of	10/3/87	9/27/86
Cash	£ 74,000	£ 79,000
Accts. receiv., net	6,099,000	6,098,000
* Inventories	4,131,000	4,290,000
Prepaid expenses	198,000	168,000
Current Assets	£ 10,502,000	£ 10,635,000
Investments	605,000	120,000
# Fixed assets	2,952,000	2,792,000
Total Assets	£ 14,059,000	£ 13,547,000

Liabilities

Long-term debt, curr.	£ 2,027,000	£ 1,235,000
Other loans	156,000	155,000
Accts. payable	2,576,000	3,035,000
Other payables	159,000	107,000
Income taxes	829,000	781,000
Other taxes	478,000	367,000
Accruals	983,000	796,000
Proposed dividend	201,000	200,000
Curr. Liabilities	£ 7,409,000	£ 6,676,000
Long-term debt	800,000	1,000,000
Other loans	156,000	309,000
Income taxes	154,000	172,000
Deferred inc. taxes	38,000	189,000
+ Common stock	1,163,000	1,162,000
Profit and loss acct.	4,261,000	3,961,000
Other reserve	78,000	78,000
Total Liabilities & Shareholders' Equity	£ 14,059,000	£ 13,547,000

* At lower of cost or net realizable value.
# Less accumulated depreciation.
+ 10p par value.

Statistical Summary

%Income bef. Taxes to Sales	2.94	4.72
%Net Income to Sales	1.50	1.28
%Net Income to Equity	7.42	6.46
Sales to Inventories	6.60	6.11
Debt to Equity	0.57	0.52
Working Capital	£ 3,093,000	£ 3,959,000
Current Ratio	1.42	1.59
Shareholders' Equity	£ 5,502,000	£ 5,201,000

Thomson-CSF

173, boulevard Haussmann
Paris Cedex 08 75379 France
(1) 45 61 9600

Officers: Alain Gomez, chairman of the board & chief executive officer; Alain Bougault, executive v.p.; Henri Starck, executive v.p.; Rene Anastare, executive v.p.-international operations; Pierre Gosselin, v.p.-manufacturing; Michel H. Carpentier, v.p.-research & development; Jean-Louis Vitalis, v.p.-public contracts administration.

Directors: Alain Gomez, chairman; Norbert Anaquer, Alain de Bouard, Alain Bougault, Gerald Cauvin, Claude Frejacques, Francois Gibault, Philippe Giscard d'Estaing, Jean-Claude Hirel, Michel Jaugey, Francois Monty, Jean-Benoit Rame, Joel Tasse, Rene Thomas, Alain de Wulf.

Areas of Work: Manufactures electronics and defense systems, electronic components, medical equipment, and television and professional video hardware.

In the area of electronics and defense systems, the Company manufactures airborne fire control and surveillance radar, airborne active and passive counter-measures systems, missile electronics, control and combat simulators for aircraft and AFV synthetic imaging and display systems, simulators for thermal and nuclear power stations, surface-to-air weapon systems and command/control centers, air navigation and landing aid equipment, radio transmission equipment, artillery and ground surveillance radar equipment, sonar and undersea weapon fire control equipment, high power grid tubes and RF devices, tubes for image detection, intensification and display, and solid state optoelectronic devices.

Thomson-CSF

In the area of electronic components, the Company manufactures semiconductor devices and passive components, including capacitors and ferrites, oscillators and piezoelectric fibers.

In the area of medical equipment, the Company manufactures diagnostic equipment, including conventional and digital radiology equipment, x-ray equipment, magnetic resonance imaging equipment, echographic equipment, scanner systems, and mammographic equipment.

Other industrial areas include the manufacture of the Betacam (OB camera with inbuilt video recorder), electronic microprobes, ionic micro-analysers, and electron scanner microscopes.

Subsidiaries:

Electronic and Defense Systems:

Burtek Inc. (U.S.A.)
Cimsa
Cimsa Sintra (99% owned)
LMT Radio Professionelle
SCM A. Pons
S.I. du Chateau Rouge (65% owned)
S.I. de la Vache Noire (65% owned)
Societe M5
Societe Vendomoise d'Avionique
Syseca Tempa Reel
Syseca Logiciel
Thomson-CSF Cooperation
Thomson-CSF Elektronik GmbH (West Germany) (99% owned)
Thomson Electron Tubes and Devices Corp. (U.S.A.)
Thomson-CSF Ventures (ex Th-CSF LTI)
Thomson Sintra Activites Sous-Marines

Electronic Components:

CEPE (93% owned)
CSA (Spain) (84% owned)
Efcis
Eurotechnique
LCC
SFRM (Morocco) (42% interest)
Ste de Composants d'Aix-les-Bains (SCA)
Thomson Bauelemente GmbH (West Germany) (99% owned)
Thomson Componenti (Italy)
Thomson-CSF Components and Materials (GB) (99% owned)
Thomson-CSF Components Corp. (U.S.A.)
Thomson Components-Mostek Corp (U.S.A.)
Thomson Componentes do Brasil (Brasil)
Thomson Components
Thomson-CSF Far-East (Hong Kong)
Thomson Semiconducteurs
Thomson-CSF Semiconductor Pte Ltd (Singapore)
Thomson-CSF S.E. Asia Pte Ltd (Singapore)

Medical Equipment:

CGR Canada (Canada)
CRG Koch und Sterzel (West Germany) (99% owned)
CGR Medical Ltd (GB) (99% owned)
CGR MeV
CGR Nederland (Netherlands) (95% owned)
CGR S.p.A. (Italy)
CGR Ultrasonic
GEM France
Thomson-CGR
Thomson-CGR Espana (Spain)
Thomson-CGR Medical Corp. (U.S.A.)
Thomson Medical Benelux (Belgium) (95% owned)

Other Industrial:

Cameca
Cameca Inc (U.S.A.)
Comark (U.S.A.)
Thomson Informatique Services
Thomson-LGT
Thomson-CSF Broadcast (U.S.A.)
Thomson Video Equipment

Stock Exchange(s): Paris

Ticker Symbol:

Number of Employees:

1986 62,700

Sales & Earnings x

	Net Sales+ (000's)	Net Income (000's)
1986	FF 21,748,000	FF 1,968,000
1985	18,533,000	999,000
1984	21,016,000	138,000
1983	18,895,000	(892,000)

	No. of Com. Shares	Earn. per Share
1986	18,863,295	FF 104.33
1985	13,663,090	73.11
1984	13,002,000	10.63
1983	9,449,200	—

(Loss)
FF - French francs.
x Parent company.
+ Excluding value added tax.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	FF21.00	—	—
1985	10.50	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	FF 7,858,000	FF 416.58
1985	1,917,000	140.31
1984	714,000	54.91

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	FF 21,748,000	FF 18,533,000
Other income	1,000	36,000
Total income	FF 21,749,000	FF 18,569,000
Cost of sales	16,305,000	14,057,000
Expenses:		
Res. & develop.	2,025,000	1,786,000
Mkt. & selling	1,204,000	1,239,000
Gen. & adm.	1,624,000	656,000
Other expense	152,000	187,000
Interest expense	1,013,000	1,028,000
Interest income	(1,252,000)	(689,000)
Dividends received	(2,000,000)	(787,000)
Other expense (income)	46,000	(183,000)
Income before taxes	FF 2,632,000	FF 1,275,000
Other deductions	132,000	246,000
Income taxes	1,371,000	30,000
Tax loss carry forward	(839,000)	—
Net Income	FF 1,968,000	FF 999,000

* Included in Costs and Expenses, Depreciation: FF869,000,000 in 1986 and FF640,000,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash & market secur.	FF 203,000	FF 1,852,000
Accts. receiv., net	6,292,000	5,983,000
Group accounts	8,038,000	5,499,000
*Inventories	16,319,000	15,817,000
Advances paid to suppliers	3,570,000	3,373,000
Prepaid expenses	3,550,000	1,426,000
Current Assets	FF 37,972,000	FF 33,950,000
Investments & other assets	7,359,000	7,354,000
#Fixed assets	2,500,000	2,198,000
Intangibles	43,000	33,000
Total Assets	FF 47,874,000	FF 43,535,000

Liabilities (000's)

Accounts & notes payable	FF 3,027,000	FF 2,588,000
Accrued contract costs	4,008,000	3,667,000
Advances rec. from cust.	24,032,000	23,063,000
Other credit. & accrued liab.	3,986,000	4,219,000
Curr. Liabilities	FF 35,053,000	FF 33,537,000
Long-term debt	3,901,000	8,040,000
Reserve for retirement indem.	282,000	41,000
Bonds repayable in shares	1,180,000	—
+Common stock	1,320,000	956,000
Add. paid-in capital	3,935,000	1,655,000
Retained earnings (deficit)	2,319,000	(929,000)
Revaluation reserve	83,000	83,000
Other	201,000	152,000
Total Liabilities & Shareholders' Equity	FF 47,874,000	FF 43,535,000

* At lower of cost (weighted average) or market.
# Less accumulated depreciation.
+ FF70 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.10	6.88
%Net Income to Sales	9.05	5.39
%Net Income to Equity	25.04	52.11
Sales to Inventories	1.33	1.17
Debt to Equity	0.45	4.19
Working Capital (000's)	FF 2,919,000	FF 413,000
Current Ratio	1.08	1.01
Shareholders' Equity (000's)	FF 7,858,000	FF 1,917,000

THORN EMI plc

4 Tenterden Street
Hanover Square
London W1R 9AH England
01-836 2444

Directors: *Sir* Graham Wilkins, chairman; Harold Mourgue, vice chairman; Colin Southgate, managing director & chief executive; Sir William Barlow, non-executive; David Barnes, non-executive; James Maxmin, chairman & chief executive-Home Electronics; Tom Mayer, chief executive-Technology Group; Robert Nellist, finance director; Sir Ian Trethowan, non-executive; Bhaskar Menon, chairman & chief executive-EMI Music Worldwide.

Corporate Management: R. Charlton, company secretary; I. D. Christians strategic development; K. W. Gray, technical; R.P. Hayes, corp. communications; P. I. Hayman, corp. projects; D. R. W. Young, personnel & organization development; D. A. MacKechnie, financial analysis; D. T. Smith, treasury & tax; T. S. Taylor, group accounting; B. T. Burford, purchasing; G. J. Cant, estates; K. W. Flack, insurance; R. A. A. Hurst, legal & patents; D. J. Webb, asst. secretary; C. N. E. Woodley, public affairs; Charlotte Chambers, management development & training; M. H. Levett, personnel-Lighting & Kenwood; G. G. Roberts, dir.-research.

Areas of Work: The Company's operations are divided into five areas: Rental and Retail, Technology, Music, Lighting, and Kenwood.

Rental and Retail activities include the operation of Radio Rentals, Le Set, and DER, all consumer electronics rental chains doing business in the U.K.; THORN EMI TV and Video Centres operates Multi-broadcast and Focus rental/retail consumer electronics stores in the U.K.; the Company also operates Rumbelows, a consumer electronics and appliance retail chain doing business in the U.K. under the Rumbelows and Hometech names; Overseas operations include THORN EMI International Rentals (which operates consumer electronics rental stores in 13 countries); FONA electronic retail stores and HMV music retailing outlets, which operate primarily in the U.K. and Denmark.

The Company's Technology Group Focuses on five major high-technology markets--defense electronics, software, security, telecommunications, and semiconductors. Principal products include radar integration systems, advanced ticket issuing systems, hand-held thermal imagers, manportable surveillance and target-acquisition radar, data distribution systems for naval vessels, mortar location radar, electronic countermeasures systems aircraft early warning radar, aircraft engine fire detection systems, fuzes for air-launched missiles, artillery shells, klystron tubes for earth resource satellites, low light level sensing devices, fire and security protection equipment, information technology systems for the military, electronic retail point-of-sale terminals, railway power conversion and industrial drive controls, fare-collection equipment for railways, decision support and management software, computer maintenance services, digital public telephone exchanges, high-capacity optical fiber data package switches and computer-controlled business telephone systems, private automatic branch exchanges, measurement instruments, transputer products used in a wide range of applications including robotics, computer graphics, artificial intelligence and digital signal processing, and high-performance static Random Access Memories (RAMs).

Music operations include the production of recorded music, music publishing, music videos, the supply of duplicator magnetic tape and acetate discs to the international record industry, and the manufacture of compact discs.

Lighting products include high-pressure sodium lamps and fittings, incandescent and fluorescent lamps, miniature low-voltage tungsten halogen products for display markets, among others.

The Kenwood segment manufactures and distributes a wide range of small kitchen appliances.

Divisions and Subsidiaries:

RENTAL AND RETAIL

THORN EMI Home Electronics (UK) Ltd.
THORN EMI High Street Electronics
THORN EMI TV and Video Centres
Multi-broadcast
Focus
DER
Le Set
Radio Rentals
Rumbelows
Hometech
THORN EMI International Rentals
FONA
HMV Shops

TECHNOLOGY

THORN EMI Technology Ltd.
THORN EMI Electronics Ltd.
Computer Systems Division
Defence Systems Division
Electro Optic Division
Radar Division
Systron Donner
THORN EMI Varian
Sensors and Security Systems Division
THORN EMI Datatech
Nuclear Enterprises
THORN EMI Malco
THORN EMI Micrologic
Datasolve
Datashield
THORN EMI Computer Software
THORN Ericsson Telecommunications (Holdings) Ltd. (51%-owned)
INMOS International plc

MUSIC

EMI Music Worldwide
Capitol Industries - EMI Inc. U.S.A.)
EMI Records Ltd.

CONSUMER AND COMMERCIAL

THORN Lighting Ltd.
THORN EMI Appliances Ltd.
Kenwood

INTERNATIONAL

THORN EMI (Australia) Ltd. (75%-owned)

Associate Companies:

Thames Television PLC
(28.75% interest)
England

Toshiba-EMI Ltd.
(50% interest)
Japan

J2T Holdings B.V.
(33.33% interest)
The Netherlands

J2T Video (Berlin) GmbH
(33.33% interest)
West Germany

Registrars:

National Westminster Bank PLC
Registrar's Dept.
37 Broad Street
Bristol BS99 7NH, England

Stock Exchange(s): London

Number of Employees:

1987	74,321	1985	90,327
1986	85,700		

Sales & Earnings

	Net Sales	Net Income†
1987	£3,185,000,000	£ 99,600,000
1986	3,316,500,000	61,400,000
1985	3,204,400,000	65,200,000
1984	2,820,900,000	88,000,000
1983	2,715,900,000	66,300,000

	No. of Com. Shares	Earn. per Share†‡
1987	217,666,115	43.9p
1986	215,431,869	26.5
1985	N.A.	29.9
1984	N.A.	46.9
1983	N.A.	34.7

N.A. - Not Available.
£ - pound sterling.
† Before extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	18.5p	—	—
1986	17.5	—	—
1985	17.5	—	—
1984	17.5	—	—
1983	15.75	—	—

Common Stock Equity

	Total Equity†	Equity Per Share
1987	£ 566,100,000	£ 2.60
1986	516,700,000	2.40

† After allowing for preferred stock at stated values.

Income Account *
(000's)

Year ended Mar. 31	1987	1986
Net sales	£ 3,185,000	£ 3,316,500
Cost of sales	2,728,400	2,864,500
Distribution costs	116,100	109,300
Adm. expenses	234,800	226,500
Oper. income	(67,600)	(24,000)
Share of profits of rel. cos.	(18,300)	(13,800)
Finance charges	2,300	49,300
Income before taxes	£ 159,500	£ 104,700
Income taxes	57,000	39,100
Minority interests	2,900	4,200
Net income	£ 99,600	£ 61,400
Extraord. loss	(24,700)	(61,000)
Net income & extraord. loss	£ 74,900	£ 400

* Included in Costs and Expenses, Depreciation and Amortization: £ 212,000,000 in 1987 and £ 253,800,000 in 1986.

Assets
(000's)

As of Mar. 31	1987	1986
Cash	£ 54,600	£ 62,000
Investments	9,200	6,100
Accts. rec.,tv., net	624,800	659,600
*Inventories	397,600	447,100
Current Assets	£ 1,086,200	£ 1,174,800
Investments	57,600	65,100
Net assets of fin. subsid.	10,600	6,600
#Fixed assets	815,200	796,100
Total Assets	£ 1,970,200	£ 2,042,600

Liabilities
(000's)

Long-term debt, curr.	£ 154,700	£ 177,800
Accts. payable	315,500	319,100
Other payables	84,800	41,400
Customer deposits	71,600	69,100
Royalties & fees payable	109,500	92,300
Amts. owed to rel. cos.	10,100	4,500
Accruals	86,400	182,400
Income taxes	57,100	56,500
Other taxes	54,100	53,900
Dividends	30,600	27,900
Curr. Liabilities	£ 974,400	£ 1,024,900
Long-term debt	148,800	227,600
Other payables	24,100	21,400
Minority interest	28,300	23,100
Deferred inc. taxes	24,500	25,700
Other liabilities	140,000	139,100
+7% preferred stock	63,500	63,600
++3.5% preferred stock	500	500
+++Common stock	54,400	53,900
Add. paid-in capital	282,200	275,200
Other reserves	10,400	—
Profit and loss acct.	195,000	165,500
Rel. cos. reserves	24,100	22,100
Total Liabilities & Shareholders' Equity	£ 1,970,200	£ 2,042,600

* At lower of cost or net realizable value.
# Less accumulated depreciation.
£ 1 par value; 7% convertible, redeemable, cumulative.
£ 1 par value; 3.5% cumulative.
25p par value.

Statistical Summary

%Income bef. Taxes to Sales	5.01	3.16
%Net Income to Sales	3.13	1.85
%Net Income to Equity	15.81	10.57
Sales to Inventories	8.01	7.42
Debt to Equity	0.44	0.70
Working Capital	£ 111,800,000	£ 149,900,000
Current Ratio	1.11	1.15
Shareholders' Equity	£ 630,100,000	£ 580,800,000

3Com Corporation

3165 Kifer Road
Santa Clara, California 95052-8145
(408) 562-6400

Officers: L. William Krause, president & chief executive officer; Robert M. Metcalfe, chairman of the board & sr. v.p.-technology; Howard S. Charney, secretary, sr. v.p. & gen. mgr. Hardware Products Division; John E. Marman, sr., v.p.-sales, marketing & services; Christopher B. Paisley, v.p.-finance & chief financial officer; Robert D. Bressler, v.p. & gen. mgr.-Software Products Division; Jerry A. Ditta, v.p.-, v.p.-North American field operations; Debra J. Engel, v.p.-, human resources; Lazar Birenbaum , v.p.-engineering, Software Products Division; J. Daniel Robertson, v.p.-manufacturing, Hardware Products Division; Mark D. Michael, general counsel & asst. secretary.

Directors: Robert M. Metcalfe, chairman; Burton S. Goldberg, Stephen C. Johnson, C. Richard Kramlich, L. William Krause, Jack L. Melchor, F. Givson Myers, Jr..

Areas of Work: Designs, manufactures, markets and supports workgroup computing systems for network-based, graphics-intensive applications.

Subsidiaries:

3Com (UK) Ltd.
Goswell House
134 Peascod Street
Windsor SL4 1DS England
44(753) 868190

3Com S.A.R.L.
Za de Courtaboeuf
15 Avenue de Quebec
Batiment Sternes #3
Local Quebec 516 91946 Les Ulis Cedex, France
33(1)69071693

3Com GmbH
Bahnhofstrasse 26
D-8036 Herrsching a.A B.R., Deutschland
(49) 8152-4936

Transfer Agent(s):

Bank of America
Corporate Agency Service Center
Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: COMS (NASDAQ)

Number of Employees:

1987	552	1984	136
1986	372	1983	48
1985	274		

Plant Footage:

1987 ..... 165,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 110,377,000	$ 11,146,000
1986	63,992,000	6,681,000
1985	46,324,000	5,033,000
1984	16,652,000	2,290,000
1983	4,747,000	15,000

	No. of Com. Shares	Earn. per Share‡
1987	15,413,993	$ 0.76
1986	13,798,094	0.48
1985	13,509,696	0.36
1984	13,503,795	0.19
1983	N.A.	—

N.A.- Not available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 76,352,000	$ 4.95
1986	32,710,000	2.37
1985	24,702,000	1.83
1984	19,608,000	1.45
1983	2,602,000	—

Income Account *
(000's)

Year ended May 31	1987	1986
Net sales	$ 110,377	$ 63,992
Cost of sales	54,247	30,657
Expenses:		
Sales and marketing	21,289	13,092
Res. & develop.	9,294	4,978
Gen. & adm.	5,253	3,116
Other expenses (income)	409	(33)
Income before taxes	$ 19,885	$ 12,182
Income taxes	8,739	5,501
Net Income	$ 11,146	$ 6,681

* Included in Costs and Expenses, Depreciation and Amortization: $3,206,000 in 1987 and $1,528,000 in 1986.

Assets
(000's)

As of May 31	1987	1986
Cash	$ 53,466	$ 19,201
Accts. receiv., net	15,546	10,154
*Inventories	8,468	5,359
Other curr. assets	2,782	1,573
Current Assets	$ 80,262	$ 36,287
#Fixed assets	8,144	4,364
Deposits & other assets	273	1,071
Total Assets	$ 88,679	$ 41,722

Liabilities
(000's)

Long-term debt, curr.	$ 110	$ 327
Accts. payable	6,032	3,038
Accrued payroll	2,216	1,537
Other accruals	1,648	1,522
Income taxes	1,795	1,512
Curr. Liabilities	$ 11,801	$ 7,936
Long-term debt	174	717
Deferred inc. taxes	352	359
+Common stock	52,307	19,928
Notes receiv. from stock sale	(74)	(191)
Retained earnings	24,119	12,973
Total Liabilities Shareholders' Equity	$ 88,679	$ 41,722

* At lower of standard cost or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	18.02	19.04
%Net Income to Sales	10.10	10.44
%Net Income to Equity	14.60	20.42
Sales to Inventories	13.03	11.94
Debt to Equity	—	0.03
Working Capital	$ 68,461,000	$ 28,351,000
Current Ratio	6.80	4.57
Shareholders' Equity	$ 76,352,000	$ 32,710,000

TIE/Communications, Inc.

Eight Progress Drive
Shelton, Connecticut 06484
(203) 926-2000

Officers: Thomas L. Kelly, Jr., chairman & president; William A. Merritt, Jr., exec. v.p.; Gilbert H. Engels, sr. v.p.; Eric V. Carter, v.p.-operations; Paul B. Gaynor, v.p.-general counsel & secretary; Joseph Lederhaas, v.p.-corp. services; Polly Parke, v.p.-corp. communications; David Ruberg, v.p.-strategic technologies; Robert Luth, treasurer.

Directors: Thomas L. Kelly, Jr., chairman; Duane L. Bibby, Gilbert H. Engels, Robert E. LaBlanc, H. Tyler Marcy, Thomas P. Melady, William A. Merritt, Jr., Robert A. Pritzker, Thomas J. Pritzker, James A. Ross.

Areas of Work: Engaged in the design, manufacture and marketing of telecommunications products. Principal products are multi-features, fully electronic, digitally controlled telephone systems, primarily for business use. The Company's products also include peripheral data and telecommunications products, telephone instruments and specialized instruments and specialized high traffic turret telephone systems.

Subsidiaries:

TIE/International, Inc.

TIE/Telecommunications Canada Ltd.
(63.4% owned by TIE/International, Inc.)
Exclusive Canadian distributor for the Company. Also manufactures and markets two digital PABX systems.

Turret Equipment Corporation
Engaged in the design, manufacture and marketing of specialized high traffic turret telephone systems primarily for use in the financial trading community.

TIE/Industries, Inc.
TIE/Communications (U.K.) Ltd.
TIE/Italia S.p.A.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: TIE

Number of Employees:

1987	1,520	1986	1,700

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 250,172,000	$ (10,648,000)
1986	298,154,000	(56,593,000)
1985	321,263,000	(77,889,000)
1984	501,066,000	15,919,000
1983	324,078,000	48,089,000

	No. of Com. Shares	Earn. per Share†‡
1987	34,469,716	$ —
1986	36,060,085	—
1985	35,893,953	—
1984	35,594,345	0.47
1983	32,638,265	1.55

(Loss)
N.A. - Not Available.
+ Of continuing operations only.
† Including extraordinary gains of $472,000 in 1987, $1,179,000 in 1986 and $13,000,000 ($0.42 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 138,203,000	$ 4.01
1986	156,346,000	4.34
1985	211,452,000	5.89
1984	290,199,000	8.15
1983	247,861,000	7.59

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 250,172	$ 298,154
Cost of sales	176,405	233,290
Writedown of inventory	1,589	34,352
Expenses	77,206	82,609
Prof. for restruc. of oper.	—	3,645
Other expense (income)	2,396	(272)
Loss before taxes	$ (7,424)	$ (55,470)
Income taxes	3,594	3,094
Eq. in loss (inc.) of affil.	(9)	391
Minority interest	111	360
Loss from cont. oper.	$ (11,120)	$ (59,315)
Income from discont. oper.	—	1,543
Net Loss	$ (11,120)	$ (57,772)
Extraord. gain	472	1,179
Net Loss & extraord. gain	$ (10,648)	$ (56,593)

* Included in Costs and Expenses, Depreciation and Amortization: $9,452,000 in 1987 and $12,581,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 934	$ 7,746
Short-term invest.	59,281	60,180
Restricted cash equiv.	16,500	—
Accts. receiv., net	51,966	56,569
*Inventories	89,898	88,896
Receiv. from officers	1,119	1,375
Other receivables	7,581	10,826
Other curr. assets	4,747	3,142
Current Assets	$ 232,026	$ 228,734
Investments in affil	1,837	319
#Fixed assets	15,399	20,034
Notes receivable	4,199	5,167
Other assets	2,019	1,517
Intangibles	36,308	25,134
Restricted cash	—	16,500
Total Assets	$ 291,788	$ 297,405

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 36,736	$ 40,749
Accts. payable	11,765	11,494
Accruals	42,128	39,335
Income taxes	7,653	-2,467
Curr. Liabilities	$ 98,282	$ 94,045
Long-term debt	7,745	35,471
Minority interest	9,295	8,329
Deferred income	1,099	1,952
Deferred inc. taxes	1,030	1,262
Redeem. pref. stock	36,134	—
+Common stock	1,724	1,803
Add. paid-in capital	184,987	194,623
Retained earnings (deficit)	(49,006)	(38,358)
Restricted stock awards	(184)	(420)
Cum. trans. adjust.	682	(1,302)
Total Liabilities & Shareholders' Equity	$ 291,788	$ 297,405

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	2.78	3.35
Debt to Equity	0.32	0.49
Working Capital	$ 133,744,000	$ 134,689,000
Current Ratio	2.36	2.43
Shareholders' Equity	$ 138,203,000	$ 156,346,000

TII Industries, Inc.

1385 Akron Street
Copiague, New York 11726
(516) 789-5000

Officers: Alfred J. Roach, chairman of the board & chief exec. officer; Timothy J. Roach, president, vice chairman & chief exec. officer; John T. Hyland, Jr., v.p.-finance; C. Bruce Barksdale, v.p.-product development; Dorothy Roach, secretary & treasurer; James Roach, v.p.-sales; Frank Schleip, v.p.-special projects; Frances Giabanco, v.p.-adm. & asst. secretary; John M. Cawley, v.p.-engineering; Francisco Pou, controller/Puerto Rico.

Directors: Alfred J. Roach, chairman; Dorothy Roach, Joseph C. Hogan, C. Bruce Barksdale, Timothy J. Roach, James Grover, Jr.

Areas of Work: Produces gas tube overvoltage protective devices, uninterruptible power systems and electronic products used in the communications industry.

Subsidiaries:

TII Corporation
TII Electronics, Inc.

both at:
100 No. Strong Avenue
Lindenhurst, New York 11757

TII Industries, Inc/Puerto Rico
Road 165, Kilometer 1.6
Toa Alta, Puerto Rico 00758

EHV Systems, Inc.
New York, New York
Manufactures uninterruptible power supply systems.

Affiliates:

Teleprobe Systems, Inc. (35.1% owned)
Manufactures fault diagnosis and testing equipment for communication systems.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: TI

Number of Employees:

1987	N.A.	1985	849
1986	900	1984	500

Plant Footage:

1987	N.A.	1985	88,000
1986	128,000 sq. ft.	1984	60,000

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income+
1987	$ 34,583,000	$ 1,842,000
1986	38,291,000	1,271,000
1985	31,353,000	310,000
1984	32,653,000	2,954,000
1983	23,379,000	(2,150,000)

	No. of Com. Shares #	Earn. per Share #+
1987	3,033,000	$ 0.61
1986	2,949,000	0.43
1985	2,947,000	0.11
1984	2,927,000	1.01
1983	2,603,000	—

+ Including extraordinary gains of $30,000 ($0.01 per share) in 1984 and $50,000 ($0.02 per share) in 1983.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	11-for-10

Common Stock Equity

	Total Equity	Equity Per Share+
1987	$ 22,587,000	$ 7.45
1986	20,280,000	6.88
1985	18,975,000	6.44
1984	18,185,000	6.21
1983	14,778,000	5.68

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 34,583,000	$ 38,291,000
Cost of sales	23,460,000	27,059,000
Expenses	7,550,000	6,469,000
Research & devel.	1,790,000	1,716,000
Other income	(107,000)	(326,000)
Interest exp.	631,000	714,000
Interest income	(115,000)	(193,000)
Gain on sale of subsid. stock	(12,000)	(43,000)
Eq. in loss (inc.) of affil.	(456,000)	1,624,000
Net Income	$ 1,842,000	$ 1,271,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,521,000 in 1987 and $1,602,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 3,052,000	$ 3,162,000
Accts. receiv., net	5,253,000	3,502,000
Other receivables	1,132,000	328,000
Receiv. from affil.	1,472,000	—
* Inventories	22,912,000	17,363,000
Prepaid expenses	585,000	272,000
Current Assets	$ 34,501,000	$ 24,627,000
Invest. in affil.	454,000	394,000
# Fixed assets	9,899,000	9,227,000
Other assets	1,563,000	1,443,000
Total Assets	$ 46,417,000	$ 35,691,000

Liabilities

Notes payable	$ 2,400,000	$ 900,000
Long-term debt, curr.	2,531,000	1,005,000
Accts. payable	4,533,000	2,579,000
Accruals & taxes	860,000	1,546,000
Curr. Liabilities	$ 10,324,000	$ 6,030,000
Long-term debt	8,661,000	4,193,000
Deferred credit	4,851,000	5,188,000
+ Common stock	17,000	29,000
+ Class B stock	13,000	—
Add. paid-in capital	7,727,000	7,269,000
Retained earnings	15,105,000	13,263,000
Treasury stock	(281,000)	(281,000)
Total Liabilities & Shareholders' Equity	$ 46,417,000	$ 35,691,000

° At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Net Income to Sales	5.33	3.32
% Net Income to Equity	8.16	6.27
Sales to Inventories	1.51	2.21
Debt to Equity	0.60	0.30
Working Capital	$ 24,177,000	$ 18,597,000
Current Ratio	3.34	4.08
Shareholders' Equity	$ 22,581,000	$ 20,280,000

Timeplex, Inc.

400 Chestnut Ridge Road
Woodcliff Lake, New Jersey 07675
(201) 391-1111

(Acquired by Unisys Corporation through a wholly owned subsidiary of Unisys on February 2, 1988.)

Officers: Edward Botwinick, chairman of the board, president, chief executive & chief operating officer; Bernard Furman, vice-chairman, chief administrative officer, secretary & general counsel; Victoria A. Brown, sr. v.p.-sales & marketing; Joseph Wechter, sr. v.p.-operations; Wayne McPherson, sr. v.p.-product development & engineering; Stewart Paperin, sr. v.p.-finance; M. Bradford Randolph, treasurer; Brian Robson, controller & chief financial officer; John Eddon, v.p.-marketing; Thomas Cook, v.p.-field service; Bryan Gray, v.p.-int'l sales; Richard MacPherson, v.p.-North American sales.

Directors: John Elich, Bernard Furman, Edward Botwinick, A. Leon Fergenson, C. Lester Hogan, James D. Wolfensohn, Robert A. Gross.

Areas of Work: Designs, manufactures, sells and services electronic data communications systems and equipment, and produces and distributes data multiplexers. Also produces modems and related communications products, and provides complete data communication systems, which increase the capacity and efficiency of communications facilities by employing advanced, high speed, realtime data processing techniques to collect and combine digital data for transmission at high speeds over communications circuits.

They also provide network management, statistical and diagnostic information, supervisory communications capabilities, and high level fault diagnostic capabilities for users.

Divisions and Subsidiaries:

Timeplex Limited
Brentford & Leeds, England

Timeplex European Manufacturing Division
Dublin, Ireland

Controlware, GmbH
Frankfurt, West Germany

Timeplex Canada
Toronto, Ontario Canada

Timeplex Europe
Brussels, Belgium

Timeplex Caribe Ltd.
Puerto Rico

Timeplex Far East
Hong Kong

Timeplex Australia
North Sydney, Australia

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: TIX

Number of Employees:

1987	1,593	1984	960
1986	1,453	1983	745
1985	1,253		

Plant Footage:

1987	261,000 sq. ft.	1984	240,000
1986	261,000	1983	235,000
1985	261,000		

Sales & Earnings

	Revenues +	Net Income
1987	$ 147,170,000	$ 19,508,000
1986	119,118,000	9,561,000
1985	96,043,000	9,992,000
1984	66,022,000	5,666,000
1983	43,670,000	3,443,000

	No. of Com. Shares‡	Earn. Per Share‡
1987	9,223,200	$ 2.12
1986	8,804,161	1.09
1985	8,673,157	1.15
1984	8,481,054	0.67
1983	7,567,200	0.45

+ Of continuing operations only.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	5-for-4
1983	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 124,954,000	$ 13.55
1986	75,588,000	8.59
1985	67,458,000	7.78
1984	54,457,000	6.42
1983	49,311,000	6.52

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account °

Year ended June 30	1987	1986
Total revenues	$ 147,170,000	$ 119,118,000
Cost of sales	59,804,000	47,352,000
Expenses	70,200,000	59,177,000
Interest expense	2,194,000	3,298,000
Interest & other income	(2,332,000)	(2,967,000)
Income bef. taxes	$ 17,304,000	$ 12,258,000
Income taxes	2,596,000	2,697,000
Reduc. in def. taxes	(4,800,000)	—
Net Income	$ 19,508,000	$ 9,561,000

° Included in Costs and Expenses, Depreciation and Amortization: $4,183,000 in 1987 and $6,092,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 20,723,000	$ 27,495,000
Accts. receiv., net	34,477,000	25,089,000
°Inventories	30,475,000	23,310,000
Prepaid expenses	2,302,000	1,062,000
Current Assets	$ 87,977,000	$ 76,956,000
#Fixed assets	58,240,000	53,923,000
Other assets	9,569,000	7,571,000
Total Assets	$ 155,786,000	$ 138,450,000

Liabilities

Long-term debt,curr.	$ 684,000	$ 2,561,000
Accts. payable	11,364,000	6,551,000
Accrued liabilities	12,833,000	9,010,000
Curr. Liabilities	$ 24,881,000	$ 18,122,000
Long-term debt	2,022,000	35,733,000
Deferred inc. taxes	3,929,000	9,007,000
+Common stock	106,000	88,000
Add. paid-in capital	88,775,000	49,293,000
Retained earnings	52,963,000	34,455,000
Treasury stock	(15,156,000)	(4,159,000)
Notes from officers, deferred comp., & cum. for exch. adj.	(2,734,000)	(5,089,000)
Total Liabilities & Shareholders' Equity	$ 155,786,000	$ 138,450,000

° At lower of cost(FIFO) or market.
Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.76	10.29
%Net Income to Sales	13.26	8.03
%Net Income to Equity	15.61	12.65
Sales to Inventories	4.83	5.11
Debt to Equity	0.02	0.51
Working Capital	$ 63,096,000	$ 58,834,000
Current Ratio	3.54	4.25
Shareholders' Equity	$ 124,954,000	$ 75,588,000

The Titan Corporation

(formerly Electronic Memories & Magnetics Corporation)

9191 Towne Centre Drive
La Jolla Gateway, Suite 600
San Diego, California 92122-9921
(619) 453-9592

Officers: J. Sidney Webb, chairman; Gene W. Ray, president & chief exec. officer; Rolf B. Erikson, sr. v.p.-corporate development; Edward F. Kavanaugh, sr. v.p. & chief financial officer; Albert E. Knauf, exec. v.p.; Jane E. Judd, controller; Gerold Yonas, pres.-Titan Technologies; J. Kenneth Driessen, pres.-Titan Electronics; John R.

McDougall, pres.-Titan Systems; D. Marshall Nelson, v.p., gen. counsel & secretary; Jack A. Walker, pres.-Titan Applications.

Directors: Harry S. Derbyshire, J. Sidney Webb, Joseph F. Caligiuri, Daniel J. Fink, Gene W. Ray, R. James Woolsey.

Areas of Work: Manufactures and markets computer products, meteor burst communications equipment, and ferrite powders. Also provides design, development and testing services, as well as deployment and operational support for defense systems. These products and services are provided to U.S. government agencies, the military, and original equipment manufacturers of military, computer, communications and industrial products.

Subsidiaries:

Titan Severe Environment Systems Company
Manufactures microcomputers used in airborne, shipboard and ground-based mobile military systems as well as in harsh industrial environments.

Computing Applications Software Technology, Inc. (87.5% owned)

Titan Systems, Inc.
Provides systems engineering in high-priority defense program.

Beta Development Corporation
Designs and produces pulsed power systems, which include lasers and high-power, high voltage electronic subsystems for directed energy devices.

California Research & Technologies, Inc.
Involved in the field of computer modeling used in nuclear effects testing.

Spectron Development Laboratories, Inc.
Engaged in electro-optics technology.

Meteor Communications Corporation
Designs and manufactures communications systems based on meteor burst technology.

Acquisitions:

Advanced Digital Systems, Inc.
10052 Mesa Ridge Court, Suite 200
San Diego, California 92121
(619) 457-0512
Systems engineering and software development for Navy satellite communications systems.

Pulse Sciences, Inc.
600 McCormick Street
San Leandro, California 94577
(415) 632-5100
Pulsed power technology.

Transfer Agent(s):

Bank of America, N.T. & S.A.
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: TTN

Number of Employees:

1987	1,200	1985	1,841
1986	2,100	1984	1,800

Plant Footage:

1987	N.A.	1985	640,000
1986	590,000 sq. ft.	1984	600,000

N.A. -- Not Available.

Sales & Earnings‡

	Net Revenues +	Net Income+
1987	$ 123,921,000	$ 1,525,000
1986	100,822,000	1,251,000
1985	80,343,000	(7,760,000)
1984	69,305,000	3,449,000
1983	44,301,000	4,888,000

	No. of Com. Shares #	Earn. per Share #+
1987	13,275,000	$ 0.04
1986	12,875,000	0.02
1985	12,589,000	—
1984	N.A.	0.21
1983	N.A.	0.34

(Loss)
N.A. -- Not Available.
‡ Restated to include operations of Pulse Sciences, Inc., acquired on a pooling of interests basis.
+ Of continuing operations only.
† Including extraordinary gain of $476,000 ($0.03 per share) in 1987 and extraordinary loss of $600,000 ($0.05 per share) in 1986.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1987	1986
Electronics & materials	$ 42,909,000	$ 34,689,000
Systems	50,797,000	39,499,000
Technologies	30,215,000	26,634,000
Total	$ 123,921,000	$ 100,822,000

Common Stock Equity‡

	Total Equity+	Equity Per Share #
1987	$ 27,228,000	$ 2.05
1986	27,754,000	2.16
1985	21,471,000	1.71
1984	29,946,000	—
1983	26,933,000	—

‡ Restated.
+ After allowing for preferred stock at liquidation value of $10 per share.
# Based on the weighted average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986‡
Net revenues	$ 123,921	$ 100,822
Cost of revenues	95,748	75,372
Expenses	22,209	16,504
Merger expenses	75	300
Other expense	105	377
Income before taxes	$ 5,784	$ 8,269
Income taxes	2,090	3,626
Inc. - cont. oper	$ 3,694	$ 4,643
Loss - discont. oper	(2,645)	(2,792)
Net Income	$ 1,049	$ 1,851
Extraord. items	476	(600)
Net Income & extraord. items	$ 1,525	$ 1,251

* Included in Costs and Expenses, Depreciation and Amortization: $3,496,000 in 1987 and $2,821,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash	$ 853	$ 9,417
Accts. receiv., net	38,914	29,046
*Inventories	5,126	5,870
Prepaid expenses	2,470	1,841
Assets of discont. oper.	13,124	13,152
Current Assets	$ 60,487	$ 59,326
#Fixed assets	8,478	8,750
Intangibles	14,358	9,880
Other assets	3,961	2,806
Total Assets	$ 87,284	$ 80,762

Liabilities
(000's)

Long-term debt, curr.	$ 1,350	$ 1,332
Accts. payable	5,146	4,230
Income taxes	1,357	803
Accrued comp.	5,223	5,186
Other accruals	5,976	4,985
Curr. Liabilities	$ 19,052	$ 16,536
Long-term debt	13,500	6,850
+Preferred stock	957	961
++Common stock	130	126
Add. paid-in capital	25,966	25,821
Retained earnings	21,496	20,929
For. curr. trans. adj.	—	(441)
Treasury stock	(2,176)	(420)
Total Liabilities & Shareholders' Equity	$ 87,284	$ 80,762

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value, cumulative.
++ $0.01 par value.

Statistical Summary

%Net Income to Equity	2.26	3.94
Debt to Equity	0.32	0.17
Working Capital	$ 41,435,000	$ 42,790,000
Current Ratio	3.17	3.59
Shareholders' Equity	$ 46,373,000	$ 46,976,000

Torotel, Inc.

13402 South 71 Highway
Grandview, Michigan 64030
(816) 761-6314

Officers: Alfred F. Marsh, president & chief exec. officer; Victor K. Brewer, Jr., treasurer; Donald H. Loudon, secretary.

Directors: Alfred F. Marsh, Dale H. Sizemore, Jr., Victor K. Brewer, Jr., Jack C. Beecroft.

Areas of Work: Designs and manufactures magnetic components such as transformers, inductors, magnetic amplifiers and networks, used in aircraft navigational systems, voice and data secure communications, telephone and avionics equipment, and missile and torpedo guidance systems.

Subsidiary:

Torotel Products, Inc.
Grandview, Missouri

Transfer Agent(s):

DST Systems, Inc.
Kansas City, Missouri

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Torotel, Inc.

Ticker Symbol: TTL

Sales & Earnings

	Net Sales +	Net Income
1987	$ 10,794,000	$ (1,939,000)
1986	11,040,000	(5,408,000)
1985	9,493,000	118,000
1984	6,402,000	826,000
1983	6,124,000	(1,357,000)

	No. of Com. Shares‡	Earn. per Share‡
1987	2,534,692	$ —
1986	2,506,717	—
1985	2,513,223	0.05
1984	2,494,686	0.33
1983	2,465,666	—

(Loss)
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 345,000	$ 0.14
1986	2,193,000	0.87
1985	7,531,000	3.00
1984	8,654,000	3.47
1983	7,713,000	3.13

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended March 31	1987	1986
Net sales	$ 10,794,000	$ 11,040,000
Cost of sales	6,281,000	6,400,000
Expenses	2,935,000	3,049,000
Interest expense	297,000	316,000
Interest income	(27,000)	(64,000)
Other expense	8,000	40,000
Income before taxes	$ 1,300,000	$ 1,279,000
Income tax	622,000	642,000
Inc.-cont. oper.	$ 678,000	$ 637,000
Loss-discont. oper.	(2,617,000)	(6,045,000)
Net Income (Loss)	$ (1,939,000)	$ (5,408,000)

* Included in Costs and Expenses, Depreciation and Amortization: $174,000 in 1987 and $695,000 in 1986.

Assets

As of March 31	1987	1986
Cash & cert. of deposit	$ 160,000	$ 129,000
Accts. receiv., net	3,425,000	3,253,000
*Inventories	1,786,000	1,847,000
Net assets-discont. oper.	378,000	723,000
Other assets	212,000	272,000
Current Assets	$ 5,961,000	$ 6,224,000
# Fixed assets	1,108,000	1,228,000
Notes receivable	—	2,500,000
Other investments	—	1,758,000
Intangibles	11,000	67,000
Total Assets	$ 7,080,000	$ 11,777,000

Liabilities

Long-term debt, curr.	$ 28,000	$ 65,000
Short-term borrowings	2,594,000	5,628,000
Accts. payable	1,332,000	1,321,000
Accruals	2,393,000	2,400,000
Income taxes	69,000	83,000
Curr. Liabilities	$ 6,416,000	$ 9,497,000
Long-term debt	319,000	87,000
+Common stock	1,282,000	1,265,000
Add. paid-in capital	8,675,000	8,401,000
Retained earnings (deficit)	(9,308,000)	(7,369,000)
Treasury stock	(104,000)	(104,000)
Total Liabilities & Shareholders' Equity	$ 7,080,000	$ 11,777,000

* At lower of cost (moving average) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	6.04	5.98
Debt to Equity	8.52	2.66
Shareholders' Equity	$ 345,000	$ 2,193,000

Toshiba Corporation

1-1, Shibaura 1-chome
Minato-ku, Tokyo 105 Japan

Officers and Directors: Joichi Aoi*, president, & chief executive officer; Sakae Shimizu*, senior executive v.p.; Fumio Obta*, Kosuke Miyoshi*, Kinichi Kadono*, Fumio Sato*, executive v.p.'s; Takao Uchida, Etsuro Ashihara, Hidehiko Yoshida, Kiyohiko Kasuya, Osamu Iemura, Tsuyoshi Kawanishi, Kiyoshi Nagai, Yasuji Oku, senior v.p.'s; Kohei Amo, Tomoya Okuda, Saburo Suzuki, Keiichi Komiya, Horoshi Yamakawa, Kazuya Takakumo, Seiichi Takayanagi, Jun Sasakura, Tadashi Seino, Sadao Okano, vice presidents; Kosaku Inaba, director. *Denotes representative director

Areas of Work: The Company's lines of business span industrial electronics and electronic components, heavy electrical apparatus, consumer products, and materials, machinery and other products.

In the area of Industrial Electronics, the Company produces office automation equipment, including computers, workstations, optical document filing systems, word processors, printers, floppy disk drives, optical character readers, and copiers; telecommunications equipment including private branch exchanges, push-button telephones, packet switching systems, data switches, and local area network systems; broadcasting equipment, including radio and television transmitters and color cameras; airport equipment, including radar systems and runway lighting equipment; space-related products, including engineering test satellites and broadcasting satellites; aerospace equipment and defense products; medical equipment, including computed tomography scanners, ultrasound diagnostic equipment, and magnetic resonance imaging systems; and labor-saving automation equipment, including letter- and package-sorting systems and banking machines.

In the area of Electronic Components, the Company produces semiconductors products, including memories, microprocessors, gate arrays, standard cells, logic ICs, bipolar ICs, power devices, diodes, and transistors; electron tubes, including color picture tubes, display tubes and magnetron tubes; and other electronic components, including printed circuit boards, charge-coupled devices, surface acoustic wave devices, sensors, and semiconductor lasers.

In the area of Consumer Products, the Company produces video products, including video cassette recorders and cameras, camcorders, video disc players, video tapes, and color televisions; audio products, including stereo systems, compact disc players, radio cassette recorders, headphone-type compact stereo cassette players, and portable and clock radios; household appliances, including room air conditioners, heaters, electric fans, washing machines, clothes dryers, vacuum cleaners, refrigerators, microwave ovens, food processors, juicers, blenders, toasters, rice cookers, and meat grinders; and lighting equipment, including incandescent and fluorescent bulbs, lamps, and lamp fixtures.

In the area of Heavy Electrical Apparatus, the Company produces power plant systems, including equipment for nuclear, thermal, geothermal and hydroelectric power plants, substations, computer-controlled transmission systems and subsystems; industrial electrical apparatus and measuring instruments, including control equipment for steel mills, pulp and paper plants, induction/synchronous/direct current motors, and process control instruments; factory automation systems and equipment, including industrial robots, unmanned carriers, computers and computer-aided design/computer aided-manufacturing systems with specific factory automation applications; and transportation equipment, including mass transportation control systems, electric locomotives, electrical equipment for railway coaches, railway substations, elevators and escalators.

In the area of Materials, Machinery and other Products, the Company produces materials, including steel tubing, alloys, quartz glass, ceramics, insulating materials, resin, magnetic and nonmagnetic materials, silicone, tungsten, and molybdenum products; machinery, including machine tools, precision machinery, semiconductor manufacturing equipment, plastic-fabricating machines, and die-casting equipment; and other products, including prefabricated housing, optical equipment, lightwave telemeters, and clinical thermometers.

Subsidiaries (Japan):

Iwate Toshiba Electronics Co., Ltd.
Kitashiba Electric Co., Ltd.
Marcon Electronics Co., Ltd.
Minato Building Co., Ltd.
Nikko Jitsugyo Co., Ltd.
Nishishiba Electric Co., Ltd.
Oukyo Corporation
Shibaura Engineering Works Co., Ltd.
Tokyo Electric Co., Ltd.
Tokyo Optical Co., Ltd.
Toshiba Automation Co., Ltd.
Toshiba Battery Co., Ltd.
Toshiba Builders Appliance Co., Ltd.
Toshiba Ceramics Co., Ltd.
Toshiba Chemical Corporation
Toshiba Components Co., Ltd.
Toshiba Credit Corporation
Toshiba Electric Appliance Co., Ltd.
Toshiba Electric Equipment Corp.
Toshiba Electronic Systems Co., Ltd.
Toshiba Elevator Service Co., Ltd.
Toshiba Engineering & Construction Co., Ltd.
Toshiba Engineering Co., Ltd.
Toshiba Glass Co., Ltd.
Toshiba Heating Appliances Co., Ltd.
Toshiba House and Living Industry Co., Ltd.
Toshiba Information Equipment Co., Ltd.
Toshiba Machine Co., Ltd.
Toshiba Medical Systems Co., Ltd.
Toshiba Physical Distribution Co., Ltd.
Toshiba Silicone Co., Ltd.
Toshiba Steel Tube Co., Ltd.
Toshiba Tungaloy Co., Ltd.

Subsidiaries (North America):

Toshiba of Canada Ltd.; Willowdale, Ontario
Toshiba America, Inc.; New York
Toshiba Hawaii, Inc.; Honolulu
Toshiba International Corporation; San Francisco
Toshiba Semiconductor (USA), Inc.; Sunnyvale (CA)
Toshiba Westinghouse Electronics Corporation; Horseheads (NY)

Transfer Agent(s):

The Mitsui Trust and Banking Co., Ltd.

Stock Exchange(s): Tokyo

Number of Employees:

1987	121,000	1983	105,000
1986	120,000	1982	103,000
1985	114,000		

Sales & Earnings

	Net Sales (millions)	Net Income (millions)
1987	¥ 3,307,593	¥ 34,178
1986	3,372,955	59,440
1985	3,342,824	86,119
1984	2,798,910	59,004
1983	2,401,012	38,458

	No. of Com. Shares	Earn. per Share‡
1987	2,732,493,655	¥ 11.86
1986	2,675,677,236	19.24
1985	N.A.	29.63
1984	N.A.	22.46
1983	N.A.	14.76

¥ Yen
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(millions)

	1987	1986
Industrial electronic & elec. components	¥ 1,183,300	¥ 1,128,000
Consumer products	940,600	1,043,600
Heavy electrical apparatus	868,100	866,300
Materials, machinery & other	315,500	335,100
Total	¥ 3,307,500	¥ 3,373,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	¥ .00	—	—
1986	8.00	—	—
1985	8.00	—	—
1984	7.33	—	—
1983	6.66	—	—

Common Stock Equity

	Total Equity (millions)	Equity Per Share
1987	¥ 592,923	¥ 216.99
1986	566,557	211.74
1985	547,918	—
1984	464,817	—
1983	422,448	—

Income Account*
(millions)

Year ended Mar. 31	1987	1986
Net sales	¥ 3,307,593	¥ 3,372,955
Other income	134,662	123,118
Total income	¥ 3,442,255	¥ 3,496,073
Cost of sales	2,428,520	2,444,166
Expenses	827,497	807,285
Interest expense	72,238	82,022
Other expenses	35,984	32,083
Income before taxes	¥ 78,016	¥ 130,517
Income taxes	44,947	70,638
Minority interests	4,567	7,393
Eq. in inc. of unconsol. subsid.	(5,676)	(6,954)
Net Income	¥ 34,178	¥ 59,440

* Included in Costs and Expenses, Depreciation: ¥ 174,009,000,000 in 1987 and ¥ 172,028,000,000 in 1986.

Assets
(millions)

As of Mar. 31	1987	1986
Cash	¥ 204,135	¥ 168,526
Time deposits	168,282	119,098
Marketable securities	204,941	260,633
Accts. receiv., net	671,854	687,767
*Inventories	536,583	512,856
Prepaid expenses	183,951	173,097
Current Assets	¥ 1,969,746	¥ 1,921,947
Long-term receiv.	152,205	146,095
Investments in unconsol. subsid.	79,477	75,571
Other investments	191,461	149,115
#Fixed assets	744,610	735,673
Other assets	146,802	138,459
Total Assets	¥ 3,284,101	¥ 3,167,660

Liabilities
(millions)

Bank loans	¥ 637,791	¥ 639,678
Long-term debt, curr.	61,326	65,880
Notes payable	335,718	374,098
Accts. payable	245,888	205,252
Notes payable for construc.	40,347	45,433
Accrued taxes	50,893	35,985
Advance payments	169,455	181,352
Empl. sav. deposits	63,008	58,919
Other accruals	230,108	213,797
Curr. Liabilities	¥ 1,834,534	¥ 1,820,394
Long-term debt	524,517	469,117
Liab. for severance liab.	204,477	191,532
+Common stock	151,785	139,884
Add. paid-in capital	140,390	129,688
Legal reserve	37,934	35,378
Retained earnings-dividends	10,829	10,702
Retained earnings	280,940	271,142
Cum. trans. adjust.	(29,055)	(20,237)
Total Liabilities & Shareholders' Equity	¥ 3,284,101	¥ 3,167,660

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ ¥ 50 par value.

Statistical Summary
(millions)

%Income bef. Taxes to Sales	2.36	3.87
%Net Income to Sales	1.03	1.76
%Net Income to Equity	5.76	10.49
Sales to Inventories	6.16	6.58
Debt to Equity	2.06	2.07
Working Capital	¥ 135,212	¥ 101,553
Current Ratio	1.07	1.06
Shareholders' Equity	¥ 592,923	¥ 566,557

Trans-Lux Corporation

110 Richards Avenue
Norwalk, Connecticut 06856-5090
(203) 853-4321

Officers: Richard Brandt, chairman & chief exec. officer; Louis A. Credidio, president & chief operating officer; Victor Liss, sr. v.p.-finance & administration, secretary & chief financial officer; Frank N. Daniels, sr. v.p.; Charles J. Hollomann, sr. v.p. & chief scientist; Thomas M. Waltz, sr. v.p.; Albert Boyers, vice president; Karl P. Hirschauer, vice president; Marianne Johnson, vice president; Robert Bosworth, treasurer & asst. secretary; John Antonio, asst. vice president; Robert Budd, asst. vice president; Thomas Calello, asst. vice president; Fred Duray, asst. vice president; Gene Coyne, asst. vice president; Angela D. Toppi, asst. vice president; James A. Tripp, Jr., asst. vice president; Michael R. Mulcahy, asst. vice president; Derek Stodart, vice president-Canadian Trans-Lux Corporation, Ltd.; Ronald H. Turcotte, vice president-Canadian Trans-Lux Corporation, Ltd.

Directors: Richard Brandt, chairman; Louis A. Credidio, Allan Fromme, Robert Greenes, Edward H. Meyer, Howard S. Modlin, Eugene Picker, Melvin Starr.

Areas of Work: The Company's Communications Division designs, produces, leases, sells and services large-scale LED (light-emitting diodes) information displays, microprocessor based telecommunications terminals and facsimile transmission equipment. The Company's Entertainment Division operates two multimedia auditoriums in New York City.

Divisions:

Communications Division
Entertainment Division

Subsidiaries:

Trans-Lux SignLine Corporation
Trans-Lux News-Sign Corporation
Trans-Lux Service Corporation
Trans-Lux Multimedia Corporation
Trans-Lux Syndicated Programs Corporation
Canadian Trans-Lux Corporation, Ltd.
Saunders Realty Corporation
Trans-Lux Experience Corporation
Trans-Lux Data Network Corporation
Trans-Lux South Street Venture Corporation
Trans-Lux Seaport Corporation
Trans-Lux Investment Corporation

Transfer Agent(s):

Continental Stock Transfer & Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): American

Ticker Symbol: TLX

Number of Employees:

1987 ..... 322 1986 325

Plant Footage:

1987 ..... 88,000 sq. ft. 1986 88,000

Sales & Earnings

	Net Sales +	Net Income
1987	$ 19,423,000	$ (464,000)
1986	19,965,000	4,104,000
1985	22,044,000	1,709,000
1984	21,026,000	1,829,000
1983	19,581,000	2,499,000

	No. of Com. Shares‡	Earn. per Share‡
1987	1,639,000	$ —
1986	1,739,000	2.38
1985	1,871,000	0.94
1984	2,007,000	0.93
1983	N.A.	1.25

N.A. - Not Available.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.152	—	—
1986	0.134	5% & 5%	—
1985	—	2% & 5%	—
1984	0.10	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 24,781,000	$ 15.12
1986	26,616,000	15.31
1985	34,871,000	13.29
1984	24,702,000	12.31
1983	23,044,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Gross revenues	$ 19,423	$ 19,965
Cost of sales	10,768	11,955
Write-down assets	2,050	5,518
Expenses	7,601	8,412
Interest expense	1,795	1,879
Interest income	(1,565)	(1,369)
Other income	(552)	—
Loss before taxes	$ (674)	$ (6,430)
Tax credit	(210)	(2,922)
Loss from cont. oper.	$ (464)	$ (3,508)
Income from discont. oper.	—	7,612
Net Income (Loss)	$ (464)	$ 4,104

* Included in Costs and Expenses, Depreciation and Amortization: $4,014,000 in 1987 and $3,949,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash	$ 1,667	$ 2,333
Marketable securities	19,209	20,590
Accts. receiv., net	982	1,796
Refundable taxes	903	—
*Inventories	319	379
Current Assets	$ 23,080	$ 25,098
Investments	1,344	1,572
Rental equipment	12,441	12,021
#Fixed assets	8,713	8,414
Defer. charges	—	2,027
Intangibles	1,710	2,104
Total Assets	$ 47,288	$ 51,236

Liabilities
(000's)

Long-term debt, curr.	$ 515	$ 1,477
Short-term borrowings	2,865	—
Accts. payable & accruals	1,818	2,366
Income taxes	248	1,324
Curr. Liabilities	$ 5,446	$ 5,167
Long-term debt	15,883	18,779
Deferred inc. taxes	1,178	674
+Common stock	2,015	1,793
+Class B stock	669	830
Add. paid-in capital	13,365	12,548
Retained earnings	17,806	18,299
Treasury stock	(9,074)	(6,964)
Total Liabilities & Shareholders' Equity	$ 47,288	$ 51,236

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	—	15.42
Debt to Equity	0.78	0.76
Working Capital	$ 17,634,000	$ 21,356,000
Current Ratio	4.24	5.17
Shareholders' Equity	$ 24,781,000	$ 26,616,000

Transducer Systems, Inc.

1510 Delp Drive
P.O. Box 341
Kulpsville, Pennsylvania 19443
(215) 256-4611

Officers: Michael Nakonechny, chairman of the board & chief exec. officer; Thomas J. Carduff, president, chief operating officer & secretary; R. Phillip Wallauer, v.p.; Mark J. Kadish, chief financial officer & treasurer.

Directors: Michael Nakonechny, Thomas J. Carduff, Harvey Mahlig, Alfred A. Zollo, Alfred Lifton.

Areas of Work: The Company designs, manufactures and markets electro-magnetic and electronic components for use in a variety of applications. Principal products include: magnetic pickups, digital-output sensor, zero-speed sensors and velocity transducers, sold to the computer peripheral industry for use in disk drives and printers; inverters which convert voltage from DC to AC, used in electroluminescent lamps; and printed circuit boards, cable harnesses, coils, and electronic sub-assemblies, for use by major aerospace-electronics equipment manufacturers.

Subsidiaries:

BCA, Ltd.

Caribbean Services Incorporated
Barbados, West Indies

Transfer Agent(s):

Mellon Bank (East) NA
Securities Transfer Services
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TSIC (NASDAQ)

Number of Employees:

1986	N.A.	1983	360
1985	200	1982	130
1984	250		

N.A. - Not Available.

Plant Footage:

1986	70,000 sq. ft.	1983	45,000
1985	70,000	1982	45,000
1984	54,000		

Sales & Earnings

	Net Sales	Net Income
1986	$ 4,380,000	$ 66,000
1985	3,932,000	(921,000)
1984	7,455,000	613,000
1983	6,014,000	471,000
1982	3,792,000	14,000

	No. of Com. Shares†	Earn. per Share #
1986	1,030,011	$ 0.07
1985	1,030,011	—
1984	1,028,636	0.60
1983	1,028,194	0.46
1982	1,017,480	0.01

(Loss)
† Adjusted to reflect stock dividend.
# Based on the average number of shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	0.02	10%	—
1983	0.02	—	—
1982	0.02	—	—

Common Stock Equity

	Total Equity	Equity Per Share†
1986	$ 2,060,000	$ 2.00
1985	2,045,000	1.99
1984	2,960,000	2.88
1983	2,364,000	2.30
1982	1,877,000	1.84

† Adjusted to reflect stock dividend.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 4,380,000	$ 3,932,000
Cost of sales	3,028,000	3,256,000
Expenses	1,082,000	1,777,000
Interest expense	166,000	197,000
Other expense (income)	(6,000)	14,000
Loss on closed facil.	68,000	182,000
Inc. (loss) bef. taxes	$ 42,000	$ (1,494,000)
Tax credit	(24,000)	(573,000)
Net Income (Loss)	$ 66,000	$ (921,000)

* Included in Costs and Expenses, Depreciation and Amortization: $369,000 in 1986 and $398,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	$ 53,000	$ 67,000
Accts. receiv., net	1,140,000	786,000
Inc. taxes refundable	—	470,000
*Inventories	926,000	975,000
Prepaid expenses	86,000	95,000
Assets held for sale	—	450,000
Current Assets	$ 2,205,000	$ 2,843,000
#Fixed assets	1,904,000	1,998,000
Other receivables	222,000	147,000
Other assets	50,000	96,000
Total Assets	$ 4,381,000	$ 5,084,000

Liabilities

Notes payable	$ 755,000	$ 1,225,000
Long-term debt, curr.	178,000	154,000
Accts. payable	195,000	213,000
Accruals	186,000	223,000
Curr. Liabilities	1,314,000	1,815,000
Long-term debt	939,000	1,198,000
Deferred income	42,000	—
Deferred inc. taxes	26,000	26,000
+Common stock	103,000	103,000
Add. paid-in capital	1,673,000	1,673,000
Retained earnings	335,000	269,000
Treasury stock	(51,000)	—
Total Liabilities & Shareholders' Equity	$ 4,381,000	$ 5,084,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.96	—
%Net Income to Sales	1.51	—
%Net Income to Equity	3.20	—
Sales to Inventories	4.73	4.03
Debt to Equity	0.82	1.26
Working Capital	$ 891,000	$ 1,028,000
Current Ratio	1.68	1.57
Shareholders' Equity	$ 2,060,000	$ 2,045,000

Transmation, Inc.

977 Mt. Read Boulevard
Rochester, New York 14606
(716) 254-9000

Officers: William J. Berk, president & chief executive; Philip P. Schulp, v.p.-sales; Anthony S. Gr... facturing; John A. Misiaszek, v.p.-finance, sec... urer; Lucille M. Milne, asst. secretary.

Directors: William J. Berk, Angelo J. Chiarella, Philip ... Schulp, Gerald R. Katz, Roy Smart, Arthur M. Richardson, Robert G. Klimasewski.

Areas of Work: Engaged in the development and manufacture of electronic interface instruments and digital systems; produces products such as thermocouple dial alarms for monitoring plant warning temperatures, electronic integrators for accurate counting of proportional analog signals, integrated circuit transmitters, field signal indicators, calibration equipment and other manufacturers' products through direct mail marketing.

Divisions and Subsidiaries:

Instrument Division
Transcat, Inc.
Systems/Computer Division

Transmation (Canada) Inc.
Rexdale, Ontario, Canada

Transfer Agent(s):

The National City Bank of Cleveland
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRNS (NASDAQ)

Number of Employees:

1987	N.A.	1985	172
1986	166	1984	179

Plant Footage:

1987	N.A.	1985	38,800
1986	38,800 sq. ft.	1984	38,800

N.A.--Not Available

Sales & Earnings

	Net Sales	Net Income‡
1987	$ 15,325,048	$ 333,056
1986	15,418,680	373,450
1985	12,968,169	336,713
1984	13,092,895	329,624
1983	11,241,704	(257,339)

	No. of Com. Shares	Earn. per Share #‡
1987	2,307,282	$ 0.14
1986	2,307,282	0.16
1985	2,306,782	0.14
1984	2,306,782	0.14
1983	2,304,782	—

(Loss)
Based on the average number of common shares and common share equivalents outstanding.
‡ Including extraordinary gain of $62,300 ($0.03 per share) in 1985.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 3,951,418	$ 1.71
1986	3,572,791	1.55
1985	3,157,099	1.37
1984	2,848,452	1.23
1983	2,500,170	1.08

† Adjusted to reflect stock split.

Income Account *

Year ended March 31	1987	1986
Net sales	$ 15,325,048	$ 15,418,680
Cost of sales	8,752,624	8,823,164
Expenses	5,283,584	4,902,851
Research & devel.	746,706	920,634
Interest expense	228,508	252,181
Other income	(213,430)	—
Income before taxes	$ 527,056	$ 519,850
Income taxes	194,000	146,400
Net Income	$ 333,056	$ 373,450

* Included in Costs and Expenses, Depreciation: $211,525 in 1987 and $162,862 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 298,947	$ 152,062
Accts. receiv. net	3,095,325	3,374,338
* Inventories	3,147,132	2,947,987
Prepaid expenses	573,051	767,274
Current Assets	$ 7,114,455	$ 7,241,661
# Fixed assets	923,875	1,544,826
Deferred charges	79,491	114,368
Prepaid taxes	126,775	129,375
Other assets	114,192	98,441
Total Assets	$ 8,358,788	$ 9,128,671

Liabilities

Long-term debt, curr.	$ 73,112	$ 130,570
Accts. payable	866,766	1,068,969
Accruals	814,487	917,672
Income taxes curr.	263,863	110,874
Deferred income taxes	178,621	202,300
Curr. Liabilities	$ 2,196,849	$ 2,430,385
Capital lease oblig.	230,781	304,991
Long-term debt	1,700,000	2,535,833
Deferred compensation	279,740	284,671
+ Common stock	1,153,641	1,153,641
Add. paid-in capital	839,298	842,153
Translation adjust.	48,832	6,594
Retained earnings	2,037,604	1,704,548
Treasury stock	(127,957)	(134,145)
Total Liabilities & Shareholders' Equity	$ 8,358,788	$ 9,128,671

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.05	3.37
%Net Income to Sales	2.17	2.42
%Net Income to Equity	8.43	10.45
Sales to Inventories	4.67	5.23
Debt to Equity	0.51	0.83
Working Capital	$ 4,917,606	$ 4,811,276
Current Ratio	3.24	2.98
Shareholders' Equity	$ 3,951,418	$ 3,572,791

TransTechnology Corporation

15303 Ventura Boulevard, 12th Floor
Sherman Oaks, California 91403
(818) 990-5920

Officers: Arch C. Scurlock, chairman; Dan McBride, president & chief exec. officer; Paul Grosher, sr. v.p. & treasurer; Thomas E. Hanrahan, group v.p.; Ralph E. Hutchins, group v.p.; Salvator J. Mira, group v.p.; Richard I. Tanaka, group v.p.; Burl Alison, v.p.; Willem F. Bakker, v.p.; Joseph R. Cabaret, v.p.; Ralph E. Hutchins, v.p.; John B. Reilly, v.p.; Jeffrey A. Norton, v.p. & secretary.

Directors: Arch C. Scurlock, chairman; Jefferson W. Asher, Jr., William O'Bowers, III, Frank L. Bryant, John N. Grover, Richard Mascuch, Dan McBride, Richard J. Riordan.

Areas of Work: Develops, manufactures and markets a wide range of technically sophisticated products.

Aerospace -Defense products include cargo restraint and control products -- principally helicopter rescue hoists and external hook systems, winches and hoists for aircraft and other weapon systems, and aircraft and cargo tie-down devices; metallized glass -- fiber products (referred to as chaff) and related devices and systems; high-reliability devices containing solid propellants, high explosives, or pyro-technic materials; tear gas and related law enforcement products; custom electrical interconnection systems and their components, including a broad line of high-quality connectors; and weather instruments.

Advanced-Technology products include sophisticated computer-aided design and drafting (CADD) display workstations; bank automation equipment -- advanced reader-sorters and related accessories, check repair equipment, and automated terminals; and state-of-the-art message switching terminals and systems.

Industrial products include gear-driven fasteners, tachometers and related equipment, and crane accessories; textile-finishing machinery and related supplies, and elastomer products.

Divisions and Subsidiaries:

Breeze-Eastern
One Financial Center
Boston, Massachusetts 02111
(617) 439-0333

TransTechnology Corporation

Aerospace-Defense Products
700 Liberty Avenue
Union, New Jersey 07083
(201) 686-4000

Industrial Products
100 Aero-Seal Drive
Saltsburg, Pennsylvania 15681
(412) 639-3527

Miller Construction Products
Route 313
Doylestown, Pennsylvania 15681
(412) 639-3527

TransTechnology Electronics
8823 North Industrial Road
Peoria, Illinois 61615-1584
(309) 693-3300

Breeze-Illinois
Main and Agard Streets
Wyoming, Illinois 61491
(309) 695-3322

Flight Connector
233 East Manville Street
Rancho Dominguez, California 90220
(213) 631-1133

Space Ordnance Systems
25977 Sand Canyon Road
Canyon Country, California 91351
(805) 252-6220

Lundy Technical Center
3901 N.E. 12th Avenue
Post Office Box 5280
Pompano Beach, Florida 33064
(305) 943-1500

Federal Laboratories
100 Aero-Seal Drive
Saltsburg, Pennsylvania 15681
(412) 639-3511

Belfort Instrument
727 South Wolfe Street
Baltimore, Maryland 21231
(301) 342-2626

Belfort West Regional Sales & Service
2620 Concord Avenue, Suite 102
Alhambra, California 91803
(818) 282-4893

Lundy
1 Robert Lane
Glen Head, New York 11545
(516) 671-9000

Computer Graphics
1 Robert Lane
Glen Head, New York 11545
(516) 671-9000

Bank Systems
5535 Wilkinson Boulevard
Post Office Box 668
Charlotte, North Carolina 28208
(704) 394-1161

Sideresi
9600 S.W. Barnes Road
Portland, Oregon 97225
(503) 297-5531

Lundy-Farrington
Warrior House
12-14 The Hard, Portsmouth
Hampshire PO1 3QU, England
44(705) 828666

Gessner
41 Fremont Street
Worcester, Massachusetts 01603
(617) 793-7000

Lloyd Manufacturing
130 Franklin Street
Warren, Rhode Island 02885
(401) 245-6600

Howard Brothers
42 Southbridge Street
Auburn, Massachusetts 01501
(617) 793-7070

Gessner South
Sales and Demonstration Headquarters
4004 G Spring Garden Street
Greensboro, North Carolina 27407
(919) 852-3941

Transfer Agent(s):

Bank of America, N.T. & S.A.
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: IT

Number of Employees:

1987 ..... 2,500 1986 2,627

Plant Footage:

1987 ..... 1,292,100 sq. ft. 1986 1,327,500

Sales & Earnings

	Revenues	Net Income
1987	$ 212,328,000	$ 10,636,000
1986	113,022,000	6,947,000
1985	112,941,000	8,418,000
1984	108,586,000	8,402,000
1983	71,665,000	5,766,000

	No. of Com. Shares	Earn. per Share‡
1987	5,310,144	$ 2.28
1986	4,570,472	1.52
1985	4,542,999	1.75
1984	4,915,418	1.78
1983	3,800,877	1.90

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Aerospace-defense prods.	$ 96,277,000	$ 75,648,000
Industrial prods.	43,800,000	36,946,000
Technology prods.	71,385,000	—
Other	866,000	628,000
Total	$ 212,328,000	$ 113,022,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.68	—	—
1986	0.64	—	—
1985	0.56	—	—
1984	0.48	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 82,832,000	$ 15.60
1986	59,554,000	13.03
1985	55,238,000	12.16
1984	53,999,000	10.99
1983	34,492,000	9.07

Income Account*
(000's)

Year ended Mar. 31	1987	1986
Net sales	$ 210,649	$ 112,028
Other income	1,679	994
Total income	$ 212,328	$ 113,022
Cost of sales	135,945	72,795
Expenses	50,199	24,126
Interest expense	5,982	2,522
Income before taxes	$ 20,242	$ 13,579
Income taxes	9,606	6,632
Net Income	$ 10,636	$ 6,947

* Included in Costs and Expenses, Depreciation and Amortization: $6,063,000 in 1987 and $3,173,000 in 1986.

Assets
(000's)

As of Mar. 31	1987	1986
Cash	$ 6,328	$ 5,203
Short-term invest.	—	1,135
Accts. receiv., net	55,258	60,327
*Inventories-	56,537	59,828
Deferred income taxes	181	—
Prepaid expenses	4,100	3,754
Current Assets	$ 122,404	$ 130,247
#Fixed assets	41,720	40,404
Other assets	2,131	1,710
Intangibles	10,023	7,565
Unamort. deferred costs	—	703
Total Assets	$ 180,550	$ 184,228

Liabilities
(000's)

Notes payable	$ 849	$ 24,957
Accts. payable	14,594	18,428
Accrued compensation	5,831	5,292
Income taxes	6,452	4,978
Deferred income taxes	—	5,270
Accrued acqu. costs	—	5,452
Other current liabilities	6,687	5,736
Curr. Liabilities	$ 34,413	$ 70,113
Long-term debt	59,543	50,860
Deferred inc. taxes	3,271	2,732
Other liabilities	491	969
+Common stock	53	46
Add. paid-in capital	47,658	31,910
Retained earnings	35,121	27,598
Total Liabilities & Shareholders' Equity	$ 180,550	$ 184,228

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.62	12.12
%Net Income to Sales	5.05	6.20
%Net Income to Equity	12.84	11.67
Sales to Inventories	3.72	1.87
Debt to Equity	0.73	1.27
Working Capital	$ 87,991,000	$ 60,134,000
Current Ratio	3.56	1.86
Shareholders' Equity	$ 82,832,000	$ 59,554,000

Triad Systems Corporation

1252 Orleans Drive
P.O. Box 61779
Sunnyvale, California 94088-1779
(408) 734-9720

Officers: William W. Stevens, chairman of the board; James R. Porter, president & chief exec. officer; Shane E. Gorman, v.p. & gen. mgr.-Automotive Division; Stephen J. LaCommare, v.p.-manufacturing; Stanley F. Marquis, president-TSC Leasing Corporation; Thomas J. O'Malley, Jr., v.p.-administration; Ralph C. Montelius, v.p.-customer service; Robert L. West, group v.p.; Jerome W. Carlson, v.p.-finance, chief financial officer & treasurer; Bruce J. Hansen, v.p.-engineering; Robert M. Anderton, v.p. & gen. mgr.-Dental Division; Anthony J. Zvanich, v.p. & gen. mgr.-Retail Hardware Division.

Directors: William W. Stevens, chairman; Henry M. Guy, Anthony V. Carollo, Jr., James R. Porter, George O. Harmon.

Areas of Work: The corporation designs, manufactures, markets and services small business computer systems. These systems are fully-packaged industry-specific for use by employees of small businesses with little or no previous computer experience. The systems are primarily marketed to automotive parts wholesalers, automotive warehouse distributors, retail hardware dealers, independent tire dealers, and dentists.

Divisions

Retail Hardware Division
Automotive Division
Warehouse Systems Division
Dental Division
Customer Service Division
Information Services Division

Subsidiaries

TSC Leasing Corporation

Triad Systems Canada, Ltd.
Toronto, Ontario, Canada

TRIDEX Systems, Ltd.
Ealing, London, England

Transfer Agent(s):

Bank of America NT & SA
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRSC (NASDAQ)

Number of Employees:

1986	1,596	1983	1,367
1985	1,450	1982	1,363
1984	1,531		

Plant Footage:

1986	50,000 sq. ft.	1985	50,000

Sales & Earnings

	Net Sales & Serv. Rev.	Net Income
1986	$ 111,676,000	$ 3,181,000
1985	107,278,000	(5,507,000)
1984	120,433,000	4,807,000
1983	90,831,000	2,142,000
1982	82,314,000	3,271,000

	No. of Com. Shares #	Earn. per Share #
1986	7,697,000	$ 0.41
1985	7,440,000	(Loss)
1984	7,332,000	0.66
1983	7,365,000	0.29
1982	7,178,000	0.46

Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 66,208,000	$ 8.60
1985	61,736,000	8.30
1984	66,251,000	9.04
1983	60,632,000	8.23
1982	57,447,000	8.00

Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales & serv. rev.	$ 111,676	$ 107,278
Cost of sales & serv.	61,467	63,757
Expenses:		
Marketing	30,629	35,340
Prod. develop.	8,097	8,717
Gen. & adm.	7,631	7,219
Interest expense	2,018	3,408
Income from nonconsol. subsid.	(3,850)	(5,060)
Special charges	—	2,610
Inc. (loss) bef. taxes	$ 5,484	(8,713)
Income taxes (credit)	2,303	(3,206)
Net Income (Loss)	$ 3,181	$ (5,507)

* Included in Costs and Expenses, Depreciation and Amortization: $8,565,000 in 1986 and $8,414,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & cash equiv.	$ 13,613	$ 2,491
Accts receiv., net	6,066	7,689
*Inventories	10,292	17,112
Deferred inc. taxes	8,355	9,361
Prepaid expenses	1,674	2,317
Current Assets	$ 40,000	$ 39,170
Service parts	6,747	7,860
#Fixed assets	19,534	19,384
Invests. & adv. to subsid.	29,790	30,940
Other assets	3,721	5,786
Land for resale	13,799	14,373
Total Assets	$ 113,591	$ 117,513

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 4,631	$ 4,941
Accts. payable	4,462	4,742
Accrued emp. comp.	6,110	5,924
Other curr. liab.	5,336	4,837
Curr. Liabilities	$ 20,539	$ 20,444
Long-term debt	1,025	9,680
Deferred inc. taxes	25,819	25,653
+Common stock	38,249	36,964
Retained earnings	27,681	24,500
Translation adjust.	278	272
Total Liabilities & Shareholders' Equity	$ 113,591	$ 117,513

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.91	—
%Net Income to Sales	2.85	—
%Net Income to Equity	4.80	—
Sales to Inventories	10.85	6.27
Debt to Equity	0.09	0.24
Working Capital	$ 19,461,000	$ 18,726,000
Current Ratio	1.95	1.92
Shareholders' Equity	$ 66,208,000	$ 61,736,000

Trion, Inc.

P.O. Box 760
101 McNeill Road
Sanford, North Carolina 27331
(919) 775-2201

Officers: Hugh E. Carr, president & chief executive officer; William P. Glaser, senior vice president; Daniel H. Kassick, senior vice president; Gary H. Cox, gen. sales mgr.-engineered products; J. M. Grant, v.p.-international & managing director-Trion, Ltd.; John M. King, general sales manager-consumer products; Don F. Schreiner, director-quality; Robert L. Strouth, gen. mgr.-Trion Canada, Inc.; Roy G. Stephens, dir. of mfg.; J. Gary Waters, controller; Harold Feder, asst. treas.; Dorothy R. Howell, asst. sec.; Robert H. Petty, director of engineering; Richard L. Palmer, v.p.-operations; Hermann Josef Schaeven, managing director-Trion GmbH.

Directors: Hugh E. Carr, Seddon Goode, Jr., Grant R. Meyers, Robert K. Wagner, James E. Heins, Samuel J. Woolsom, III, Edwin V. Clarke, Jr..

Areas of Work: Engaged in the design, manfacture, and distribution of electrostatic precipitating equipment, primarily used in conjunction with central ventilating systems or as self-contained units to remove particulate matter from circulating air.

Division:

Tepco Division
Sanford, North Carolina
Electronic air cleaners.

Subsidiaries:

Trion Ltd. (90% owned)
Brunel Gate
West Portway Industrial Estate
Andover, Hampshire, England

Trion Canada, Inc.
Kitchener, Ontario, Canada

Trion GmbH
Cologne, West Germany

Transfer Agent(s):

First Union National Bank
Charlotte, North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRON (NASDAQ)

Number of Employees:

1987	461	1986	397

Plant Footage:

1987	311,000 sq. ft.	1986	311,000

Sales & earnings

	Revenues	Net Income
1987	$ 40,621,000	$ 2,747,000
1986	30,113,000	2,163,000
1985	25,995,000	1,381,000
1984	20,802,000	1,550,000
1983	20,808,000	2,015,000

	No. of Com. Shares #	Earn. per Share #
1987	4,068,102	$ 0.68
1986	4,061,340	0.53
1985	4,041,553	0.34
1984	4,025,824	0.38
1983	4,017,651	0.50

Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend:#	Stock Dividend	Stock Split
1987	0.097	—	5-for-4
1986	0.086	—	—
1985	0.078	—	—
1984	0.07	—	—
1983	0.0624	—	2-for-1

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 15,799,000	$ 3.87
1986	13,070,000	3.22
1985	11,167,824 ‡	2.76
1984	9,954,684 ‡	2.47
1983	8,737,684 ‡	2.17

‡ After allowing for preferred stock at a redemption value of $7 per share.
† Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 40,396,000	$ 29,927,000
Other income	225,000	186,000
Total income	$ 40,621,000	$ 30,113,000
Cost of sales	26,122,000	18,182,000
Expenses	9,578,000	7,683,000
Interest expense	257,000	196,000
Income before taxes	$ 4,664,000	$ 4,052,000
Income taxes	1,917,000	1,889,000
Net Income	$ 2,747,000	$ 2,163,000

* Included in Costs and Expenses, Depreciation: $1,110,000 in 1987 and $877,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & cash equivalents	$ 995,000	$ 1,010,000
Accts. receiv., net	11,337,000	7,293,000
*Inventories	8,541,000	7,330,000
Prepaid expenses & other current assets	496,000	417,000
Current Assets	$ 21,369,000	$ 16,050,000
#Fixed assets	7,676,000	7,340,000
Total Assets	$ 29,045,000	$ 23,390,000

Liabilities

Note payable	$ 1,030,000	$ 300,000
Accts. payable & accruals	4,421,000	3,449,000
Income taxes	779,000	513,000
Curr. Liabilities	$ 6,230,000	$ 4,262,000
Long-term debt	5,775,000	5,000,000
Deferred inc. taxes	1,241,000	1,058,000
+Common stock	2,039,000	1,626,000
Add. paid-in capital	673,000	632,000
Retained earnings	12,859,000	10,915,000
Currency transl. adj	228,000	(103,000)
Total Liabilities & Shareholders' Equity	$ 29,045,000	$ 23,390,000

* At lower of cost (FIFO & LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.55	13.54
%Net Income to Sales	6.80	7.23
%Net Income to Equity	17.39	16.55
Sales to Inventories	4.73	4.08
Debt to Equity	0.43	0.38
Working Capital	$ 15,139,000	$ 11,788,000
Current Ratio	3.43	3.77
Shareholders' Equity	$ 15,799,000	$ 13,070,000

TRW Inc.

1900 Richmond Road
Cleveland, Ohio 44124
(216) 383-2121

Officers: Ruben F. Mettler, chairman of the board & chief exec. officer; Joseph T. Gorman, president & chief operating officer; J. R. Burnett, exec. v.p. & deputy gen. mgr.-Space and Defense; Edsel D. Dunford, exec. v.p.-Space and Defense; Charles L. Miller, exec. v.p.-occupant restraint systems; Jerry K. Myers, exec. v.p.-automotive; Richard D. C. Whilden, exec. v.p.-information systems; William G. Evans, group v.p.-engine & general components; Edwin A. Goldberg, group v.p.-electronic systems; Daniel S. Goldin, group v.p.-space and technology; Donald L. Jacobs, group v.p.-defense systems; Chester O. Macey, group v.p.-steering systems; Adolf Mueller, group v.p.-controls & fasteners; Edward E. Noneman, group v.p.-operations & support; Robert D. Williams, group v.p.-federal systems; Edward N. Button, v.p.-investments; Martin A. Coyle, v.p., general counsel & secretary; John S. Foster, Jr., v.p.-science & technology; Howard V. Knicely, v.p.-human relations & acting v.p.-communications; D. Van Skilling, v.p.-planning & development; Edward J. Toth, v.p., controller & acting chief financial officer.

Directors: Ruben F. Mettler, chairman; Robin W. Adam, Charles T. Duncan, Martin Feldstein, Clifton C. Garvin, Jr., W. H. Krome George, Joseph T. Gorman, E. Bradley Jones, William F. Kieschnick, William S. Kiser, Jack S. Parker, H. Guyford Stever, P. Roy Vagelos.

Areas of Work:

Automotive
A range of steering, engine, safety, hydraulic, chassis, electrical, electronic, and other parts for passenger cars, trucks, buses, farm machinery and off-highway vehicles, sold to original equipment manufacturers and a variety of replacement parts distributors.

Products include manual and power rack and pinion steering gears, occupant safety systems, engine valves, hydraulic motors, hydraulic truck and off-highway vehicle steering systems, suspension systems, electronic monitoring and control systems, electromechanical assemblies, stud welding systems, and a service line of cars and trucks accessories, tools and car care products.

Space & Defense
Electronic components, including large-scale integrated circuits used in the telecommunications, computer, instrumentation, and automotive industries.

Computer-based and analytical services, including software systems and analytical services for space and defense; and rapid prototyping software systems that allow customers to determine through computer modeling whether a software system will meet their needs before it is designed.

Electronic systems, equipment, and services for defense and space applications, related research and analysis, and software and support services.

Spacecraft, including the design and manufacture of spacecraft and their subsystems and components, for defense, scientific research, and communications.

Information systems and services, including computer-based consumer credit information and real estate credit information.

Other
Pumps, valves, and energy services, including submergible electric pumping systems, solids control equipment, power cables, valves, pumps, pump parts and drilling tools for oil and gas exploration, production, pipeline transmission, and other industrial purposes. These products are distributed directly to end users and through independent distributors.

Space & Defense

TRW Defense Systems Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Balistic Missiles Division
P.O. Box 1310
San Bernardino, California 92402-1310
(213) 535-4321

Chesapeake Field Office
MOU 1
Box 726
Chesapeake, Virginia 23322
(804) 421-9008

Colorado Engineering Organization
1555 North Newport Road
Colorado Springs, Colorado 80916
(303) 570-8000

Dayton Engineering Office
1628 Springfield Street
Dayton, Ohio 45403
(513) 254-8664

ESL Incorporated
495 Java Drive
Sunnyvale, California 94086
(408) 738-2888

TRW GBL Project Office
P.O. Box 189
Las Cruces, New Mexico 88004
(505) 678-5837

Oklahoma City Engineering Office
804 W. Curtis Street, Suite 206
Midwest City, Oklahoma 73110
(405) 732-3433

Omaha Field Office
1408 Fort Crook Road South
Bellevue, Nebraska 68005
(402) 293-1616

Sunnyvale Laboratory
1180 Kern Avenue
Sunnyvale, California 94086
(408) 245-5040

System Development Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

System Development Division
7600 Colshire Drive
McLean, Virginia 22102
(703) 734-6000

Systems Engineering & Development Division
One Space Park
Redondo Beach, California 90278
(213) 217-3003

TRW Electronic Systems Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

LSI Products Division
9243 Campus Point Court
San Diego, California 92121
(619) 457-1000

Military Electronics & Avionics Division
One Rancho Carmel
San Diego, California 92128
(619) 592-3000

Milstar Payload Program
One Space Park
Redondo Beach, California 90278-1001
(213) 536-8400

Sacramento Engineering Office
P.O. Box 420850
Sacramento, California 95841
(916) 331-6572

Space Communications Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Warner Robins Engineering Office
293 South Highway 247
Warner Robins, Georgia 31093
(912) 929-7300

Federal Systems Group
12900 Fair Lakes Parkway
Fairfax, Virginia 22033
(703) 968-1000

Command Support Division
12900 Fair Lakes Parkway
Fairfax, Virginia 22033
(703) 968-1700

Systems Division
2750 Prosperity Avenue
Fairfax, Virginia 22031
(703) 876-8200

TRW Information Systems Group
200 Oceangate, Suite 1200
Long Beach, California 90802-4338
(213) 590-7500

Customer Service Division
15 Law Drive
Fairfield, New Jersey 07006
(201) 575-7110

Information Network Division
23800 Hawthorne Boulevard
Torrance, California 90505
(213) 373-9161

Information Services Division
505 City Parkway West
Orange, California 92668
(714) 385-7000

Real Estate Information Division
200 Oceangate
Long Beach, California 90802-4338
(213) 590-7551

TRW Operations & Support Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Administrative Services Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Financial & Data Services Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Manufacturing Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

TRW Electronic Products Inc.
3650 North Nevada Avenue
Colorado Springs, Colorado 80907
(303) 475-0660

TRW Electronic Products Inc.
1050 Southwood Drive
San Luis Obispo, California 93401
(805) 544-2786

TRW Space & Technology Group
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Applied Technology Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Capistrano Test Site
P.O. Box m10
San Clemente, California 92672
(714) 492-4157

TRW Pressure Systems Inc.
P.O. Box 6999
Los Angeles, California 90022
(213) 685-4520

Defense Projects Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Engineering & Test Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Federal Systems Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

Military Space Systems Division
One Space Park
Redondo Beach, California 90278
(213) 535-4321

TRW Components International Inc.
One Space Park
Redondo Beach, California 90278
(213) 535-4321

TRW District, Regional & Field Offices

Albuquerque Field Office
2340 Alamo S.E., Suite 200
Albuquerque, New Mexico 87106
(505) 242-8980

Albuquerque District Marketing Office
Transamerica Plaza
6100 Uptown Blvd., N.E., #540
Albuquerque, New Mexico 87110
(505) 888-1123

Bailey's Crossroads Field Office
3443 South Carlin Spring Road
Falls Church, Virginia 22041
(703) 671-9500

Boston District Marketing Office
20 Burlington Mall Road, Suite 240
Burlington, Massachusetts 01803
(617) 272-1617

Cape Canaveral Field Office
P.O. Box 903, Cape Canaveral, FL 32920
1980 North Atlantic Avenue, Suite 426
Cocoa Beach, Florida 32931
(305) 783-0870

Cheyenne Field Office
P.O. Box 9502
F.E. Warren AFB, Wyoming 82003
(307) 775-3671

Colorado Springs District Marketing Office
1250 Academy Park Loop, Suite 202
Colorado Springs, Colorado 80910
(303) 574-0050

Dayton District Marketing Office
2940 Presidential Drive, Suite 350
Dayton, Ohio 45324
(513) 429-0174

Falls Church Field Office
5205 Leesburg Pike, Suite 200
Falls Church (Fairfax), Virginia 22041
(703) 845-3900

Fort Monmouth District Marketing Office
655 Shrewsbury Avenue
Shrewsbury, New Jersey 07701
(201) 530-9261

Goddard Space Flight Center
P.O. Box 385
Greenbelt, Maryland 20770

Hill AFB Field Office
1104 Country Hills Drive
Ogden, Utah 84403
(801) 825-9747

Houston District Marketing Office
2525 Bay Area Boulevard, Suite 620
Houston, Texas 77058
(713) 486-1600

Houston Systems Services
1110 NASA Road 1
P.O. Box 58327
Houston, Texas 77058-7725
(713) 333-3133

Huntsville District Marketing Office
Park Plaza, Suite 1231
303 Williams Avenue, S.E.
Huntsville, Alabama 35801
(205) 533-3714

Huntsville Operations
213 Wynn Dr. NW
Huntsville, Alabama 35805
(205) 837-2400

Las Cruces District Marketing Office
755 Telshor Blvd., Suite 10E
Las Cruces, New Mexico 88001
(505) 522-0400

Los Angeles District Marketing Office
One Space Park
Bldg. 135, Room 5861
Redondo Beach, California 90278
(213) 535-8026

Massachusetts Engineering Field Office
P.O. Box 364
Wayland, Massachusetts 01778
(617) 440-6865

Ogden Engineering Operations
1104 Country Hills Drive
Ogden, Utah 84403
(801) 625-8000

Rome District Marketing Office
The Beeches Technical Campus
Building 2 - Turin Road
Rome, New York 13440
(315) 337-7245

San Diego Field Office
9265 Sky Park Court, Suite 205
San Diego, California 92123-4312
(619) 541-7884

South Carolina Field Office
700I-26 at Newcut Road
Spartanburg, South Carolina 29304
(803) 578-2000

TRW Systems Overseas Inc.
12 Avenue Franklin Roosevelt
1050 Brussels, Belgium
2.640.0585

Telephone Overseas Inc.
Mori Building 37
5-1, Toranomon 3-Chome
Minato-Ku, Tokyo 105, Japan
3.434.0881

Vandenberg Test Facility
P.O. Box 5279
Vandenberg AFB, California 93437
(805) 866-7528

Washington District Marketing Office
1000 Wilson Boulevard
Arlington, Virginia 22209
(703) 276-5156

TRW Energy Products Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Brandt Solids Control Division
P.O. Box 22368
3100 Wenlayan, Suite 400
Houston, Texas 77227
A complete line of solids control equipment for the petroleum drilling industry. Applications include the cleaning of drilling fluids and gas separation for both on shore and offshore use.

Oilwell Cable Division
P.O. Box 945
2400 Packer Road
Lawrence, Kansas 66044
(913) 841-5610
Electric cable for powering submergible oil pumps.

Mission Drilling Products Division
P.O. Box 40420
Houston, Texas 77240
(713) 460-6200
Provides products and services for the oil/gas exploration and production market.

Reda Pump Co.
P.O. Box 1181
Fourth and Dewey
Bartlesville, Oklahoma 74005
(918) 661-2000
A complete line of submergible electrically driven, multistage centrifugal pumps.

United-Carr Division of TRW Canada Limited
455 Arvin Avenue
Stoney Creek, Ontario L8G 3Y4 Canada
(416) 664-4401
Relays, timing devices, electromechanical assemblies, combination locks, deep draw metal parts and stampings.

TRW Information Systems
200 Oceangate, Suite 1200
Long Beach, California 90802
(213) 590-7500
Provides consumer and commercial credit reporting services on a nationwide basis to credit-granting organizations. Markets a broad range of information services to the real estate and financial industries.

Real Estate Information Division
200 Oceangate, Suite 1200
Long Beach, California 90802
(213) 590-7500
Computerized on-line access to title, tax, and real property information to title companies and lending institutions.

TRW Automotive Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

TRW Steering Components Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Steering & Suspension Division
34201 Van Dyke Avenue
Sterling Heights, Michigan 48077
(313) 977-1000
Steering linkage, suspension ball joints and assemblies, manual and power rack and pinion steering gears.

TRW Engine & General Components Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Valve Division
1455 East 185th Street
Cleveland, Ohio 44110
(216) 383-2121
Engine valves, valve seat inserts, valve retainers, valve retainer locks, valve rotating mechanisms, and forged pistons.

TRW Controls & Fasteners Group
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

TRW Automotive Aftermarket Division
1900 Richmond Road
Cleveland, Ohio 44124
(216) 291-7000

Transfer Agent(s):

TRW Inc.
Cleveland, Ohio

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, London, Frankfurt.

Ticker Symbol: TRW

Number of Employees:

1987	77,931	1984	93,524
1986	78,556	1983	88,374
1985	93,186		

Sales & Earnings

	Net Sales + (000's)	Net Income (000's)
1987	$ 6,821,000	$ 243,000
1986	6,036,000	217,700
1985	5,917,000	(7,088)
1984	5,369,000	266,842
1983	4,840,000	205,160

	No. of Com. Shares†	Earn. per Share #
1987	59,700,000	$ 4.01
1986	58,900,000	3.62
1985	58,100,000	—
1984	73,600,000	3.57
1983	72,700,000	2.77

(Loss)
+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Space & defense	$ 3,106,000	$ 2,672,000
Automotive	2,719,000	2,407,000
Information systems	521,000	425,000
Other	475,000	532,000
Total	$ 6,821,000	$ 6,036,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 1.60	—	2-for-1
1986	1.525	—	—
1985	1.50	—	—
1984	1.425	—	—
1983	1.325	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity† (000's)	Equity Per Share +
1987	$ 1,397,000,000	$ 23.41
1986	1,173,900,000	19.93
1985	985,915,000	16.98
1984	1,721,871,000	23.39
1983	1,573,367,000	21.64

† After allowing for serial preference stock II at aggregate involuntary liquidation price.
+ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 6,821,000	$ 6,035,900
Cost of sales	5,290,000	4,678,200
Expenses	1,020,000	952,600
Interest expense	126,000	96,300
Other income	(30,000)	(61,100)
Income before taxes	$ 415,000	$ 369,900
Income taxes	172,000	152,200
Net Income	$ 243,000	$ 217,700

* Included in Costs and Expenses, Depreciation: $306,000,000 in 1987 and $259,800,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & market. secur.	$ 145,000	$ 84,900
Accts. receiv., net	1,233,000	998,500
*Inventories	487,000	513,400
Prepaid expenses	50,000	43,200
Deferred inc. taxes	71,000	108,900
Current assets	$ 1,986,000	$ 1,748,900
# Fixed assets	1,800,000	1,637,000
Other assets	268,000	222,500
Intangibles	324,000	300,900
Total Assets	$ 4,378,000	$ 3,909,300

Liabilities
(000's)

Short-term debt	$ 269,000	$ 335,900
Long-term debt, curr.	37,000	19,400
Accts. payable	411,000	335,400
Accruals	755,000	632,700
Income taxes	24,000	28,300
Curr. Liabilities	$ 1,496,000	$ 1,351,700
Long-term liab.	120,000	127,000
Long-term debt	870,000	706,100
Minority interest	11,000	9,600
Deferred inc. taxes	464,000	437,000
+ Serial preference II	1,000	1,100
++ Common stock	37,000	36,800
Add. paid-in capital	190,000	170,800
Retained earnings	1,201,000	1,056,900
Cumulative trans. adjust.	58,000	1,200
Treasury stock	(70,000)	(86,800)
Total Liabilities & Shareholders' Equity	$ 4,378,000	$ 3,909,300

* At lower of cost or market domestic inventories at LIFO; remainder at FIFO).
# Less accumulated depreciation.
+ $2.75 stated value.
++ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.08	6.13
%Net Income to Sales	3.56	3.61
%Net Income to Equity	17.15	18.17
Sales to Inventories	14.01	11.76
Debt to Equity	0.83	0.95
Working Capital	$ 490,000,000	$ 397,200,000
Current Ratio	1.33	1.29
Shareholders' Equity	$1,417,000,000	$1,197,900,000

Tyco Laboratories, Inc.

One Tyco Park
Exeter, New Hampshire 03833
(603) 778-7331

Officers: John F. Fort, chairman of the board, president & chief exec. officer; Joshua M. Berman, secretary; Irving Gutin, v.p.; Richard D. Power, v.p.-finance & chief financial officer; John C. Armacost,-v.p.; Richard L. Dunn, treasurer.

Directors: John F. Fort, Joshua M. Berman, Philip M. Hampton, Robert A.G. Monks, Stephen W. Foss, Richerd B. Nichols, W. C. Westmoreland, L. Dennis Koslowski.

Areas of Work: Manufactures fire protection systems; a wide range of fittings, pipe, valves, hangers, electrical conduit, electrical components, and other industrial products; precision multi-layer printed circuit boards for computers and telecommunications; press fit backplane board and connectors; underwater communications and power cable; vacuum metalized plastic films; polyethylene film and plastic products; deep-drawn metal parts for writing instruments.

Divisions and Subsidiaries:

Fire Protection & Safety

Grinnell Corporation
Exeter, New Hampshire

Electronic & Electrical Components Group

Atlantic Coast Electronics Division
2681 Northeast 4th Avenue
Pompano Beach, Florida 33064
(305) 943-7300

Atlantic Backplane Company
Fort Lauderdale, Florida

Tyco Backplane Company
Stafford, Connecticut

Tyco Engineered Systems, Inc.
Manchester, Connecticut

Tyco Printed Circuit Group
Stafford, Connecticut

North American Printed Circuit Division
Stafford, Connecticut

Simplex Wire and Cable Company
P.O. Box 479
Portsmouth, New Hampshire
(603) 436-6100

Piedmont Circuits Division
P.O. Box 905
Creedmoor, North Carolina 27522
(919) 528-2525

Packaging & Consumer Materials

Armin Corporation
301 West Side Avenue
Jersey City, New Jersey 07305
(201) 432-8032

Ludlow Corporation
Exeter, New Hampshire

Acquisition:

Atoor, Inc.
Manufactures and distributes electrical conduit, pipe, fire protection products, and other electrical components.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): New York

Ticker Symbol: TYC

Number of Employees:

1987	10,600	1984	7,141
1986	10,000	1983	7,135
1985	7,000		

Plant Footage:

1987	7,239,000 sq. ft.	1984	4,048,000
1986	8,023,000	1983	3,794,000
1985	3,643,000		

Sales & Earnings

	Net Sales‡	Net Income†
1987	$1,061,788,000	$ 26,802,000
1986	741,171,000	37,500,000
1985	621,854,000	35,105,000
1984	589,886,000	30,095,000
1983	517,036,000	21,475,000

	No. of Com. Shares +	Earn. per Share #†
1987	$ 18,235,894	$ 1.50
1986	18,255,396	2.17
1985	19,240,796	1.87
1984	20,494,622	1.61
1983	18,120,816	1.24

‡ Of continuing operations only.
† Including extraordinary gain of $2,284,000 (0.14 per share) in 1986.
+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1986
Fire protection & safety	$ 606,741,000	$ 380,694,000
Electronics & electrical	131,452,000	131,324,000
Piping materials	233,595,000	229,153,000
Total	$1,061,788,000	$ 741,171,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	2-for-1
1985	0.3875	—	—
1984	0.35	—	—
1983	0.35	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 235,399,000	$ 12.91
1986	210,303,000	11.52
1985	192,540,000	10.01
1984	184,583,000	9.01
1983	156,672,000	8.65

+ Adjusted to reflect stock split.

Income Account *

Year ended May 31	1987	1986
Net sales	$1,061,788,000	$ 741,171,000
Other income	1,122,000	7,978,000
Total income	$1,062,910,000	$ 749,149,000
Cost of sales	825,254,000	575,168,000
Expenses	149,624,000	102,066,000
Interest expense	11,269,000	5,737,000
Income before taxes	$ 76,763,000	$ 66,178,000
Income taxes	32,666,000	29,561,000
Inc.-cont. oper.	$ 44,097,000	$ 36,617,000
Loss-discont. oper.	(17,295,000)	(1,401,000)
Net Income	$ 26,802,000	$ 35,216,000
Extraord. gain	—	2,284,000
Net Income & Extraord. gain	$ 26,802,000	$ 37,500,000

* Included in Costs and Expenses, Depreciation and Amortization: $29,003,000 in 1987 and $21,197,000 in 1986.

Assets

As of May 31	1987	1986
Cash & short-term invest.	$ 3,653,000	$ 1,223,000
Receiv., net	183,547,000	175,255,000
Insurance claim receiv.	5,289,000	8,363,000
Contracts in process	15,285,000	14,353,000
*Inventories	177,616,000	184,153,000
Prepaid expenses	13,255,000	4,188,000
Current Assets	$ 398,645,000	$ 387,535,000
#Fixed assets	173,950,000	185,286,000
Intangibles	13,326,000	8,601,000
Other assets	8,274,000	10,486,000
Total Assets	$ 594,195,000	$ 591,908,000

Liabilities

Loans payable	$ 15,038,000	$ 2,251,000
Accts. payable	74,740,000	63,365,000
Accruals	71,455,000	71,217,000
Contracts in process	10,204,000	5,624,000
Income taxes	7,642,000	10,571,000
Deferred income taxes	21,575,000	9,943,000
Other liab.	3,869,000	3,826,000
Curr. Liabilities	$ 204,523,000	$ 166,797,000
Long-term debt:		
Loans payable	—	33,930,000
Deferred cash-out liability	125,000	125,000,000
Industrial rev. bonds	13,364,000	25,072,000
Deferred inc. taxes	15,909,000	30,806,000
+Common stock	9,118,000	9,128,000
Add. paid-in capital	11,058,000	5,454,000
Retained earnings	215,223,000	195,721,000
Total Liabilities & Shareholders' Equity	$ 594,195,000	$ 591,908,000

* At lower of cost (primarily FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Net Income to Equity	11.39	16.75
Sales to Inventories	5.98	4.02
Debt to Equity	0.12	0.89
Working Capital	$ 194,122,000	$ 220,738,000
Current Ratio	1.95	2.32
Shareholders' Equity	$ 235,399,000	$ 210,303,000

Tylan Corporation

359 Van Ness Way
Torrance, California 90501
(213) 212-5533

Tylan Corporation

Officers: Charles F. Drexel, chairman of the board; Kenneth C. Cleveland, president & chief exec. officer; Klaus K. Schuegraf, v.p. & director of technology; John L. Olson, v.p. finance; Colleen A. Dahl, secretary; Terry S. Mercer, v.p. & gen. mgr-Flow Products Division.

Directors: Charles F. Drexel, chairman; William E. Standring, Jr., Roy J. Brown, Edward F. Phillippi, Jr., Roy L. Rogers, John D. Hussey, Richard Campbell, William F. Kieschnick.

Business Activities: The company manufactures production equipment used in the semiconductor industry for processing silicon wafers. Products include microprocessor control systems which provide diverse control functions for several diffusion furnaces from a central location, mass flowmeters, gas blenders, as well as complete diffusion furnaces.

Subsidiaries:

Microsensor Technology, Inc.
Designs and manufactures proprietary gas chromatographs and gas detection instrumentation.

Tylan GmbH
Munich, West Germany

Tylan S.A.R.L.
Lyon, France

Tylan, U.K. Ltd.
Swindon, United Kingdom

Tylan, Israel
Tel Aviv, Israel

Joint Venture:

Nippon Tylan Corporation
Tokyo, Japan

Transfer Agent(s):

Bank of America NT & SA
Corporate Agency Services Center
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TYLN (NASDAQ)

Number of Employees:

1987	202	1984	N.A.
1986	250	1983	325
1985	280		

N.A. - Not Available

Plant Footage:

1987 ..... 27,000 sq. ft. 1986 117,000

Sales & Earnings

	Net Sales	Net Income
1987	$ 23,256,000	$ (8,173,000)
1986	28,405,000	(9,458,000)
1985	33,185,000	2,224,000
1984	23,780,000	1,150,000
1983	18,511,000	812,000

	No. of Com Shares‡	Earn per Share‡
1987	2,053,000	$ —
1986	2,049,000	—
1985	2,053,000	1.08
1984	2,053,000	0.56
1983	2,047,000	0.40

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 273,000	$ 0.13
1986	7,638,000	3.73
1985	15,269,000	7.44
1984	12,987,000	6.33
1983	11,685,000	5.71

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 23,256,000	$ 28,405,000
Cost of sales	15,115,000	23,306,000
Expenses	8,948,000	11,588,000
Interest expense	1,067,000	934,000
Other income	(684,000)	(873,000)
Non-recurring item	5,690,000	4,800,000
Gain on sale of division	(525,000)	—
Loss bef. taxes	$ (6,315,000)	$ (11,350,000)
Income taxes (credit)	355,000	(1,910,000)
Eq. in loss of joint venture	1,503,000	18,000
Net Loss	$ (8,173,000)	$ (9,458,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,373,000 in 1987 and $2,099,000 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 966,000	$ 558,000
Accts. rec., net	3,951,000	6,561,000
Income taxes receiv.	—	638,000
*Inventories	4,838,000	7,467,000
Prepaid expenses	524,000	510,000
Current Assets	$ 10,279,000	$ 15,734,000
#Fixed assets	2,712,000	5,396,000
Invest. in joint venture	2,969,000	3,996,000
Other assets	377,000	427,000
Total Assets	$ 16,337,000	$ 25,553,000

Liabilities

Revolv. line of credit	$ 8,278,000	$ 7,995,000
Long-term debt, curr.	945,000	532,000
Accts. payable	1,390,000	2,574,000
Accrued payroll	3,660,000	4,601,000
Income taxes	244,000	50,000
Curr. Liabilities	$ 14,517,000	$ 15,752,000
Long-term debt	1,547,000	2,163,000
+Common stock	4,059,000	4,040,000
Retained earnings (deficit)	(6,016,000)	2,157,000
Curr. trans. adj.	2,230,000	1,441,000
Total Liabilities & Shareholders' Equity	$ 16,337,000	$ 25,553,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

Sales to Inventories	4.81	3.80
Debt to Equity	—	0.35
Working Capital	—	—
Current Ratio	—	—
Shareholders' Equity	$ 273,000	$ 7,638,000

UNC Incorporated

175 Admiral Cochrane Drive
Annapolis, Maryland 21401-7394
(301) 266-7333

Officers: Walter S. Holmes, Jr., chairman of the board; Dan A. Colussy, president & chief executive officer; G. Vern Diedrick, exec. v.p. & sector pres.-Defense/Telecommunications; Robert J. Waugh, exec. v.p. & sector pres.-Aerospace/Aviation; Marc R. Jartman, v.p.-government affairs & marketing; Richard H. Lange, v.p., general counsel & secretary; Paul X. McLain, v.p.-financial controls; Robert L. Pevenstein, v.p.-finance; Bruce R. Robinson, v.p.-corp. development.

Directors: Walter S. Holmes, Jr., chairman; Frederick Alex Allan, D. Allan Bromley, John K. Castle, Dan A. Colussy, H. Justin Davidson, William C. Hittinger, James L. Holloway, III, Jack Moseley, Jack H. Vollbrecht.

Areas of Work: Operates through three business segments: Aerospace/Aviation provides precision fabrication of jet engine and aircraft components, turbine engine overhaul services, pilot training for U.S. Armed Services and line maintenance and operational support for military training aircraft. The Telecommunications segment provides a wide range of international and domestic telecommunication services including telex and data switching, high speed data transmission, leased channel which includes, data, voice and facsimile message telegrams; switched voice, direct satellite access and marine radio telex and telegraph. The Defense segment provides production and fabrication of major components for propulsion units used in naval submarines, and engineering, environmental reclamationand remedial action services.

Divisions and Subsidiaries:

Aerospace/Aviation

UNC Aerospace
Norwich, CN
(203) 848-1511

Tri-Industries, Inc.
Terre Haute, Indiana
(812) 234-1591

Airwork Corporation
Millville, New Jersey
(609) 825-6000

Pacific Airmotive Corporation
Burbank, California
(818) 842-5171

Aircraft Turbine Service
Bayshore, New York
(516) 242-4330

Burnside-Ott Aviation Corporation
Pensacola, Florida
(904) 477-7360

Telecommunications

TRT Communications, Inc.
Washington, Washington D.C.
(202) 879-2200

Defense

UNC Naval Products
Uncasville, Connecticut
(203) 848-1511

UNC Geotech
Grand Junction, Colorado
(303) 242-8621

Transfer Agent(s):

Manufactures Hanover Trust Co.
Securities Holder Relations Dept.
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Midwest, Pacific, London

Ticker Symbol: UNC

Number of Employees:

1987	4,260	1984	4,300
1986	6,295	1983	4,350
1985	6,175		

Plant Footage:

1987 ..... 1,073,270 sq. ft. 1986 930,070

Sales & Earnings

	Net Sales ◦	Net Income†
1987	$ 495,854,000	$ 18,077,000
1986	385,731,000	17,889,000
1985	167,254,000	17,698,000
1984	(30,184,000)	(122,238,000)
1983	115,038,000	(12,987,000)

	No. of Com. Shares‡	Earn per Share‡†
1987	16,132,000	$ 1.12
1986	17,545,000	1.02
1985	21,926,000	0.81
1984	17,638,000	—
1983	13,030,000	—

(Loss)
◦ Of continuing operations only.
† Including extraordinary gains of $7,203,000 ($0.44 per share) in 1987 and $7,375,000 ($0.42 per share) in 1986, $8,428,000 ($0.38 per share) in 1985 and $1,044,000 in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1987	1986
Aerospace/Aviation	$ 205,813,000	$ 138,796,000
Telecommunications	140,224,000	131,974,000
Defense	149,817,000	114,971,000
Total	$ 495,854,000	$ 385,731,000

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 108,078,000	$ 6.70
1986	97,675,000	5.57
1985	154,433,000	7.04
1984	137,325,000	7.79
1983	158,707,000	12.18

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*
(000's)

Year ended Dec. 31	1987	1986
Net sales & oper. revenues	$ 495,854	$ 385,731
Cost of sales	345,795	253,556
Payment to telecomm. carriers	53,048	53,361
Expenses	64,421	50,929
Interest expense	15,161	13,223
Interest income	(685)	(1,624)
Other expense	1,035	614
Income before taxes	$ 17,079	$ 15,672
Income taxes	8,088	8,210
Income from cont. oper.	$ 8,991	$ 7,462
Income from discont. oper.	1,883	3,052
Net Income	$ 10,874	$ 10,514
Extraord. gain	7,203	7,375
Net income & extraord. gain	$ 18,077	$ 17,889

* Included in Costs and Expenses, Depreciation and Amortization: $16,602,000 in 1987 and $15,804,000 in 1986.

Assets
(000's)

As of Dec.	1987	1986
Cash & short-term invest.	$ 17,511	$ 11,496
Accts. receiv., net	100,729	94,448
Cost in exc. of billings	34,233	29,645
*Inventories	54,916	45,990
Other curr. assets	9,475	8,273
Current Assets	$ 216,864	$ 189,822
Net assets of discont. oper.	11,365	13,017
#Fixed assets	145,723	138,390
Costs of exc. of assets	44,621	45,123
Other assets	21,827	22,611
Total Assets	$ 440,400	$ 408,963

Liabilities
(000's)

Long-term debt, curr.	$ 721	$ 1,732
Accts. payable	57,725	64,109
Accruals & other curr. liab.	47,038	52,384
Income taxes	1,071	539
Curr. Liabilities	$ 106,555	$ 118,764
Long-term debt	175,890	137,373
Minority interest	855	762
Deferred inc. taxes	6,367	6,075
Other liabilities	42,655	48,314
+Common stock	3,498	3,494
Add. paid-in capital	123,274	144,997
Retained earnings (deficit)	(7,739)	(25,816)
Treasury stock	(10,955)	(25,000)
Total Liabilities & Shareholders' Equity	$ 440,400	$ 408,963

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

%Net Income to Equity	10.06	10.76
Sales to Inventories	9.03	8.39
Debt to Equity	1.63	1.42
Working Capital	$ 110,309,000	$ 71,058,000
Current Ratio	2.04	1.60
Shareholders' Equity	$ 108,078,000	$ 97,675,000

The Union Corporation

50 Washington Street
South Norwalk, Connecticut 06856
(203) 866-1099

Officers: Melvin L. Cooper, chairman & chief exec. officer; Robert H. Sabel, vice chairman; Michael Strauss, exec. v.p.; Charles E. Atwood, II, v.p.-finance, treasurer & secretary.

Directors: Melvin L. Cooper, chairman; Robert H. Sabel, Michael Strauss, John E. Angle, Robert Kerr, Stuart J. Northrop.

Divisions and Subsidiaries:

Gichner Systems Group
P.O. Box B, East Locust Street
Dallastown, Pennsylvania 17313

Gichner Shelter Systems
Manufactures transportable shelters for electronic, communications and other equipment used in military and commercial applications.

Garlet Manufacturing Company
Produces wheel sets used in the transport of shelters primarily for the military; steel rolling doors and other steel fabrications primarily for commercial markets.

Optima Enclosures
Manufactures metal cabinets and housings for electronic equipment used in commercial and industrial applications.

Transworld Systems, Inc.
Financial service companies.
Capital Credit Corporation

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: UCO

Number of Employees:

1987 ..... 1,650 1986 1,800

Plant Footage:

1987 ..... 661,000 sq. ft. 1986 661,000

Sales & Earnings

	Net Sales ◦	Net Income†
1987	$ 117,633,000	$ (608,000)
1986	99,947,000	7,239,000
1985	61,714,000	(23,451,000)
1984	62,274,000	(5,713,000)
1983	66,629,000	(2,975,000)

	No. of Com. Shares‡	Earn. per Share†‡
1987	7,587,000	$ —
1986	7,665,000	0.96
1985	6,996,000	—
1984	6,849,000	—
1983	N.A.	—

(Loss)
N.A. - Not Available.
◦ Of continuing operations only.
† Including extraordinary gains of $122,000 in 1987, $3,367,000 ($0.45 per share) in 1986, $275,000 in 1984 and $528,000 in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Revenues by Line of Business
(000's)

	1987	1986
Financial services	$ 47,340	$ 40,809
Equipment manufacturing	70,293	59,138
Total	$ 117,633	$ 99,947

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	7 1/2%	—

Common Stock Equity

	Total Equity†	Equity Per Share‡
1987	$ 35,921,000	$ 4.73
1986	36,073,000	4.85
1985	28,074,000	4.01
1984	51,382,000	7.50
1983	54,714,000	—

† After allowing for preferred stock at redemption value of $90 per share.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account
(000's)

Year ended June 30	1987	1986
Net sales	$ 70,293	$ 59,138
Oper. revenues	47,340	40,809
Total income	$ 117,633	$ 99,947
Cost of sales	56,861	44,588
Expenses	49,396	41,865
Depreciation & amortization	2,947	2,585
Interest expense	6,065	6,422
Interest income	(535)	(860)
Income bef. taxes	$ 5,099	$ 5,347
Income taxes	3,103	2,802
Inc. - cont. oper.	$ 1,996	$ 2,545
Inc. (loss) - discont. oper.	(2,726)	1,327
Net Income (Loss)	$ (730)	$ 3,872
Extraord. gain	122	3,367
Net Income (Loss) & extraord. gain	$ (608)	$ 7,239

Assets
(000's)

As of June 30	1987	1986
Cash	$ 6,601	$ 4,210
Short-term invest.	10,130	6,085
Accts. receiv., net	13,997	11,955
*Inventories	11,606	9,923
Prepaid expenses	4,545	3,324
Net assets - discont. oper.	—	7,661
Current Assets	$ 46,087	$ 42,904
#Fixed assets	18,045	16,176
Other assets & deferred charges	2,946	5,008
Intangibles	27,955	28,167
Net assets - discont. oper.	946	3,133
Total Assets+	$ 95,979	$ 96,048

Liabilities
(000's)

Long-term debt, curr.	$ 2,630	$ 1,767
Accts. payable	6,223	5,463
Accruals	11,105	9,673
Income taxes	418	896
Net liab. - discont. oper.	422	—
Curr. Liabilities	$ 20,798	$ 17,799
Long-term debt	34,794	37,219
Deferred liabilities	2,587	2,717
+ Redeemable pref. stock-Series D	—	67
+ Preferred stock-Series B & C	1,879	2,193
++ Common stock	3,637	3,605
Add. paid-in capital	34,682	34,157
Retained earnings (deficit)	(2,398)	(1,669)
Total Liabilities & Shareholders' Equity	$ 95,979	$ 96,048

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ No par value; cumulative convertible. Dividends: Series D, $6.50; Series B, $4.50; Series C, $5.00.
++ $0.50 par value.

Statistical Summary

%Net Income to Equity	—	10.12
Debt to Equity	0.99	1.02
Working Capital	$ 25,289,000	$ 25,165,000
Current Ratio	2.22	2.41
Shareholders' Equity	$ 37,800,000	$ 38,266,000

Unisys Corporation

P.O. Box 418
Detroit, Michigan 48232
(313) 972-7000

Officers: W. Michael Blumenthal, chairman of the board & chief exec. officer; James A. Unruh, exec. v.p.; Frederick F. Jenny, sr. v.p.; Robert F. Holmes, sr. v.p.; Richard H. Bierly, sr. v.p.; Hollis L. Caswell, sr. v.p.; Edwin P. Gilbert, sr. v.p.; Jan Lindelow, sr. v.p.; Edward Bitwinck, sr. v.p.; Curtis A. Hessler, sr. v.p. & gen. counsel; Fred R. Meier, v.p.; Jack F. Thompson, v.p.; Leroy W. Boers, v.p.; Martin A. Belsky, v.p.; Richard B. Williams, v.p.; John J. Holton, v.p.; Reto Braun, v.p.; George R. Gaierwitz, v.p.; Gary Alexander, v.p.; Vincent M. Donovan, v.p.; John F. Horton, v.p.; Kurt Merl, v.p.; G. Graham Murphy, v.p.; Dewaine C. Osman, v.p.; Vincent Puritano, v.p.; Orville G. Greene, v.p.; Jack F. McHale, v.p.; William L. Morgan, v.p.; Albert F. Zettlemoyer, v.p.; Joseph M. Tucci, v.p.; Jeannette P. Lerman, v.p.; Kenneth L. Miller, v.p. & secretary; George T. Robson, v.p. & controller; Leon J. Level, v.p. & treasurer; I. Charles Beauchamp, general auditor; Bobette Jones, asst. secretary; Teresa A. O'Connor, asst. secretary; Ronald C. Anderson, asst. secretary; Jack R. Silverberg, asst. treasurer; Richard A. Albright, asst. treasurer; Robert S. Manturuk, asst. treasurer; Peter S. Noll, asst. treasurer.

Directors: W. Michael Blumenthal, chairman of the board; Charles F. Barber, William G. Milliken, Paul S. Mirabito, Alan E. Schwartz, Arthur R. Seder, Jr., Harold T. Shapiro, Robert M. Surdam, Alice M. Rivlin, William E. LaMothe, Donald V. Seibert, Melvin R. Gordon, Richard R. Shinn, James A. Unruh.

Areas of Work: Engaged in designing, engineering, manufacturing, marketing and supporting electronics-based information systems, including commercial information systems and defense and other systems for government customers, and related equipment and services, including software. Principal products and services include processors and peripherals; entry systems and workstations; software and related services; custom products and services; and equipment maintenance services. Included with processors and peripherals are a complete line of small, medium and large mainframes and related communication processors and peripheral products, such as printers, storage devices and document handling equipment. Entry systems and workstations include departmental systems, intelligent workstations, UNIX equipment, terminals and personal computers. Software and related services consist of application and systems software along with related professional services. Custom products and services include specialized information processing systems and services marketed mainly to government defense agencies.

Subsidiaries

Burroughs International Company
Wilmington, Delaware

Compania Burroughs de Maquinas, S.A.
Ingeniero Heurgo 965
Buenos Aires, Argentina

Burroughs Datenverarbeitung Gesellshaft m.b.H.
Moering Gasse 10
A-1151 Vienna, Austria

Burroughs Machines Limited
Heathrow House, Bath Road
Hounslow, Cranford
Middlesex, England

Burroughs Machines (Hong Kong) Ltd.
B300, Block 'B', Watson's Estate
Watson Road
North Point, Hong Kong

Burroughs A/S
P.O. Box 40-Bestun
Oslo 2, Norway

TATA Burroughs Ltd.
Manish Commercial Centre-5th Floor
Dr. Anni E. Seasant Rd.
Worli, Bombay 400-025, India

Burroughs Machines, Limited
P.O. Box 3996
Johannesburg, Transvaal, South Africa

Burroughs International S.A.
18, Rue St. Pierre
1700 Fribourg,, Switzerland

BMRX Holding (Denmark) A/S
BMX Holdings Limited (95% owned)
BMX Incorporated
BMX Information Systems (UK) Limited
Brazilian Equity, Inc.
Burmex Holding Sweden Aktiebolag (70% owned)
Burroughs Aktiegolag
Burroughs Cyberware Canada Inc.
Burroughs Cyberware Inc. (50% owned)
Burroughs-Cyberware Pte. Ltd.
Burroughs de Venezuela C.A.
Burroughs International Finance N.V.
Burroughs International Government Sales, Inc.
Burroughs International Procurement Co., Inc.
Borroughs International Trading Company
Burroughs-Memorex S.p.A.
Burroughs Mexican Manufacturing, Inc.
Burroughs Overseas Sales Company Limited
Burroughs Systems Incorporated
Burroughs Transport Corporation
C3 Pty. Limited (Australia) (49% interest)
Compania Burroughs de Venezuela, Inc.
Compubur, S.A. de C.V. (Mexico)
Foundation Computer Systems, Inc.
Future Systems Limited (New Zealand)
Graphics Technology Dsc, Inc.
Harrison Credit Group, Inc. (50% interest)
HCG Services, Inc.
Inplex Corporation
Integration Installation International, Inc.
Japan Softec Co., Ltd. (Japan) (50% interest)
Joseph & Cogan Associates, Inc.
Marine Systems S.p.A. (Italy)
MEM-MEX S.A. de C.V. (Mexico)
MIFCO B.V. (Netherlands)
Nippon Univac Kaisha, Ltd. (Japan) (33% interest)
Oki Univac Kaisha, Ltd. (Japan) (48% interest)
OY Unisys AB (Finland)
Paramax Electronics Inc. (Canada)
Plasma Graphics Corporation (80% owned)
Ramac Services Corporation
Remdex, S.p.A. (Italy)
SDC (1981) Limited (50% interest)
Solar Sociedade Lusitana de Organizacoes, Ltd. (Portugal)
South American [illegible]ustries, Inc.
SP-Marine Inc.
Sperry Arabia Limited (Saudi Arabia) (49% interest)
Sperry A/S (Norway)

Sperry Asia, Inc.
Sperry Ges. m.b.H.
Sperry Capital Management Corporation
Sperry Cayman Islands
Sperry Curacao N.V. (Netherlands Antilles)
Sperry Dalmo Victor, Inc. (50% interest)
Sperry Finance Company Pty. Ltd. (Australia)
Sperry Finance Inc. (Canada)
Sperry Financial Corporation
Sperry Finanz AG (Switzerland)
Sperry Ges. m.b.H. (Austria)
Sperry (Hong Kong) Limited
Sperry Holding AB (Sweden)
Sperry Holding Company, Inc.
Sperry Industria e Comercio Ltda. (Brazil)
Sperry Insurance Company Ltd. (Bermuda)
Sperry International Capital Corporation
Sperry International Finance Corporation B.V. (Netherlands)
Sperry International Foreign Sales Corporation (Virgin Islands)
Sperry International Marketing AG (Switzerland)
Sperry International Services Company, Inc.
Sperry International Trade, Inc.
Sperry Lease Finance Corporation
Sperry Leasing Corp.
Sperry Limited (England)
Sperry Limited (Australia)
Sperry Mapper Services, Inc.
Sperry Overseas Corporation (Switzerland)
Sperry Overseas N.V. (Netherlands Antilles)
Sperry Overseas Services Corporation
Sperry (Proprietary) Limited (South Africa)
Sperry Rand Corporation
Sperry Rand International Corporation (Switzerland)
Sperry S.A. (Argentina)
Sperry S.A. (France)
Sperry S.A. (Spain)
Sperry, S.A. de C.V. (Mexico)
Sperry Trustees Limited (England)
Sperry World Trade, Inc.
Sperry Zentrallager Europa GmbH (West Germany)
STS Limited (Australia) (51% owned)
Synercom Australia Pty. Limited.
System Development Corporation
Trade and Industry Sperry L.L.C. (Greece)
U.K. Holdings 1 Ltd.
U.K. Holdings 2 Ltd.
Unisys A/S (Denmark) (52% owned)
Unisys (Asia) Limited (Hong Kong)
Unisys Australia Limited
Unisys Belgium (58% owned)
Unisys Canada Inc. (54% owned)
Unisys China Investments Inc.
Unisys China Limited
Unisys China Services, Inc.
Unisys (Chile) Corporation
Unisys de Centro America, S.A.
Unisys de Colombia, S.A.
Unisys de Mexico, S.A. de C.V.
Unisys del Peru Corporation
Unisys Deutschland G.m.b.H. (West Germany)
Unisys Electronica Ltda. (Brazil)
Unisys Espana, S.A. (Spain)
Unisys Europe-Africa, Limited (England)
Unisys Finance Corporation
Unisys France
Unisys (Hong Kong) Ltd.
Unisys International (Singapore) Pte. Ltd.
Unisys Italia S.p.A.
Unisys Limited (England)
Unisys Ltd. (Korea)
Unisys Nederland N.V.
Unisys New Zealand Limited
Unisys PRC Limited
Unisys Peripherals Corporation
Unisys Pte. Ltd. (Singapore)
Unisys Puerto Rico, Inc.
Unisys (Schweiz) A.G. (Switzerland)
Unisys Sweden AB
Unisys South Africa (Pty.) Limited
Unisys (Taiwan) Limited
Univac (1967) Limited (New Zealand)

Burroughs Caribbean Limited
P.O. Box 69
Cross Roads
Kingston 5, Jamaica, W.I.

Burroughs Electronica (Portugal) Ltda.
Rua Gregorio Lopes
Lote 1514
Lisbon-3 (Restelo), Portugal

Galactic Assurance Group Ltd.
Bank of Bermuda Building
Hamilton, Bermuda

Formularios E Suprimentos Burroughs Ltda.
Rio De Janeiro, Est. de Guanbara, Brazil

Burroughs Co. Ltd.
Hanzomon Building
7.1 chrome, Kojimachi
Chiyoda Ku, Tokyo 102, Japan

Industrias Mexicanas Burroughs, S.A. de C.V.
Guadalajara Jalisco, Mexico

Burroughs Europe-Africa, Inc.
Burroughs Pacific, Inc.
Burroughs Overseas Limited
Burroughs Pacific Finance Limited

Graftek, Inc.
Boulder, Colorado

Manufactures and develops CAD/CAM systems. Graftek specializes in software applications such as mechanical design, automated drafting, numerical control programming and plastic injection-mold design and analysis.

Sperry Corporation
1290 Avenue of the Americas
New York, New York 10104
(212) 484-4444

Acquisition(s):

Timeplex, Inc.
400 Chestnut Ridge Road
Woodcliff Lake, New Jersey 07675
(201) 391-1111

Designs, manufactures, markets and services electronic data communications systems and equipment, and produces and distributes data multiplexers.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York*, Midwest*, Pacific*, Cincinnati, London, Amsterdam, Antwerp, Basel, Brussels, Geneva, Lausanne, Zurich *Listed.

Ticker Symbol: UIS

Number of Employees:

1987	92,500	1984	65,300
1986	98,300	1983	63,800
1985	60,500		

Plant Footage:

1987	22,000,000 sq. ft.	1984	10,109,000
1986	24,300,000	1983	10,239,000
1985	8,885,000		

Sales & Earnings

	Net Sales	Net Income
1987	$6,376,700,000	$ 471,100,000
1986	5,115,900,000	(74,500,000)
1985	3,526,000,000	248,200,000
1984	3,240,800,000	244,900,000
1983	2,703,400,000	196,900,000

	No. of Com. Shares‡	Earn. per Share‡
1987	151,023,000	$ 3.15
1986	137,619,000	—
1985	136,361,000	1.82
1984	136,119,000	1.80
1983	128,541,000	1.53

(Loss)
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.09 2/3	—	3-for-1
1986	0.86 2/3	—	—
1985	0.86 2/3	—	—
1984	0.86 2/3	—	—
1983	0.86 2/3	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ($000's)	Equity Per Share‡
1987	$ 3,118,300 +	$ 20.90
1986	2,396,600 +	17.31
1985	2,492,400	18.24
1984	2,297,400	16.88
1983	2,231,900	16.37

+ After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 6,376,700	$ 5,115,900
Rentals & service revenue	3,336,200	2,316,500
Total income	$ 9,712,900	7,432,400
Cost of sales	3,771,900	3,681,600
Cost of rentals & service	1,867,600	1,436,300
Expense	2,946,900	2,330,300
Interest expense	255,600	269,600
Interest & other income	(76,200)	(193,600)
Income (loss) before taxes	$ 947,500	$ (91,800)
Income taxes (credit)	369,500	(48,400)
Net Income (Loss)	$ 578,000	$ (43,400)

* Included in Costs and Expenses, Depreciation $617,700,000 in 1987 and $444,000,000 in 1986.

Assets
($000's)

As of Dec. 31	1987	1986
Cash & marketable securities	$ 42,200	$ 56,000
Accts. & notes receiv., net	2,192,800	1,806,900
* Inventories	1,855,800	1,951,900
Prepaid expenses	522,100	721,600
Current Assets	$ 4,616,900	$ 4,536,400
Long-term receiv.	432,400	339,300
Rental equip.	263,300	339,900
# Fixed assets	1,857,600	1852,300
Intangibles	1,356,200	962,600
Investments	632,700	539,500
Other assets	798,900	838,800
Total Assets	$ 9,958,000	$ 9,408,800

Liabilities
(000's)

Notes payable	$ 154,500	$ 155,900
Long-term debt, curr.	10,100	371,500
Accts. payable	1,554,100	1,098,300
Other accruals	1,024,900	1,326,300
Dividends payable	56,600	52,500
Income taxes	676,700	335,600
Curr. Liabilities	$ 3,476,900	$ 3,342,100
Long-term debt	1,933,100	2,225,600
Deferred inc. taxes	3,300	12,800
+ Preferred stock	1,426,400	1,431,000
++ Common stock	747,000	231,000
Add. paid in capital	374,100	625,500
Retained earnings	2,016,600	1,678,600
Treasury stock	(1,800)	(1,600)
Currency translation adjustment	(17,600)	(136,900)
Total Liabilities Shareholders' Equity	$ 9,958,000	$ 9,408,800

° At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ $1 par value; $3.75 cumulative.
++ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.86	—
%Net Income to Sales	9.06	—
%Net Income to Equity	12.72	—
Debt to Equity	0.46	0.72
Working Capital	$ 1,140,000,000	$ 1,194,300,000
Current Ratio	1.33	1.36
Shareholders' Equity	$ 4,544,700,000	$ 3,828,300,000

United Industrial Corporation

18 East 48th Street
New York, New York 10017
(212) 752-8787

Officers: Bernard Fein, chairman of the board & president; Irwin R. Barr, v.p. & president-AAI Corporation; Russell A. Wills, president-Detroit Stoker Company; Howard M. Bloch, secretary & treasurer; Michael J. Kistner, Jr., asst. treasurer; Michael P. Coppins, asst. secretary; John R. Garland, president-Neo Products Company.

Directors: Bernard Fein, chairman; Ben Feit, Howard M. Bloch, Myron Simons, Edward M. Melton.

Areas of Work: Designs, manufactures and markets electronics and aerospace systems, and weaponry for the United States and its allies, energy systems for industries and utilities, and specialized plastic products.

Subsidiaries:

AAI Corporation
Cockeysville, Maryland

Orlando, Florida

Oakland, California
Engaged in the development and manufacture of automatic test equipment for aircraft; weapons, ammunition and fuzing; material handling equipment; simulators for electronic warfare trianing (SEWT); and energy systems.

Neo Products Company
Chicago, Illinois
Producer of custom theroplastic parts for the merchandisers of major appliances.

Detroit Stoker Company

Monroe & Marshall, Michigan

Columbus, Ohio
Engaged in the manufacture and sale of industrial stokers, combustion systems, pneumatic and hydraulic conveying systems, incinerator equipment, rotary seal feeders, shredders, grapples, and replacement parts.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Bank of America, N.T. & S.A.
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: UIC

Number of Employees:

1987	4,660	1984	3,630
1986	4,050	1983	3,450
1985	3,740		

Plant Footage:

1987 ..... 1,461,671 sq. ft. 1986 1,370,766

Sales & Earnings

	Net Sales†	Net Income
1987	$ 297,501,000	$ 14,302,000
1986	272,508,000	(9,174,000)
1985	269,378,000	29,054,000
1984	246,155,000	18,533,000
1983	224,173,000	16,739,000

	No. of Com. Shares +	Earn. per Share #
1987	13,186,000	$ 1.07
1986	13,325,000	—
1985	13,303,000	2.18
1984	13,238,000	1.38
1983	13,475,000	1.23

(Loss)
† Of continuing operations only.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock split.
+ Adjusted to reflect stock dividends and stock split.

Revenues By Line of Business

	1987	1986
Defense	$ 258,201,000	$ 228,770,000
Energy Systems	33,399,000	36,715,000
Plastic products	5,901,000	5,023,000
Total	$ 297,501,000	$ 272,508,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 0.64	—	—
1986	0.58	10%	—
1985	0.49	10%	—
1984	2.45	10%	—
1983	0.29	—	2-for-1

‡ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 97,569,000	$ 7.40
1986	93,267,000	7.00
1985	109,956,000	8.27
1984	86,853,000	6.56
1983	77,735,000	5.77

† Adjusted to reflect stock dividends and stock split.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 297,501,000	$ 272,508,000
Cost of sales	230,264,000	251,806,000
Expenses	47,952,000	41,790,000
Interest income	(2,895,000)	(3,264,000)
Other income	(975,000)	(242,000)
Income (loss) bef. taxes	$ 23,155,000	$ (17,582,000)
Income taxes (credit)	8,853,000	(8,408,000)
Net Income (Loss)	$ 14,302,000	$ (9,174,000)

* Included in Costs and Expenses, Depreciation and Amortization: $8,157,000 in 1987 and $7,616,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash & marketable securities	$ 4,236,000	$ 4,705,000
Trade receiv. net	49,424,000	44,421,000
°Inventories	56,451,000	38,268,000
Prepaid expenses	3,075,000	8,359,000
Current Assets	$ 113,186,000	$ 95,753,000
#Fixed assets	60,849,000	60,498,000
Other assets	58,252,000	55,474,000
Total Assets	$ 232,287,000	$ 211,725,000

Liabilities

Notes payable	$ 32,500,000	$ 16,745,000
Long-term debt, curr	2,053,000	1,215,000
Accts. payable	12,273,000	14,323,000
Accrued payroll	9,461,000	9,316,000
Cust. advanced	1,353,000	1,811,000
Other liabilities	8,172,000	7,730,000
Deferred inc. taxes	37,445,000	36,094,000
Curr. Liabilities	$ 103,257,000	$ 87,234,000
Long-term debt	13,456,000	13,822,000
Deferred inc. taxes	18,005,000	17,402,000
+Common stock	14,358,000	14,348,000
Add. paid-in capital	99,371,000	99,251,000
Retained earning (def.)	(7,892,000)	(13,687,000)
Treasury stock	(8,268,000)	(6,645,000)
Total Liabilities & Shareholders' Equity	$ 232,287,000	$ 211,725,000

° At lower of cost (LIFO, actual, average, standard) or market.
Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.78	—
%Net Income to Sales	4.81	—
%Net Income to Equity	14.66	—
Sales to Inventories	5.27	7.12
Debt to Equity	0.49	0.34
Working Capital	$ 9,929,000	$ 8,519,000
Current Ratio	1.10	1.10
Shareholders' Equity	$ 97,569,000	$ 93,267,000

United Technologies Corporation

United Technologies Building

Hartford, Connecticut 06101
(203) 728-7000

Officers: Robert F. Daniell, chairman & chief exec. officer; John A. Rolls, exec. v.p. & chief financial officer; Edward W. Large, exec. v.p.-corp. development; Sidney F. McKenna, sr. v.p.-public affairs; William F. Paul, sr. v.p.-defense & space systems; Edward M. Irving, sr. v.p.-Industrial Systems Group; Edward J. Rapetti, group v.p.-Automotive Group; Martin R. Lewis, Jr., v.p., secretary & deputy gen.

counsel; Alvin Kelly, v.p.-strategic planning; Russell G. Meyerand, Jr., v.p.-chief scientist; J. Thomas Bouchard, v.p.-human resources & organization; Frank Parisi, v.p.-public relations; Jeffrey L. Kushner, v.p.-financial planning; Charles B. Preston, sr. v.p. & controller; Irving B. Yoskowitz, sr. v.p. & general counsel; William A. Wilson, president & chief exec. officer-Carrier; Karl J. Krapek, president, North American Operations-Otis; George A.L. David, president & chief exec. officer-Otis; Frank W. McAbee, Jr., v.p.-gov't contracts & compliance; Elvie L. Smith, chairman-Pratt & Whitney Canada Inc.; Irwin Mendelsen, president-Pratt & Whitney engineering division; Arthur E. Wegner, sr. v.p-power & president-Pratt & Whitney Group; William C. Missimer, group v.p. & pres.-government engine business-Pratt & Whitney; Terry D. Stinson, president-Hamilton Standard; James G. O'Connor, president operations-Pratt & Whitney Group; Selwyn D. Berson, group v.p. & pres.-commerical engine business-Pratt & Whitney; L. David Caplan, president & chief exec. officer-Pratt & Whitney Canada Inc.; William J. Evans, v.p. & deputy head-defense & space systems; William H. Trachsel, v.p. & deputy gen. counsel; Harvey I. White, v.p.-corp. purchasing; Pierre J. Fougeron, president-European & Transcontinental Operations-Otis; Patrick J. Gnazzo, president-United Technologies International Corporation; Edwin D. Decker, president-Norden Systems; Calvin L. Ransom, president-United Technologies Microelectronic Center; John M. Bruce, president & chief exec. officer-Essex; Eugene Buckley, president-Sikorsky Aircraft; Franklyn A. Caine, v.p. & treasurer; Robert J. Hermann, v.p.-science & technology; William H. Pence, president-European Transcontinental operations-Carrier; Robert E.G. Ractliffe, president-North American operations-Carrier; Vernon K. Stait, president-Pacific area operations-Otis.

Directors: Henry J. Gray *, T. Mitchell Ford *, Robert L. Sproull, William I. Spencer *, Richard S. Smith *, Edward W. Large *, Jacqueline G. Wexler, Antonia H. Chayes, Robert F. Dee, Charles W. Duncan, Jr., Pehr G. Gyllenhammar, Robert H. Malott *, John S. Reed, Robert F. Daniell *.

* Member of the Executive Committee

Areas of Work: Vertical-lift aircraft for military and civil operation and precision systems for flight, including environmental engine, air-inlet, and wing-sweep actuator controls; airborne integrated data systems and flight recorders; airborne radar and cockpit displays systems; propellers; solid propellant rocket boosters and motors; liquid-fueled and hybrid rocket engines; space life support, environmental, guidance, and power systems; altitude control thrusters; turbine aircraft engines in a range of power ratings; gas turbines and allied equipment for electrical power generation, industrial process, natural gas transmission, and marine propulsion; computerized industries; laser welding systems for industry, elevators and escalators; air conditioning, advanced business communication, electronic energy management control and intergrated building systems and services; automotive components, and systems.

Divisions and Subsidiaries:

Pratt & Whitney
East Hartford, Connecticut 06108
(203) 565-4321

Otis Group, Inc.
10 Farmspring
Farmington, Connecticut 06032
(203) 674-4000

Hamilton Standard
Bradley International Airport
Windsor Locks, Connecticut 06096
(203) 623-1621

Sikorsky Aircraft
Stratford, Connecticut 06497
(203) 378-6361

Norden Systems, Inc.
Helen Street
Norwalk, Connecticut 06856
(203) 838-4471

United Technologies Research Center
East Hartford, Connecticut 06108
(203) 565-4321

Pratt & Whitney Aircraft of West Virginia, Inc.
P.O. Box 245
Bridgeport, West Virginia 26330
(304) 842-5421

United Technologies International Incorporated
Hartford, Connecticut 06108
(203) 728-7630

Pratt & Whitney Aircraft of Canada Limited (97% owned)
P.O. Box 10
Longueuil, Quebec, Canada
(514) 677-9411

Carrier Corporation
6304 Carrier Parkway
P.O. Box 4808
Syracuse, New York 13221
(315) 424-4711
Engaged in the manufacture and sale of air conditioning equipment and energy processing equipment.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
(common stock $2.55 and $4.50 preferred stock)
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, London, Paris, Frankfurt, Geneva, Basel, Zurich, Brussels, Amsterdam, Lausanne.

Ticker Symbol: UTX

Number of Employees:

1987	190,000	1984	205,000
1986	197,500	1983	194,000
1985	164,000		

Plant Footage:

1987 ..... 58,993,000 sq. ft. 1986 60,624,000

Sales & Earnings

	Net Sales + (000's)	Net Income† (000's)
1987	$ 17,170,211	$ 591,728
1986	15,699,157	72,727
1985	14,991,674	312,724
1984	14,826,013	645,015
1983	13,326,957	509,173

	No. of Com. Shares‡	Earn. per Share‡†
1987	131,026,367	$ 4.52
1986	122,795,258	0.27
1985	122,538,718	2.12
1984	120,795,140	4.90
1983	111,433,990	3.97

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1987	1986
Power	$ 5,657,478	$ 5,451,392
Flight systems	3,209,252	2,843,581
Building syst.	5,685,273	4,992,414
Indust. prods. for auto., elec. & other	2,703,022	2,429,434
Other	252,122	239,786
Eliminations	(336,996)	(287,650)
Total	$ 17,170,211	$ 15,669,157

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	$ 1.40	—	—
1986	1.40	—	—
1985	1.40	—	—
1984	1.375	—	2-for-1
1983	1.275	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity +	Equity Per Share‡
1987	4,291,018,000	$ 32.90
1986	3,801,390,000	29.14
1985	3,848,848,000	31.32
1984	3,645,399,000	30.04
1983	3,253,897,000	27.21

+ After allowing for preferred stock at aggregate liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 17,170,211	$ 15,669,157
Other income	206,310	209,694
Total income	$ 17,376,521	$ 15,878,851
Cost of sales & services	12,661,952	12,373,271
Expenses	3,338,797	3,140,133
Interest expense	301,398	241,530
Income before taxes	$ 1,074,374	$ 123,917
Income taxes	440,493	51,426
Minority interest	42,153	24,396
Inc.-cont. oper.	$ 591,728	48,095
Income-discont. oper.	—	24,632
Net Income	$ 591,728	$ 72,727

* Included in Cost and Expenses: Depreciation: $505,122,000 in 1987 and $462,259,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 424,178	$ 269,654
Accts. receiv., net	2,456,037	2,481,284
Fut. inc. tax ben.	446,675	475,226
* Inventories	3,978,382	3,607,596
Prepaid expenses	100,753	106,586
Current Assets	$ 7,406,025	$ 6,940,346
Investments & advances	405,299	507,333
Accts. & notes receiv.	141,624	125,961
# Fixed assets	3,353,223	3,060,251
Prepaid pension costs & other defer. charges	622,407	457,896
Total Assets	$ 11,928,578	$ 11,091,787

Liabilities
(000's)

Notes payable	$ 498,937	705,862
Long-term debt, curr.	46,957	54,301
Accts. payable	1,578,290	1,282,633
Accruals	1,767,960	2,001,114
Income taxes	284,238	218,776
Advances on contracts	500,007	363,791
Curr. Liabilities	$ 4,676,389	$ 4,626,477
Long-term debt	1,855,991	1,723,136
Deferred invest. tax credit	302,191	227,143
Other Liabilities	579,056	556,153
Minority interest	222,382	155,815
+ Preferred stock: $4.50 Cumulative	1,477	1,593
+ + Common stock	1,710,764	1,684,699
Deferred trans. adjust.	(79,621)	(164,520)
Retained earnings	2,659,949	2,281,291
Total Liabilities & Shareholders' Equity	$ 11,928,578	$ 11,091,787

* At lower of cost or estimated realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value, convertible.
+ + $5 par value.

United Technologies Corporation

Statistical Summary

% Income bef. Taxes to Sales	6.26	—
% Net Income to Sales	3.45	—
% Net Income to Equity	13.78	1.91
Sales to Inventories	4.32	4.34
Debt to Equity	0.56	0.65
Working Capital	$2,729,636,000	$2,313,869,000
Current Ratio	1.58	1.50
Shareholders' Equity	$4,292,569,000	$3,803,063,000

United Telecommunications, Inc.

2330 Shawnee Mission Parkway
Westwood, Kansas 66205
(913) 676-3000

Mailing address:
P.O. Box 11315
Kansas City, Missouri 64112

Officers: Paul H. Henson, chairman of the board; William T. Esrey, president & chief executive officer; Charles W. Battey, vice chairman & chief financial officer; Curtis G. Fields, exec. v.p.; John F. Dodd, executive v.p. & general counsel; John C. Hancock, exec. v.p.-corp. development & technology; Ronald T. LeMay, exec. v.p.-corp. affairs; Richard H. Brown, sr. v.p.-operations; Donald G. Forsythe, v.p.; Thomas A. Benedett, v.p.; Hayward D. Fisk, v.p.; Ralph T. Whiteside, v.p.; Sushil G. Munshi, v.p.; David J. Nicol, v.p.; J. Richard Devlin, v.p.; M. Jeannine Strandjord, v.p. & controller; William J. Gunter, v.p. & treasurer; Don A. Jensen, v.p. & secretary; Dan J. Evanoff, v.p.-marketing & business development; Joe B. Gibson, v.p.-government relations; William J. McCullough, v.p.-human resources; John A. Mihalovich, v.p.-data systems; Thomas A. Norman, v.p.-engineering & operations; Robert W. Runke, v.p.-budgets; Alan J. Sykes, v.p.-revenues.

Directors: Charles W. Battey, Warren L. Batts, Ruth M. Davis, William T. Esrey, Donald J. Hall, Paul H. Henson, Harold S. Hook, Carl Horn, Jr., Lewis W. Lehr, James F. McDonald, Thomas S. Nurnberger, Charles E. Rice, Stewart Turley, James I. Cash, Jr., Joseph L. Dionne.

Areas of Work: A publicly-owned, holding company which is engaged in a number of telecommunications businesses. The company's two operating groups are United Telephone Systems, Inc., one of the nation's largest telephone systems, and U.S. Telecom, Inc., which provides voice, data and video transmission services. The Company owns 50% of US Sprint Communications Company, the nation's third largest long-distance telephone company. Complementary businesses are engaged in computer graphics, distribution and computer software activities.

Subsidiaries:

Megatek Corporation
9605 Scranton Road
San Diego, California 92121
(619) 455-5590

DirectoriesAmerica
Overland Park, Kansas

Template Graphics Software, Inc.
San Diego, California

North Supply Company
600 Industrial Parkway
Industrial Airport, Kansas 66031
(913) 791-7000

Information Systems of America, Inc.
P.O. Box 47975
500 Northridge
Atlanta, Georgia 30338
(404) 587-6900

United Information Systems, Ltd.
London, England

United Telephone System, Inc.
P.O. Box 11315
Kansas City, Missouri 64112
(913) 676-3000
Consists of the following companies:

Carolina Telephone and Telegraph Co.
720 Western Blvd.
Tarboro, North Carolina 27886
(919) 823-9900

United Telephone Company of Florida
919 West Highway 436
Altamonte Springs, Florida 32701
(305) 862-1123

United Telephone Company of Indiana
Post Office Box 391
Warsaw, Indiana 46580
(219) 267-6161

United Telephone Company of the Northwest
601 State Street
Hood River, Oregon 97301
(503) 386-2211

United Telephone Company of Ohio
Post Office Box 3555
Mansfield, Ohio 44907
(419) 755-8011

United Telephone System-Eastern Group
1170 Harrisburg Pike
Carlisle, Pennsylvania 17013
(717) 243-6312
Consists of the following companies:

United Telephone Company of Pennsylvania
United Telephone Company of New Jersey
New Jersey Telephone Company
West Jersey Telephone Company
Hillsborough and Montgomery Telephone Company
United-Sussex Telephone Company

United Telephone System-Midwest Group
666 W. 110th St.
Overland Park, Kansas 66211
(913) 381-6400
Consists of the following companies:

United Telephone Company of Texas
United Telephone Company of Iowa
United Telephone Company of Kansas
United Telephone Company of Minnesota
United Telephone Company of Missouri
United Telephone Company of Arkansas
United Telephone Company of the West

United Telephone System-Southeast Group
112 Sixth Street
Bristol, Tennessee 37620
(615) 968-8121
Consists of the following companies:

United Inter-Mountain Telephone Company
United Telephone Company of the Carolinas

United Telecom Corporate Center
Westwood, Kansas

United TeleSentinel, Inc.
P.O. Box 33080
Kansas City, Missouri 64114
(913) 341-0009

United TeleSpectrum, Inc.
P.O. Box 33080
Kansas City, Missouri 64114
(913) 341-0009

U.S. Telecom, Inc.
P.O. Box 11315
Kansas City, Missouri 64112
(913) 676-3000
Consists of the following companies:

U.S. Telecom-Corporate Network Services Company
1815 Century Blvd., Suite 500
Atlanta, Georgia 30345
(404) 320-1035

U.S. Telecom-Data Communications Company
10951 Lakeview Avenue
Lenexa, Kansas 66219
(913) 541-4400

US Sprint Communications Company (50% owned)
Markets inter-city voice telephone service; offers switched digital communications services; and markets video teleconferencing services to business and residential customers.

U.S. Telecom-Communications Services Company
Box 11315
Kansas City, Missouri 64112
(913) 676-3000

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

United Missouri Bank of Kansas City, N.A.
P.O. Box 226
Kansas City, Missouri 64141

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: UT

Number of Employees:

1987	23,325	1984	27,639
1986	23,245	1983	27,218
1985	27,415		

Sales & Earnings

	Revenues & Sales # ('000's)	Net Income ('000's)
1987	$ 2,982,205	$ (51,534,000)
1986	3,058,783	180,561
1985	3,130,315	20,773
1984	2,829,600	235,238
1983	2,555,500	198,971

	No. of Com. Shares‡	Earn. per Share‡
1987	99,800,000	$ —
1986	97,700,000	1.81
1985	93,700,000	0.18
1984	89,800,000	2.57
1983	87,800,000	2.21

a Reclassified to reflect corporate realignment between United Telephone System and Complementary Businesses.
Of continuing operation only.
‡ Based on the average number of share outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.40	—	—
1986	1.40	—	—
1985	1.40	—	—
1984	1.40	—	—
1983	1.40	—	—

Common Stock Equity

	Total Equity†	Equity Per Share ÷
1987	$ 1,697,907,000	$ 15.01
1986	1,696,679,000	17.37
1985	1,657,640,000	17.69
1984	1,676,649,000	18.67
1983	1,598,126,000	18.20

† After allowing for preferred stock at involuntary liquidation values of $40 per share for First Series and $33 1/3 per share for Second Series.
÷ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986‡
Telephone Syst.:		
Revenues	$ 2,405,311	$ 2,322,977
Maintenance	491,974	453,936
Depreciation	534,403	498,917
Other expenses	631,719	583,180
Income taxes	159,068	207,376
Other taxes	156,106	161,382
Oper. income	$ 432,041	$ 418,186
Other income	(21,249)	(21,962)
Interest expense	123,561	128,603
Pref. div. of subsid.	1,260	2,984
Income from Telephone Syst.	$ 328,469	$ 308,561
Complementary Business:		
Sales	658,725	590,113
Cost of sales & expenses	631,882	571,379
Interest expense	6,409	6,291
Income taxes	8,073	3,811
Income from Complementary Business	$ 12,361	$ 8,632
Parent operations & eliminations	(60,445)	(34,234)
Eq. in oper. of U.S. Sprint	(331,919)	(55,575)
Loss applic. to U.S. Telecom	—	(40,169)
Income (loss) - cont. oper.	$ (51,534)	$ 187,215
Loss - discont. oper.	—	(6,654)
Net Income (Loss)	$ (51,534)	$ 180,561

* Included in Costs and Expenses, Depreciation: $563,691,000 in 1987 and $540,296,000 in 1986.
‡ Restated.

Assets
(000's)

As of Dec. 31	1987	1986‡
Cash	$ 74,422	$ 108,171
Accts. receiv., net	450,441	439,040
*Inventories	124,022	118,856
Prepaid expenses	63,794	49,519
Fed. inc. tax refund	73,954	94,658
Income tax benefit	21,667	20,540
Current Assets	$ 808,300	$ 830,784
Invest. & adv. to U.S. Sprint	1,187,911	1,065,935
Investments & non-curr. receiv.	145,221	141,359
#Fixed assets	4,344,105	4,280,663
Defer. charges	34,070	60,366
Other assets	72,897	—
Total Assets	$ 6,558,434	$ 6,379,107

Liabilities
(000's)

Outstanding checks	$ 63,930	$ 56,636
Notes payable	31,300	36,920
Long-term debt, curr.	123,157	49,884
Accts. payable	326,427	325,218
Accrued interest	72,637	56,846
Advance billings	59,452	44,953
Accrued taxes	80,470	85,652
Other liab.	167,781	128,292
Curr. Liabilities	$ 925,154	$ 784,401
Long-term debt	3,047,576	2,683,309
Deferred credit	998,552	1,105,445
Minority interest	15,779	11,078
Redeem. pref. stock:		
Parent	28,000	29,200
Subsid.	12,882	13,490
Non-redeem. stock of subsid.	4,355	24,355
Preferred stock:		
+ First Series	409	431
++ Second Series	2,237	2,490
+++ Common stock	251,367	246,340
Emp. stock purch. install.	16,010	6,000
Add. paid-in capital	838,861	810,535
Retained earnings	417,252	662,033
Total Liabilities & Shareholders' Equity	$ 6,558,434	$ 6,379,107

‡ Restated.
* Utility inventories at average cost. Supply inventories and terminal equip. held for resale at lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $3.75 stated value, convertible.
++ $3.125 stated value, convertible.
+++ $2.50 par value.

Statistical Summary

%Net Income to Equity	—	10.45
Debt to Equity	2.10	1.60
Working Capital	—	$ 46,383,000
Current Ratio	—	1.06
Shareholders' Equity	$ 1,526,136,000	$ 1,727,829,000

Unitrode Corporation

5 Forbes Road
Lexington, Mississippi 02173
(617) 861-6540

Officers: George M. Berman, chairman of the board; Howard F. Wasserman, president; Gerald C. Bellis, exec. v.p.; Michael O'Connor, v.p. - semiconductors; Edward Simon, v.p. - technology; Walter B. Gates, sr. v.p. - finance & treasurer; Robert R. Feier, v.p. - passive components; Richard S. Morse, Jr., secretary; Norman E. DeVolder, v.p. - special projects; William T. Campbell, Jr., v.p. - micro networks; Franklin P. Weigold, v.p., - integrated circuits; Robert E. Brierley, asst. treasurer; Robert W. Woodbury, Jr., controller; Kenneth A. Hurley, gen. mgr. - Power General Corp.; Steven M. Wood, gen. mgr. - Powercube Corp..

Directors: George M. Berman, chairman; Norman Landstrom, Walter B. Gates, Kenneth Hecht, Peter A. Brooke, Arthur L. Goldstein, William B. Mitchell, Stephen R. Levy, Harold F. Wasserman.

Areas of Work: Develops, manufactures, and markets semiconductors, ceramic capacitors, switching power supplies, data conversion products, EMI filters, and analog integrated circuits.

Subsidiaries:

Powercube Corporation
8 Suburban Park Drive
Billerica, Massachusetts 01821
(617) 862-6400
Manufactures power supplies for the military.

Unitrode Integrated Circuits Corp.
7 Continental Blvd.
Merrimack, New Hampshire
Manufactures analog ICs.

Unitrode Mexicana S.A. de C.V.
Agua Prieta, Sonora, Mexico

U.S. Microtek Components Corp.
Sun Valley, California
Manufactures ceramic chip capacitors and filters.

Power General Corporation
Canton, Massachusetts
Manufactures multiple-output switching power supplies, modular DC-DC converters and uninterruptible power supplies.

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York

Ticker Symbol: UTR

Number of Employees:

1988	2,450	1985	3,120
1987	2,706	1984	3,094
1986	2,695		

Plant Footage:

1988	722,000 sq. ft.	1985	642,000
1987	731,000	1984	635,000
1986	737,000		

Sales & Earnings

	Net Sales	Net Income
1988	$ 135,104,000	$ (19,951,000)
1987	149,422,000	(7,030,000)
1986	167,968,000	9,163,000
1985	200,113,000	22,215,000
1984	199,571,000	16,739,000

	No. of Com. Shares‡	Earn. per Share‡
1988	13,800,000	$ —
1987	13,837,000	—
1986	13,701,000	0.67
1985	13,464,000	1.65
1984	13,385,000	1.25

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1988	1987	1986	1985
Semiconductors	$ 35 %	49 %	50 %	48 %
Power Management ICS	15	9	5	4
Passive Components	15	13	12	17
Data Conversion devices	16	12	14	14
Switching power supplies	19	17	19	17
Total	100 %	100 %	100 %	100 %

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1988	$ 0.15	—	—
1987	0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.1625	—	2-for-1

+ Adjusted to reflect stock split.

Unitrode Corporation

Common Stock Equity

	Total Equity	Equity Per Share†
1988	$ 104,447,000	$ 7.57
1987	125,285,000	9.09
1986	132,918,000	9.73
1985	119,939,000	9.07
1984	95,627,000	7.35

† Adjusted to reflect stock split.

Income Account*

Year ended Jan. 31	1987	1986
Net sales	$ 135,103,505	$ 149,421,800
Cost of sales	103,974,931	100,821,891
Expenses	49,025,589	50,237,309
Interest income	(247,193)	(508,464)
Interest expense	1,051,031	939,295
Restructuring charge	12,000,000	7,932,000
Loss bef. taxes	$ (30,700,853)	$ (10,000,235)
Tax credit	(10,750,000)	(2,970,000)
Net Loss	$ (19,950,853)	(7,030,235)

* Included in Costs and Expenses, Depreciation and Amortization: $13,109,715 in 1988 and $13,703,575 in 1987.

Assets

As of Jan. 31	1988	1987
Cash & short term investment	$ 5,294,469	$ 5,418,967
Accts. & notes receiv., net	28,534,401	29,154,323
Inco. tax refund receiv.	10,253,000	5,829,000
*Inventories	40,324,625	51,028,032
Prepaid expenses	1,453,659	1,110,041
Current Assets	$ 85,860,154	$ 92,540,363
#Fixed assets	59,094,700	60,537,687
Intangibles	6,478,196	6,670,823
Other assets	1,296,966	2,026,965
Total Assets	$ 152,730,016	$ 161,775,838

Liabilities

Notes payable	$ 11,000,000	—
Long-term debt, curr.	3,834,117	4,033,704
Accts. payable	5,568,674	6,461,292
Accrued payroll	2,717,653	2,298,731
Other accruals	10,027,553	4,882,597
Income taxes	3,186,491	4,004,200
Curr. Liabilities	$ 36,334,490	$ 21,680,524
Long-term debt	4,136,268	7,026,204
Deferred inc. taxes	7,812,000	7,783,983
+Common stock	2,779,018	2,765,390
Add. paid-in capital	29,946,572	29,650,745
Retained earnings	74,424,373	96,446,376
Treasury stock	(1,323,464)	(689,857)
Deferred compens.	(1,379,241)	(2,887,527)
Total Liabilities & Shareholders' Equity	$ 152,730,016	$ 161,775,838

* At current average cost but not in excess of net realizable value.
# Less accumulated depreciation.
+ $0.20 par value.

Statistical Summary

Sales to Inventories	3.35	2.93
Debt to Equity	0.18	0.09
Working Capital	$ 49,525,664	$ 70,859,839
Current Ratio	2.36	4.27
Shareholders' Equity	$ 104,447,258	$ 125,285,127

Universal Security Instruments, Inc.

10324 South Dolfield Road
Owings Mills, Maryland 21117
(301) 363-3000

Officers: Stephen Knepper, chairman; Michael Kovens, president; Irvin Kovens, secretary & treasurer; Harvey Grossblatt, exec. v.p.; Alan Schwartz, v.p.-operations; Kenneth I. DeWitt, v.p.-engineering.

Directors: Stephen Knepper, chairman; Michael Kovens, Irvin Kovens, Mark Boyar.

Areas of Work: Designs, manufactures and markets burglar and fire alarm systems and other consumer electronic products including cordless telephones and video products.

Subsidiaries:

Cable Call, Inc.
Datatrac Control Center, Inc.
Chesapeake Technologies, Inc.

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland 21201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: USEC (NASDAQ)

Number of Employees:

1987 64
1986 ..... N.A.
1985 100

Plant Footage:

1987 ..... 43,000 sq. ft.

N.A. - Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 25,434,153	$ 1,109,307
1986	17,853,127	642,421
1985	11,515,495	(811,003)
1984	9,397,193	(921,575)
1983	15,567,256	(2,527,345)

	No. of Com. Shares‡	Earn. per Share†‡
1987	3,887,566	$ 0.29
1986	3,862,415	0.17
1985	3,848,647	—
1984	3,276,463	—
1983	2,405,759	—

(Loss)
† Including extraordinary gain of $548,550 ($0.14 per share) in 1987 and $295,514 ($0.08 per share) in 1986.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 9,932,261	$ 2.55
1986	8,766,660	2.26
1985	8,065,473	2.09
1984	8,846,342	2.30
1983	3,431,125	1.43

Income Account*

Year ended March 31	1987	1986
Net sales	$ 25,434,153	$ 17,853,127
Cost of sales	19,606,968	13,294,286
Expenses	4,521,141	3,913,026
Oper. income	$ 1,306,044	$ 645,815
Interest income	(17,568)	(113,903)
Interest expense	440,759	270,148
Other income	(235,954)	(152,851)
Income bef. taxes	$ 1,118,807	$ 642,421
Income taxes	558,050	295,514
Net Income	$ 560,757	$ 346,907
Extraord. gain	548,550	295,514
Net income & extraord. gain	$ 1,109,307	$ 642,421

* Included in Costs and Expenses, Depreciation and Amortization: $241,653 in 1987 and $290,047 in 1986.

Assets

As of March 31	1987	1986
Cash	$ 46,698	$ 257,046
Time deposits	5,253	1,264,599
Accts. receiv., net	5,590,087	4,135,292
Refundable income taxes	—	19,022
* Inventories	8,313,531	4,919,876
Prepaid expenses	600,293	401,293
Current Assets	$ 14,555,862	$ 10,997,128
Accounts receivables	77,981	169,291
# Fixed assets	2,023,797	2,197,968
Other assets & defer. charges	47,837	319,030
Total Assets	$ 16,705,477	$ 13,683,417

Liabilities

Notes payable	$ 3,739,931	$ 1,289,931
Long-term debt & cap. lease oblig., curr.	66,154	62,357
Bankers' acceptance	1,217,954	1,754,812
Accts. payable	320,508	387,229
Accruals	338,296	277,550
Curr. Liabilities	$ 5,680,843	$ 3,771,879
Long-term debt	573,599	587,626
Long-term oblig. under cap. lease	518,814	957,252
+ Common stock	38,949	38,770
Add. paid-in capital	11,633,742	11,577,627
Retained earnings (deficit)	(1,740,430)	(2,849,737)
Total Liabilities & Shareholders' Equity	$ 16,705,477	$ 13,683,417

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

% Income bef. Taxes to Sales	4.40	3.60
% Net Income to Sales	2.20	1.94
% Net Income to Equity	5.65	3.96
Sales to Inventories	3.06	3.63
Debt to Equity	0.49	0.28
Working Capital	$ 8,875,019	$ 7,225,249
Current Ratio	2.56	2.92
Shareholders' Equity	$ 9,932,261	$ 8,766,660

Universal Voltronics Corp.

27 Radio Circle Drive
Mount Kisco, New York 10549
(914) 241-1300

Officers: Barry Rosier, chairman & chief exec. officer; Joseph R. Petite, president & chief operating officer; Walter F. J. Crewson, v.p. & senior technical advisor; Julian M. Polis, v.p.-engineering; Frank X. Samperi, v.p.-sales; Stuart Clymer, secretary.

Directors: Barry Rosier, chairman; Joseph R. Petite, Lewis Cohen, Milton Gold, William W. Hoover, Richard Lewiscbn, III, Mike McCormack.

Areas of Work: Engaged in the design, manufacture and sale of high voltage power conversion systems, modulators and related equipment for strategic defense projects, energy research, as well as medical, commercial and utility applications.

Transfer Agent(s):

Harris Trust Company
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UVOL (NASDAQ)

Plant Footage:

1987	45,000 sq. ft.	1985	45,000
1986	45,000		

Sales & Earnings

	Net Sales	Net Income*
1987	$ 7,881,840	$ 183,451
1986	9,209,786	1,050,392
1985	8,413,322	141,124
1984	7,736,949	(2,253,141)
1983	10,380,485	(1,640,514)

	No. of Com. Shares‡	Earn. per Share*‡
1987	2,803,633	$ 0.07
1986	2,793,440	0.38
1985	2,653,958	0.05
1984	2,653,958	—
1983	2,076,459	—

(Loss)
* Including extraordinary gains of $74,563,000 ($0.03 per share) in 1987, $467,145 ($0.17 per share) in 1986 and $54,476 ($0.02 per share) in 1985.
‡ Based on the weighted average number of common share and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 2,058,713	$ 0.73
1986	1,848,262	0.66
1985	797,870	0.30
1984	656,746	0.25
1983	2,904,711	1.40

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*

Year ended June 30	1987	1986
Revenues	$ 7,881,840	$ 9,209,786
Cost of sales	5,019,054	5,679,642
Expenses	2,437,119	2,138,457
Interest expense	245,764	346,532
Interest income	(3,548)	(5,237)
Income before taxes	$ 183,451	$ 1,050,392
Income taxes	74,563	467,145
Net Income	$ 108,888	$ 583,247
Extraord. gain	74,563	467,145
Net Income & extraord. gain	$ 183,451	$ 1,050,392

* Included in Costs and Expenses, Depreciation and Amortization: $235,478 in 1987 and $137,864 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 7,161	$ 208,320
Accts. receiv., net	1,219,551	1,343,253
Costs & earn. in ex. of billings	937,155	621,009
*Inventories	1,686,963	1,811,404
Other curr. assets	83,656	95,641
Current Assets	$ 3,934,486	$ 4,081,627
#Fixed assets	1,594,305	1,142,546
Other assets	103,552	124,647
Total Assets	$ 5,632,343	$ 5,348,820

Liabilities

Notes payable	$ 448,538	$ 806,791
Long-term debt, curr.	83,825	437,044
Accts. payable	284,211	542,816
Accrued compensation	206,691	193,300
Accrued warranty costs	25,000	35,000
Other accruals	275,438	240,923
Curr. Liabilities	$ 1,321,703	$ 2,255,874
Long-term debt	2,132,247	1,107,865
Deferred pension	117,680	136,819
+Common stock	135,142	134,142
Add. paid-in capital	4,027,096	4,001,096
Accum. deficit	(2,100,221)	(2,283,672)
Treasury stock	(3,304)	(3,304)
Total Liabilities & Shareholders' Equity	$ 5,632,343	$ 5,348,820

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.33	11.41
%Net Income to Sales	1.38	6.33
%Net Income to Equity	5.29	31.56
Sales to Inventories	4.67	5.08
Debt to Equity	1.29	1.27
Working Capital	$ 2,610,783	$ 1,825,753
Current Ratio	2.97	1.81
Shareholders' Equity	$ 2,058,713	$ 1,848,262

UTL Corporation

1508 West Mockingbird Lane
Dallas, Texas 75235
(214) 638-6648

Officers: C.C. Lee, president & chief exec. officer; Paul Spero, sr. v.p.-operations; R.H. Lichtenstein, v.p.-business management & secretary; Bernard S. Bernard, v.p.-new business development; John Benson, v.p.-finance & treasurer. C.C. Lee.

Directors: Robert McCulloch, H.L. Simpson, Robert Hibbert, William Bret, Theodore Strauss.

Areas of Work: Engaged in the design, development and manufacture of electronic systems and subsystems which are used by the United States and foreign military services in reconnaissance, surveillance and targeting.

Division:

UTL Defense Electronics, Inc.
Suite 200
260 Hearst Way
Kanata, Ontario K2L 3H1 Canada
(613) 591-3474

Transfer Agent(s):

Texas American Bank, Dallas
Trust Department
P.O. Box 35207
Dallas, Texas 75235

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UTLC (NASDAQ)

Number of Employees:

1987	381	1984	281
1986	414	1983	280
1985	N.A		

Plant Footage:

1987	143,500 sq. ft.	1984	75,000
1986	143,500	1983	91,000
1985	76,500		

N.A. - Not Available.

Sales & Earnings

	Revenues	Net Income‡
1987	$ 18,797,897	$ (252,596)
1986	31,519,253	5,122,340
1985	26,158,341	4,862,966
1984	22,846,760	4,185,079
1983	19,006,000	2,711,142

	No. of Com. Shares +	Earn per Shares‡ +
1987	4,752,000	$ —
1986	4,844,000	1.06
1985	4,860,000	1.00
1984	4,828,000	0.87
1983	3,969,000	0.68

‡ Including extraordinary gain $759,262 ($0.16 per share) in 1987.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

UTL Corporation

Common Stock Equity

	Total Equity‡	Equity Per Share +
1987	$ 30,731,185	$ 6.47
1986	39,487,658	8.15
1985	34,199,914	7.03
1984	29,243,098	6.06
1983	25,502,608	6.43

‡ After allowing for preferred stock at liquidation value.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Revenues	$ 18,797,897	$ 31,519,253
Contract costs	17,323,297	20,891,572
Expenses	5,117,679	4,312,366
Interest income	(2,037,161)	(355,233)
Dividend income	(2,471,546)	(1,385,586)
Interest expense	3,361,877	277,401
Realized gain on sale of secur.	(556,793)	(563,533)
Unrealized loss on secur.	934,176	173,786
Other expense (income)	218,191	(167,987)
Income (loss) before taxes	$ (3,091,823)	$ 8,336,467
Income taxes (credit)	(2,079,965)	3,214,127
Net Income (Loss)	$ (1,011,858)	$ 5,122,340
Extraordinary gain	759,262	—
Net Income (Loss) & extraordinary gain	$ (252,596)	$ 5,122,340

* Included in Costs and Expenses, Depreciation: $686,860 in 1987 and $496,285 in 1986.

Assets

As of June 30	1987	1986
Cash	$ 2,833,484	$ 612,021
Temp. invest.	2,909,216	809,747
Market. secur.	43,430,482	9,678,772
Accts. receiv.-trade	3,862,867	2,614,669
Accts. receiv.-brokers	6,817,868	3,771,396
Long-term contracts	12,631,230	16,677,538
Inc. taxes refund.	2,347,044	—
Prepaid expenses	662,153	445,348
Deferred inc. taxes	507,721	—
Adv. to stock ownership plans	394,000	—
Current Assets	$ 76,396,065	$ 34,609,491
Marketable securities	536,500	1,123,579
Investment & adv.	660,753	516,656
#Fixed assets	13,144,017	12,724,855
Other assets & bond issue costs	1,501,856	44,761
Total Assets	$ 92,239,191	$ 49,019,342

Liabilities

Long-term debt, curr.	$ 750,000	536,005
Note payable	2,400,000	3,250,000
Accts. payable	914,042	1,036,145
Securities sold short	3,279,036	2,139,051
Billings in exc. of costs	798,336	137,629
Accruals	5,293,995	1,931,309
Fed. inc. taxes	—	137,626
Curr. Liabilities	$ 13,435,009	$ 9,167,765
Long-term debt	47,575,000	—
Def. fed. inc. taxes	435,497	301,419
+ Preferred stock	62,500	62,500
++Common stock	1,206,118	1,205,181
Add. pain-in capital	21,355,334	21,299,835
Allowance on marketable secur.	(733,655)	(651,342)
Emp. stock plan purch. with guaran. debt	(5,125,000)	—
Retained earnings	(17,392,638)	17,645,234
Treasury stock	(3,364,250)	(11,250)
Total Liabilities & Shareholders' Equity	$ 92,239,191	$ 49,019,342

#: Less accumulated depreciation and amortization.
+ No par value: $0.625 stated value, noncumulative.
++ $.0.25 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	26.45
%Net Income to Revenues	—	16.25
%Net Income to Equity	—	12.95
Debt to Equity	1.65	0.10
Working Capital	$ 62,961,056	$ 25,441,726
Current Ratio	5.69	3.78
Shareholders' Equity	$ 30,793,685	$ 39,550,158

Valid Logic Systems Incorporated

2820 Orchard Parkway
San Jose, California 95134
(408) 432-9400

Officers: W. Douglas Hajjar, president, chief exec. officer & chief financial officer; Ian Ash, v.p. & managing dir.-Valid International, Robert G. Fulks, v.p. & gen. mgr.-PCB Division; Robert P. McAuliffe, v.p. & dir.-finance, European operations; Robert J. Moore, v.p.-sales; Joseph Prang, v.p.-marketing; Michael Price, v.p.-engineering; Danny Salagun, v.p.-Specials Systems Development Group; Franklin D.-White, Sr., v.p.-operations; Anthony C. Gilbert, secretary; D. Ross White, corp. controller & chief accounting officer.

Directors: W. Douglas Hajjar, Robert L. Ashley, Gerald A. Lodge, H. Dubose Montgomery, J. Sidney Webb.

Areas of Work: Designs, manufactures, markets and supports customer solutions for electronic design automation applications for the development of electronic systems, printed circuit boards, and integrated circuits.

Acquisition:

Telesis Systems Corporation
Chelmsford, Massachusetts
Designs, manufactures, markets and supports an integrated family of electronic design automation workstations and related software used in the design and development of printed circuit boards.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VLID (NASDAQ)

Number of Employees:

1987 498

Plant Footage:

1987 ..... 237,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income+
1987	$ 66,586,000	$ (25,905,000)
1986	73,402,000	(10,737,000)
1985	69,347,000	(5,803,000)
1984	66,461,000	1,075,000
1983	29,718,000	26,000

	No. of Com. Shares‡	Earn. per Share+‡
1987	17,638,000	$ —
1986	17,523,000	—
1985	17,420,000	—
1984	17,615,000	0.06
1983	14,879,000	—

(Loss)
+ Before extraordinary items.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 34,285,000	$ 1.94
1986	36,858,000	3.25
1985	57,718,000	3.31
1984	47,935,000	2.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales:		
Product	$ 48,154	$ 56,957
Service & other	18,432	16,445
Total income	$ 66,586	$ 73,402
Cost of sales	30,265	34,371
Expenses:		
Res. & develop.	9,567	8,546
Sell., gen., and adm.	36,919	38,334
Merger & restruc. costs	15,635	5,355
Other expense (income)	105	(591)
Loss before taxes	$ (25,905)	$ (12,613)
Tax credit	—	(1,876)
Net Loss	$ (25,905)	$ (10,737)

* Included in Costs and Expenses, Depreciation and Amortization: $9,288,000 in 1987 and $5,795,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 2,777	$ 17,283
Accts. receiv., net	22,591	23,875
*Inventories	9,874	17,947
Prepaid expenses	2,969	2,073
Current Assets	$ 38,211	$ 61,178
#Fixed assets	15,102	19,330
Capitalized software	3,239	1,893
Deposits & other assets	2,181	915
Total Assets	$ 58,733	$ 83,316

Liabilities (000's)		
Notes payable	$ 2,621	$ 2,544
Long-term debt, curr.	1,988	1,882
Accts. payable	8,037	8,285
Accrued payroll	1,655	1,807
Other accruals	6,632	6,289
Deferred income	861	1,341
Curr. Liabilities	$ 21,794	$ 22,148
Long-term debt	2,549	4,296
Deferred inc. taxes	125	184
+Common stock	18	18
Add. paid-in capital	76,882	76,061
Retained earnings (deficit)	(48,109)	(27,204)
Translation adjust.	5,474	3,013
Total Liabilities & Shareholders' Equity	$ 58,733	$ 83,516

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.001 par value.

Statistical Summary		
Debt to Equity	0.21	0.15
Working Capital	$ 16,417,000	$ 39,030,000
Current Ratio	1.75	2.76
Shareholders' Equity	$ 34,265,000	$ 56,888,000

Varian Associates, Inc.

611 Hansen Way
Palo Alto, California 94303
(415) 493-4000

Officers: Thomas D. Sege, chairman of the board & chief exec. officer; Norman H. Pond, president & chief operating officer; Tony Jurvetson, v.p. & pres.-Semiconductor Equipment Group; Alan J. Bennett, v.p.-research; Stanley Z. Cole, v.p.-patents & licensing; John J. Cooper, v.p.-gen. counsel; William E. Finney, v.p.; Allen J. Lauer, v.p. & pres.-Instrument Group; Robert A. Lemos, v.p.-finance; Vincent J. Battaglia, v.p. & pres.-Electron Device Group; Gary E. Simpson, v.p.-corporate communications; Ernest M. Feingo, v.p.-human resources; William R. Moore, secretary & associate general counsel; Wayne P. Somrak, controller; James A. Taylor, treasurer.

Directors: Thomas D. Sege*, chairman; Kenneth J. Arrow, Ruth M. Davis, C. Lester Hogan*, William F. Miller*, Gordon E. Moore, H. Myrl Stearns*, James C. Gaither*, Edward L. Ginzton*, John J. Cooper, Lewis W. Lehr*, Donald O. Pederson, Norman H. Pond, Angus A. MacNaughton, .

* Member of the Executive Committee

Areas of Work: Manufactures microwave, power and special-purpose electron tubes and devices for defense and communications; analytical instruments for science and industry; wafer-fabrication equipment for the semiconductor industry; radiation equipment for cancer therapy; vacuum equipment and leak detectors for industrial and scientific processes.

Divisions and Subsidiaries:

Electron Device Group

Microwave Tube Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Klystrons, traveling-wave tubes, gyrotrons.

Image Tube Division
601 California Avenue
Palo Alto, California 94304
(415) 493-1800
Night vision devices and microchannel plates.

EIMAC Division
301 Industrial Way
San Carlos, California 94070
(415) 592-1221
1678 S. Pioneer Road
Salt Lake City, Utah 84104
(801) 972-5000
Power grid tubes, and X-ray tubes.

Solid State Microwave Division
3251 Olcott Street
Santa Clara, California 95050
(408) 988-1331
Solid state oscillators and amplifers & YIG tuned devices.

Microwave Equipment Division
3200 Patrick Henry Drive
Santa Clara, California 95050
(408) 496-6273
Power amplifiers and power supplies, microwave components, electromagnets.

Beverly Microwave Division
8 Salem Road
Beverly, Massachusetts
(617) 922-6000
Magnetrons, cross-field amplifiers, modulators, solid state, microwave components, ring-loop traveling-wave tubes, radar subsystems and receiver protectors.

Canada Microwave Division
45 River Road
Georgetown, Ontario L7G 2J4 Canada
Klystrons, traveling and millimeter-wave tubes, power supplies.

III-V Device Center
Santa Clara, California
Gallium arsenide and indium phosphide devices and integrated circuits.

Continental Electronics Division
Dallas, Texas
High-power radio transmitters.

Thorn EMI-Varian Ltd. (affiliate)
248 Blythe Road
Hayes UB3 1HR England
Microwave tubes.

Instrument Group

Analytichem International, Inc.
24201 Frampton Avenue
Harbor City, California 90710
(213) 539-6490
Sample preparation products.

Palo Alto Instrument Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Nuclear magnetic resonance (NMR) spectrometers.

Walnut Creek Instrument Division
2700 Mitchell Drive
Walnut Creek, California 94587
(415) 939-2400
Gas and liquid chromatographs, data systems, laboratory information management systems.

Varian Techtron Pty. Ltd.
679 Springvale Road
Mulgrave, Victoria 3170
Melbourne, Australia
Atomic absorption and UV-Vis spectrophotometers.

Medical & Industrial Products Group

Radiation Division
611 Hansen Way
Palo Alto, California 94303
(415) 493-4000
Medical and radiographic linear accelerators, electronic radiography imaging systems.

Varian TEM, Limited
Gatwick Road
Crawley, West Sussex, England
Radiotherapy planning simulator.

Vacuum Systems Operation
3580 Bassett
Santa Clara, California 95054
(408) 986-9888
Memory disk sputtering system.

Vacuum Products Division
121 Hartwell Avenue
Lexington, Massachusetts 02173
(617) 861-7200

3100 Jay Street
Santa Clara, California 95051
(408) 727-0590

Via Varian 54
1-10040 Leini (Torino), Italy
Leak detectors; gauges; vacuum pumps, systems, and accessories.

TEL -Varian Ltd. (affiliate)
2381 Ohara, Kita Oejo Fugii-cho
Nirasaki City
Yamanashi, Japan
Ion implanters.

Semiconductor Equipment Group

Extrion Division
Blackburn Industrial Park
P.O. Box 1226
Gloucester, Massachusetts 01930
(617) 281-2000
Ion implantation equipment, rapid thermal processing equipment.

Thin Film Technology Division
611 Hansen Way
Palo Alto, California 94303
(415) 492-4000
Sputtering systems, molecular beam epitaxy systems, memory disc sputtering systems.

Special Metals Division
3515 Grove City Road
Grove City, Ohio 43123
(614) 875-7912
Special materials used in thin and thick film coating.

Fremont Division
Fremont, California
Chemical vapor deposition systems, dry etching systems.

Corporate Manufacturing

Tempe Electronics Center
Tempe, Arizona
Printed circuit board assembly.

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): New York, Pacific

Ticker Symbol: VAR

Number of Employees:

1987	11,900	1984	16,000
1986	11,600	1983	13,600
1985	13,600		

Plant Footage:

1987	4,414,000 sq. ft.	1984	4,600,000
1986	4,328,000	1983	3,600,000
1985	4,463,000		

Varian Associates, Inc.

Sales & Earnings

	Net Sales +	Net Income
1987	$ 982,800,000	$ 21,365,000
1986	891,100,000	(14,870,000)
1985	935,900,000	26,122,000
1984	594,900,000	99,877,000
1983	724,300,000	44,081,000

	No. of Com. Shares+	Earn per Share #
1987	21,966,000	$ 0.98
1986	21,448,000	—
1985	21,313,000	1.19
1984	21,817,000	2.72
1983	21,408,000	2.14

(Loss)
+ Of continuing operations only.
+ Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Electron devices	$ 461,000	$ 421,000
Analytical instruments	189,000	168,000
Semiconductor equip.	143,000	137,000
Medical & industrial prods	199,000	175,000
Adjust. & elimination	(9,000)	(10,000)
Total	$ 983,000	$ 891,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.26	—	—
1986	0.26	—	—
1985	0.26	—	—
1984	0.26	—	—
1983	0.26	—	2-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	$ 438,100,000	$ 19.95
1986	410,900,000	19.16
1985	429,200,000	20.14
1984	426,946,000	19.57
1983	362,900,000	16.93

+ Adjusted to reflect stock split.

Income Account

Year ended Sept. 30	1987	1986
Net sales	$ 982,776	$ 891,139
Cost of sales	676,382	646,212
Expenses	277,989	263,753
Interest expense	6,602	8,403
Interest income	(2,046)	(2,068)
Restruc. charges	—	15,012
Other income	(8,046)	—
Income (loss) before taxes	$ 31,895	(40,173)
Income taxes (credit)	10,530	(25,310)
Inc. (loss)- cont oper.	$ 21,365	$ (14,863)
Loss-discont. oper	—	(7)
Net Income (Loss)	$ 21,365	$ (14,870)

* Included in Costs and Expenses, Depreciation: $37,275,000 in 1987 and $32,868,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash & short-term invest.	$ 27,937	$ 7,978
Accts. receiv., net	205,242	190,403
*Inventories	230,754	211,819
Other	73,515	95,220
Current Assets	$ 537,448	$ 505,420
#Fixed assets	255,719	254,272
Other assets	36,437	30,463
Total Assets	$ 829,604	$ 790,155

Liabilities

Notes payable	$ 48,806	$ 30,274
Accts. payable	57,213	49,697
Accruals	140,370	150,106
Prod. warranty	23,586	24,008
Adv. pay. from cust.	57,593	50,395
Curr. Liabilities	$ 327,568	$ 304,480
Long-term debt	38,114	50,824
Deferred inc. taxes & invest. tax credit	25,806	23,921
+Common stock	21,966	21,448
Add. paid-in capital	168,437	157,476
Retained earnings	247,713	232,006
Total Liabilities & Shareholders' Equity	$ 829,604	$ 790,155

* At lower of cost (LIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. taxes to sales	3.25	—
%Net Income to Sales	2.17	—
%Net Income to Equity	4.88	—
Sales to Inventories	4.26	4.21
Debt to Equity	0.26	0.20
Working Capital	$ 209,880,000	$ 200,940,000
Current Ratio	1.64	1.66
Shareholders' Equity	$ 438,116,000	$ 410,930,000

Varo, Inc.

2203 West Walnut Street
Post Office Box 461426
Garland, Texas 75046-1426
(214) 487-4100

Officers: Samuel T. Yanagisawa, chairman of the board; James F. Gero, president & chief exec. officer; Stanley J. Sadlowski, asst. to chairman; Kevin W. McAleer, sr. v.p.-administration, chief financial officer, treasurer & secretary; David L. Dalloh, exec. v.p.-Systems Group; Charles D. Robbins, exec. v.p. & gen. mgr.-Electron Devices Division; Ronald W. Kirchenbauer, v.p.-Human Resources; Leo J. Eveleth, Jr., v.p.; Robert L. Esser, asst. secretary and controller.

Directors: Samuel T. Yanagisawa, James F. Gero, Joseph V. Martner, Jr., John W. Turner, Eugene L. Miller, Donald R. Schenck, Russell D. O'Neal, C.B. Sung, Billie M. Smith.

Areas of Work: Manufactures high-technology products, principally night vision equipment and image intensification tubes, weapons delivery systems, power conversion products, and metal optics. The Company is also involved in the development of electro-optical weapons, laser and thermal imaging products and gallium arsenide technology. Most of the Company's products have application in the defense industry.

Divisions

Systems Division
2800 West Kingsley
P.O. Box 469015
Garland, Texas 75046
(214) 840-5000

Systems Group
2203 W. Walnut St.
P.O. Box 469015
Garland, Texas 75046
(214) 487-4100

Electron Devices Division
2203 W. Walnut Street
P.O. Box 469014
Garland, Texas 75046
(214) 487-4100

Advanced Materials Group
538 Shepherd Street
Garland, Texas 75042-6829
(214) 487-4234

Subsidiary:

Applied Optics Center Corporation
2151 Whitfield Industrial Way
Sarasota, Florida 34243
(813) 756-0636
Designs and produces precision metal optics and optic assemblies for defense, aerospace, and communications applications.

Joint Venture:

Varo Electro-Optics, Inc.
900 North Shiloh Road
P.O. Box 461843
Garland, Texas 75046-1843
(214) 487-4571
Engaged in the development, manufacture, and marketing of thermal imaging (infrared) devices and laser target designator and rangefinding systems to the U.S. and other friendly foreign countries.

Transfer Agent(s):

First RepublicBank
Dallas, Texas

Stock Exchange(s): New York

Ticker Symbol: VRO

Number of Employees:

1987	1,195	1984	1,400
1986	1,031	1983	1,490
1985	1,366		

Plant Footage:

1987	465,000 sq. ft.	1984	N.A.
1986	400,000	1983	519,000
1985	532,845		

N.A. Not Available.

Sales & Earnings

	Oper. Revenues +	Net Income
1987	$ 95,317,000	$ 3,521,000
1986	75,434,000	(906,000)
1985	65,982,000	1,634,000
1984	73,369,000	4,870,000
1983	85,446,000	900,000

	No. of Com. Shares	Earn. Per Share #
1987	4,388,297	$ 0.81
1986	4,530,252	—
1985	4,529,372	0.36
1984	4,491,582	1.08
1983	4,483,182	0.20

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 49,205,000	$ 11.21
1986	49,618,000	10.98
1985	53,554,000	11.82
1984	53,232,000	11.85
1983	49,980,000	11.15

Income Account * (000's)

Year ended April 30	1987	1986
Oper. revenues	$ 95,317	75,434
Cost of sales & contracts	72,571	56,560
Expenses	16,834	16,591
Interest income	(485)	(96)
Interest expense	610	601
Other expense (income)	644	(371)
Income before taxes	$ 5,143	$ 2,149
Income taxes	1,622	433
Inc. cont. oper.	$ 3,521	1,716
Loss discont. oper.	—	(2,622)
Net Income (Loss)	$ 3,521	$ (906)

* Included in Costs and Expenses, Depreciation and Amortization: $3,651,000 in 1987 and $3,065,000 in 1986.

Assets (000's)

As of April 30	1987	1986
Cash	$1,155	$1,421
Receiv., net	19,541	21,192
*Inventories	31,088	23,271
Prepaid expenses	352	479
Deferred inc. taxes	2,315	2,485
Current Assets	$ 54,451	$ 48,848
Notes receivable	4,368	3,169
#Fixed assets	22,014	19,839
Other assets	4,989	2,126
Total Assets	$ 85,802	$ 73,982

Liabilities (000's)

Bank borrowings	$ 9,050	$ —
Long-term debt, curr.	500	359
Accts. payable	10,154	7,353
Accruals	5,711	4,755
Advances	1,089	3,024
Curr. Liabilities	$ 26,504	$ 15,491
Long-term debt	1,063	1,288
Cap. lease oblig.	2,005	1,407
Deferred inc. taxes	4,628	3,705
Def. gain & credits	2,397	2,473
+Common stock	458	457
Add. paid-in capital	10,731	10,522
Retained earnings	42,451	40,700
Treasury stock	(2,757)	(637)
Stock plan def. compens.	(1,678)	(1,404)
Total Liabilities & Shareholders' Equity	$ 85,802	$ 73,982

* At lower of cost (FIFO & average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value

Statistical Summary

%Income bef. Taxes to Revenues	5.40	—
%Net Income to Revenues	3.69	—
%Net Income to Equity	7.16	—
Debt to Equity	0.26	0.06
Working Capital	$ 27,947,000	$ 33,357,000
Current Ratio	2.05	3.15
Shareholders' Equity	$ 49,205,000	$ 49,618,000

Veeco Instruments Inc.

515 Broad Hollow Road
Melville, New York 11747
(516) 694-4200

Officers: Albert Nerken, chairman of the board; Allen E. Busching, president & chief executive officer; Edward H. Braun, executive v.p. & chief operating officer; Joshua A. Hauser, exec. v.p.-Lambda Group; Steven Goldschein, v.p.-administration, chief financial officer & treasurer; Thomas E. Heftler, secretary; Michael J. Speiller, controller & asst. secretary; Rikihiro Madarame, v.p.-Lambda Far East Operations; Dan Enzone, v.p. & gen. mgr.-Lambda Electronics Division; Irving Gutman, v.p.-Lambda Group marketing and sales; Francis Steenbeke, v.p.-Instrument Group and Automation Group.

Directors: Albert Nerken, chairman; Philip L. Defliese, David Lubart, R.C. Mercure, Jr., Joseph Ponce, Murray Rosenzweig, Edward H. Braun, Allen E. Busching, Joshua A. Hauser, Thomas E. Heftler.

Areas of Work: Designs, manufactures and markets power supply products which include standard linear and switching power supplies, power supply instrument and systems and specialty power semiconductors; a line of test instrumentation which includes helium leak detectors, surface measurement equipment, and ion etching equipment; and a flexible wafer automation fabrication system and other semiconductor wafer processing equipment.

Divisions and Subsidiaries:

Lambda Electronics Division
515 Broad Hollow Road
Melville, New York 11747

Lambda Electronics
Melville, New York
Tucson, Arizona
McAllen, Texas

Lambda Semiconductor
Corpus Christi, Texas

Lambda Semiconductor S.A.
Reynosa, Mexico

Veeco S.A.
Orsay, France

Veeco GmbH
Knorrstrasse 142
8000 Munich 45, West Germany

Veeco Integrated Automation Inc.
Dallas, Texas

Veeco K.K.
Toyko & Kitano, Japan

Veeco Instruments
Tel Aviv, Israel

Vacuum Products and Instrumentation Division
Plainview, New York

Lambda Electronique S.A.
Orsay, France

Veeco Instruments, Ltd.
High Wycombe, Bucks, England

Lambda Electronica de Mexico, S.A.
Reynosa, Mexico

Islambda Electronics Ltd.
Tel Aviv, Israel

Lambda Electronics
St. Laurent, Canada
High Wycombe, Bucks, England

Lambda Netzgeraete GmbH
Achern, Germany

NEMIC-Lambda K.K. (72% interest)
Tokyo, Ibaraki & Nagaoka, Japan

Lambda Electronics Ltd.
Karmiel, Israel

NEMIC-Lambda (Singapore) Pte. Ltd.
Singapore

Lambda Magnapower, Inc.
Ronkonkoma, New York
Designs and manufactures military power supplies for airborne, shipboard and ground applications.

Sloan Technology Corp.
Santa Barbara, California
Manufactures high-precision computer-based measurement and control instrumentation for high technology thin film applications.

UPA Technology, Inc.
Syosset, New York
Manufactures instruments for measuring composition and plating thickness of coatings on electronic parts.

Lambda Novatronics Inc.
Pompano Beach, Florida
Manufactures power supplies and avionics components for military use.

Transfer Agent(s):

The Chase Manhattan Bank
New York, New York

Stock Exchange(s): New York

Ticker Symbol: VEE

Number of Employees:

1987	2,900	1984	2,300
1986	2,500	1983	2,300
1985	2,650		

Plant Footage:

1987	938,000 sq. ft.	1984	721,000
1986	771,000	1983	688,000
1985	703,000		

Sales & Earnings

1987	$ 195,590,000	$ 9,227,000
1986	167,769,000	380,000
1985	161,900,000	9,836,000
1984	167,298,000	14,933,000
1983	130,883,000	10,456,000

	No. of Com. Shares	Earn. per Share #
1987	10,579,647	$ 0.88
1986	10,487,224	0.04
1985	10,666,872	0.94
1984	10,457,244	1.43
1983	10,440,249	1.00

Based on weighted average number of shares outstanding.

Revenues by Line of Business

	1987	1986
Power products	$ 157,150,000	$ 131,488,000
Instruments	35,837,000	30,320,000
Auto. & semiconductor equip.	2,603,000	5,961,000
Total	$ 195,590,000	$ 167,769,000

Veeco Instruments Inc.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.37	—	—
1985	0.35	—	—
1984	0.29	—	—
1983	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 100,770,000	$ 9.52
1986	92,821,000	8.85
1985	89,389,000	8.54
1984	81,072,000	7.75
1983	70,260,000	6.73

Income Account*

Year ended Sept. 30		
Net sales	$ 195,590,000	$ 167,769,000
Cost of sales	111,635,000	105,662,000
Expenses	64,010,000	54,343,000
Interest expense	2,396,000	1,773,000
Other expense (income)	(1,243,000)	4,200,000
Income before taxes	$ 18,792,000	$ 1,791,000
Income taxes	7,880,000	233,000
Income before minority interest	$ 10,912,000	$ 1,558,000
Minority interest	1,685,000	1,178,000
Net Income	$ 9,227,000	$ 380,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,401,000 in 1987 and $5,201,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 26,170,000	$ 19,124,000
Accts. receiv, net	52,947,000	44,920,000
*Inventories	44,459,000	40,140,000
Prepaid expenses	6,952,000	13,602,000
Income taxes	5,811,000	—
Current Assets	$ 136,339,000	$ 117,786,000
#Fixed assets	42,648,000	35,287,000
Other assets	2,631,000	1,429,000
Intangibles	21,876,000	2,354,000
Total Assets	$ 203,494,000	$ 156,856,000

Liabilities

Notes payable	$ 2,221,000	$ 3,506,000
Long-term debt, curr.	1,945,000	1,746,000
Accts. payable	23,325,000	16,380,000
Accruals	12,441,000	13,047,000
Income taxes	4,052,000	3,444,000
Curr. Liabilities	$ 43,984,000	$ 38,123,000
Long-term debt	43,589,000	15,301,000
Deferred taxes & credits	5,234,000	2,728,000
Minority interest	9,917,000	7,883,000
+Common stock	10,579,000	10,487,000
Add. paid-in capital	2,250,000	1,199,000
Retained earnings	80,072,000	75,059,000
Trans. adjust.	7,869,000	6,256,000
Treasury stock	—	(180,000)
Total Liabilities & Shareholders' Equity	$ 203,494,000	$ 156,856,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.61	1.07
%Net Income to Sales	4.72	0.23
%Net Income to Equity	4.53	0.41
Sales to Inventories	4.40	4.18
Debt to Equity	0.23	0.22
Working Capital	$ 92,355,000	$ 79,663,000
Current Ratio	3.10	3.09
Shareholders' Equity	$ 203,494,000	$ 92,821,000

Venturian Corp.

1600 Second Street
Hopkins, Minnesota 55343
(612) 931-2500

Officers: Gary B. Rappaport, chairman of the board, president & chief exec. officer; Henri M. Jacob, vice chairman; Morris M. Sherman, secretary; Mary F. Jensen, controller & treasurer; Martin J. Leff, president-Napco International, Inc.; Edwin S. Agranoff, vice president-Napco International, Inc.; Patrick J.C. Higgins, vice president-Napco International, Inc.; Jack Horowitz, vice president-Napco International, Inc.; Charles B. Langevin, vice president-Napco International, Inc.; Richard H. Liebo, vice president-Napco International, Inc.; Joanne M. Gunderson, controller & chief financial officer-Napco International, Inc.; Reinhild D. Hinze, treasurer-Napco International, Inc..

Directors: Gary B. Rappaport, chairman; Henri M. Jacob, Edward E. Grossmann, Herbert Schelberg, Michael R. Sill, Frank D. Trestman.

Areas of Work: Through its wholly owned subsidiary, Napco International, Inc., the Company is a supplier of a wide variety of defense-related products to the U.S. government and to the governments of over 60 nations throughout the world.

Divisions:

Ordnance Division
Markets space and replacement parts for virtually every U.S.-made military wheeled and tracked vehicle.

Defense Electronics Division
Markets a broad range of electronic security and communications equipment, including a full spectrum of military radios and spare parts, and mobile support communications command posts.

Aerospace Division
Supports maintenance programs, and supplies spare parts and ground support equipment worldwide, for U.S.-manufactured planes and helicopters.

Special Products Division
Markets a wide range of weapons systems. Also markets the Napco RAIDER patrol boat and accessories for the M16 family of military rifles.

Tank Automotive Systems Division
Designs and markets modernization kits to improve the performance and increase the capabilities of a wide variety of U.S. military wheeled and tracked vehicles. Also supplies new trucks, vans and other wheeled and tracked vehicles for military, medical, industrial and construction applications.

Subsidiary:

Napco International, Inc.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VENT (NASDAQ)

Sales & Earnings

	Net Sales	Net Income
1987	$ 32,934,000	$ 886,000
1986	36,477,000	(1,615,000)
1985	41,479,000	2,524,000
1984	52,445,000	568,000
1983	44,970,000	381,000

	No. of Com. Shares	Earn. per Share‡
1987	930,663	$ 0.89
1986	1,049,418	—
1985	1,099,000	2.28
1984	1,118,000	0.47
1983	N.A.	0.32

(Loss)
N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	0.10	—	—
1984	0.30	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 19,415,000	$ 20.86
1986	20,404,000	19.44
1985	22,976,000	20.90
1984	21,004,000	18.79
1983	22,023,000	—

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 32,934	$ 36,477
Cost of sales	25,350	27,929
Expenses:		
Mktng.	4,146	4,655
Administrative	3,343	3,817
Warehousing	1,585	1,778
Interest expense	293	287
Other income	(1,816)	(2,605)
Unusual items	(994)	2,783
Income (loss) before taxes	$ 1,027	$ (2,167)
Income taxes (credit)	141	(552)
Net Income (Loss)	$ 886	$ (1,615)

* Included in Costs and Expenses, Depreciation and Amortization: $431,000 in 1987 and $627,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & short term investments	$ 3,910	$ 8,646
Marketable securities	5,599	4,802
Accts. receiv., net	8,351	9,436
*Inventories	4,264	6,605
Deferred inc. taxes	259	—
Prepaid expenses	122	86
Current Assets	$ 22,505	$ 29,575
#Fixed assets	3,098	3,418
Other assets	1,987	2,004
Total Assets	$ 27,590	$ 34,997

Liabilities
(000's)

Long-term debt, curr.	$ 39	$ 39
Accts. payable	2,784	4,529
Advances from cust.	409	888
Accrued payroll	512	413
Accrued commissions	443	451
Accrued warranty	282	386
Accrued rentals	315	450
Other accruals	726	665
Accrued loss on dispos.	—	2,783
Income taxes	45	1,453
Curr. Liabilities	$ 5,555	$ 12,057
Long-term debt	279	319
Deferred income	2,341	2,217
+Common stock	931	1,049
Add. paid-in capital	16,558	18,315
Retained earnings	1,926	1,040
Total Liabilities & Shareholders' Equity	$ 27,590	$ 34,997

* At lower of cost (specific identification) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.12	—
%Net Income to Sales	2.69	—
%Net Income to Equity	4.56	—
Sales to Inventories	7.72	5.52
Debt to Equity	0.02	0.02
Working Capital	$ 16,950,000	$ 17,518,000
Current Ratio	4.05	2.45
Shareholders' Equity	$ 19,415,000	$ 20,404,000

Vermont Research Corporation

Precision Park
North Springfield, Vermont 05150
(802) 886-2256

Officers: Hugh M. Taft, president & treasurer; Edward D. Winkler, Jr., controller; John G. Kristensen, clerk; Robert G. Kaseta, v.p.-engineering.

Directors: Hugh M. Taft, Richard A. Stover, J. Franklin Jones, Jr., John G. Moody, Stuart J. Lock.

Areas of Work: Engaged in the development, design and manufacture of drums, discs and other basic memory devices for the computer industry.

Subsidiaries:

Vermont Research Limited
Cleeve Road
Leatherhead, Surrey KT227NB England

Vermont Research International Sales Corp.
Precision Park
North Springfield, Vermont 05150
(802) 886-2256

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: VRE

Number of Employees:

1987 ..... 113 1985 88
1986 ..... N.A. 1984 105

N. A. - Not Available.

Plant Footage:

1987 ..... 38,000 sq. ft.

Sales & Earnings

	Net Sales	Net Income
1987	$ 4,838,000	$ (3,255,000)
1986	4,638,000	(3,258,000)
1985	7,224,000	(993,000)
1984	9,488,000	(817,000)
1983	10,100,000	(1,488,000)
	f No. o Com. Shares	Earn. per Share #
1987	2,004,803	—
1986	1,952,933	—
1985	1,952,933	—
1984	1,952,933	—
1983	1,952,924	—

(Loss)
Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 3,761,000	$ 1.88
1986	6,600,000	3.38
1985	9,858,000	5.05
1984	10,851,000	5.42
1983	11,668,000	5.98

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 4,838,000	$ 4,638,000
Cost of sales	4,343,000	3,858,000
Expenses	4,919,000	5,053,000
Interest expense	2,000	14,000
Interest income	(264,000)	(535,000)
Gain on settlement of pension oblig.	(608,000)	—
Other income	(299,000)	(215,000)
Loss before taxes	$ (3,255,000)	$ (3,537,000)
Tax credit	—	(279,000)
Net Loss	$ (3,255,000)	$ (3,258,000)

* Included in Costs and Expenses, Depreciation: $428,000 in 1987 and $497,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 4,002,000	$ 4,337,000
Accts. receiv., net	739,000	1,112,000
Refundable income taxes	144,000	128,000
*Inventories	243,000	305,000
Prepaid taxes	102,000	52,000
Current Assets	$ 5,230,000	$ 5,934,000
#Fixed assets	1,651,000	2,071,000
Other assets	6,000	9,000
Total Assets	$ 6,887,000	$ 8,014,000

Liabilities

Long-term debt, curr.	$ —	$ 41,000
Accts. payable	766,000	340,000
Accrued payroll	170,000	156,000
Other accruals	1,227,000	877,000
Curr. Liabilities	$ 2,163,000	$ 1,414,000
Accrued pension liability	—	—
+Common stock	963,000	1,036,000
Add. paid-in capital	1,027,000	5,468,000
Retained earnings	5,475,000	1,800,000
Per. curr. trans. adjust.	(1,747,000)	(310,000)
Treasury stock	(684,000)	(1,384,000)
Total Liabilities & Shareholders' Equity	$ 6,887,000	$ 8,014,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	19.91	15.21
Debt to Equity	—	0.01
Working Capital	$ 3,067,000	$ 4,520,000
Current Ratio	2.42	4.20
Shareholders' Equity	$ 3,761,000	$ 6,600,000

Vernitron Corporation

(34.7% owned by SB Holding Corporation)

2001 Marcus Avenue
Lake Success, New York 11042
(516) 775-8200

Officers: Stephen W. Bershad, chairman of the board & chief executive officer; John R. Slowik, chief operating officer; Benjamin Kittner, vice president; Benjamin K. Sachs, mgr.-human resources; Michael J. Goldman, v.p. & chief financial officer; John F. Rein, Jr., controller & chief accounting officer; Neal G. Winnig, gen. counsel & secretary.

Directors: Stephen W. Bershad, chairman; Benjamin K. Sachs, John R. Slowik, Michael J. Goldman, J. Tomilson Hill, III, David G. Offensend.

Divisions and Subsidiaries:

Vernitron Controls Division
1601 Precision Park Lane
San Diego, California 92073
(619) 428-5581
Manufactures electro-mechanical servo components, including synchros, resolvers, limited angle D.C. torque motors, remote indicators, and electromechanical assemblies.

VERNITECH Division
300 Marcus Boulevard
Deer Park, New York 11729
(516) 586-5100
Manufactures instrument servo motors, hysteresis synchronous motors, optical, contact, and linear encoders, synchro conversion modules and systems, electromagnetic clutches and brakes, read-out indicators, potentiometers and pressure transducers.

Magnetic Technology Division
21001 Kittridge Street
Canoga Park, California 91303
(818) 887-7700
Direct drive DC motors, tachometers, and servos.

Vernitron Piezoelectric Division
232 Forbes Road
Bedford, Ohio 44146
(216) 232-8600
Manufactures and sells piezoelectric ceramic based products, including ceramic shapes, flatware and thin sheet materials for various industrial uses, and piezoelectric igniters, resonators and filters.

BEAU Products Division
P.O. Box 10
117 Union Avenue
Laconia, New Hampshire 03246
(603) 524-5101
Electrical connectors and barrier terminal strips.

Vernitron Corporation

AIE Electronic Division
701 Murfreesboro Road
Nashville, Tennessee 37210
(615) 244-9024
Manufactures transformers, inductors, electronic filters, magnetic components and subassemblies for industrial, telecommunications and data processing application.

AST/Servo Systems, Inc.
115 Main Road, Route 202
Montville, New Jersey 07045
(201) 335-1007
Sells and distributes electromechanical devices and ball bearings.

2448 Walnut Ridge Street
Dallas, Texas 75229
(214) 620-9004

20 Republic Road
North Billerica, Massachusetts 01862
(617) 667-8541

1708 South Lyon Street
Santa Ana, California 92705
(714) 543-8788

Vernitron Limited
Buraledon Road
Southampton SO9 5QF England
Manufactures piezoelectric materials and transducers, including gas igniters, electrical wave filters, ceramic and magnetic pickup cartridges, mica capacitors and electronic spark generators and controls for gas ignition.

VRN International Division
P.O. Box 4400
2801 72nd Street
St. Petersburg, Florida 33743
(813) 347-2181
Produces trimmer and precision potentiometers, switches, dials and resistive devices.

Lorch Electronics Corp.
105 Cedar Lane
Englewood, New Jersey 07631
(201) 569-8282
Manufactures active and passive RF and IF signal processing components.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): American, Pacific

Ticker Symbol: VRN

Number of Employees:

1986	1,600	1985*	2,300

Plant Footage:

1986	1,018,700 sq. ft.	1984	N.A.
1985	1,003,400	1983	180,000

N.A.-Not Available.

Sales & Earnings

	Net Sales +	Net Income
1986	$ 93,300,000	$ (4,651,000)
1985	99,001,000	(2,802,000)
1984	99,979,000	6,415,000
1983*	85,009,000	6,390,000
1982	82,093,000	6,419,000

	No. of Com. Shares	Earn. per Share‡
1986	5,943,747	$ —
1985	6,268,700	—
1984	6,204,077	1.01
1983*	6,041,828	1.02
1982	5,931,398	1.06

(Loss)
* 53 weeks.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.15	—	—
1985	0.20	—	—
1984	0.17	—	—
1983	0.13	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 59,545,000	$ 10.02
1985	68,434,000	10.92
1984	71,462,000	11.52
1983	64,084,000	10.61
1982	57,406,000	9.68

Income Account *

Year ended	12/27/85	12/28/84
Net sales	$ 93,300,000	$ 99,001,000
Cost of sales	67,193,000	69,916,000
Expenses	22,319,000	21,718,000
Interest expense	1,321,000	1,953,000
Other expenses	4,101,000	—
Other income	(341,000)	(408,000)
Inc. (loss) bef. taxes	$ (1,293,000)	$ 5,822,000
Income taxes (credit)	(151,000)	3,346,000
Inc. (loss)-cont. oper.	$ (1,142,000)	$ 2,476,000
Loss-discont. oper.	(3,509,000)	(5,278,000)
Net Loss	$ (4,651,000)	(2,802,000)

* Included in Costs and Expenses, Depreciation and Amortization: $3,128,000 in 1986 and $2,583,000 in 1985.

Assets

As of	12/27/86	12/28/85
Cash	$ 6,941,000	$ 7,017,000
Accts. receiv., net	13,065,000	12,847,000
*Inventories	29,016,000	31,179,000
Other curr. assets	8,915,000	8,344,000
Assets of discont. oper.	16,691,000	18,591,000
Current Assets	$ 74,626,000	$ 78,049,000
#Fixed assets	23,120,000	24,209,000
Mortgage proceeds receiv.	3,836,000	5,286,000
Other assets	4,796,000	4,142,000
Assets of discont. oper.	10,627,000	11,567,000
Total Assets	$ 117,005,000	$ 123,252,000

Liabilities

Notes payable	$ 5,000,000	$ 7,000,000
Long-term debt, curr.	1,444,000	1,455,000
Accts. payable	2,754,000	2,969,000
Accruals	11,710,000	9,978,000
Income taxes	2,164,000	1,540,000
Liab. of discont. oper.	7,228,000	3,115,000
Curr. Liabilities	$ 30,300,000	$ 26,057,000
Long-term debt	20,473,000	21,912,000
Long-term debt-discont. oper.	4,161,000	4,482,000
Def. inc. taxes	2,526,000	2,367,000
+Class B common stock	25,000	25,000
+Common stock	628,000	627,000
Add. paid.in capital	23,926,000	23,969,000
Retained earnings	39,168,000	44,698,000
Treasury stock	(3,378,000)	(46,000)
Foreign currency translation adjustment	(804,000)	(839,000)
Total Liabilities & Shareholders' Equity	$ 117,005,000	$ 123,252,000

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.22	3.18
Debt to Equity	0.52	0.51
Working Capital	$ 44,326,000	$ 51,991,000
Current Ratio	2.46	3.00
Shareholders' Equity	$ 59,545,000	$ 68,434,000

Vicon Industries, Inc.

525 Broad Hollow Road
Melville, New York 11747
(516) 293-2200

Officers: Donald N. Horn, chairman & president; Arthur V. Wallace, executive v.p. & secretary; Kenneth M. Darby, v.p.-finance, treasurer & asst. secretary; Peter A. Horn, v.p.-engineering; Richard R. Perna, v.p.-operations; Frances McArdle, v.p.-corporate communications; Lawrence M. Russo, v.p.-materials.

Directors: Donald N. Horn, chairman; Arthur V. Wallace, Peter F. Barry, Kenneth M. Darby, Milton F. Gidge, Ronald Morgan, Peter F. Neumann, Harvey Sampson, Kazuyoshi Sudo.

Areas of Work: Designs and manufactures closed circuit television equipment for the security and surveillance market. Principal products consist of pan and tilt drives and scanners, video switchers and controls, housings and enclosures, mounting accessories, consoles and lenses, as well as video cameras, monitors and video cassette recorders.

Subsidiary:

Vicon Industries (U.K.) Ltd.
Portsmouth, England

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: VII

Number of Employees:

1987	N.A.	1984	400
1986	366	1983	400
1985	384		

Plant Footage:

1987	N.A.	1984	110,000
1986	110,000 sq. ft.	1983	110,000
1985	110,000		

N. A. – Not Available.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 39,118,000	$ (308,000)
1986	33,704,000	390,049
1985	30,437,297	(162,868)
1984	29,331,255	1,906,301
1983	25,979,738	1,318,621

	No. of Com. Share +	Earn. per Share ++
1987	2,530,000	$ —
1986	2,372,000	0.16
1985	2,381,974	—
1984	2,366,847	0.80
1983	2,322,552	0.56

(Loss)
† Including extraordinary gain of $459,689 ($0.19 per share) in 1984.
+ Based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 16,725,329	$ 6.61
1986	14,029,851	5.91
1985	13,532,167	5.68
1984	13,451,496	5.68
1983	11,667,260	5.02

‡ Based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 39,117,509	$ 33,704,000
Cost of sales	30,058,576	25,319,194
Expenses	7,772,596	6,820,561
Interest expense	1,149,671	1,276,016
For. curr. trans.	—	52,180
Takeover defense cost	1,140,780	—
Income (loss) bef. taxes	$ (1,004,114)	$ 236,049
Tax credit	(496,000)	(154,000)
Net Income (Loss)	$ (508,114)	$ 390,049

* Included in Costs and Expenses, Depreciation and Amortization: $1,170,285 in 1987 and $1,107,126 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 312,956	$ 385,066
Notes receivable	430,000	287,709
Accts. receiv., net	7,792,592	5,970,913
*Inventories	21,076,903	15,648,711
Prepaid expenses	497,301	374,173
Current Assets	$ 30,109,752	$ 22,666,572
#Fixed Assets	10,381,027	10,886,412
Other assets	61,501	64,987
Total Assets	$ 40,552,280	$ 33,617,971

Liabilities

Note payable	$ 485,248	$ 61,273
Long-term debt, curr.	500,000	550,000
Accts. payable	7,289,963	3,585,911
Accruals	820,789	534,507
Deferred income taxes	147,700	283,700
Income taxes	171,389	135,516
Curr. Liabilities	$ 9,415,089	$ 5,150,907
Long-term debt	13,700,000	13,775,000
Deferred income taxes	711,862	662,213
+Common stock	26,679	23,488
Add. paid in capital	8,390,452	5,340,056
Retained earnings	8,268,857	8,776,971
For. curr. trans.	39,331	(110,664)
Total Liabilities & Shareholders' Equity	$ 40,552,280	$ 33,617,971

* At lower of cost (moving average which approximates FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.70
%Net Income to Sales	—	1.16
%Net Income to Equity	—	2.78
Sales to Inventories	1.86	2.15
Debt to Equity	0.88	1.03
Working Capital	$ 20,694,663	$ 17,515,665
Current Ratio	3.20	4.40
Shareholders' Equity	$ 16,725,329	$ 14,029,851

Vishay Intertechnology, Inc.

63 Lincoln Highway
Malvern, Pennsylvania 19355
(215) 644-1300

Officers: Felix Zandman, president & chief executive officer; Robert A. Freece, v.p., treasurer & chief financial officer; Moshe Shamir, v.p.; William J. Spires, v.p. & secretary; Henry V. Landau, v.p..

Directors: Alfred P. Slaner, chairman; Felix Zandman, Robert A. Freece, Milton N. Scofield, Gerald N. Frank, Edward B. Shils, Carroll Novicki.

Areas of Work: Produces precision resistors and resistive devices, strain gages, electronic equipment to read and record the output of strain gages and strain gage transducers, services and equipment in visual and optical measurement sciences for the stress analysis field, with applications in dentistry, and technical teaching aids to colleges, technical schools, and industrial training institutes.

Divisions and Subsidiaries

Resistive Systems Group

Resistive Systems Group Hq.
63 Lincoln Highway
Malvern, Pennsylvania 19355

Vishay de Mexico S.A.
Tijuana, Mexico

Vishay-Israel, Limited
2 Haofan Street
Holon, Israel

Vishay Micro-Mesures S.A.
98 Boulevard Gabriel Peri
Malakoff 92240 France

Nippon Vishay (K.K.)
Machimoku Bldg.
Tokyo, 194, Japan

Vishay-Mann, Ltd.
Wymondham, Norfolk NR 180RA England

Angstrohm Precision, Inc.
Hagerstown, Maryland
San Diego, California

GEKA, S.A.
Paris, France

Measurements Group, Inc.

Measurements Group Headquarters
U.S. Highway 64
Raleigh, North Carolina 27591

Instruments Division.

Photolastic Division

Education Division

Micro-Measurements Division
38905 Chase Road
Romulus, Michigan 48174

Measurements Group GmbH
8032 Lochham
Am Lochhamer Schlag 6
Munich, West Germany

Dale Electronics, Inc. (50%-owned)
1122 23rd Street
Columbus, Nebraska 68601
Manufacturer of electronic components, including resistors, inductors, connectors, transformers, plasma displays, and thermistors.

Transfer Agent(s):

American Stock Transfer, Inc.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: VSH

Number of Employees: *

1987	1,400	1984	1,400
1986	N.A.	1983	1,100
1985	N.A.		

N.A. - Not Available.
* Excludes Dale Electronics employees.

Sales & Earnings

	Net Sales #	Net Income
1987	$ 59,043,165	$ 10,241,739
1986	58,854,795	9,337,661
1985	56,536,108	7,902,873
1984	48,531,628	6,103,046
1983	42,161,020	4,422,550

	No. of Com. Shares‡	Earn. per Share‡
1987	7,035,476	$ 1.46
1986	6,907,412	1.35
1985	6,907,412	1.14
1984	6,907,412	0.88
1983	6,907,412	0.64

Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	5% & 2%	—
1986	—	—	4-for-3
1985	—	—	5-for-4
1984	—	5%	—
1983	—	5%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 77,608,623	$ 11.03
1986	58,931,062	8.53
1985	49,237,288	7.13
1984	41,370,002	5.99
1983	35,286,987	5.11

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended June 30	1987	1986
Net sales	$ 59,043,165	$ 58,854,795
Cost of sales	32,079,281	31,833,859
Expenses	18,725,399	16,307,233
Other income	(3,962,175)	(2,623,598)
Income before taxes	$ 12,200,660	$ 11,337,301
Income taxes	1,958,921	1,999,640
Net Income	$ 10,241,739	$ 9,337,661

* Included in Costs and Expenses, Depreciation and Amortization: $2,782,228 in 1987 and $2,408,042 in 1986.

Vishay Intertechnology, Inc.

Assets

As of June 30	1987	1986
Cash & cert. of deposit	$ 12,564,953	$ 18,034,831
Short-term invest.	11,465,725	6,686,559
Accr. receiv., net	13,477,641	12,974,332
*Inventories	17,593,501	17,215,963
Prepaid expenses & other assets	5,905,681	4,009,165
Current Assets	$ 61,041,703	$ 58,910,850
@Fixed assets	18,936,334	19,041,669
Equity in unconsol. affil.	19,613,567	14,582,718
Other assets	1,839,350	783,046
Total Assets	$ 101,430,994	$ 93,318,283

Liabilities

Notes payable	$ 4,666,643	$ 6,939,824
Long-term debt, curr.	864,472	770,694
Accts. payable	1,971,947	1,599,091
Commissions & payable	684,027	665,734
Payroll & other accrued expenses	4,473,933	4,611,247
Income taxes	1,143,160	791,711
Curr. Liabilities	$ 13,804,146	$ 15,158,101
Long-term debt	7,255,333	16,952,184
Deferred taxes	2,762,854	2,276,736
+ Common stock	516,897	649,099
+ Class B common stock	236,259	—
Add. paid-in capital	47,058,126	24,786,340
Retained earnings	33,954,223	33,435,064
Note receivable	(4,260,000)	—
Currency translation adj.	342,869	80,160
Unearned comp.	(219,751)	—
Total Liabilities & Shareholders' Equity	$ 101,430,994	$ 93,318,283

* At lower of standard production cost or market.
@ Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

% Income before Taxes to Sales	20.66	19.26
% Net Income to Sales	17.35	15.87
% Net Income to Equity	13.20	15.85
Sales to Inventories	3.36	3.42
Debt to Equity	0.16	0.42
Working Capital	$ 47,237,569	$ 43,752,749
Current Ratio	4.42	3.89
Shareholders' Equity	$ 77,608,623	$ 58,931,062

Vitronics Corporation

4 Forbes Road
Newmarket Industrial Park
Newmarket, New Hampshire 03857
(603) 659-6550

Officers: James J. Manfield, Jr., chairman of the board, president & chief executive officer; George F. Soderberg, vice chairman; Earl H. Rideout, exec. v.p. & gen. mgr.; Douglas B. Blomberg, treasurer & controller; Edward A. Richards, v.p.-sales & marketing; David L. Lougee, clerk.

Directors: James J. Manfield, Jr., chairman; George F. Soderberg, David L. Lougee, David A. Steadman.

Areas of Work: Engaged in the design, engineering, manufacture and marketing of state-of-the-art thermal process and associated systems for the production soldering and cleaning of surface-mounted devices to printed circuit boards. The Company's thermal process equipment is also used in the production soldering of ceramic hybrids, semiconductors and glass/epoxy and adhesive curing, thermoplastic processing, touch membrane and flexible circuit processing and graphics processing.

Subsidiaries:

Vitronics Energy Systems, Inc.
Newmarket, New Hampshire
Markets the Company's products to the electronics industry.

Vitronics Europe Limited
Plymouth, England
Manufactures and markets the Company's products for the European market.

Acquisitions:

Gram Corporation
Exeter, New Hampshire
Manufactures aqueous cleaning equipment used primarily in the manufacture and assembly of electronic components.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VITX (NASDAQ)

Number of Employees:

1987 95

Plant Footage:

1987 ..... 50,510 sq. ft.

Sales & Earnings

	Net Sales	Net Income†
1987	$ 10,527,000	$ 612,000
1986	7,162,000	302,000
1985	3,707,000	94,000
1984	1,961,000	8,000
1983	890,000	(110,000)

	No. of Com. Shares‡	Earn. per Share†‡
1987	4,170,000	$ 0.15
1986	3,789,000	0.08
1985	3,366,000	0.03
1984	2,627,000	—
1983	2,277,000	—

(Loss)
+ Including extraordinary gain of $95,000 ($0.03 per share) in 1986.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 4,492,000	$ 1.08
1986	4,128,000	1.09
1985	1,803,000	0.54
1984	1,671,000	0.64
1983	96,000	0.04

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account*

Year ended Dec. 31	1987	1986
Net sales	$ 10,527,000	$ 7,162,000
Cost of sales	5,549,000	3,949,000
Expenses:		
Research & develop.	437,000	311,000
Sell., gen., & adm.	3,506,000	2,558,000
Other income	(77,000)	(7,000)
Income before taxes	$ 1,092,000	$ 331,000
Income taxes	480,000	124,000
Net income	$ 612,000	$ 207,000
Extraord. gain	—	95,000
Net income & extraord. gain	$ 612,000	$ 302,000

* Included in Costs and Expenses, Depreciation and Amortization: $172,000 in 1987 and $98,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 1,086,200	$ 868,000
Accts. receiv., net	3,314,000	2,249,000
*Inventories	1,602,000	1,191,000
Prepaid inc. taxes	93,000	—
Other curr. costs	112,000	188,000
Current Assets	$ 6,206,000	$ 4,500,000
Investments	883,000	8,000
@Fixed assets	643,000	398,000
Other assets	169,000	47,000
Intangibles	473,000	305,000
Total Assets	$ 8,372,000	$ 5,258,000

Liabilities

Notes payable	$ 986,000	$ 150,000
Long-term debt, curr.	20,000	32,000
Accts. payable	863,000	640,000
Accrued payroll	232,000	56,000
Accrued commissions	255,000	182,000
Income taxes	568,000	26,000
Other current liabilities	168,000	36,000
Curr. Liabilities	$ 3,092,000	$ 1,122,000
Long-term debt	788,000	8,000
+Common stock	41,000	41,000
Add. paid-in capital	4,120,000	4,014,000
Retained earnings	685,000	73,000
For. curr. taxes	(6,000)	—
Unrealized loss on eq. secur.	(348,000)	—
Total Liabilities & Shareholders' Equity	$ 8,372,000	$ 5,258,000

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.37	4.62
%Net Income to Sales	5.81	2.89
%Net Income to Equity	13.62	5.01
Sales to Inventories	6.57	6.01
Debt to Equity	0.40	0.05
Working Capital	$ 3,112,000	$ 3,378,000
Current Ratio	2.01	4.01
Shareholders' Equity	$ 4,492,000	$ 4,128,000

Wang Laboratories, Inc.

One Industrial Avenue
Lowell, Massachusetts 01851
(617) 459-5000

Officers: An Wang, chairman of the board & chief exec. officer; Harry H.S. Chou, vice chairman & chief financial officer; Frederick A. Wang, president; Eugene M. Bullis, sr. v.p., treasurer & corporate controller; Edward D. Grayson, sr. v.p., general counsel, clerk & secretary; Raymond C. Cullen, Jr., sr. v.p.; Ian Diery, sr. v.p.; Doge Chu, sr. v.p.; Edward J. Devin, sr. v.p.; Michael P. Donnen, sr. v.p.; Louis B. Green, sr. v.p.; Armel Vleggeerto, sr. v.p.; Paul Guzzi, sr. v.p.; Horace Tsiang, sr. v.p. & chief development officer.

Directors: An Wang, chairman of the board; Peter A. Brooke, Frederick A. Wang, Lorraine C. Wang, Harry H.S. Chou, Martin Kirkpatrick, Richard A. Smith, Louis W. Cabot, Ernest F. Stockwell, Jr., Paul E. Tsongas.

Areas of Work: Designs, manufactures, markets and services computers and related peripheral devices for the office automation marketplace. These products are combined into systems which perform data processing, word processing, audio processing and image processing functions and include networking products which enable such systems to communicate with each other.

Subsidiaries:

Wang Computer Pty., Ltd.
Box 407, Milsons Point
Sydney, N.S.W. 2061, Australia

Wang Gesellschaft m.b.H
Linke Wienzeile 234
A-1150 Vienna, Austria

Wang Europe S.A./N.V.
350, Avenue Louise
1050 Brussels, Belgium

Wang Canada, Ltd.
225 Duncan Mills Road
1st Floor
Don Mills, Ontario, Canada M3B 3K9

Wang Industrial Co. Ltd.
Taipei, Taiwan

Wang Computer China, Ltd.
Beijing, China

Wang (UK) Ltd.
Wang House
661 London Road
Isleworth
Middlesex, TW7 4EH, United Kingdom

Wang Computer Limited
Hazama Building 14th Floor
5-8, Kita Aoyama 2-Chome
Minato-Ku, Tokyo 107, Japan

Wang Europe S.A./N.V.
Luxembourg

Wang New Zealand Limited
Eden House
44 Khyber Pass Road
Aukland, New Zealand

Wang Computer (Pte.) Ltd.
101 Thomson Road, 12-00
Gold Hill Square
Singapore 1130, Republic of Singapore

Wang France S.A.
Tour Gallieni 1
78/80 Avenue Gallieni
93170 Bagnolet, France

Wang Deutschland, GmbH
Lyoner Strasse 26
Postfach 710 570 6000, West Germany

Wang Nederland B.V.
Postbus 4
4100 AA Culemborg, Netherlands

Wang Svenska AB
Dalvagen 8
Box 1196
S-171 23 Solna, Sweden

Wang Italia, S.p.A.
Centro Terziario
Strada Statale, Padana Superoire
Vimodrone 20090
Milano, Italy

Wang (Schweiz) A.G.
Talackerstrasse 7
8152 Glattbrugg
P.O. Box 8065
Zurich, Switzerland

Wang Pacific Limited
31st Floor, Hennessy Centre
Causeway Bay
500 Hennessy Road Hong Kong

Wang Computadoras, Inc.
Banco Popular Center
Suite 1501
Hato Rey 00918 Puerto Rico

Wang Ireland Limited
Wang House
Harcourt Centre
Harcourt Street
Dublin 2, Ireland

Wang de Panama S.A.
Apartado 6425
Ave. Justo Arosemena
Calle 44, Bella Vista
Panama City 5, Panama

Wang de Panama S.A.
Costa Rica

Wang de Mexico S.A. de C.V.
Mexico

Wang Computer Korea, Ltd.
South Korea

Wang Espana S.A.
Spain

Wang Information Services Corp.
Lowell, Massachusetts
Telecommunications and voice mail services.

Wang Financial Information Services Corp.
New York, New York
Provides market data services for the brokerage, banking and insurance industries.

InteCom Inc.
Allen, Texas

Wang Communications, Inc.
Arlington, Virginia

Transfer Agent(s):

Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

Stock Exchange(s): American, Swiss

Ticker Symbol: WAN

Number of Employees:

1987	30,306	1984	30,646
1986	31,628	1983	24,769
1985	31,061		

Plant Footage:

1987	2,800,000 sq. ft.	1985	3,197,000
1986	N.A.		

N.A. - Not Available.

Sales & Earnings

	Revenue	Net Income
1987	$2,836,700,000	$ (70,700,000)
1986	2,642,500,000	90,900,000
1985	2,351,700,000	15,500,000
1984	2,164,700,000	210,200,000
1983	1,530,000,000	152,000,000

	No. of Com. Shares‡	Earn. per Share‡
1987	159,800,000	$ —
1986	146,600,000	0.35
1985	141,100,000	0.11
1984	138,100,000	1.52
1983	130,600,000	1.16

(Loss)
‡ Based on the weighted average number of Class B Common and Class C Common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1987 Class B	$ 0.16	—	—
1987 Class C	0.11	—	—
1986 Class B	0.16	—	—
1986 Class C	0.11	—	—
1985 Class B	0.16	—	—
1985 Class C	0.11	—	—
1984 Class B	0.12	—	—
1984 Class C	0.07	—	—
1983 Class B	0.09	—	3-for-1 #
1983 Class C	0.04	—	—

+ Adjusted to reflect stock split.
# In the form of a dividend of one share of Class B Common Stock for each share of Class B Common Stock and Class C Common stock issued.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$1,486,200,000	$ 9.30
1986	1,447,600,000	9.59
1985	1,248,300,000	8.93
1984	1,249,400,000	9.01
1983	937,800,000	7.09

‡ Adjusted to reflect stock split.

Income Account *

Year ended June 30	1987	1986
Net sales	$1,933,700,000	$1,873,800,000
Other income	903,000,000	768,700,000
Total income	$2,836,700,000	$2,642,500,000
Cost of sales	1,607,400	1,461,500
Expenses	1,225,000	1,064,800
Interest expense	56,000	60,300
Inc. (loss) bef. taxes	$ (51,700,000)	$ 55,900,000
Income taxes	19,000,000	5,000,000
Net Income (Loss)	$ (70,700,000)	$ 50,900,000

* Included in Costs and Expenses, Depreciation and Amortization: $253,600,000 in 1987 and $223,200,000 in 1986.

Wang Laboratories, Inc.

Assets

As of June 30	1987	1986
Cash	$ 22,300,000	38,000,000
Short-term invest.	157,300,000	119,700,000
Accts. receiv., net	576,100,000	530,100,000
*Inventories	412,100,000	448,400,000
Prepaid expenses & other curr. assets	82,500,000	68,000,000
Current Assets	$ 1,250,300,000	1,204,200,000
#Fixed assets	778,100,000	737,700,000
Other assets	784,000,000	707,400,000
Total Assets	$ 2,812,400,000	$ 2,649,300,000

Liabilities

Notes payable	$ 8,300,000	$ 10,100,000
Long-term debt, curr.	83,200,000	54,600,000
Accts. payable	391,000,000	333,000,000
Unearned serv. revenue	148,000,000	122,100,000
Income taxes	16,500,000	12,100,000
Dividends payable	6,400,000	6,000,000
Curr. Liabilities	$ 653,400,000	$ 537,900,000
Long-term debt	667,500,000	656,900,000
Deferred inc. taxes	5,300,000	7,300,000
+ Class B Common	78,300,000	72,500,000
+ Class C Common	2,900,000	3,000,000
Add. paid-in capital	931,200,000	781,500,000
For. curr. trans. adj.	(88,100,000)	(66,700,000)
Retained earnings	562,700,000	658,900,000
Treasury stock	(900,000)	(1,600,000)
Total Liabilities & Shareholders' Equity	$ 2,812,400,000	$ 2,649,300,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 per value.

Statistical Summary

%Income bef. Taxes to Total Income	—	2.12
%Net Income to Total Income	—	1.93
%Net Income to Equity	—	3.52
Debt to Equity	0.51	0.50
Working Capital	$ 596,900,000	$ 666,300,000
Current Ratio	1.91	2.24
Shareholders' Equity	$ 1,486,200,000	$ 1,447,600,000

Washington Scientific Industries, Inc.

2605 West Wayzata Boulevard
Long Lake, Minnesota 55356
(612) 473-1271

Officers: C. W. Dinsmore, president & chief exec. officer; Terry J. Blount, v.p.-human resources; Bernard E. Kinney, v.p.-finance; William J. Lucke, v.p.-contract services & Power Components Division; George E. Rathke, v.p.-contract services & advanced technology programs; Gerald E. Mahnuson, secretary.

Directors: A. E. Abramson, Warren G. Christianson, C. W. Dinsmore, Mrs. Lawrence V. Hastings, Melvin L. Kattas, Gerald E. Magnuson, George J. Martin, Stewart Pfunstiehl, Harrison Randolph.

Area of Work: The Company, through its two operating divisions, manufacturesprecision machined components and subassemblies, hydraulic motors and mechanical power transmission gearboxes for a variety of industries.

Divisions:

Contract Services Division
Power Components Division

Transfer Agent(s):

First Trust Company, Inc.
P.O. Box 64008
St. Paul, Minnesota 55164

Stock Exchange(s): Over-the-Counter.

Ticker Symbol: WSCI (NASDAQ)

Number of Employees:

1987 ..... 393 1985 518
1986 404

Sales & Earnings

	Net Sales	Net Income
1987	$ 35,442,000	$ 1,698,000
1986	31,008,000	376,000
1985	34,927,000	2,078,000
1984	24,799,000	1,469,000
1983	15,937,000	184,000

	No. of Com. Shares‡	Earn per Share‡
1987	2,475,779	$ 0.69
1986	2,437,471	0.15
1985	2,412,425	0.86
1984	2,365,815	0.62
1983	2,360,430	0.08

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Contract services	$ 29,267,000	$ 24,516,000
Power components	6,175,000	6,492,000
Total	$ 35,442,000	$ 31,008,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.15	—	—
1986	0.10	—	—
1985	0.09	—	—
1984	0.067	—	—
1983	0.067	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 16,298,000	$ 6.56
1986	14,804,000	6.04
1985	14,534,000	5.99
1984	12,536,000	5.30
1983	11,144,030	4.72

Income Account *

Year ended	8/30/87	8/31/86
Net sales	$ 35,441,604	$ 31,007,928
Cost of sales	28,494,314	26,648,829
Expenses	4,031,469	3,796,724
Interest expense	641,873	337,771
Interest income	(360,912)	(110,296)
Bad debt recov.	(699,743)	—
Income before taxes	$ 3,334,603	$ 534,900
Income taxes	1,637,000	159,000
Net Income	$ 1,697,603	$ 375,900

* Included in Costs and Expenses, Depreciation and Amortization: $2,366,457 in 1987 and $2,404,302 in 1986.

Assets

As of	8/30/87	8/31/86
Cash	$ 257,288	$ 503,122
Temp. cash invest.	8,657,908	4,000,000
Accts. receiv, net	3,706,656	3,149,572
Refundable taxes	—	281,000
*Inventories	3,630,575	5,847,592
Prepaid expenses	204,925	160,800
Current Assets	$ 16,457,352	$ 13,942,089
#Fixed assets	10,325,671	10,869,303
Other assets	561,961	94,726
Intangibles	518,040	629,785
Total Assets	$ 27,863,024	$ 25,535,903

Liabilities

Note payable	$ 300,000	$ —
Long-term debt, curr.	236,241	238,863
Accts. payable	1,558,942	1,590,044
Accrued payroll	1,045,130	878,748
Accrued pension contrib.	121,295	88,094
Accrued real est. taxes	158,531	150,361
Other accruals	253,315	247,352
Curr. Liabilities	$ 3,673,454	$ 3,193,462
Long-term debt	6,748,287	6,472,028
Deferred inc. taxes	1,142,876	1,066,876
+Common stock	248,446	244,949
Add. paid-in capital	943,124	777,148
Retained earnings	15,106,837	13,781,440
Total Liabilities & Shareholders' Equity	$ 27,863,024	$ 25,535,903

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

%Income bef. taxes to Sales	9.41	1.73
%Net income to Sales	4.79	1.21
%Net Income to Equity	10.42	2.54
Sales to Inventories	9.76	5.30
Debt to Equity	0.45	0.45
Working Capital	$ 12,783,898	$ 10,748,627
Current Ratio	4.48	4.37
Shareholders' Equity	$ 16,298,407	$ 14,803,337

Waters Instruments, Inc.

2411 Seventh Street, N.W.
Valley High Industrial Park
Rochester, Minnesota 55903
(507) 288-7777

Mailing Address:
P.O. Box 6117
Rochester, Minnesota 55903

Officers: George F. Waters, chairman of the board; Thomas A. Burton, president & chief exec. officer; Richard E. Thompson, v.p.-Farm Products Group; Robert D. Dunbar, v.p.-Sub-Contract Group; George Sedivy, v.p.-engineering & product development; James M. Liberko, secretary & treasurer.

Directors: Charles A. Elliott, J. William McRoberts, George F. Waters, Thomas A. Burton, James A. Hornig, Charles G. Schiefelbein, Stewart D. Siebens.

Groups:

Farm Products Group
Rochester, Minnesota
Products: electric fence chargers for farm use.

Sub Contract-Group
Rochester, Minnesota
Engaged in sub-contract manufacturing of cable harness assemblies and other electric or mechanical assemblies for computer equipment manufacturers.

Medical Group
Rochester, Minnesota

Produces electro-medical equipment and analytical instruments for hospital and laboratory use. Oximeters for measuring the oxygen saturation of human blood, cardiac out-put computers for determining heart function and 'MOX' 100 kidney preservation equipment used in kidney transplant surgery.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
South St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WTRS (NASDAQ)

Number of Employees:

1988	N.A.	1985	255
1987	187	1984	222
1986	185		

Plant Footage:

1988	N.A.	1985	100,000
1987	66,000 sq. ft.	1984	100,500
1986	71,000		

N. A- Not available.

Sales & Earnings

	Net Sales	Net Income
1988	$ 12,210,000	$ 361,000
1987	11,909,000	102,000
1986	10,805,000	(71,000)
1985	14,674,000	449,000
1984	13,065,000	393,000

	No. of Com. Shares†	Earn. per Share +
1988	1,445,871	$ 0.25
1987	1,433,071	0.07
1986	1,428,964	—
1985	1,415,445	0.31
1984	1,415,445	0.28

(Loss)
† Adjusted to reflect stock split.
+ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1988	1987
Sub-contract division	$ 3,824,000	$ 3,463,000
Farm products div.	6,328,000	6,364,000
Medical division	2,058,000	2,082,000
Total	$ 12,210,000	$ 11,909,000

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1988	$ 0.05	—	—
1987	0.05	—	3-for-2
1986	0.07	—	—
1985	0.07	—	—
1984	0.07	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1988	$ 5,387,000	$ 3.73
1987	5,042,000	3.52
1986	4,995,000	3.50
1985	5,171,000	3.62
1984	4,782,000	3.38

Income Account

Year ended Jan. 31	1988	1987
Net sales	$ 12,210,000	$ 11,909,000
Cost of sales	9,066,000	9,408,000
Expenses	2,586,000	2,777,000
Oper. profit	$ 558,000	$ 64,000
Other income	(92,000)	(86,000)
Interest expense	63,000	56,000
Inc. bef. taxes	$ 587,000	$ 74,000
Income taxes (credit)	226,000	(28,000)
Net income	$ 361,000	$ 102,000

* Included in Costs and Expenses, Depreciation and Amortization: $218,000 in 1987 and $188,000 in 1986.

Assets

As of Jan. 31	1988	1987
Cash & marketable secur.	$ 1,469,000	$ 478,000
Receiv., net	1,707,000	2,341,000
Refundable inc. taxes	—	34,000
*Inventories	2,502,000	2,573,000
Prepaid expenses	35,000	43,000
Current Assets	$ 5,713,000	$ 5,369,000
#Fixed assets	1,278,000	1,198,000
Other assets	70,000	403,000
Intangibles	245,000	263,000
Total Assets	$ 7,306,000	$ 7,233,000

Liabilities

Notes payable	$ 102,000	$ 95,000
Accts. payable	588,000	997,000
Accruals	823,000	528,000
Curr. Liabilities	$ 1,513,000	$ 1,620,000
Long-term debt	390,000	493,000
Deferred inc. tax credits	16,000	78,000
+Common stock	144,000	143,000
Add. paid-in capital	1,208,000	1,153,000
Retained earnings	4,035,000	3,746,000
Total Liabilities & Shareholders' Equity	$ 7,306,000	$ 7,233,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.81	0.62
%Net Income to Sales	2.96	0.86
%Net Income to Equity	6.70	2.02
Sales to Inventories	4.88	4.63
Debt to Equity	0.09	0.12
Working Capital	$ 4,200,000	$ 3,749,000
Current Ratio	3.78	3.31
Shareholders' Equity	$ 5,387,000	$ 5,042,000

Watkins-Johnson Company

Stanford Research Park
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Officers: Dean A. Watkins, chairman of the board; H. Richard Johnson, vice chairman; W. Keith Kennedy, Jr., president & chief executive officer; Keith D. Gilbert, v.p.-Devices Group; William E. Kunz, v.p.-Systems Group; Bernard Rosen, v.p.; Ronald D. Lesnick, v.p.; Barry R. Hoglund, v.p.; Paul Y. Lin, v.p.; Peter S. Pao, v.p.; C. Louise Beer, secretary; H. Edward Beckmeyer, treasurer; Carl L. Avelar, v.p. & controller.

Directors: Dean A. Watkins, chairman; H. Richard Johnson, John J. Hartmann, Rita R. Campbell, Jack L. Shepard, Von R. Eshleman, Raymond F. O'Brien, W. Keith Kennedy, Jr..

Areas of Work: Engaged in the development, design and production of receiving equipment for surveillance, direction finding and countermeasures; extreme-to-data-rate function reconnaissance and surveillance systems; solid-state amplifiers, travelling-wave and backward-wave tubes and oscillators, tuners, receivers and computer controlled microwave receiving systems.

Divisions:

Systems Group

Electronic Support Measures (ESM)
2525 N. Arst Street
San Jose, California 95131
(415) 493-4141

Devices Group

Subsystems Division
SSE Division
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Federal Systems Division
Columbia, Maryland

CEI Division
Gaithersburg, Maryland

Subsidiaries:

Watkins-Johnson Associates
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson International
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson Limited
3333 Hillview Avenue
Palo Alto, California 94304
(415) 493-4141

Watkins-Johnson Italiana, S.p.A.
Rome, Italy

Watkins-Johnson FSC
Foreign Sales Corporation

Transfer Agent(s):

Bank of America

Stock Exchange(s): New York, Philadelphia, Pacific, Boston

Ticker Symbol: WJ

Number of Employees:

1987	3,130	1984	3,050
1986	3,150	1983	2,850
1985	3,110		

Watkins-Johnson Company

Sales & Earnings

	Net Sales	Net Income
1987	$ 264,251,000	$ 17,116,000
1986	255,382,000	17,241,000
1985	232,587,000	18,437,000
1984	210,510,000	21,898,000
1983	186,034,000	17,726,000

	No. of Com. Shares +	Earn. per Share +
1987	8,364,303	$ 2.05
1986	8,752,569	1.97
1985	9,490,402	1.94
1984	9,671,430	2.26
1983	9,620,874	1.84

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985	1984
Systems	52%	51%	56%	59%
Devices	48	49	44	41
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	$ 0.40	—	—
1986	0.40	—	—
1985	0.36	—	—
1984	0.32	—	—
1983	0.23	—	3-for-1

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 116,470,000	$ 13.92
1986	102,557,000	11.72
1985	105,866,000	11.16
1984	115,174,000	11.91
1983	96,074,000	9.99

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 264,251,000	$ 255,382,000
Cost of sales	166,576,000	161,811,000
Expenses	67,151,000	62,679,000
Other expense	1,783,000	911,000
Income before taxes	$ 28,741,000	$ 29,981,000
Income taxes	10,950,000	12,740,000
Cum. effect of Acctg. change	675	—
Net Income	$ 17,116,000	$ 17,241,000

* Included in Costs and Expenses, Depreciation and Amortization: $11,582,000 in 1987 and $10,315,000 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 13,844,000	$ 6,584,000
Receiv., net	65,246,000	65,172,000
*Inventories	39,702,000	39,930,000
Other assets	3,280,000	3,331,000
Current Assets	$ 122,072,000	$ 115,017,000
#Fixed assets	53,042,000	52,378,000
Other assets	13,077,000	5,246,000
Total Assets	$ 188,191,000	$ 172,641,000

Liabilities

Notes payable	$ 556,000	$ 345,000
Accts. payable	10,869,000	10,209,000
Payroll & prof. sharing	15,476,000	16,004,000
Advances on contracts	8,447,000	8,924,000
Income taxes	1,867,000	1,889,000
Guarantee under term. contract	1,875,000	1,875,000
Other liabilities	7,357,000	4,300,000
Curr. Liabilities	$ 46,447,000	$ 43,546,000
Long-term oblig. under cap. leases	25,274,000	26,538,000
+ Common stock	7,715,000	7,263,000
Retained earnings	108,755,000	95,294,000
Total Liabilities & Shareholders' Equity	$ 188,191,000	$ 172,641,000

* At lower of cost (FIFO and average) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.88	11.74
%Net Income to Sales	6.48	6.75
%Net Income to Equity	14.70	16.81
Sales to Inventories	6.66	6.40
Debt to Equity	0.22	0.26
Working Capital	$ 75,625,000	$ 71,471,000
Current Ratio	2.63	2.64
Shareholders' Equity	$ 116,470,000	$ 102,557,000

Wavetek

9191 Towne Centre Drive, Suite 450
San Diego, California 92122
(619) 450-9971

Mailing address:
P.O. Box 85434
San Diego, California 92138

Officers: John M. Thornton, chairman of the board; John W. Battin, president & chief exec. officer; Henry Reinecke, Jr., sr. v.p.-new ventures; Lawrence C. Dolan, v.p.-sales & marketing; John H. Byrne, v.p. & general counsel; John F. Kessler, chief financial officer; Daniel L. Sullivan, v.p.-human resources; Sandra M. Walker, secretary.

Directors: John M. Thornton, chairman; John W. Battin, C. Frederick Sehnert, David M. Goodman, J. Garrett Fitzgibbons, Joel A. Naive, Katherine P. Naive, Henry Reinecke, Jr..

Areas of Work: Designs, manufactures and sells electronic test and measurement equipment used in a variety of industrial, laboratory and defense applications involving the evaluation and manufacture of electronic circuits and related equipment.

Subsidiaries:

Wavetek RF Products, Inc.
5808 Churchman
Beech Grove, Indiana 46107
(317) 788-9351

Wavetek Electronics GmbH
Hans-Pinsel-Strasse 9-10
8013 Haar bei Munchen Federal Republic of Germany

Wavetek Microwave, Inc.
488 Tasman Drive
Sunnyvale, California 94086

Wavetek San Diego, Inc.
9145 Balboa Avenue
San Diego, California 92123

Acquisitions:

Datron International plc
Hurricane Way
Norwich NR6 6JB, England
Designs, develops and manufactures premium digital multimeters, calibrators, waveform analyzers and pulse generators.

Transfer Agent(s):

California First Bank
P.O. Box 2529
8155 Mercury Court
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WVTK (NASDAQ)

Number of Employees:

1987	1,248	1984	1,232
1986	1,082	1983	1,581
1985	1,047		

Plant Footage:

1987	N.A.	1984	459,000
1986	N.A.	1983	464,000
1985	438,000 sq. ft.		

N.A. -- Not Available.

Sales & Earnings

	Net Sales #	Net Income†
1987*	$ 82,536,000	$ 3,850,000
1986	73,824,000	3,081,000
1985	75,409,000	(14,316,000)
1984	81,478,000	1,394,000
1983	84,004,000	4,687,000

	No. of Com. Shares‡	Earn. per Share‡
1987*	9,193,000	$ 0.42
1986	9,120,000	0.34
1985	9,074,000	—
1984	9,078,000	0.15
1983	7,814,000	0.60

(Loss)
Of continuing operations only. Includes other income.
* 53 weeks.
† Including extraordinary gain of $824,000 ($0.09 per share) in 1987.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 68,442,000	$ 7.45
1986	64,163,000	7.04
1985	60,478,000	6.66
1984	75,006,000	8.26
1983	73,358,000	9.39

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended Sept. 30	1987 (53 wks.)	1986
Net sales	$ 82,536,000	$ 73,824,000
Cost of sales	39,521,000	33,279,000
Expenses	38,752,000	37,410,000
Interest expense	381,000	347,000
Interest income	(1,861,000)	(1,704,000)
Income bef. taxes	$ 5,743,000	$ 4,492,000
Income taxes	2,717,000	1,411,000
Net income	$ 3,026,000	$ 3,081,000
Extraord. gain	824,000	—
Net income & extraord. gain	$ 3,850,000	$ 3,081,000

* Included in Costs and Expenses, Depreciation and Amortization: $3,817,000 in 1987 and $3,455,000 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 1,102,000	$ 984,000
Short-term invest.	6,633,000	15,152,000
Receiv., net	20,283,000	16,527,000
Income taxes refundable	156,000	188,000
*Inventories	25,194,000	22,613,000
Other assets	793,000	412,000
Current Assets	$ 54,161,000	$ 55,876,000
#Fixed assets	23,823,000	21,092,000
Long-term receiv.	1,119,000	2,516,000
Goodwill	13,134,000	—
Other assets	95,000	87,000
Total Assets	$ 92,332,000	$ 79,571,000

Liabilities

Notes payable	$ 447,000	$ —
Long-term debt, curr.	833,000	67,000
Accts. payable	4,735,000	3,355,000
Accruals	1,517,000	1,146,000
Accrued payroll	3,541,000	2,724,000
Other liab.	3,387,000	2,302,000
Income taxes	984,000	570,000
Accrued restruc. costs	2,072,000	—
Curr. Liabilities	$ 17,516,000	$ 10,164,000
Long-term debt	2,883,000	2,832,000
Deferred inc. taxes	3,491,000	2,412,000
+Common stock	9,169,000	9,106,000
Add. paid-in capital	43,215,000	42,872,000
Retained earnings	16,163,000	12,342,000
Cum. trans. adj.	(105,000)	(157,000)
Total Liabilities & Shareholders' Equity	$ 92,332,000	$ 79,571,000

* At cost (FIFO) not in excess of market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.96	6.08
%Net Income to Sales	3.67	4.17
%Net Income to Equity	4.42	4.80
Sales to Inventories	3.28	3.26
Debt to Equity	0.06	0.05
Working Capital	$ 36,645,000	$ 45,712,000
Current Ratio	3.09	5.50
Shareholders' Equity	$ 68,442,000	$ 64,163,000

WEIGH-TRONIX, Inc.

(51% owned by Staveley Inc., a subsidiary of Staveley Industries plc)

1000 Armstrong Drive
Fairmont, Minnesota 56031
(507) 238-4461

Mailing address:
P.O. Box 928
Fairmont, Minnesota 56031

Officers: Herbert H. Davis, Jr., chairman of the board; Richard S. Bradley, president & chief executive officer; Ronald W. Sykes, sr. v.p.; Roderick D. Armitage, secretary; Gary W. Leopold, treasurer; Emery J. Lee, asst. secretary.

Directors: Richard S. Bradley, Herbert H. Davis, Jr., James L. Koley, Arthur W. Schwalm, Angelo Agliardo, Roderick D. Armitage, Richard E. Brown, John R. Hampton, Brian H. Kent, Ronald W. Sykes.

Areas of Work: Engaged in the manufacture of electronic weighing systems for farm, industry and retail sales.

Subsidiaries:

W-T International, Inc. (DISC)

National Controls, Inc.
Santa Rosa, California
Designs, manufactures and markets electronic weighing equipment used for material handling, industrial processes, packaging, inventory counting, manufacturing, retail sales, and mailing/shipping operations.

Transfer Agent(s):

First National Bank of Minneapolis
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WGHT (NASDAQ)

Number of Employees:

1986	779	1983	200
1985	200	1982	238
1984	222		

Plant Footage:

1986	346,400 sq. ft.	1983	141,000
1985	141,000	1982	141,000
1984	141,100		

Sales & Earnings

	Net Sales	Net Income
1986	$ 16,504,858	1,409,867
1985	14,963,526	1,020,096
1984	16,332,286	1,407,787
1983	13,724,444	1,003,824
1982	13,451,061	743,986

	No. of Com. Shares	Earn. per Share
1986	2,539,058	$ 0.72
1985	1,953,279	0.52
1984	1,952,932	0.72
1983	1,952,932	0.51
1982	1,952,932	0.38

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 16,155,268	$ 6.36
1985	9,968,683	5.10
1984	9,403,033	4.81
1983	8,581,131	4.39
1982	8,163,190	4.18

Income Account *

Year ended Dec. 31	1986	1985
Net sales	$ 16,504,858	$ 14,963,526
Cost of sales	9,754,791	8,976,848
Expenses	4,250,408	4,253,796
Interest income	(163,306)	(162,938)
Interest expense	138,333	140,710
Other expense (income)	(80,235)	1,820
Income before taxes	$ 2,604,867	$ 1,793,290
Income taxes	1,195,000	733,194
Income taxes	$ 1,409,867	$ 1,020,096

* Included in Costs and Expenses, Depreciation and Amortization: $830,496 in 1986 and $749,357 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & cert. of deposit	$ 1,268,656	$ 1,515,445
Accts. receiv., net	7,185,349	2,371,640
Other receiv.	156,866	33,788
Refund. inc. taxes	—	435,870
*Inventories	15,618,032	3,565,969
Prepaid expenses	470,223	222,396
Def. inc. tax benefits	112,603	109,603
Current Assets	$ 24,811,729	$ 8,254,711
#Fixed assets	12,848,835	4,822,304
Royalty rights	511,141	596,193
Intangibles	2,171,671	—
Other assets	114,367	49,102
Total Assets	$ 40,457,743	$ 13,722,310

Liabilities

Notes payable	$ 4,553,904	—
Accts. payable	1,831,785	121,477
Long-term debt, curr.	891,981	111,562
Accrued payroll	987,434	312,095
Accrued interest	344,585	45,997
Accrued inc. taxes	82,507	165,540
Accrued costs of consol. oper.	5,095,523	—
Other accruals	1,221,222	354,303
Curr. Liabilities	$ 15,008,941	$ 1,110,974
Long-term debt	8,274,796	1,994,375
Deferred inc. taxes	891,278	648,278
Deferred income	127,660	—
+Common stock	1,286,054	987,285
Add. paid-in capital	5,934,648	566,596
Retained earnings	9,282,224	8,648,930
Treasury-stock	(347,458)	(234,108)
Total Liabilities & Shareholders' Equity	$ 40,457,743	$ 13,722,310

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	15.78	11.72
%Net Income to Sales	8.54	6.82
%Net Income to Equity	8.73	10.23
Sales to Inventories	1.06	4.20
Debt to Equity	0.85	0.21
Working Capital	$ 9,802,788	$ 7,143,737
Current Ratio	1.65	7.43
Shareholders' Equity	$ 16,155,268	$ 9,968,683

Weldotron Corporation

1532 South Washington Avenue
Piscataway, New Jersey 08854-3816
(201) 752-6700
(212) 227-6663

Officers: Martin Siegel, president; Seymour G. Siegel, v.p.-finance, secretary and treasurer; Albert W. Sanders, v.p. & controller.

Directors: Martin Siegel, chairman; Seymour G. Siegel, Thomas E. Constance, Isidore Siegel, Robert P. Gibbons, Albert H. Cohen.

Areas of Work: Develops and manufactures industrial packaging systems, including a line of packaging machinery and unit load handling systems for industrial applications; food packaging systems, electronic systems using infra-red light and radio frequency sensing fields for safety of automation; controls for monitoring high-speed machinery; audio/visual, video and microcomputer equipment for schools, industry and institutions.

Divisions and Subsidiaries:

Industrial Packaging Systems
1532 S. Washington Avenue
Piscataway, New Jersey 08854

Food Packaging Systems
1532 S. Washington Avenue
Piscataway, New Jersey 08854

Communications & Controls
Piscataway, New Jersey

Vision System Technologies
Valiant, IMC

Omnipack Machinery Corp.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): American

Ticker Symbol: WLD

Number of Employees:

1987	361	1984	N.A.
1986	N.A.	1983	350
1985	409		

N.A. - Not Available.

Plant Footage:

1987	226,000 sq. ft.	1984	265,000
1986	265,000	1983	265,000
1985	265,000		

Sales & Earnings

	Net Sales	# Net Income†
1988	$ 37,450,550	$ (655,644)
1987*	25,111,983	(1,516,144)
1986	34,091,197	642,513
1985	33,571,831	1,696,400
1984	30,701,692	1,461,600

	No. of Com. Shares‡	Earn. per Share‡†
1988	1,826,721	$ —
1987*	1,822,733	—
1986	1,821,933	0.35
1985	1,819,396	0.93
1984	1,690,404	0.86

* 10 months.
† Including extraordinary gains of $142,000 ($0.08 per share) in 1986 and $37,000 ($0.02 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share†
1988	$ 15,557,074	$ 8.52
1987	15,881,417	8.71
1986	17,676,839	9.70
1985	16,968,245	9.33
1984	15,282,691	9.04

† Based on the weighted average number of shares outstanding.

Income Account

Year ended	2/29/88	2/28/87 (10 months)
Net sales	$ 37,450,550	$ 25,111,983
Other income	542,547	300,224
Eq. in inc. of subsid.	58,679	167,100
Total income	$ 38,051,776	$ 25,579,307
Cost of sales	27,145,773	18,550,247
Expenses	10,346,767	9,131,833
Depreciation & amortization	764,451	599,882
Interest expense	648,388	533,953
Minority interest	4,041	(49,464)
Loss on securities	485,000	—
Loss before taxes	$ (1,342,644)	$ (3,187,144)
Tax credit	(687,000)	(1,671,000)
Net Loss	$ (655,644)	$ (1,516,144)

Assets

As of	2/29/88	2/28/87
Cash	$ 869,873	$ 709,272
Short-term investments	2,118,775	—
Accts. & notes receiv., net	8,454,519	6,511,368
*Inventories	14,040,158	15,467,297
Prepaid expenses	326,874	959,738
Other curr. assets	691,441	583,975
Prepaid inc. taxes	537,712	129,115
Current Assets	$ 27,039,352	$ 24,360,765
Marketable securities	—	2,590,375
#Fixed assets	3,021,397	3,171,321
Invest. in subsid.	704,211	645,532
Other assets	536,979	484,726
Total Assets	$ 31,301,939	$ 31,252,719

Liabilities

Short-term borrowings	$ 2,839,004	$ 2,658,802
Accts. payable	4,278,223	2,982,560
Accrued payroll	1,059,261	720,532
Cust. deposits	693,768	1,202,744
Other curr. liabilities	1,088,968	1,138,273
Deferred inc. taxes	487,490	719,303
Long-term debt, curr.	830,743	648,507
Curr. Liabilties	$ 11,277,457	$ 10,070,721
Long-term debt	3,926,557	4,767,527
Deferred inc. taxes	211,853	281,131
Deferred compensation	293,000	209,000
Minority interest	35,998	42,923
+Common stock	94,136	93,764
Add. paid-in capital	8,714,912	8,686,836
Retained earnings	6,819,677	7,475,321
For. curr. trans. adjust.	51,706	79,628
Treasury stock	(123,357)	(123,357)
Loss on marketable securities	—	(330,775)
Total Liabilities & Shareholders' Equity	$ 31,301,939	$ 31,252,719

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

Sales to Inventories	2.67	1.62
Debt to Equity	0.49	0.51
Working Capital	$ 15,761,895	$ 14,290,044
Current Ratio	2.40	2.42
Shareholders' Equity	$ 15,557,074	$ 15,881,417

Wells-Gardner Electronics Corporation

2701 North Kildare Avenue
Chicago, Illinois 60639
(312) 252-8220

Officers: Albert S. Wells, Jr., president & chief executive and operating officer; Allan Gardner, v.p. & asst. to president; Thomas Miller, v.p.-engineering; Joseph A. Reilly, chief financial officer & treasurer; Robert Metze, director-materials; Richard Conquest, controller & asst. secretary; Randall S. Wells, v.p. & gen. mgr.-production; Lawrence J. Brady, v.p. & sales mgr..

Directors: T.S. Corwin, Allan Gardner, Frank S. Righeimer, Jr., Albert S. Wells, Jr., James J. Roberts, Jr., William K. Moloney, .

Areas of Work: Engaged in the manufacture and assembly of video monitors, data display monitors, switching power supplies and optical touch screens.

Divisions:

Data Display Division
Produces videomonitors.

Video Games Division
Supplies monochrome and color raster and vector monitors to coin-operated video game industry.

Acquisition:

Energetic Systems, Inc.
Designs, manufactures and markets 100kHz switching power supplies.

Transfer Agent(s):

Harris Bank
111 West Monroe Street
Chicago, Illinois 60690

Stock Exchange(s): American

Ticker Symbol: WGA

Number of Employees:

1987	270	1984	335
1986	270	1983	400
1985	285		

Plant Footage:

1987	270,000 sq. ft.	1984	196,000
1986	270,000	1983	296,000
1985	270,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 29,304,000	$ 796,000
1986	20,219,000	(190,000)
1985	18,504,000	(342,000)
1984	17,803,000	(2,156,000)
1983	28,136,000	115,000

	No. of Com. Shares‡	Earn. per Share‡
1987	3,705,748	$ 0.21
1986	3,599,328	—
1985	3,596,809	—
1984	3,594,240	—
1983	3,586,654	0.03

(Loss)
‡ Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1987	1986
Monitors	$ 27,169,889	$ 18,362,092
TV receivers	1,509,471	1,857,034
Power supplies	565,737	—
Touch panel	79,016	—
Total	$ 29,304,113	$ 20,219,126

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	0.3125	—	—

Common Stock Equity

	Total Equity	Equity Per Share†
1987	$ 13,667,619	$ 3.69
1986	12,373,657	3.44
1985	12,564,012	3.49
1984	12,900,473	3.59
1983	15,056,798	4.20

† Based on the weighted average number of common shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 29,304,113	$ 20,219,126
Cost of sales	25,462,233	18,533,641
Expenses	3,666,985	2,491,863
Other income	(799,929)	(443,832)
Income (loss) bef. taxes	$ 934,824	$ (362,546)
Income taxes (credit)	138,919	(172,191)
Net Loss	$ 795,905	$ (190,355)

(Loss)
* Included in Costs and Expenses, Depreciation: $377,653 in 1987 and $339,554 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 144,547	$ 157,267
Refund inc. taxes	6,534	—
Accts. receiv., net	3,105,634	2,924,818
Short-term invest.	4,463,891	6,013,091
*Inventories	7,130,938	4,366,265
Prepaid expenses	194,411	358,226
Current Assets	$ 15,043,945	$ 13,820,467
Long-term bond	25,000	—
Investments	132,345	30,180
#Fixed assets	2,038,129	1,645,942
Total Assets	$ 17,239,619	$ 15,496,589

Liabilities

Accts. payable	$ 1,681,390	$ 1,684,306
Accruals	1,145,110	792,357
Income taxes payable	467,864	352,032
Curr. Liabilities	$ 3,294,364	$ 2,828,695
Deferred inc. taxes	277,436	294,237
+ Common stock	3,740,820	3,591,010
Add. paid-in capital	488,910	—
Retained earnings	9,578,552	8,782,647
Unearned comp.	(140,663)	—
Total Liabilities & Shareholders' Equity	$ 17,239,619	$ 15,496,589

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.19	—
%Net Income to Sales	2.72	—
%Net Income to Equity	5.82	—
Sales to Inventories	4.11	4.63
Working Capital	$ 11,749,581	$ 10,991,772
Current Ratio	4.57	4.89
Shareholders' Equity	$ 13,667,619	$ 12,373,657

Western Digital Corporation

2445 McCabe Way
Irvine, California 92714
(714) 863-0102

Officers: Robert W. Johnson, chairman of the board, president & chief executive officer; Joseph Bais, vice-chairman & secretary; Edward L. Marinaro, exec. v.p. & chief operating officer; A.J. Moyer, v.p.-finance & chief financial officer; Chester A. Brown, v.p. & gen. mgr.-Communications & Subsystems Business Unit; Robert L. Erickson, v.p.-law & administration; Alan J. Mattal, sr. v.p.-North American & major accounts sales; Kathryn A. Braun, v.p. & gen. mgr.-Storage Products Business Unit; Bob L. Corey, controller & chief accounting officer; C. William Frank, v.p. & gen. mgr.-Strategic Products Business Unit; John R. MacKay, v.p.-plant operations; John J. Petersen, v.p.-quality & technology; Joseph P. Pieso, v.p. & managing dir.-international sales; Robert N. Stephens, v.p.-human resources & development.

Directors: Robert W. Johnson, chairman of the board; Joseph Bais, Donn B. Tatum, William C. May, Ryal R. Poppa, Robert C. Wilson, I.M. Booth, Andre R. Horn, Irwin Federman.

Areas of Work: Engaged in the design, development, manufacture and sale of certain types of semiconductor and board products. Utilizing silicon gate CMOS technology, develops a broad line of products and services which include over 100 semiconductor components and board level systems for use in the telecommunications, computer and industrial control markets.

Divisions:

Strategic Products Business Unit
Addresses the digital communications market with proprietary products for interface logic, protocol control, and secure communications.

Storage Products Business Unit
Manufactures file management devices for floppy, tape and hard discs.

Communications & Subsystems Business Unit
Manufactures after-market retail products.

Subsidiaries:

Western Digital (Malaysia) SDN BHD
Kuala Lumpur, Malaysia
Assembles semiconductor devices.

Western Digital Ireland Ltd.
Dublin Hill, Cork, Ireland
Manufactures boards.

Western Digital Caribe, Inc.
Ponce/Mercedit, Puerto Rico
Manufactures boards.

Adaptive Data Systems, Inc.
Irvine, California
Manufactures a series of products in the high-performance small computer interface market.

Acquisitions:

Paradise Systems, Inc.
Brisbane, California
Designs and markets video controller boards and related integrated circuit devices.

ViaNetix, Inc.
Boulder, Colorado
Develops local area network system software.

Faraday Electronics, Inc.
Sunnyvale, California
Manufactures highly integrated chip sets that support the core logic functions of the microcomputer.

Transfer Agent(s):

First Interstate Bank of California
707 Wilshire Boulevard
Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: WDC

Number of Employees:

1987	3,338	1984	2,112
1986	2,468	1983	1,326
1985	2,614		

Plant Footage:

1987	524,000 sq. ft.	1985	354,800
1986	621,000		

Western Digital Corporation

Sales & Earnings

	Revenues +	Net Income†
1987	$ 462,462,000	$ 48,184,000
1986	300,300,000	23,157,000
1985	199,162,000	(4,170,000)
1984	118,204,000	6,088,000
1983	50,958,000	434,000

	No. of Com. Shares	Earn. per Share‡†
1987	25,801,140	$ 2.00
1986	21,937,713	1.03
1985	21,390,054	—
1984	17,081,108	0.35
1983	N.A.	0.02

(Loss)
N.A. - Not Available
x Restated to include operations of Paradise Systems, Inc., acquired on a pooling of interests basis.
+ Of continuing operations only.
† Including extraordinary gains of $5,402,000 ($0.22 per share) in 1987, $1,612,000 ($0.07 per share) in 1986 and $200,000 ($0.01 per share) in 1985.
‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 201,860,000	$ 7.82
1986	99,816,000	4.55
1985	72,920,000	3.41
1984	43,613,000	2.54
1983	27,304,000	—

x Restated.

Income Account *

Year ended June 30	1987	1986‡
Revenues	$ 462,462	$ 300,300
Cost of sales	292,310	189,588
Expenses	111,886	76,321
Interest expense	736	4,751
Income before taxes	$ 57,530	$ 29,640
Income taxes	14,748	8,095
Net Income	$ 42,782	$ 21,545
Extraord. gain	5,402	1,612
Net Income & extraord. gain	$ 48,184	$ 23,157

* Included in Costs and Expenses, Depreciation and Amortization: $18,042,000 in 1987 and $13,392,000 in 1986.
‡ Restated.

Assets
(000's)

As of June 30	1987	1986‡
Cash & cash equiv.	62,138	44,336
Acct. rec., net	79,909	61,797
*Inventories	73,759	48,787
Prepaid expenses	1,571	2,521
Current Assets	$ 217,377	$ 157,441
#Fixed assets	74,482	51,343
Other assets	15,903	6,911
Total Assets	$ 307,762	$ 215,695

Liabilities
(000's)

Short-term borrowings	$ 1,006	$ 1,151
Oblig. under cap. leases, curr.	7,407	4,776
Accounts payable	45,671	27,389
Accruals	19,881	11,669
Income taxes	3,553	2,976
Current Liabilities	$ 77,518	$ 47,961
Long-term debt	7,624	52,857
Cap. lease oblig.	17,110	12,613
Deferred inc. taxes	3,690	2,448
+Common stock	2,580	2,194
Add. paid-in capital	135,434	82,181
Ret. earnings	65,950	18,316
Notes receiv. from stock trust	(2,104)	(2,875)
Total Liabilities & Shareholders' Equity	$ 307,762	$ 215,695

‡ Restated.
* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 per value.

Statistical Summary

%Income bef. taxes to Sales	12.44	9.87
%Net Income to Sales	9.25	7.17
%Net Income to Equity	21.19	21.58
Sales to Inventories	6.27	6.16
Debt to Equity	0.16	0.72
Working Capital	$ 139,859,000	$ 109,480,000
Current Ratio	2.80	3.28
Shareholders' Equity	$ 201,860,000	$ 99,816,000

Western Microwave Laboratories, Inc.

1271 Reamwood Avenue
Sunnyvale, California 94089
(408) 734-1631

Officers: Ken Schoniger, chairman, president & chief executive officer; James B. Greer, treasurer, controller & secretary; Ferenc A. Marki, v.p.-microwave signal processing division; Fred P. Oliveri, v.p.-passive microwave technology division.

Directors: Ken Schoniger, chairman; H. E. Rumsey, J. K. Leidecker, W. H. Kuntz, Ronald O. Huch, Julian S. Lake.

Areas of Work: Develops and manufactures microwave ferrite components (isolators and circulators) and microwave integrated components (RF front end assemblies, mixers, isolator couplers and image reject mixers) for commercial and military applications.

Divisions:

Microwave Signal Processing Division
Passive Microwave Technology Division

Transfer Agent(s):

Bank of America
Corporate Agency Service Center
San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WMIC (NASDAQ)

Sales & Earnings

	Net Sales #	Net Income‡
1987	$ 12,910,761	$ (214,893)
1986	14,393,057	338,215
1985	13,848,864	808,138
1984	7,945,972	346,683
1983	5,377,663	232,217

	No. of Com. Shares	Earn. per Share‡
1987	1,530,947	$ —
1986	1,526,239	0.21
1985	1,477,145	0.53
1984	1,448,882	0.17
1983	1,421,532	0.20

(Loss)
Of continuing operations only.
‡ Including extraordinary gains of $18,600 ($0.01 per share) in 1985, and $54,162 ($0.05 per share) in 1983.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 5,710,688	$ 3.73
1986	5,943,295	3.89
1985	5,478,070	3.71
1984	4,601,672	3.18
1983	4,316,758	3.04

Income Account *

Year ended Sept. 30	1987	1986
Net sales	$ 12,910,761	$ 14,393,057
Cost of sales	9,809,931	10,539,726
Expenses	3,405,511	3,346,755
Other income	(91,968)	(153,752)
Interest expense	158,177	176,913
Income (loss) bef. taxes	$ (370,890)	$ 483,415
Income taxes (credit)	(155,997)	145,200
Net Income (Loss)	$ (241,893)	$ 338,215

* Included in Costs and Expenses, Depreciation and Amortization: $794,914 in 1987 and $867,047 in 1986.

Assets

As of Sept. 30	1987	1986
Cash	$ 114,391	$ 707,989
Cert. of deposit	1,199,000	1,200,000
Accts. receiv., net	3,365,426	2,540,777
Income tax receivable	175,000	186,000
*Inventories	2,304,744	2,221,877
Prepaid expenses	67,541	69,701
Deferred taxes	123,500	119,500
Current Assets	$ 7,349,602	$ 7,025,844
#Fixed assets	1,187,439	1,742,367
Other assets	131,902	177,540
Total Assets	$ 8,668,943	$ 8,945,751

Liabilities

Notes payable	$ 215,840	$ 215,840
Accts. payable	801,327	751,352
Accruals	582,128	731,504
Curr. Liabilities	$ 1,599,295	$ 1,698,696
Note payable	1,358,960	1,303,760
+ Common stock	153,094	152,623
Add. paid-in capital	4,332,193	4,350,378
Ret. earnings	1,298,401	1,513,294
Receiv. from stockholders	(73,000)	(73,000)
Total Liabilities & Shareholders' Equity	$ 8,668,943	$ 8,945,751

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 per value.

Statistical Summary

% Income bef. Taxes to Sales	—	3.36
% Net Income to Sales	—	2.35
% Net Income to Equity	—	5.69
Sales to Inventories	5.60	6.48
Debt to Equity	0.28	0.26
Working Capital	$ 5,750,307	$ 5,327,148
Current Ratio	4.60	4.14
Shareholders' Equity	$ 5,710,688	$ 5,943,295

Westinghouse Electric Corporation

Westinghouse Building
Gateway Center
Pittsburgh, Pennsylvania 15222
(412) 244-2000

Officers: John C. Marous, chairman & chief executive officer; Paul E. Lego, president & chief operating officer; Gary M. Clark, executive v.p.-industries; William A. Cosin, executive v.p.-technology, quality & operations services; Roy V. Gavert, Jr., executive v.p.-marketing services; Richard A. Linder, executive v.p.-defense electronics; John R. McCluster, executive v.p.-chairman-Westinghouse Financial Services; Harry F. Murray, executive v.p.-finance; Robert F. Pugliese, executive v.p.-legal & corporate affairs; Maurice C. Sardi, executive v.p.-commercial; Burton B. Stanley, executive v.p.-chairman-Westinghouse Broadcasting; Theodore Stern, executive v.p.-energy & utility systems; John B. Yasinsky, executive v.p.-international; Joseph W. Baker, v.p.-utility delivery systems; Isaac R. Barpal, v.p.-research & development; David J. Banks, president-Westinghouse Elevator Company; Charles E. Bell, Jr., v.p.-central region; Robert V. Billings, v.p.-pension investments & investor relations; Edward G. Bittner, v.p.-materials divisions; Burton S. Brodkin, president-Westinghouse Beverage Group; Thomas P. Costello, president-Thermo King Corporation; John H. Courcoulas, v.p.-Europe, Africa & Middle East; George C. Dorman, v.p.-human resources; Robert E. Faust, v.p.-controller; John H. Fooks, v.p.-corporate productivity & quality; H. Joe Frazier, president-Westinghouse Communities, Inc.; August W. Frisch, v.p.-general tax counsel; Warren H. Hollinshead, v.p.-corporate development; William M. Jacobi, president-Westinghouse Hanford Company; Carl R. Johnson, v.p.-Southeastern region; Margaret M. Kennedy, administrative asst. to the chairman; Donald C. Korb, treasurer; David L. Litton, v.p.-Midwestern region; Alan J. Mellinger, v.p.-purchases, traffic & real estate; James S. Moore, v.p.-power systems; Bruce W. Morrison, v.p.-Atlantic region; Hercules Pezinos, v.p.-New York Metropolitan region; Samuel R. Pitts, v.p.-environmental affairs; Edward B. Priestner, president-Westinghouse Canada, Inc.; Richard J. Slember, v.p.-nuclear fuel; William T. Taylor, president-Westinghouse Electric Supply Company; A. Richard Whittemore, v.p.-Western region; F. Leo Wright, v.p.-governmental affairs; J. Stanley Wylde, v.p.-Southwestern region.

Directors: John C. Marous, chairman; Donald F. Hornig, Richard R. Pivirotto, David T. McLaughlin, Hays T. Watkins, Barbara H. Franklin, Robert W. Campbell, Rene C. McPherson, John B. Carter, Richard M. Morrow.

Areas of Work: The principal business activity of Westinghouse is the manufacture and sale of equipment for the generation, transmission, utilization and control of electricity. Included among the products of the Corporation are electrical and mechanical equipment required by power companies, railroads, city transit systems and industrial plants, propulsion and electrical equipment for the United States Navy and the marine industry, electrical and electronic systems, instrumentation and other equipment for the aerospace industry.

Westinghouse develops, designs and furnishes nuclear power plants, equipment and fuel for the generation of electricity.

Some Westinghouse products, such as motors and control devices, are used by other manufacturers as components for their products. The Corporation is an important manufacturer of military products for the United States Government.

Westinghouse supplies products to the construction industry and engages in conventional construction activities. It also is engaged in land development and sales.

Westinghouse Broadcasting Company owns and operates 13 radio stations, five television stations and a production company that produces syndicated television programs.

Westinghouse Learning Corporation offers various educational services and materials to schools; sells language instruction courses.

In leisure activities, Westinghouse subsidiaries bottle and distribute various soft drink brands; manufacture, assemble and sell wrist watches and other timepieces under the Longines-Wittnauer, LeCoultre and Jubilee trade names.

Westinghouse Credit Corporation engages in the extension of credit in transactions secured by real or personal property and in leasing transactions including leveraged leasing.

Westinghouse is engaged in the distribution outside the United States of electrical and other products, primarily those manufactured by Westinghouse. Such distribution is accomplished through a wholly owned subsidiary and through company representatives and independent distributors. The corporation also has a number of subsidiaries outside the United States, the majority of which are engaged in the manufacture and sale of electrical generation, transmission, utilization and control equipment, and consumer products.

Electronics & Related Divisions & Subsidiaries

Advanced Reactors Division
Waltz Mill, Pennsylvania
Development of advanced designs and concepts of commercial atomic power, including breeder reactors. Comprehensive services in chemical analyses and postirradiation analyses and examination of nuclear fuel and reactor components.

Aerospace and Electronic Systems/Systems Development Div.
Baltimore, Maryland
Producer of airborne and surface-based radars, communications, command and control, and related electronic systems. Aerospace activities include development and production of sophisticated avionics systems. These include advanced airborne ECM systems, weapon delivery systems, electro-optical systems for reconnaissance and remote sensing, and airborne surveillance radar for airborne early warning and control. Surface-based activities include tactical and shipboard radars, range instrumentation systems, strategic defense systems, and air traffic control systems. Military command and control systems, tactical and strategic communications, displays and computer systems.

Aerospace Electrical Division
Lima, Ohio
Electric power systems, generators, motors, control apparatus, power conditioning and conversion equipment, and support equipment for military and commercial aircraft, missiles, spacecraft, undersea and ground vehicles.

Astronuclear Laboratory
Large, Pennsylvania
Nuclear, power-reactor and isotope for space, terrestrial, undersea, and other advanced applications; high temperature materials development, and testing and application, thermo-electric environmental control systems, Silicon Carbide devices, non-destructive test equipment, high temperature thermocouples.

Bryant Division
Bridgeport, Connecticut
Wiring devices; switches, receptables, wall plates, plugs, connectors, lampholders and starters; outdoor fixtures for reflector backed lamps and photo electric controls; circuit breakers and load centers; ground fault protectors and multimetering; electric heating; baseboard, ceiling cable, unit heaters, duct heaters, strip heaters, wall heaters.

Computer and Instrumentation and Industry Systems Divisions
Pittsburgh, Pennsylvania
Complete digital, analog and combined process control systems and related services for application in the following areas: Automotive, Adaptive Control; Batch Blending; By-Products; Chemical; Cement; Communications; Data Acquisition, Collection and Processing; Dispatching and Distribution; Display; Electronic Component Testing; Environmental Measurements; Fluid Flow, Pressure, Temperature and Level; Gas Distribution; Glass; Heating and Air Conditioning; Machine Tool-Direct Numerical; Marine; Metallurgical; Mining; Ore Processing; Oxygen Monitoring and Control; Petrochemical; pH and Conductivity; Plastics, Pollution; Power Generation, Transmission and Distribution; Process Industries; Pulp and Paper; Refineries; Rubber, Security; Scientific; Security and Environmental; Steel; Supervisory; Systems Field Engineering; Customer Training; Traffic; Warehousing and Inventory; Water and Waste Treatment.

Control Products Division
Beaver, Pennsylvania
Control for motors; starters, contactors, relays, pushbuttons; safety switches and enclosed breakers. Numalogic Solid State Control.

Distribution Apparatus Division
Bloomington, Indiana
Capacitors; lighting arresters; fuse cutouts; surge protection devices; reclosers; vacuum circuit breakers; air loadbreak switches; oil switches; T-Tap switches, linetraps; potential devices.

Electric Distribution Laboratory
Coral Springs, Florida
Constant testing and evaluation conducted under actual living environmental conditions with variables introduced by the resident population, weather, etc., encompasses 70 homes and apartments in a new city subdivision permitting use of the latest technology in electric power distribution without traditional hindrance from normal constraints such as codes and legal requirements.

Electromechanical Division
Cheswick, Pennsylvania
Main coolant pumps, valves, control rod drive mechanisms, and other specialized apparatus for nuclear reactors; pumps for controlled circulation boilers.

Electronic Systems Support Division
Cockeysville, Maryland
Nuclear Instrumentation and Control Systems-military and commercial; Integrated Logistics Support Systems-technical training operations, supply support, maintenance planning, field integration and services, support equipment, technical data, facility planning; Electronic Protection Systems-for government and industry.

Westinghouse Elevator Company
Millburn, New Jersey
Manufacturing, sales, service, modernization and maintenance of elevators, escalators and walkways.

General Control Division
Buffalo, New York
Motor starters and controllers; special purpose control; control components; pilot devices; transfer switches.

Chicago, Illinois
Control centers and Type W Jr. group control.

Industry Equipment Division
Sykesville, Maryland
Electric arc welders; electronic beam welders; electrodes, accessories; brazing alloys; laser systems; power sources, induction heating equipment, ultrasonic devices for cleaning and processing equipment.

Industrial Systems Division
Buffalo, New York
Design and project management of large electrical drive systems and products for the industrial process and manufacturing systems and all the general industries. Component groupings include adjustable speed drives, crane drives, inverters, rectifiers, programmable controllers, numerical control and automatic material handling systems.

Industry Services Division
Pittsburgh, Pennsylvania

Apparatus Service Divisions
Pittsburgh, Pennsylvania
Sixty apparatus service plants and 75 engineering services locations strategically located domestically to service all industries around the clock. Modern facilities an engineering skills are available to maintain, repair and modernize mechanical and electrical equipment regardless of original manufacture. Also manufacturing and repair and engineering services are available at various locations throughout the world.

Westinghouse Instrument Service Co.
Atlanta, Georgia
Instrumentation and control capabilities include installation, calibration, commissioning, start-up, maintenance, instrumentation repair facilities.

Westinghouse Non-Current Renewal Parts & Special Prods. Plant
Pittsburgh, Pennsylvania
Manufacturer of specialty products including non-current apparatus and parts. Product lines include: A.C. and D.C. motors and gearmotors, transportation motors, industrial control, pushbuttons, knife switches, circuit breakers, pantographs, bolt heaters and carbon brushes.

Marine Division
Sunnyvale, California
Marine propulsion steam turbines and reducting gears; ship's service turbine generator sets; Nuclear components manufacture, electrical, mechanical and shock mitigation components for missile and rocket programs, missile launching and handling equipment, sub-sea oilwell equipment.

Meter Division
Raleigh, North Carolina
Watthour, demand, recording meters, sockets and accessories. Prime equipment for electric utility automated system analysis, planning, billing and environmental monitoring, and range timers.

Power Systems Planning
Advanced Systems Technology
Pittsburgh, Pennsylvania
Provides a large library of digital power system planning and analysis programs available through mail order consulting or via remote terminals. Operates Anacom analogue computer for transient analysis, mobile laboratories for field transient measurements, oscillography lab for field use, electromagnetic compatibility measurements. Contracts research and development services, from feasibility studies to project management and construction, for prototype systems in generation, transmission and distribution.

Relay-Instrument Division
Newark, New Jersey
Electrical measuring instruments of all types; protective relays and relaying systems; relay instrument switchboards; control and data systems.

Research Laboratories
Pittsburgh, Pennsylvania
Basic and applied research in chemistry, physics, mathematics, energy systems, solid state sciences, solid state devices, materials, materials processing, instrumentation, systems, communication, control electronics, power electronics, oceanography, and georesearch. Work done primarily in support of Westinghouse operating divisions, but also conducts contract research for the U.S. Government.

Semiconductor Division
Youngwood, Pennsylvania
Silicon rectifier diodes, silicon controlled rectifiers, silicon power transistors, silicon rectifier and controlled rectifier assemblies.

Specialty Transformer Division
Greenville, Pennsylvania
Cores: specialty transformer, Saturable core inductor, Navy dry type transformers; constant voltage and filtering transformers; load centers 30 kva and below.

Switchgear Division
East Pittsburgh, Pennsylvania
Assembled switchgear; high voltage fuses, network protectors; generator voltage regulators and automatic synchronizers; disconnect switches, substation structures, switchgear components, medium and low voltage air circuit breakers; control switches (type W); switchgear accessories; draw-out load interrupter switchgear.

Transformer Divisions

Large Power Transformer Division
Muncie, Indiana
Power transformers above 30,000 kva: liquid immersed shunt reactors above 10,000 kva, regulating and furnace transformers above 30,000 kva.

Medium Power Transformer Division
Sharon, Pennsylvania
Power transformers 10,001 to 60,000 kva; substation transformers 5,001 to 10,000 kva; grounding and rectifier transformers; dry type distribution transformers; dry type power center transformers 112-1/2 to 2500 kva; regulating and furnace transformers 30,000 kva and below; current and potential transformers; metering units.

Small Power Transformer Division
South Boston, Virginia
Liquid immersed (oil or Inertean) auto transformers, network transformers; pad-mounted transformers; substation transformers and underground transformers 501 to 5,000 kva, and power center (secondary unit substations) 112-1/2 to 2500 kva.

Overhead Distribution Transformer Division
Athens, Georgia
Overhead liquid immersed distribution transformers.

Underground Distribution Transformer Division
Jefferson City, Missouri
Underground distribution transformers and equipment.

Oceanic Division
Annapolis, Maryland
Surveillance; sonar detection; data handling and display; instrumentation; oceanographic systems and equipment; flow meters; life support equipment; underwater systems equipment and associated support items; torpedoes; advanced weapons; mine, weapon and CW countermeasures.

Westinghouse Tele-Computer Systems Corporation
Pittsburgh, Pennsylvania
A wide range of user-oriented problem-solving services involving both manual and computer-based information systems. Computing services, consulting services, data processing services, software services, tele-communications services; warehouse information systems.

Compagnie des Dispositifs Semiconducteurs
Westinghouse S.A.
B.P. 107
Avenue George-Durand
72 Le Mans, France
Assemblies, silicon rectifier and controlled rectifier; battery chargers, battery charging control; bridges, silicon rectifier and controlled rectifier; power supplies, and battery chargers, rectifier assemblies; rectifier diodes, silicon; semiconductors; silicon controlled rectifiers; silicon rectifiers.

Fumbisa Westinghouse de Puerto Rico, Inc.
Luquillo, Puerto Rico
Power fuses.

Industrias, S.A.
Osasco, S.P., Brasil
Circuit breakers; enclosed circuit breakers; power centers; reactors; substations, CSP, transformers, distribution; transformers, power.

Marinsi and Aminelli S.A.
Sao Paulo, Brazil
Disconnect switches; automated circuit breakers; push buttons; minimum oil circuit breakers; power fuses; bus duct; outdoor disconnect switches; switchboard and cubicles.

Semiconductors Westinghouse, Inc.
Guraho, Puerto Rico
Medium and high power thyristors, rectifiers and bridge assemblies.

Servicios Industriales Westinghouse
Una Division de Venwesa
Apartado 542
Zona Industrial
Maracaibo, Venezuela
Room air conditioners; circuit breakers; control centers; group control; motor controls; power, regulating, synchronizing systems; freezers; fuses, power; motors; network protectors; network protector relays; panelboards; power centers; power centers for construction applications; refrigerators, domestic; regulators; relators, feeder voltage; repair service; static exciters; substation structures; substations; switchboards; switches; switchgear, accessories switchgear, assembled; synchronizers, generator; transformers, distribution; power transformers; turbine supervisory instrumentation.

Standard-Weygand, Ltd.
P.O. Box 13 Miowera Road
Willawood, N.S.W., 2163, Australia
Electrical adjustable speed drives, hi-torque assemblies, silicon rectifier and controlled rectifier, bus duct; circuit breakers; control centers, control, crane and defense; control, general mill; control, group; control, machine tool; control, materials handling; control, metal mill; control, numerical; control systems, electrical; drives, adjustable speed, electrical; induction heating equipment; installation supervision, electrical apparatus; instructional services; inverters; staticlarge dc motors; network protectors; network protector relays; numerical control; panelboards; power centers; power supplies, dc and battery chargers; reactors; rectifier assemblies; rectifier equipment, power, regulated systems; regulators, feeder voltage; service, electric (field engineering); substation, CSP; switchboards; switchgear; systems, industrial; transformers, self-contained power, unit substations.

Transformadores Westinghouse, Inc.
P.O. Box 127
Road 30, K.M.6.0.Barrio Rincon
Gurabo 00658 Puerto Rico
Transformers for general purpose applications.

Tubos Electronicos Westinghouse, Inc.
P.O. Box 127
Road 30, M.6.0.Barrio Rincon
Gurabo 00658 Puerto Rico
Electronic tubes.

Tyree Industries, Ltd.
P.O. Box 315
Liverpool, N.S.W. 2170, Australia
Capacitors; line traps; carrier; potential devices, capacitors; reactors; power transformers; distribution transformers; instrument transformers.

Westinghouse Breakers, Inc.
Puerto Rico
Manufacture and assembly of circuit breakers.

Westinghouse Canada Limited
286 Sanford Avenue North
P.O. Box 510
Hamilton, Ontario, Canada
Adjustable speed drives-electrical; adjustable speed drives-mechanical, air cleaning units; air conditioners; central air conditioning; air handling lighting fixtures; air handling units; airport lighting regulators (solid state); lightning arresters; audio tone relaying systems; automatic dispatching control; automatic transfer switches; ballasts, lighting; buses, lightbulb and electron tube; battery charging control; blowers; bus duct; bus, high voltage; capacitors; carrier relaying systems; circuit breakers; circuit breakers, molded case, insulated; circuit breakers, vacuum; commercial lighting; computerized metering systems; computer, digital; conductors, copper and aluminum; contactors, ac and dc; control centers; control components; control components, ac; control components, ac and dc; control, crane and defense; control devices; control, general mill; control, group; control, machine tool; control, materials handling; control, metal mill; control numerical; control, special purpose; control, standard; control systems, electrical; control systems, chemical properties; control systems, electrical; control systems, chemical properties; control systems, combustion, flow and level, pressure and differential pressure, temperature-temperature difference; controls for meters; controls, supervisory and telemetering; cores for transformers; cutouts, fuse; dehumidifiers, residential; direct current HV transmission equipment systems; dishwashers; displays, CRT alphanumeric and graphical (WAND) drives; drum controllers; dry cleaners, commercial dryers electric and gas; duct heaters, gas and electric; Duriet (copperclad); electric stairways; electric space heaters, baseboard heaters; electric walks; electric tubes; electrostatic air filters; Precipitron, elevators, electric geared and gearless, hydraulic; enclosed circuit breakers; energy storage equipment; environmental data systems; fans; filaments, tungsten, fluorescent lamps; food waste disposers; freezers, fuses and fuse links; fuses power; gas turbines, land; gear units; gearmotors; gears, railway; ground fault protectors; heaters, electric; heaters, portable; housewares, electric; blenders, blenders; can openers, coffee makers, knives, food mixers, fry pans, hair stylers, irons, kettles, toasters, cosmetic; hydraulic products; industrial lighting; infra-red heaters, electric; installation supervision, electrical apparatus; instructional services; instrument auxiliary equipment; instruments, analog; integrated circuits; interlocks, inverters, static; lamps; Laundromat automatic washers; lead-in wires, lamp and electronic tube; lighting, outdoor fluorescent, incandescent, mercury vapor, quartz, sodium; lighting fixtures; lighting, interior lighting, specialty interior; lights, indicating control; line tracing electronic systems (Linetrol); line traps, carrier, liquid dielectrics, oil and Interteen; load centers, circuit breaker; mercury lighting; metals; Hi-purity single crystal; motor accessories; watthour, meters, demand; meters, mine-hoists friction treads. Wenceflex; mine-hoists (Select-A-Level); molybdenum-wire, rod, powder; motor starters and controllers; motors, ac integral hp, thru frame 449T; multimetering; network protectors; network protector relays; numerical control; panel instruments; panelboards; phonographs; photo-electric controls, pilot devices; pilot wire relaying systems; portable instruments; potential devices,

Westinghouse de Venezuela, S.A.
Div. Pastalles de Televisica
Apartado 1389
Caracas, Venezuela

H. Maihak AG
West Germany

Transfer Agent(s):

Mellon Bank, N.A.
P.O. Box 444
Pittsburgh, Pennsylvania 15230

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Boston, Philadelphia, Midwest, Pacific

Ticker Symbol: WX

Number of Employees

1987	112,478	1984	126,849
1986	117,267	1983	132,927
1985	124,935		

Sales & Earnings

	Net Sales + ($000's)	Net Income ($000's)
1987	$ 10,679,000	$ 738,900
1986	10,731,000	670,800
1985	10,700,200	605,300
1984	10,264,500	535,900
1983	9,532,600	449,000

	No. of Com. Shares‡	Ears. per Share‡
1987	145,180,270	$ 5.12
1986	152,331,187	4.42
1985	172,488,375	3.52
1984	177,301,873	3.04
1983	176,881,388	2.54

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Energy & advanced tech.	$ 4,578,800	$ 4,727,300
Industrial	3,779,500	3,655,800
Commercial	1,865,400	1,689,000
Broadcasting & cable	600,500	638,800
Diversified units	109,900	110,700
Intersegment sales	(255,100)	(290,600)
Total	$ 10,679,000	$ 10,731,000

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1987	$ 1.64	—	—
1986	1.35	—	—
1985	1.15	—	—
1984	0.975	—	2-for-1
1983	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1987	$ 3,576,600,000	$ 24.64
1986	3,009,600,000	19.76
1985	3,234,700,000	18.75
1984	3,740,800,000	21.10
1983	3,410,300,000	19.28

Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account ($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 10,679,000	$ 10,731,000
Cost of sales	7,820,900	7,771,200
Expenses	1,603,000	1,718,000
Other expense	318,000	371,000
Provision for bus. restructuring	—	(651,300)
Depreciation	—	790,000
Interest expense	126,100	145,900
Eq. in inc. of fin. subsid.	(148,500)	(111,100)
Other income	(112,500)	(103,800)
Income before taxes	$ 1,072,000	$ 801,000
Income taxes	333,400	129,000
Minority interest	(300)	1,200
Net Income	$ 738,900	$ 670,800

Assets ($000's)

As of Dec. 31	1987	1986
Cash & marketable securities	$ 1,434,800	$ 597,500
Accts. receiv., net	1,947,900	1,905,200
Cost in excess of billings	247,000	229,800
*Inventories	1,237,500	1,161,600
Prepaid & other current assets	652,600	741,200
Current Assets	$ 5,519,800	$ 4,635,300
Investments	1,059,100	893,600
#Fixed assets	2,337,000	2,188,700
Other assets	1,037,200	764,200
Total Assets	$ 9,953,100	$ 8,841,800

Liabilities ($000's)

Long-term debt, curr. & short-term loans	$ 1,535,700	$ 596,900
Accts. payable	724,900	646,100
Billings in excess of costs	962,300	1,129,500
Other current liabilities	1,647,600	1,823,900
Curr. Liabilities	$ 4,870,500	$ 4,196,400
Debentures & other debts	830,200	518,200
Minority interest	20,900	23,600
Other liabilities	654,900	734,000
+ Common stock	183,400	183,100
Add. paid-in capital	762,200	745,600
Retained earnings	4,441,600	3,937,300
Treasury stock	(1,780,100)	(1,801,300)
Cum. trans. adjust.	(30,500)	(55,100)
Total Liabilities & Shareholders' Equity	$ 9,953,100	$ (8,441,800)

* At LIFO or current standard costs, which approximate actual or average cost.
# Less accumulated depreciation.
+ $3.125 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.04	7.46
%Net Income to Sales	6.92	6.25
%Net Income to Equity	20.66	27.29
Sales to Inventories	8.63	9.24
Debt to Equity	0.23	0.37
Working Capital	$ 649,300,000	$ 438,900,000
Current Ratio	1.13	1.10
Shareholders' Equity	$ 3,576,600,000	$ 3,009,600,000

Whirlpool Corporation

Benton Harbor, Michigan 49022-2692
(616) 926-5000

Officers: David R. Whitwam, president, chairman of the board & chief executive officer; George E. Wardeberg, vice chairman; Samuel M. Bateman, exec. v.p.; Charles D. Putnam, exec. v.p.; H. W. Bowman, exec. v.p.; James R. Samartin, exec. v.p. & chief financial officer; Stephen E. Upton, sr. v.p.; Lloyd A. Wampach, sr. v.p.; William D. Marohn, v.p.; Lawrence J. Kremer, v.p.; E. R. Dunn, v.p.; Robert I. Frey, v.p.; Glenn E. Holsher, v.p.; Robert E. Bartley, v.p.; Robert J. Collins-Wright, v.p.; Richard F. Robinson, v.p.; August Bregno, v.p.; Stephen P. Holmes, v.p.; Kenneth W. Kaminski, v.p.; Robert W. Paul, v.p.; Bradley J. Bell, treasurer; Robert R. Swender, asst. treasurer; James K. Dean, controller; Daniel F. Hopp, secretary; Allan D. Vingsten, asst. controller.

Directors: David R. Whitwam, chairman; Victor A. Bonomo, Douglas D. Danforth, John H. Platts, Bert E. Phillips, Robert A. Burnett, Philip L. Smith, Jack D. Sparks, Jack B. St. Clair, Kenneth J. Whalen, George E. Wardeberg, Charles D. Peterson, James R. Samartini, Janice D. Stoney.

Areas of Work: Manufactures home and commercial appliances, including microwave ovens, washer, dryers, refrigerators, ice makers, coolers, vacuum cleaners, ovens, dishwashers, dehumidifiers, freezers, air conditioners and trash compactors.

Subsidiaries:

Whirlpool Acceptance Corporation
Benton Harbor, Michigan
A wholly owned finance subsidiary.

Whirlpool Trading Company, Incorporated
Benton Harbor, Michigan

Inglis Limited (majority-owned)
Toronto, Canada
Supplier of major home appliances.

Whirlpool Kitchens, Inc.
Englewood, Colorado
Manufactures kitchen cabinets.

KitchenAid, Inc.
St. Joseph, Michigan
Manufactures major and portable appliances for the high-end user.

Aspera S.r.l. (65%-owned)
Torino, Italy
Manufactures compressors for refrigeration products.

Foreign Affiliates:

Brasmotor, S.A.
Sao Paulo, Brazil

Brastemp, S.A.
Sao Paulo, Brazil

Consul S.A.
Joinville, Brazil

Embraco, S.A.
Joinville, Brazil

Vitromatic, S.A. de C.V.
Monterrey, Mexico

Transfer Agent(s):

Harris Trust and Savings Bank
Stock Transfer Division
111 West Monroe Street
Chicago, Illinois 60690

Harris Trust and Savings Bank
c/o Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Midwest, London

Ticker Symbol: WHR
($000's)
($000's)

Whirlpool Corporation

Number of Employees

1987	30,412	1984	22,004
1986	30,956	1983	22,627
1985	25,524		

Plant Footage

1987	11,321,500 sq. ft.	1984	10,095,000
1986	11,893,400	1983	11,298,000
1985	N.A.		

N.A. - Not Available.

Sales & Earnings

	Net Sales +	Net Income
1987	$4,179,000,000	$ 191,900,000
1986	4,008,700,000	199,700,000
1985	3,474,456,000	182,319,000
1984	3,137,482,000	189,565,000
1983	2,667,682,000	167,038,000

	No. of Com. Shares†	Earn. per Share #
1987	69,200,000	$ 2.68
1986	74,128,000	2.70
1985	73,325,000	2.49
1984	73,234,000	2.59
1983	73,070,000	2.29

+ Of continuing operations only.
† Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues by Line of Business

	1987	1987
Home laundry appliances	$1,429,300,000	$1,353,100,000
Home refrigeration & room air conditioning	1,626,970,000	1,391,300,000
Other household appliances	1,039,500,000	920,500,000
Other products & svcs.	83,700,000	343,800,000
Total	$4,179,000,000	$4,098,700,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 1.10	—	—
1986	1.03	—	2-for-1
1985	1.00	—	—
1984	1.00	—	—
1983	0.93	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$1,303,800,000	$ 18.83
1986	1,349,800,000	18.21
1985	1,206,620,000	16.46
1984	1,096,282,000	14.97
1983	977,648,000	13.38

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1987	1986
Net sales	$ 4,179,000	$ 4,098,700
Cost of sales	3,312,400	3,155,900
Expenses	601,500	557,800
Other income	(14,700)	(14,900)
Interest expense	23,300	17,800
Bus. disposition	—	(12,800)
Income before taxes	$ 256,500	$ 304,900
Income taxes	118,300	139,200
Eq. in earn. of affil. cos.	(42,400)	(34,600)
Minority interests	(500)	600
Cum. effect of accntg. change	(10,800)	—
Net Income	$ 191,900	$ 199,700

* Included in Costs and Expenses, Depreciation and Amortization: $131,100,000 in 1987 and $117,800,000 in 1986.

Assets
(000's)

As of Dec. 31	1987	1986
Cash & short-term invest.	$ 88,000	$ 227,800
Receiv., net	323,400	260,100
Def. inc. taxes	20,900	2,900
*Inventories	624,500	541,900
Prepaid expenses	48,200	55,500
Current Assets	$ 1,105,000	$ 1,088,200
Investments & other assets	532,600	443,200
#Fixed assets	779,900	670,900
Total Assets	$ 2,417,500	$ 2,202,300

	(000's)	
Notes payable	$ 214,700	$ 21,000
Accts. payable	292,400	238,500
Accruals	136,200	129,700
Accrued payroll & other compen.	120,000	115,800
Income taxes	17,000	10,800
Product warranty	21,500	19,200
Long-term debt, curr.	2,300	2,300
Curr. Liabilities	$ 804,100	$ 537,300
Long-term debt	165,500	170,900
Product warranty	13,500	11,900
Deferred inc. taxes	65,800	60,800
Minority interest	64,800	71,600
+ Common stock	74,300	74,100
Add. paid-in capital	7,000	4,700
Retained earnings	1,374,000	1,260,700
For. curr. trans. adjust.	26,100	10,300
Treasury stock	(177,600)	—
Total Liabilities & Shareholders' Equity	$ 2,417,500	$ 2,202,300

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.14	7.61
%Net Income to Sales	4.59	4.98
%Net Income to Equity	14.72	14.79
Sales to Inventories	6.69	7.40
Debt to Equity	0.29	0.14
Working Capital	$ 300,900,000	$ 500,900,000
Current Ratio	1.37	2.03
Shareholders' Equity	$1,303,800,000	$1,349,800,000

Whitehall Corporation

2659 Nova Drive
Dallas, Texas 75229
(214) 247-8747

Mailing address:
P.O.Box 29709
Dallas, Texas 75229

Officers: Lee D. Webster, chairman of the board and president; Carl R. Anderson, v.p. & treasurer; George Siever, Jr., secretary.

Directors: Lee D. Webster, chairman; Robert B. Gilmore, John A. Crichton, J. L. Huffines, Jr., John H. Wilson, III.

Areas of Work: Divided into three groups: Earth Sciences, Aerospace, and Electronic Components. The Earth Sciences Group manufactures and sells underwater sensing systems used for offshore geophysical surveys and naval surveillances. The Aerospace Group rebuilds and modifies aircraft airframes and electronic systems. The Electronic Components Group manufactures and markets frequency controlling quartz crystals.

Divisions and Subsidiaries:

Crystek Crystals Corporation
1000 Crystal Drive
Fort Myers, Florida 33901
(813) 936-2100
Manufacture and distribution of frequency-controlling quartz crystals.

Seismic Engineering Company
2659 Nova Drive
Dallas, Texas 75229
(214) 241-7581
Design and manufacture of marine acoustic sensor systems for commercial geophysical applications.

Rogers Explorations, Inc.
2659 Nova Drive
Dallas, Texas 75229
(214) 247-7072
Land geophysical exploration services.

Hydroscience, Inc.
2659 Nova Drive
Dallas, Texas 75229
(214) 247-9052
Adaptation of commercial system technology to the specific underwater threat detection requirements of the U.S. Navy.

Seismic Explorations International, S.A.
2659 Nova Drive
Dallas, Texas 75229
(214) 241-7581
Marine geophysical exploration services.

Whitehall Export, Inc.
P.O. Box 29709
Dallas, Texas 75229
(214) 247-8747

Aero Corporation
Lake City, Florida 32055
(904) 752-7911
Aircraft maintenance, structural modification, avionics design and installation.

Transfer Agent(s):

FranTEXAS Dallas, N.A.
Dallas, Texas

Stock Exchange(s): New York

Ticker Symbol: WHT

Number of Employees:

1987	588	1984	1,498
1986	1,001	1983	1,392
1985	1,366		

Plant Footage:

1987	846,000 sq. ft.	1984	846,000
1986	846,000	1983	846,000
1985	846,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 33,660,786	$ (3,825,957)
1986	36,930,831	2,197,666
1985	55,720,844	9,313,115
1984	63,277,276	9,381,403
1983	64,537,571	11,478,185

	No. of Com. Shares‡	Earn. per Share‡
1987	3,635,513	$ —
1986	3,670,008	0.60
1985	3,702,893	2.52
1984	3,719,040	2.52
1983	3,760,948	3.05

(Loss)
‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Electronic components	$ 2,281,000	$ 1,682,000
Geophysical equipment & exploration service	17,417,000	8,791,000
Aircraft repair & maintenance	13,963,000	26,458,000
Total	$ 33,661,000	$ 36,931,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 51,172,911	$ 14.08
1986	57,342,598	15.62
1985	55,557,465	15.11
1984	46,935,000	12.66
1983	39,729,000	10.32

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 33,660,786	$ 36,930,831
Other inc.	1,670,350	2,251,787
Total income	$ 35,331,136	$ 39,182,618
Cost of sales	30,067,797	27,961,694
Expenses	5,592,096	8,458,258
Special charges	10,627,200	—
Income (loss) bef. taxes	$ (10,955,957)	$ 2,762,666
Income taxes (credit)	(4,636,000)	565,000
Curr. effect of change in accntg. meth.	(2,494,000)	—
Net Income (Loss)	$ (3,825,957)	$ 2,197,666

* Included in Costs and Expenses, Depreciation and Amortization: $7,610,701 in 1987 and $3,382,526 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 25,931,569	$ 23,686,415
Accts. receiv., net	10,252,750	17,207,342
Recov. inc. taxes	2,360,473	—
*Inventories	14,505,861	11,470,492
Prepaid expenses	1,184,933	2,568,487
Current Assets	$ 54,235,586	$ 54,932,736
#Fixed assets	19,293,645	30,628,687
Total Assets	$ 73,529,231	$ 85,561,423

Liabilities

Accts. payable & accruals	$ 4,483,569	$ 5,194,154
Income taxes	—	357,940
Curr. Liabilities	$ 4,483,569	$ 5,552,094
Deferred inc. taxes	17,872,751	22,666,731
+Common stock	377,376	377,376
Add. paid-in capital	1,053,211	1,053,211
Retained earnings	54,762,358	58,588,315
Treasury stock	(5,020,034)	(2,676,304)
Total Liabilities & Shareholders' Equity	$ 73,529,231	$ 85,561,423

* At average cost not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	7.48
%Net Income to Sales	—	5.95
%Net Income to Equity	—	3.83
Sales to Inventories	2.32	3.22
Working Capital	$ 49,752,017	$ 49,380,642
Current Ratio	12.10	9.89
Shareholders' Equity	$ 51,172,911	$ 57,342,598

Whittaker Corporation

10880 Wilshire Boulevard
Los Angeles, California 90024
(213) 475-9411

Officers: Joseph F. Alibrandi, chairman & chief executive officer; Gregory T. Parkos, president & chief operating officer; Daniel Hofmann, v.p. & chief accounting officer; Alan D. Jacobson, exec. v.p.-administration, chief financial officer & treasurer; Frank C. Buhlman, vice president; John D. Freitag, vice president; Robert W. Murray, vice president; Ronald W. Johnston, vice president; Douglas W. Huemme, vice president; Gordon J. Louttit, vice president; Edward R. Muller, v.p. & secretary.

Directors: Joseph F. Alibrandi*, Sanford Kaplan*, Alan D. Jacobson, J. Dewey Daane, Walter B. Gerken*, Robert Reznick*, Edmund F. Ackell, John C. West, Frank J. Rauscher, Jr., Gregory T. Parkos*.

* Member of the Executive Committee

Areas of Work: Manufactures and distributes products in two principal fields: technology and chemicals. The technology segment includes the production of aircraft fluid controls, radar and digital system simulators, electronic countermeasures equipment, defense-related command, control and communications systems, military troposcatter communications equipment, high-energy density batteries, pyrotechnics, propellants and aluminum engine parts, as well as the manufacture of biomedical products. The chemical segment involves principally the manufacture of industrial coatings, plastics, adhesives, heat-treating compounds and other specialty chemical products.

Divisions and Subsidiaries:

Whittaker M.A. Bioproducts
Building 100
Biggs Ford Road
Walkersville, Maryland 21793
(301) 898-7025
Produces materials and equipment used in the diagnosis of viral diseases, and other areas of biomedical research.

Elsin Corporation
3080 Oakmead Village Drive
Santa Clara, California 95051
(408) 748-9900

Electronic Resources Division
100 East Tujunga Avenue
Burbank, California 91502
(818) 843-5770
High temperature coaxial cables; electronic components and subsystems; mechanical and electronic counters.

Tasker Systems Division
1785 Voyager Avenue
Simi Valley, California 93063
(805) 584-8200
Air traffic control systems; antenna tracking devices; radar simulators; radar tracking devices; tactical radar jammers; electronic components and subsystems.

Yardney Battery Division
82 Mechanic Street
Pawcatuck, Connecticut 06379
(203) 599-1100
High-energy density batteries; high-intensity portable lights; battery chargers and control systems; marine emergency beacons; irrigation system filters.

Whittaker Controls, Inc.
12838 Saticoy Street
North Hollywood, California 91605
(818) 765-8160
Valves, actuators and pumps for aircraft hydraulic, pneumatic and fuel systems; electronic proximity switches.

Command, Control & Communications Corporation
23670 Hawthorne Boulevard
Torrance, California 90505
(213) 373-9651
Produces computerized electronic integrators which link together the various intelligence systems of the military to achieve overall pictures of battlezones.

Winters Industries Division
4125 Mahoning Road, N.E.
Canton, Ohio 44705
(216) 456-4321
Manufactures highly engineered automotive engine components such as 'tuned port' air intake manifolds.

Holex, Inc.
2751 San Juan Road
Hollister, California 95023
(408) 637-5851

Power Sources Division
3850 Olive Street
Denver, Colorado 80207
(303) 388-4836

Water Management Products Division
6666 Box Springs Boulevard
Riverside, California 92507
(714) 656-6716

REL, Inc.
3900 South Congress Avenue
Boynton Beach, Florida 33435
(305) 732-0300
Manufactures radar simulators used in pilot training, and electronic devices used in military aircraft, as well as 'troposcatter' radio systems, which bounce radio signals off the upper atmosphere from one ground station to another, enabling communication over distances and difficult terrain.

Lee Telecommunications Corporation
Farmington, Arkansas 72730
(501) 846-2032
Manufactures products in the command, control, communications and intelligence area of defense electronics.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Securityholder Relations
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: WKR

Number of Employees:

1986	8,600	1983	16,800
1985	8,700	1982	17,300
1984	10,800		

Plant Footage:

1986	2,855,000 sq. ft.	1983	9,000,000
1985	7,000,000	1982	9,000,000
1984	9,000,000		

Whittaker Corporation

Sales & Earnings

	Net Sales +	Net Income
1986	$ 399,144,000	(4,946,000)
1985	308,563,000	19,867,000
1984	259,965,000	43,870,000
1983	221,651,000	37,609,000
1982	228,513,000	58,688,000

	No. of Com. Shares #	Earn. per Share #
1986	12,537,000	$ —
1985	13,780,000	1.40
1984	14,375,000	3.01
1983	14,308,000	2.55
1982	15,411,000	3.77

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues by Line of Business
(000's)

	1986	1985
Technology	$ 246,800	188,200
Chemical	152,300	120,400
Total	$ 399,100	$ 308,600

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ 0.60	—	—
1985	0.60	—	—
1984	1.35	—	—
1983	1.60	—	—
1982	1.60	—	—

Common Stock Equity

	Total Equity‡	Equity Per Share
1986	$ 193,355,700	$ 24.79
1985	377,450,780	28.44
1984	335,601,880	24.88
1983	334,043,620	23.97
1982	323,084,605	23.28

‡ After allowing for preferred stock at redemption values.

Income Account *
(000's)

Year ended Oct. 31	1987	1986
Net sales	$ 399,144	$ 308,563
Cost of sales	288,659	222,034
Expenses	86,476	80,740
Interest expense	11,584	7,069
Other income	(4,827)	(9,454)
Other charges	12,000	4,929
Loss on invest.	—	19,473
Inc. (loss) bef. taxes	$ 8,252	(16,228)
Income taxes (credit)	3,896	(3,798)
Inc. (loss) - cont. oper.	$ 4,356	(12,430)
Inc. (loss) - discont. oper.	(9,302)	32,297
Net Income (Loss)	$ (4,946)	19,867

* Included in Costs and Expenses, Depreciation and Amortization: $14,061,000 in 1986 and $9,278,000 in 1985.

Assets
(000's)

As of Oct. 31	1987	1986
Cash	$ 7,988	$ 21,666
Time deposits	17,582	84,950
Receiv., net	130,606	70,001
Deferred taxes	42,735	38,095
*Inventories	60,327	54,329
Prepaid expenses	1,379	1,499
Assets of discont. oper.	84,221	122,080
Current Assets	$ 344,838	$ 392,620
#Fixed assets	103,347	84,762
Goodwill	33,648	22,424
Intangibles	27,542	11,920
Notes recev.	19,147	20,764
Other assets	21,947	17,722
Assets of discont. oper.	58,116	50,557
Total Assets	$ 608,585	$ 600,769

Liabilities
(000's)

Notes payable	$ 5,000	9
Long-term debt, curr.	151,265	5,540
Accts. payable	61,940	52,451
Accruals	44,285	40,336
Curr. Liabilities	$ 282,490	$ 98,336
Long-term debt	92,102	87,528
Def. inc. taxes	29,325	24,743
+Preferred stock: $1.25 cumulative convertible	—	17
$5.00 cumulative convertible	113	121
+Common stock	15,253	20,708
Add. paid-in capital	73,593	131,189
Retained earnings	107,665	235,652
Cum. trans. adjust.	8,044	2,475
Total Liabilities & Shareholders' Equity	$ 608,585	$ 600,769

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 stated value.

Statistical Summary

%Net Income to Equity	—	5.09
Sales to Inventories	6.62	5.68
Debt to Equity	1.31	0.24
Working Capital	$ 62,348,000	$ 294,284,000
Current Ratio	1.22	3.99
Shareholders' Equity	$ 204,668,000	$ 390,162,000

Wickes Companies, Inc.

3340 Ocean Park Boulevard
P.O. Box 4056
Santa Monica, California 90405
(213) 452-0161

Officers: Sanford C. Sigoloff, chairman of the board, president & chief exec. officer; Wilhelm A. Mallory, sr. exec. v.p. & chief financial officer; Lawrence P. Friedman, sr. v.p.-human resources; Seymour Strasberg, sr. v.p.-strategic planning; Ronald D. Strongwater, sr. v.p.-real estate; James M. Van Tatenhove, sr. v.p.-administration; James N. Castleberry, v.p.-controls evaluation and compliance; Michael S. Sitrick, sr. v.p.-communications; Michael Jamieson, v.p. & controller; Ervin J. Bolka, v.p. & treasurer; Alvin G. Segel, sr. v.p., general counsel & secretary; Raymond J. Byrne, v.p.; Robert S. Fenton, v.p.-tax; Bill J. Mann, v.p.-data services.

Directors: Sanford C. Sigoloff, chairman; Rita E. Hauser, Ellsworth L. Johnson, Preston Si'baugh, Wilhelm Mallory, Sanford Kaplan, Peter Sweet, Edmund M. Kaufman.

Areas of Work: The Wickes Manufacturing division produces diesel and gasoline pistons, electrical and electronic components, bumpers, aluminum castings, extrusions and tubing, stampings, mechanical components (shifters and parking brakes), window regulators, convertible tops and power units, electro-mechanical actuators, and wire formed assemblies for the automotive industry. It also manufactures electronic connectors for the electrical and electronic markets, electrical wire and cable, and proprietary commercial refrigeration and airconditioning systems for the construction market. In addition, Wickes Manufacturing division makes safety hardware and systems for military air crewmen and thermo processes specialty metals for aircraft and missile components. The Wickes Engineering division manufactures aircraft arresting gear, prototype and production parts for aircraft jet engines and replacement turbine blades for electrical generators.

In the retail area, the Company operates, Builders Emporium home improvement centers; Wickes Furniture home furnishings warehouse showrooms; and Orchard Supply Hardware stores. Manufacturing operations other than electronic are conducted by Collins & Aikman, which manufactures upholstery, carpet, specialty textiles and yarns, wallcoverings, and warp knit fabrics.

Other business activities include WCI Financial Corp. which purchases and finances accounts receivable generated by the retailing group; Western Diversified Services which offers insurance to individuals and companies, and the distribution of automotive parts through A.P.S., Inc., Vera Imported Parts Corporation, and Guaranteed Parts/Sorensen.

Electronics Divisions:

Elco
Bohn Heat Transfer
H. Koch & Sons
Advanced Development & Engineering Center (ADEC)

Wickes Engineering
Mal Tool & Engineering
Cepco
Klock

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10286

Stock Exchange(s): New York

Ticker Symbol: WIX

Number of Employees:

1987	35,000	1985	57,350
1986	60,000		

Plant Footage:*

1987	4,409,000 sq. ft.	1985	4,100,000
1986	4,000,000		

* Electronics manufacturing only.

Sales & Earnings

	Net Sales + (000's)	Net Income # (000's)
1988	$ 3,476,861	$ 180,511
1987	2,147,879	83,750
1986	939,360	76,130
1985	323,044	296,536
1984	299,404	24,794

	No. of Com. Shares‡	Earn. per Share‡
1988	47,815,000	$ 3.68
1987	39,770,000	1.65
1986	19,662,000	2.35
1985	2,922,000	101.48
1984	2,877,000	8.62

(Loss)
+ Of continuing operations only.
# Including extraordinary gains of $42,988,000 ($0.90 per share) in 1988, $9,861,000 ($0.25 per share) in 1987, $35,482,000 ($1.81 per share) in 1986, $279,522,000 ($93.65 per share) in 1985 and $11,618,000 ($4.05 per share) in 1984.
‡ Based on the average number of common shares and common share equivalents outstanding, adjusted to reflect reverse stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1988	—	—	1-for-5

Common Stock Equity

	Total Equity ('000's)	Equity Per Share +
1988	$ 1,191,216 ‡	$ 24.91
1987	1,011,022 ‡	25.42
1986	516,902 ‡	26.29
1985	340,333	116.47
1984	(207,680)	—

(Deficiency)
‡ After allowing for preferred stock at liquidation value of $40 per share.
† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Income Account ('000's)

Year ended	1/30/88	1/31/87
Net Sales	$ 3,476,861	$ 2,147,879
Cost of sales	2,504,057	1,489,271
Expenses	698,572	517,905
Interest expense	205,124	109,545
Gain on sale of eq. secur.	—	(38,412)
Income before taxes	$ 69,108	$ 69,570
Income taxes	27,531	21,174
Income-cont. oper	$ 41,577	$ 48,396
Income-discont. oper.	95,946	25,493
Net Income	$ 137,523	$ 73,889
Extraordinary gain	42,988	9,861
Net Income & extraord. gain	$ 180,511	$ 83,750

*Included in Costs and Expenses, Depreciation and Amortization: $119,768,000 in 1988 and $62,703,000 in 1987.

Assets ('000's)

As of	1/30/88	1/31/87
Cash & short-term invest.	$ 51,292	$ 158,424
Receiv., net	581,827	799,473
*Inventories	645,365	1,093,584
Assets of discont. oper.	647,130	20,343
Other curr. assets	81,697	76,847
Current Assets	$ 2,007,811	$ 2,150,671
#Fixed assets	766,905	1,023,105
Other assets	125,195	149,450
Investments & other receiv.	59,433	41,197
Purch. price in exc. of assets acq.	1,064,736	1,052,442
Total Assets	$ 4,024,080	$ 4,416,865

Liabilities ('000's)

Notes payable	$ 267,811	$ 25,185
Long-term debt	360,058	25,470
Accts. payable	273,988	397,185
Accruals	343,220	497,485
Other liabilities	21,895	9,673
Curr. Liabilities	$ 1,266,972	$ 954,998
Long-term debt	1,358,295	2,256,353
Cap. lease oblig.	50,253	56,596
Deferred inc. taxes	112,094	92,646
+Preferred stock	181	181
+Common stock	4,777	23,905
Add. paid-in capital	976,768	958,699
Retained earnings	236,488	60,501
For. curr. trans. adjust.	18,272	12,986
Total Liabilities & Shareholders Equity	$ 4,024,080	$ 4,416,865

* At lower of cost (FIFO, average or retail) of market, not in excess of net realizable value.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	11.12	7.00
Sales to Inventories	5.38	1.96
Debt to Equity	1.65	2.24
Working Capital	$ 740,839,000	$ 1,195,673,000
Current Ratio	1.58	2.25
Shareholders' Equity	$ 1,236,466,000	$ 1,056,272,000

Wiltek, Inc.

542 Westport Avenue
Norwalk, Colorado 06851
(203) 853-7400

Officers: Robert W. Cruickshank, chairman; Jay W. Fitzpatrick, president, chief exec. officer and treasurer; Boris Frenkiel, v.p. & asst. secretary; F. Spencer Pooley, Jr., v.p.; Jeffrey Stuart, v.p.; Alexander R. Hamilton, secretary.

Directors: Martha M. Driver, Richard T. Niner, Ellis L. Phillips, Jr., Jay W. Fitzpatrick, Robert W. Cruickshank, Robert J. Campbell.

Areas of Work: Designs, implements and operates worldwide message and data communication services that enable organizations with otherwise incompatible terminals, computers and communication networks to send and receive information.

Subsidiaries:

Wiltek (U.K.) Ltd.
84 Upper Richmond Road
London SW15 2ST England

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Employees*:

1987	37	1985	32
1986	33	1984	26

Plant Footage:

1987	16,000 sq. ft.	1984	15,000
1986	16,000	1983	15,000
1985	16,000		

* Full-time only.

Sales & Earnings

	Revenues	Net Income‡
1987	$ 3,719,900	$ 11,400
1986	3,512,500	170,100
1985	2,856,300	(132,400)
1984	2,299,200	(750,500)
1983	1,848,900	(393,400)

	No. of Com. Shares	Earn. per Share‡ #
1987	4,474,219	$ —
1986	4,574,219	0.04
1985	4,774,219	—
1984	4,774,219	—
1983	4,774,219	—

(Loss)
‡ Including extraordinary gains of $101,400 ($0.02 per share) in 1987, $256,300 ($0.06 per share) in 1986, $306,200 ($0.06 per share) in 1985, $39,200 ($0.01 per share) in 1984 and $137,000 ($0.04 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 2,683,300	$ 0.60
1986	2,776,900	0.61
1985	2,820,800	0.59
1984	2,953,200	0.62
1983	3,703,700	0.78

Income Account *

Year ended Oct. 31	1987	1986
Revenues	$ 3,719,900	$ 3,512,500
Cost of sales	1,805,000	1,649,300
Expenses	1,981,900	1,786,500
Interest income	(94,500)	(107,300)
Other exp.	16,100	13,900
Income before taxes	$ 11,400	$ 170,100
Income taxes	101,400	256,300
Net Loss	$ (90,000)	$ (86,200)
Extraord. gain	101,400	256,300
Net Loss & extraord. gain	$ 11,400	$ 170,100

* Included in Costs and Expenses, Depreciation and Amortization: $382,100 in 1987 and $441,000 in 1986.

Assets

As of Oct. 31	1987	1986
Cash & cert. of deposit	$ 1,337,500	$ 1,420,500
Short-term investments	86,700	103,000
Accts. receiv., net	551,900	324,300
Other assets	53,000	63,800
Current Assets	$ 2,029,100	$ 1,911,600
#Rental Equip.	1,186,000	1,221,200
Total Assets	$ 3,215,100	$ 3,132,800

Liabilities

Accruals	$ 531,800	$ 331,000
Deferred revenue	—	24,900
Curr. Liabilities	$ 531,800	$ 355,900
+Common stock	1,593,900	1,593,900
Add. paid-in capital	5,702,100	5,702,100
Deficit	(4,276,400)	(4,287,800)
Treasury stock	(336,300)	(231,300)
Total Liabilities & Shareholders' Equity	$ 3,215,100	$ 3,132,800

‡ Less accumulated amortization.
+ No par value; $0.33 1/3 stated value.

Statistical Summary

%Income bef. Taxes to Sales	0.31	4.86
Working Capital	$ 1,497,300	$ 1,555,700
Current Ratio	3.82	5.37
Shareholders' Equity	$ 2,683,300	$ 2,776,900

WMS Industries, Inc.

767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Officers: Louis J. Nicastro, chairman of the board, president & chief executive officer; Norman J. Menell, exec. v.p. & chief operating officer; Paul R. Shackford, v.p.-finance, chief financial & accounting officer; Neil D. Nicastro, sr. v.p. & treasurer; Barbara M. Norman, v.p., secretary & gen. counsel.

Directors: Louis J. Nicastro, chairman; Norman J. Menell, William C. Bartholomay, William E. McKenna, Harvey Reich, George Baker, Neil D. Nicastro.

Areas of Work: The Company is engaged in the design, manufacture and sale of coin-operated amusement games. The Company's games include both pinball and video games which use electronic technology. The Company is also involved in the ownership and operation of hotels and casinos.

Subsidiaries:

Posadas de Puerto Rico Associates, Inc.
999 Ashford Avenue
San Juan 00902 Puerto Rico
(809) 721-1000

Williams Hospitality Management Corp.
999 Ashford Avenue
San Juan 00902 Puerto Rico
(809) 721-1000

Williams Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 759-5400

Williams Electronics Games, Inc.
3401 North Carolina Avenue
Chicago, Illinois 60618
(312) 267-2240

WMS Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

ESJ Hotel Corporation
767 Fifth Avenue
New York, New York 10153
(212) 751-5300

Posadas de San Juan Associates
El San Juan Hotel & Casino
Isla Verde Road 187
Carolina 00913 Puerto Rico
(809) 791-1000

Transfer Agent(s):

IBJ Schroder Bank & Trust Company
One State Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: WMS

Number of Employees:

1987 ..... 966 1986 700

Plant Footage:

1987 ..... 201,400 sq. ft. 1986 201,400

* Electronics-related only.

Sales & Earnings

	Revenues +	Net Income
1987	$ 122,974,000	$ (2,306,000)
1986	103,862,000	(3,401,000)
1985	64,950,000	(3,247,000)
1984	57,506,000	(14,473,000)
1983	56,514,000	9,849,000

	No. of Com. Shares‡	Earn. per Share‡
1987	8,013,475	$ —
1986	7,532,307	—
1985	7,523,750	—
1984	7,523,750	—
1983	7,523,750	1.31

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ —	—	—
1986	—	—	—
1985	—	—	—
1984	0.15	—	—
1983	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 21,882,000	$ 2.73
1986	23,999,000	3.19
1985	27,283,000	3.63
1984	30,530,000	4.06
1983	46,132,000	6.13

‡ Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended Sept. 30	1987	1986
Net sales	$ 76,503	$ 61,380
Hotel & casino oper.	46,471	42,482
Total income	$ 122,974	$ 103,862
Cost of sales	66,435	56,807
Hotel/casino oper. exp.	29,469	27,778
Expenses	30,490	16,826
Eq. in loss of affil.	446	2,174
Minority interest	610	523
Interest income	(1,279)	(2,500)
Interest expense	6,180	6,321
Inc. (loss) before taxes	$ 623	$ (4,067)
Tax credit	—	(1,769)
Inc. (loss) - cont. oper.	$ 623	$ (2,298)
Loss-discont. oper.	(2,929)	(1,103)
Net Income (Loss)	$ 2,306	$ (3,401)

* Included in Costs and Expenses, Depreciation and Amortization: $3,408,000 in 1987 and $3,341,000 in 1986.

Assets
(000's)

As of Sept. 30	1987	1986
Cash & cash equiv.	$ 11,167	$ 11,900
Receiv., net	16,416	16,080
+Inventories	11,105	12,565
Recov. inc. taxes	985	3,980
Deferred inc. taxes & prepaid expenses	1,758	965
Net assets-telephone bus.	618	—
Current Assets	$ 42,049	$ 45,490
Investments	8,348	3,240
Other assets	6,147	7,044
#Fixed assets	35,486	32,435
Intangibles	9,127	9,353
Total Assets	$ 101,157	$ 97,562

Liabilities
(000's)

Long-term debt, curr.	$ 1,368	$ 741
Notes payable	12,650	7,895
Accts. payable	9,378	7,574
Accruals	7,064	5,349
Other accruals	5,580	3,473
Curr. liabilities	$ 36,040	$ 25,032
Long-term debt	36,743	42,369
Minority interest	6,492	6,162
+Common stock	3,958	3,769
Add. paid-in capital	2,432	543
Retained earnings	17,381	19,687
Receiv. from stock sale	(1,889)	—
Total Liabilities & Shareholders' Equity	$ 101,157	$ 97,562

+ At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Net Income to Equity	10.54	—
Debt to Equity	2.32	2.13
Working Capital	$ 6,009,000	$ 20,458,000
Current Ratio	1.17	1.82
Shareholders' Equity	$ 21,882,000	$ 23,999,000

Wyle Laboratories

128 Maryland Street
El Segundo, California 90245
(213) 678-4251

Officers: Stanley A. Wainer, chairman & chief executive officer; Charles M. Clough, president & chief operating officer; Theodore M. Freedman, exec. v.p.-finance, treasurer & chief financial officer; Ralph L. Onortiewicz, v.p. & president-Electronics Marketing Group; John R. Herring, exec. v.p. and president-Scientific Services & Systems Group; Joseph E. Sullivan, v.p.-administration, taxes & secretary; R. Van Ness Holland, Jr., v.p. & corp. controller.

Directors: Frank S. Wyle*, Lawrence E. Irell, Stanley A. Wainer*, John R. Herring*, Raymond J. Raff, James J. McMorrow*, Edward Sanders, F. Stephen Wyle, Theodore M. Freedman*, Charles M. Clough*, John B. Farrell, Jack S. Kilby.

* Member of the Executive Committee

Areas of Work: Industrial distribution of electronic components and systems including sales, service, and finance functions; research, engineering, and testing services to the energy, aerospace/defense, acoustics, and transportation industries; manufactures electronic enclosures and electrical cables.

Divisions and Subsidiaries:

Scientific Services & Systems Group

Huntsville Facility
7800 Governors Drive, West
P.O. Box 1008
Huntsville, Alabama 35807
(205) 837-4411
Refurbishment, functional testing, and certification of safety valves, snubbers, etc., for nuclear power plants; seismic shock testing of very large nuclear power plant equipment, functional testing of radioactive components; boating safety, simulator design; rocket and spacecraft testing.

Hampton Facility
3200 Magruder Boulevard
Hampton, Virginia 23666
(804) 838-5000
Design, assembly, programming, and operation of computer-based data systems; instrument calibration and maintenance.

Norco Facility
1841 Hillside Avenue
Norco, California 91760
(714) 737-0781
Full scale testing of large nuclear power plant safety systems, valves, flowmeters, etc.; high-force seismic testing and analysis; hazardous testing, encompassing cryogenics, fuels, solid rockets, and ordnance.

Foundation Mechanics, Inc.
128 Maryland Street
El Segundo, California 90245
(213) 678-4251
Production of equipment for highway and airfield pavement and subgrade analysis.

El Segundo Facility
128 Maryland Street
El Segundo, California 90245
(213) 678-4251
Aerospace testing, with emphasis on high flow and/or high pressure pneumatics and on shock and vibration.

Applied Research, Inc.
Houston, Texas
El Segundo & Santa Clara, California
Colorado Springs, Colorado
Provides engineering and management services to the aerospace/defense market.

Research Staffs:
Consulting services and contract research in the physical sciences, specializing in acoustics; aerospace and seismic studies.

Electronics Marketing Group

Headquarters:
Irvine, California

Divisions:

Dallas, Austin & Houston, Texas
Denver, Colorado
Portland, Oregon
Salt Lake City, Utah
Seattle, Washington
Phoenix, Arizona
Irvine, California
San Diego, California
Sacramento, California
Santa Clara, California
Garden Grove, California
Los Angeles, California
Huntington Beach, California

Industrial Manufacturing Group

Burton Electrical Engineering
111 Maryland Street
El Segundo, California 90245
Design and manufacture of electrical ground support systems for aircraft, electrical cable systems for the oil well industry, and other kinds of electrical systems.

Electronic Enclosures:

225 South Aviation Boulevard
El Segundo, California 90245
(213) 679-0181

6995 Airport Highway
Pennsauken, New Jersey 08109
(609) 665-6810
Supplies sophisticated TEMPREST RFI shielded cabinets which are used to secure military communications.

Wyle Distribution Group

Wyle Distribution/El Segundo
124 Maryland Street
El Segundo, California 90245
(213) 322-8100
Industrial distribution of electronic components.

Wyle Distribution/Santa Clara
3000 Bowers Avenue
Santa Clara, California 95051
(408) 727-2500
Industrial distribution of electronic components.

Wyle Distribution/Denver
Denver, Colorado

6777 East 50th Street
Commerce City, Colorado 80022
(303) 287-9611
Industrial distribution of electronic components.

Wyle Distribution/San Diego
9525 Chesapeake Drive
San Diego, California 92123
(714) 565-9171
Industrial distribution of electronic components.

Wyle Distribution/Phoenix
8155 North 24th Avenue
Phoenix, Arizona 85201
(602) 249-2232
Industrial distribution of electronic components.

Wyle Distribution/Orange County
17981 Skypark Circle
Irvine, California 92714
(714) 751-9850

Wyle Data Services, Inc.
15302 Bolsa Chica
Huntington Beach, California 92642
(213) 598-9555
Development and support of on-line computer services and software.

Transfer Agent(s)

Security Pacific National Bank
Corporate Services Division
P.O. Box 3546, Terminal Annex
Los Angeles, California 90051

Stock Exchange(s): New York

Ticker Symbol: WYL

Sales & Earnings

	Net Sales†	Net Income
1988	$ 368,033,000	$ 5,779,000
1987	307,000,000	4,307,000
1986	260,816,000	(3,196,000)
1985	343,390,000	9,395,000
1984	282,375,000	7,134,000

	No. of Com. Shares #	Earn. per Share #
1988	10,189,000	$ 0.57
1987	9,779,000	0.44
1986	9,635,000	—
1985	9,492,000	0.99
1984	8,490,000	0.84

(Loss)
† Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues by Line of Business
(000's)

	1988	1987
Electronics mktng.	$ 265,395	$ 224,559
Scientific serv. & syst.	102,638	82,441
Total	$ 368,033	$ 307,000

Common Stock

	Cash Dividend+	Stock Dividend	Stock Split
1988	0.27	—	5-for-4
1987	0.26	—	—
1986	0.26	—	—
1985	0.26	—	—
1984	0.08	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 88,522,000	8.78
1987	80,612,000	8.37
1986	78,373,000	8.18
1985	81,800,000	8.76
1984	73,678,000	7.97

‡ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1988	1987
Net sales	$ 368,033,000	$ 307,000,000
Cost of sales	286,747,000	236,367,000
Expenses	67,915,000	62,365,000
Interest expense	3,140,000	2,413,000
Loss (gain) on disps. prop.	74,000	(836,000)
Other income	(350,000)	(286,000)
Income before taxes	$ 10,507,000	$ 6,999,000
Income taxes	4,728,000	2,692,000
Net income	$ 5,779,000	$ 4,307,000

* Included in Costs & Expenses, Depreciation and Amortization: $4,580,000 in 1988 and $3,997,000 in 1987.

Assets

As of Jan. 31	1988	1987
Cash and equiv.	$ 13,008,000	$ 2,140,000
Accts. receiv., net	60,452,000	47,614,000
*Inventories	68,849,000	66,299,000
Other current assets	3,569,000	1,962,000
Current Assets	$ 145,878,000	$ 118,015,000
#Fixed assets	25,860,000	27,137,000
Other assets	4,023,000	3,422,000
Total Assets	$ 175,761,000	$ 148,574,000

Liabilities

Notes payable	$ —	$ 2,000,000
Long-term debt, curr.	809,000	1,902,000
Accts. payable	23,548,000	20,913,000
Accruals	15,055,000	11,944,000
Curr. Liabilities	$ 39,412,000	$ 36,759,000
Long-term debt	18,724,000	22,133,000
Convertible sub. debentures	25,000,000	3,749,000
Deferred inc. taxes	4,103,000	5,321,000
+Common stock	51,866,000	46,633,000
Retained earnings	36,656,000	33,979,000
Total Liabilities & Shareholders' Equity	$ 175,761,000	$ 148,574,000

* At lower of cost (FIFO or average method) or market.
#: Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.85	2.38
%Net Income to Sales	1.57	1.40
%Net Income to Equity	6.53	5.34
Sales to Inventories	5.35	4.63
Debt to Equity	0.22	0.32
Working Capital	$ 106,466,000	$ 81,256,000
Current Ratio	3.70	3.21
Shareholders' Equity	$ 88,522,000	$ 80,612,000

Xerox Corporation

P.O. Box 1600
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 968-3000

Officers: David T. Kearns, chairman, chief exec. officer & chairman of the executive committee; Paul A. Allaire, president; William F. Glavin, vice chairman; Melvin Howard, vice chairman & chairman and chief exec. officer-Xerox Financial Services; Robert V. Adams, exec. v.p.-corp. planning & president-Custom Systems Division; Wayland R. Hicks, exec. v.p. & president-Business Products & Systems Group; A. Barry Rand, group v.p. & president-U.S. Marketing Group; Douglas M. Reid, sr. v.p. & sr. staff officer; Dwight P. Ryan, group v.p. & president-Special Markets Group; Robert S. Banks, v.p. & general counsel; Eunice M. Filter, v.p. & corp. secretary; Robert J. Kammerer, v.p.-public affairs & corp. communications; Roger E. Levien, v.p.-corp. strategy office; Thomas P. Maletta, v.p.-taxes; John J. McGinty, v.p.-management control evaluation & corp. audit; Norman E. Rickard, v.p.-corp. quality office; Stuart B. Ross, v.p.-finance & chief financial officer; Joseph C. Sanchez, v.p. & president-Special Business Division, Special Markets Group; Alan Z. Senter, v.p. & treasurer; William J. Spencer, v.p.-Corp. Research Group; Donald A. Zrebiec, v.p.-management resources; William T. Blair, vice president; Ronald B. Campbell, Jr., vice president; L. Lyndon Haddon, vice president; Norbert H. Kaspp, vice president; Robert T. Knight, vice president; Charles E. Otto, vice president; Richard C. Palermo, vice president; M. Norton Rosner, vice president; John C. Shoemaker, vice president; Michael Smith, vice president; Eric L. Stemburgh, vice president; Raghunandan D. Sachdev, controller; Donald R. Altieri, asst. controller; Robert R. Evans, asst. treasurer.

Directors: David T. Kearns, chairman; Paul A. Allaire*, Robert A. Beck, Joan Ganz Cooney, William F. Glavin*, Alfred Herrhausen, Melvin Howard*, B. R. Inman, Vernon E. Jordan, Jr., Yotaro Kobayashi, John D. Macomber, C. Peter McColough, N. J. Nicholas, Jr., William E. Simon, Robert L. Sproull, Robert S. Strauss, Thomas C. Theobald, Ernst H. van der Beugel.

* Member of the Executive Committee

Areas of Work: The company is principally in the business equipment and financial services businesses. Within the business equipment segment, the reprographics business consists of the development, manufacture, marketing and maintenance of xerographic copiers and duplicators. It also includes the manufacture and/or marketing of related paper and other supplies. Within the business equipment segment, the information systems business consists of the development, manufacture, marketing and maintenance of electronic, impact and electrostatic printers, information processing products, personal computers, office systems products, electronic typewriters, facsimile transceivers, and the manufacture and/or marketing of related paper and supplies. The principal market for business equipment products is business and government offices. The primary method of marketing such products is through the Company's sales force. Another, smaller segment includes computer-related products and services.

Divisions and Subsidiaries:

AutEx Systems
55 Williams Street
Wellesley, Massachusetts 02135
(617) 235-1940

Cheshire, Inc.
408 Washington Blvd.
Mundelein, Illinois 60060
(312) 949-2000

Diablo Systems, Inc.
24500 Industrial Blvd.
Hayward, California 94545
(413) 786-9000

Ginn and Company
191 Spring Street
Lexington, Massachusetts 02173
(617) 861-1670

Kurzweil Computer Products, Inc.
33 Cambridge Parkway
Cambridge, Massachusetts 02142
(617) 864-4700

Systemix
2737 Campus Drive
Irvine, California 92715
(714) 851-1010

University Microfilms International
300 N. Zeeb Road
Ann Arbor, Michigan 48106
(313) 761-4700

Versatec, Inc.
2805 Bowers Avenue
Santa Clara, California 95051
(408) 988-2800

Xerox Business Products & Systems Group
P.O. Box 1600
Stamford, Connecticut 06904
(203) 968-3000

Xerox Canada, Inc.
703 Don Mills Road
Don Mills, Ontario M3C 1S3 Canada
(416) 429-6750

U.S. Marketing Group
Xerox Square
Rochester, New York 14644
(716) 427-5400

Special Markets Group
101 Continental Boulevard
El Segundo, California 90245
(213) 333-2428

Custom Systems Division
1616 North Ft. Myer Drive
Arlington, Virginia 22209
(703) 527-6400

Corporate Research Group
P.O. Box 1600
Stamford, Connecticut 06904
(203) 968-3000

Xerox Computer Services
5310 Beethoven Street
Los Angeles, California 90066
(213) 390-3461

Xerox Special Information Systems
300 N. Halstead Street
Pasadena, California 91107
(213) 351-2351

Fuji Xerox Co., Ltd.
3-5 Akasaka 3-chome
Minato-ku, Tokyo 107, Japan

Xerox Group Affiliate Operations
3 Pickwick Plaza
Greenwich, Connecticut 06830
(213) 622-4700

Xerox Limited, Hong Kong
P.O. Box 489
12C Watson's Estate
North Point, Hong Kong, China

Xerox Learning Systems
One Pickwick Plaza
Greenwich, Connecticut 06830
(203) 622-5300

Xerox Magnetics
150 Charcot Avenue
San Jose, California 95131
(408) 262-4136

Xerox Medical Systems
125 N. Vinedo Avenue
Pasadena, California 91107
(213) 251-2351

Xerox Memory Division
3333 Bowers Avenue, Suite 250
Santa Clara, California 95051
(408) 727-7710

Xerox Information Products Division
Xerox Corporation
1341 W. Mockingbird Lane
Dallas, Texas 75247
(214) 689-6000

Xerox Printing Systems Division
Xerox Corporation
Continental Park
880 Apollo Street
El Segundo, California 90245
(213) 536-7000

Xerox Electronics Division
701 S. Aviation Blvd.
El Segundo, California 90245
(213) 536-7000

Xerox Office Systems Division
2100 Geng Road
Palo Alto, California 94303
(415) 496-6000

Xerox Information Systems Division
2100 Geng Road
Palo Alto, California 94303
(415) 496-6000

Xerox Reprographics Business Group
Xerox Square
100 Clinton Avenue
Rochester, New York 14644
(715) 427-5400

Xerox Diversified Business Group
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Xerox General Services Division
Xerox Square
100 Clinton Avenue
Rochester, New York 14644
(716) 427-5400

Xerox Real Estate Division
800 Long Ridge Road
Stamford, Connecticut 06904
(203) 329-8700

Xerox Information Resources Group
1 Pickwick Plaza
30 Mason Street
Greenwich, Connecticut 06830
(203) 625-5600

Rank Xerox Limited
Parkway, Marlow
Buckinghamshire SL7 1YL England

Xerox Special Businesses Division
Xerox Corporation
Xerox Square
Rochester, New York 14644

Xerox Argentina, I.C.S.A.
Xerox do Brasil, S.A.
Xerox de Chile, S.A. Reproducciones
Xerox del Ecuador, S.A.
Industrias Xerograficas, S.A. de C.V.
Xerox del Peru, S.A.
Xerox de Venezuela, C.A.
Xerox de Columbia, S.A.
Xerox Research (UK) Limited
Rank Xerox Holding B.V. (50% owned)
Rank Xerox Manufacturing (Nederland) B.V.
Societe Industrielle Rank Xerox S.A.
Bessemer Trust Limited
Lyell Holdings Ltd.
Fuji Xerox Co., Ltd.
Rank Xerox (U.K.) Limited
Rank Xerox (Ireland) Limited
Rank Xerox de Espana Limited
Rank Xerox Espanola S.A.
Rank Xerox (N.Z.) Ltd.

Rank Xerox S.A.
Rank Xerox Exports Ltd.
Rank Xerox Business Equipment Inc.
Rank Xerox Investments Ltd.
Xerox International Sales Corp.
Rank Xerox (Management) Limited (50% owned)
N.V. Rank Xerox S.A.
Rank Xerox (Australia) Pty. Ltd.
Rank Xerox Austria G.m.b.H.
Rank Xerox A/S
Rank Xerox Oy
Rank Xerox G.m.b.H.
Rank Xerox Greece S.A.
Rank Xerox S.p.A.
Rank Xerox (Nederland) B.V.
Rank Xerox A/S
Rank Xerox A.B.
Rank Xerox A.G.

Xerox Financial Services, Inc.

Crum & Forster
Morristown, New Jersey

Xerox Credit Corporation
Greenwich, Connecticut

Van Kampen Merritt, Inc.
Lisle, Illinois

Furman Selz Holding Corporation
New York, New York

Transfer Agent(s):

Xerox Corporation
P.O. Box 2007
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Philadelphia, Boston, Cincinnati, London, Paris, Amsterdam, Dusseldorf, Frankfurt, Basel, Berne, Geneva, Lausanne, Zurich.

Ticker Symbol: XRX

Number of Employees:

1987	99,032	1984	103,457
1986	100,367	1983	104,007
1985	102,396		

Sales & Earnings

	Oper Rev.† (000's)	Net Income (000's)
1987	$ 10,302,000	$ 378,000
1986	9,355,000	465,000
1985	8,676,000	475,000
1984	8,374,000	291,000
1983	7,895,000	466,000

	No. of Com. Shares #	Earn. per Share #
1987	96,978,000	$ 5.35
1986	97,260,000	4.28
1985	96,159,000	4.44
1984	95,691,000	2.53
1983	94,897,000	4.42

† Revenues of business prods. & systems; of continuing operations only.
# Based on the average number of common shares and Class B shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 3.00	—	—
1986	3.00	—	—
1985	3.00	—	—
1984	3.00	—	—
1983	3.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	$ 5,105,000	$ 51.03
1986	4,687,000	46.04
1985	4,386,000	45.54
1984	4,101,000	43.87
1983	4,222,000	44.51

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 5,702,000	$ 4,822,000
Rentals	1,865,000	2,341,000
Service	2,753,000	2,292,000
Eq. in inc. of unconsol. cos.	430,000	326,000
Other income	126,000	100,000
Total oper. revenues	$ 10,866,000	$ 9,781,000
Cost of sales	2,940,000	2,412,000
Cost of rentals	1,168,000	1,362,000
Cost of service	1,274,000	1,040,000
Expenses	4,293,000	4,020,000
Interest expense	226,000	212,000
Other charges	44,000	60,000
Income before taxes	$ 921,000	$ 675,000
Income taxes	262,000	112,000
Outside shareholders' interests	81,000	75,000
Inc. - cont. oper.	$ 578,000	$ 488,000
Inc. (loss)-discont. oper.	—	(65,000)
Cum. effect of change in accntg. meth.	—	42,000
Net income	$ 578,000	$ 465,000

* Included in Costs and Expenses, Depreciation: $731,000,000 in 1987 and $806,000,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash & time deposits and market. secur.	$ 309,000	$ 402,000
Accts. receiv., net	2,104,000	1,867,000
*Inventories	1,408,000	1,389,000
Prepaid expenses & other assets	638,000	315,000
Current Assets	$ 4,459,000	$ 3,973,000
Investments	3,517,000	3,091,000
Rental equip.	878,000	1,070,000
Trade receiv.	300,000	341,000
#Fixed assets	1,639,000	1,491,000
Deferred inc. taxes	302,000	258,000
Other assets	903,000	384,000
Total Assets	$ 11,598,000	$ 10,608,000

Liabilities (000's)

Notes payable & long-term debt, curr.	$ 605,000	$ 306,000
Accts. payable	470,000	426,000
Accrued payroll	1,164,000	1,013,000
Other liab.	229,000	131,000
Income taxes	124,000	89,000
Unearned income	258,000	241,000
Curr. Liabilities	$ 2,850,000	$ 2,206,000
Long-term debt	1,539,000	1,730,000
Shareholders' interests in eq. of subsid.	652,000	565,000
Deferred credits & other liab.	1,010,000	978,000
+ Redeem. pref. stock	442,000	442,000
++ Common stock	100,000	98,000
Add. paid-in capital	1,912,000	897,000
Retained earnings	4,255,000	4,023,000
Apprec. of eq. invest.	6,000	90,000
Cum. trans. adjust.	(268,000)	(381,000)
Total Liabilities & Shareholders' Equity	$ 11,598,000	$ 10,608,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $1 par value; $5.45 cumulative.
++ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.48	—
%Net Income to Revenues	5.32	—
%Net Income to Equity	11.32	9.92
Debt to Equity	0.42	0.43
Working Capital	$ 1,609,000,000	$ 1,767,000,000
Current Ratio	1.56	1.80
Shareholders' Equity	$ 5,105,000,000	$ 4,687,000,000

Xexex Industries, Inc.

3 Duke Place
Norwalk, Connecticut 06853
(203) 833-8001

Mailing address:
P.O. Box 5319
Rowayton, Connecticut 06853

Officers: George Battocchio, chairman & president; Burton Marks, secretary.

Directors: George Battocchio, chairman; Ira Nevin, Robert E. Weiss, Burton Marks, Peter Aliapoulios, Charles Muscat.

Areas of Work Engaged in the production of printed circuit boards.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Sales & Earnings

	Net Sales	Net Income
1987	$ 3,366,850	$ 1,988
1986	3,493,414	119,630
1985	3,810,397	79,999
1984	4,321,835	181,415
1983	3,936,703	37,165

	No. of Com. Shares‡	Earn. per Share‡
1987	338,549	$ 0.06
1986	338,683	0.35
1985	341,067	0.23
1984	345,333	0.53
1983	348,033	0.11

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	$ 0.05	—	—
1986	0.05	—	—
1985	0.05	—	—
1984	0.13	—	—
1983	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 1,382,110	$ 4.08
1986	1,397,956	4.13
1985	1,301,063	3.81
1984	1,280,453	3.71
1983	1,098,388	3.16

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1987	1986
Net sales	$ 3,366,850	$ 3,493,414
Cost of sales	2,565,395	2,456,926
Expenses	770,103	764,284
Other charges	22,901	40,800
Income before taxes	$ 8,451	$ 231,404
Income taxes	6,463	111,774
Net income	$ 1,988	$ 119,630

* Included in Costs and Expenses, Depreciation and Amortization: $189,159 in 1987 and $180,729 in 1986.

Assets

As of Dec. 31	1987	1986
Cash	$ 372,487	$ 652,277
Receiv., net	298,281	367,034
*Inventories	246,364	254,661
Prepaid expenses	64,289	10,681
Current Assets	$ 981,421	$ 1,284,653
@ Fixed assets	1,200,548	975,273
Deferr. charges & other assets	121,531	100,039
Total Assets	$ 2,303,500	$ 2,309,965

Liabilities

Notes payable	$ 123,510	$ 114,029
Accts. payable	136,336	149,424
Accruals	28,301	74,948
Income taxes	—	79,067
Other taxes	—	1,536
Curr. Liabilities	$ 288,147	$ 418,994
Notes payable	617,022	470,863
Deferred inc. taxes	14,211	13,152
+Common stock	4,065	4,065
Add. paid-in capital	337,098	337,098
Retained earnings	1,369,869	1,345,256
Treasury stock	(203,913)	(188,463)
Total Liabilities & Shareholders' Equity	$ 2,303,500	$ 2,309,965

* At lower of cost (FIFO) or market.
@ Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.25	6.62
%Net Income to Sales	0.06	3.42
%Net Income to Equity	0.14	8.56
Sales to Inventories	13.67	13.72
Debt to Equity	0.54	0.42
Working Capital	$ 693,274	$ 865,659
Current Ratio	3.41	3.07
Shareholders' Equity	$ 1,382,110	$ 1,397,956

Zenith Electronics Corporation

1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-7000

Officers: Jerry K. Pearlman, chairman and president; Robert B. Hanson, pres.-consumer products group; Carl A. Micholotti, president-computer group; Otto M. Gmeinia, president-components group; James L. Faust, president-cable products; Howard H. Graham, v.p.-finance; Gerald M. McCarthy, pres.-Zenith Sales Company; Michael J. Kaplan, v.p.-human resources and public affairs; Melvin L. Moore, president-CRT group; James A. Stark, v.p.-purchasing, consumer products; David S. Levin, treasurer; Dennis J. Waldeck, secretary; John Borst, Jr., v.p. & general counsel; Bruce A. Huber, v.p.-marketing, consumer products; Peter C. Sharlow, v.p.-engineering, consumer products; M. Vincent Kamlar, v.p.-manufacturing, consumer products; Michael S. Tamkin, v.p.-video display operations; John P. Frank, president-Zenith Data Systems; William E. Johnson, president-Heath Company.

Directors: Harry G. Beckner, Sidney Davidson, John H. Johnson, Wilbur H. Gantz, Frederick G. Jaicks*, Arthur W. Schultz, Jerry K. Pearlman*, John W. Madigan, Robert B. Hanson, G. Ralph Guthrie*, Joseph S. Wright, director Emeritus.

* Member of the Executive Committee

Areas of Work: Zenith is engaged predominantly in the design, development, manufacture and sale of consumer electronics and related products. These products include: color and black and white television, video cassette recorders, parts and accessories, cable television products, microcomputers and related peripheral equipment and software, power supplies, display devices and subsystems and color television picture tubes. Other products include high-technology components which are sold to original equipment manufacturers. The Heath Company, a wholly-owned subsidiary, produces and markets consumer electronics products in kit and assembled form through mail order distribution and 66 retail store operations in the United States and Canada. Zenith Data Systems Corporation, a wholly-owned subsidiary, sells micro-computers, related peripheral equipment and software directly to major corporations, educational institutions and the government, as well as through retail computer stores.

Divisions and Subsidiaries

Zenith Electronics Corporation
1900 North Austin Avenue
Chicago, Illinois 60639
(312) 745-3000

Zenith Microcircuits Corporation
1851 Arthur Street
Elk Grove, Illinois 60007
(312) 956-1550

Rauland Division
3407 W. North Ave.
Melrose Park, Illinois 60160
(312) 379-4400

Zenith Electronics Corporation
1500 No. Kostner Avenue
Chicago, Illinois 60651
(312) 745-3000

Zenith Electronics Corporation
11000 Seymour
Franklin Park, Illinois 60131
(312) 671-7550

Springfield Division
2300 E. Kearney Street
Springfield, Missouri 65801
(417) 865-8341

Zenith Electronics Corp. of Indiana
1515 No. Fulton Avenue
Evansville, Indiana 47701
(812) 423-7761

Zenith Electronics Corp. of Texas
6601 South 33rd Street
McAllen, Texas 78503
(512) 687-9161

Electro Partes de Matamoros, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Partes de Televisor de Reynosa S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith Taiwan Corporation
Zenith Electronics (Pacific) Ltd.
No. 16 Chih Chiang First Road
Chung Li-Industrial District, Chung-Li Shin
Tou-Yuan Hsien, Taiwan, R.O.C.

Zenith Radio Corp. of Canada, Ltd.
1020 Islington Avenue
Toronto, Ontario M8Z 5X5 Canada
(416) 231-4171

Zenith Distributing Corp. of Northern California
800 Mariposa Street
San Francisco, California 94107
(415) 621-8545

Zenith Distributing Corporation of Southern California
11945 East Pike Street
Santa Fe Springs, California 90670
(213) 699-7461

Zenith Distribution Corp. of New York
200 Meadowlands Parkway
Secaucus, New Jersey 07094
(201) 330-9000

Zenith Distributing Corp.-Midstates
12600 West 93rd Street
Lenexa, Kansas 66215
(913) 888-4800

Zenith Distributing Corp. of Illinois
505 No. Northwest Avenue
Northlake, Illinois 60164
(312) 562-7300

Zenith Data System Corporation
1000 North Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-8860

Zenith Electronics (Ireland) Ltd.
Virginia Road, Kells
County Meath, Ireland

Zenith Electronics Corp. of Arizona
217 3rd Street
Douglas, Arizona 85607

Tabsa De Mexico, S.A. de C.V.
217 3rd Street
Douglas, Arizona 85607

Zenith Video Tech Corporation
11000 Seymour Avenue
Franklin Park, Illinois 60131

Zenith Video Products Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025

Cableproductos De Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Productos Magneticos de Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenco de Chihuahua, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith/Intera, Inc.
13040 Reddin Drive
Herndon, Virginia 22071

Yorktechnology Electronics Corporation
Hilltop Road
St. Joseph, Michigan 49085

Heath Company
Hilltop Road
St. Joseph, Michigan 49085
(616) 982-3200

Transfer Agent(s):

The First National Bank of Boston

Stock Exchange(s): New York, Midwest, Zurich, Basel, Geneva.

Ticker Symbol: ZE

Number of Employees:

1987	35,000	1984	29,000
1986	37,000	1983	30,000
1985	33,000		

Plant Footage:

1987	N.A.	1984	9,500,000
1986	8,300,000 sq. ft.	1983	9,100,000
1985	10,100,000		

N.A. - Not Available.

Sales & Earnings

	Net Sales + ($000's)	Net Income† ($000's)
1987	$ 2,362,700	$ (19,100)
1986	1,892,100	(10,000)
1985	1,623,700	(7,700)
1984	1,716,000	63,600
1983	1,361,000	46,300

	No. of Com. Shares	Earn. per Share†
1987	25,930,280	$ —
1986	23,345,227	—
1985	23,130,291	—
1984	22,164,058	2.88
1983	21,961,067	2.26

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business ($000's)

	1987	1986
Consumer electronics	$ 1,100,000	$ 1,212,000
Computer products	1,036,000	548,000
Systems & components	228,000	132,000
Total	$ 2,364,000	$ 1,892,000

Common Stock Equity

	Total Equity	Equity Per Share
1987	$ 478,200,000	$ 18.45
1986	431,600,000	18.49
1985	427,200,000	18.90
1984	442,800,000	20.00
1983	375,200,000	17.08

Income Account * ($000's)

Year ended Dec. 31	1987	1986
Net sales	$ 2,362,700	$ 1,892,100
Cost of sales	2,017,900	1,356,400
Expenses	342,700	532,400
Other income	(9,700)	(3,800)
Gain on sale of prop.	(400)	—
Gain on term. of pension plan	—	(700)
Interest expense	45,700	29,600
Interest income	(4,600)	(3,600)
Loss bef. taxes	$ (28,900)	$ (20,200)
Tax credit	(9,800)	(10,200)
Net Loss	$ (19,100)	$ (10,000)

* Included in Costs and Expenses, Depreciation: $41,500,000 in 1987 and $40,000,000 in 1986.

Assets ($000's)

As of Dec. 31	1987	1986
Cash and mkt. secur.	$ 19,300	$ 2,900
Receiv., net	417,700	378,200
†Inventories	583,600	502,800
Prepaid expenses	48,700	81,700
Current Assets	$ 1,069,300	$ 966,400
#Fixed assets	266,800	256,500
Other assets	16,700	12,100
Total Assets	$ 1,373,000	$ 1,235,000

Liabilities ($000's)

Short-term debt	$ 113,000	$ 95,000
Long term debt, curr.	6,900	6,900
Accts. payable	230,500	199,000
Accruals	72,200	59,100
Accrued payroll	53,900	44,800
Income taxes	300	7,400
Prod. warranties	42,900	43,000
Co-op adv. & merch. prog.	36,400	33,800
Curr. Liabilities	$ 555,100	$ 491,000
Long-term debt	315,400	272,400
Deferred inc. taxes	31,300	40,000
+ Common stock	25,900	23,300
Add. paid-in capital	132,800	69,700
Retained earnings	319,500	338,600
Total Liabilities & Shareholders' Equity	$ 1,373,000	$ 1,235,000

* At lower of cost (majority at FIFO; remainder at LIFO) or market.
# Less accumulated depreciation.
+ $1 per value.

Statistical Summary

Sales to Inventories	4.05	3.76
Debt to Equity	0.66	0.87
Working Capital	$ 341,400,000	$ 475,400,000
Current Ratio	1.99	1.97
Shareholders' Equity	$ 478,200,000	$ 431,600,000

Zentec Corporation

2400 Walsh Avenue
Santa Clara, California 95051-1374
(408) 727-7642

Officers: Richard Callas, chairman; William D. Parker, president & chief exec. officer; John De Santis, v.p.-operations; Jeffrey B. Cunningham, v.p.-finance, secretary & chief financial officer; Frank Martin, v.p.-engineering.

Directors: Richard Callas, chairman; William D. Parker, Norman H. Moore, Fred Patton, Ralph Gobel, Mark Burke.

Areas of Work: Designs, manufactures and markets customized intelligent terminal products which are used in a variety of information processing applications.

Subsidiary:

Zentec Ltd.
Orchard House
Connaught Road
Brookwood, Surrey GU240AT England

Transfer Agent(s):

Bank of America
National Trust & Savings Association
Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZENT (NASDAQ)

Sales & Earnings

	Net Sales +	Net Income†
1987	$ 28,937,000	$ 620,000
1986	27,353,000	$ 3,434,000
1985	17,390,000	(4,880,000)
1984	24,805,000	354,000
1983	20,577,000	(12,714,000)

	No. of Com. Shares‡	Earn. per Share†‡
1987	5,143,000	$ 0.12
1986	3,720,000	0.92
1985	3,446,000	—
1984	3,435,000	0.10
1983	3,323,000	—

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $140,000 ($0.02 per share) in 1987, $1,607,000 ($0.43 per share) in 1986 and $127,000 ($0.03 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock: Equity

	Total Equity	Equity Per Share‡
1987	$ 8,112,000	$ 1.58
1986	7,685,000	2.06
1985	4,222,000	1.23
1984	9,073,000	2.64
1983	8,706,000	2.62

‡ Based on the weighted average number of common shares and common share equivalents outstanding

Zentec Corporation

Income Account * (000's)

Year ended Dec. 31	1987	1986
Net sales	$ 28,937	$ 27,353
Cost of sales	23,817	17,637
Expenses	4,411	4,882
Product develop.	1,070	1,428
Interest income	(781)	(88)
Income before taxes	$ 420	$ 3,494
Income taxes	180	1,667
Net income	$ 240	$ 1,827
Extraord. gain	140	1,607
Cum. effect of change in accntg. meth.	240	—
Net income & extraord. gain	$ 620	$ 3,434

* Included in Costs and Expenses, Depreciation and Amortization: $414,000 in 1987 and $457,000 in 1986.

Assets (000's)

As of Dec. 31	1987	1986
Cash	$ 5,612	$ 8,655
Accts. receiv., net	4,579	6,240
*Inventories	7,697	5,996
Other curr. assets	224	200
Current Assets	$ 18,112	$ 21,091
#Fixed assets	1,070	862
Other assets	92	84
Total Assets	$ 19,274	$ 22,037

Liabilities (000's)

Cap. lease oblig., curr.	$ 94	$ —
Accts. payable	1,548	3,329
Accrued compensation	551	650
Other accruals	1,069	2,234
Income taxes	40	84
Curr. Liabilities	$ 3,302	$ 6,297
Cap. lease oblig.	208	—
Value of net assets acq. in exc. of cost	1,605	2,051
Deferred inc. taxes	212	212
Redeem. preferred stock	5,835	5,792
+Common stock	13,298	13,120
Accumulated deficit	(5,186)	(5,435)
Total Liabilities & Shareholders' Equity	$ 19,274	$ 22,037

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.45	12.77
%Net Income to Sales	0.83	6.68
%Net Income to Equity	2.96	23.77
Sales to Inventories	3.76	4.56
Debt to Equity	0.04	—
Working Capital	$ 14,810,000	$ 14,794,000
Current Ratio	5.49	3.35
Shareholders' Equity	$ 8,112,000	$ 7,685,000

Zero Corporation

444 South Flower Street
Suite 2100
Los Angeles, California 90071-2922
(213) 629-7000

Officers: John B. Gilbert, chairman of the board; Howard W. Hill, vice chairman; Wilford D. Godbold, Jr., president & chief executive officer; James E. Osterman, v.p. & secretary; James F. Hermanson, vice president; Ronald L. Hess, vice president; Jon R. Wimer, vice president; George A. Daniels, v.p. & chief financial officer.

Directors: John B. Gilbert, chairman; Richard R. Gomez, Howard W. Hill, Arnold D. Larson, Roger L. Putnam, Jr., Clinton G. Gerisch, Robert C. Sherburne, Wilford D. Godbold, Jr..

Areas of Work Engaged in the design, manufacture and sale of metal containers, cabinets, instrument cases and other packaging for the electronics and data processing industries. Also manufactures and sells proprietary plastic and metal components and assemblies used in the electronics and other industries and devices for the cooling of electronic equipment, and a line of aluminium luggage and camera cases under the Zero Halliburton and Anvil brand names.

Divisions and Subsidiaries

Zero-West Division
777 Front Street
Burbank, California 91503
(818) 846-4191

Zero-East Division
288 Main Street
Monson, Massachusetts 01057
(413) 267-5561

Scanbe/Electronic Solutions
6790 Flanders Drive
San Diego, California 92121
Manufactures both standard and custom card cages, backplanes, tabletop enclosures, memory boards and accessories for the electronic marketplace.

McLean Engineering
70 Washington Road
Princeton Junction, New Jersey 08550
Manufactures blowers and fans for cooling electronic units.

McLean Midwest
4000 83rd Avenue North
Brooklyn Park, Minnesota 55443
Manufactures air conditioners and heat exchangers for electronic equipment.

Samuel Groves & Co., Ltd.
Norton Street
Hockley, Birmingham B185RQ England
Manufactures deep drawn food service containers and accessories.

Zero-Halliburton
12224 Montague Street
Pacoima, California 91331
Manufactures luggage and camera cases.

Acquisition:

Anvil Cases Inc.
Manufactures carrying and transit cases.

Transfer Agent(s):

Security Pacific National Bank
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific

Ticker Symbol: ZRO

Sales & Earnings

	Net Sales†	Net Income
1988	$ 139,073,000	$ 13,290,000
1987	125,699,000	11,602,000
1986	123,253,000	12,777,000
1985	117,186,000	11,812,000
1984	98,648,000	10,034,000

	No. of Com. Shares +	Earn. per Share‡
1988	12,556,469	$ 1.06
1987	12,497,314	0.93
1986	12,418,116	1.03
1985	12,387,047	0.95
1984	12,368,913	0.81

† Of continuing operations only.
+ Adjusted to reflect stock splits.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues by Line of Business

	1988	1987
Specialized enclosures	$ 84,844,000	$ 76,866,000
Enclosure accessories	39,058,000	36,117,000
Other	15,171,000	12,716,000
Total	$ 139,073,000	$ 125,699,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1988	$ 0.36	—	—
1987	0.306	—	—
1986	0.272	—	5-for-4
1985	0.244	—	5-for-4
1984	0.211	—	3-for-2

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1988	$ 93,685,000	$ 7.48
1987	83,123,000	6.66
1986	73,935,000	6.00
1985	63,535,000	5.18
1984	54,728,000	4.48

‡ Adjusted to reflect stock splits.

Income Account (000's)

Year ended March 31	1988	1987
Net sales	$ 139,073	$ 125,699
Interest income	1,763	1,435
Other income	897	3,321
Total income	$ 141,733	$ 130,455
Cost of sales	85,060	75,055
Expenses	28,164	27,154
Depreciation & amortization	4,260	4,210
Interest expense	2,029	1,562
Income before taxes	$ 22,220	$ 22,474
Income taxes	8,930	10,381
Inc.-cont. oper.	$ 13,290	$ 12,093
Loss-discont. oper.	—	(491)
Net income	$ 13,290	$ 11,602

Assets
(000's)

As of March 31	1988	1987
Cash	$ 2,787	$ 317
Marketable securities	41,255	35,792
Receiv., net	22,700	20,646
*Inventories	18,226	18,751
Prepaid expenses	1,232	1,649
Intangibles	2,044	1,851
Current Assets	$ 88,244	$ 79,006
#Fixed assets	21,566	22,992
Other assets	5,046	5,591
Intangibles	17,928	10,981
Total Assets	$ 132,784	$ 118,570

Liabilities
(000's)

Long-term debt, curr.	$ 5,229	$ 1,044
Subordinated debt, curr.	—	1,751
Accts. payable	3,133	2,375
Inc. taxes payable	1,239	1,719
Accrued taxes	1,971	2,123
Accrued interest	156	202
Accrued payroll	5,912	5,475
Accrued workers' comp.	1,213	1,232
Other accruals	2,344	2,339
Curr. Liabilities	$ 21,177	$ 18,260
Long-term debt	10,645	6,234
Deferred inc. taxes	137	—
Cap. lease oblig.	309	488
Other liabilities	6,831	6,389
Minority interest	—	4,076
+Common stock	12,519	12,474
Add. paid-in capital	11,250	10,321
Retained earnings	69,045	60,303
For. curr. trans. adj.	871	25
Total Liabilities & Shareholders' Equity	$ 132,784	$ 118,570

* At lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.98	—
%Net Income to Sales	9.56	—
%Net Income to Equity	14.19	13.96
Sales to Inventories	7.63	6.70
Debt to Equity	0.17	0.11
Working Capital	$ 67,067,000	$ 60,746,000
Current Ratio	4.17	4.33
Shareholders' Equity	$ 93,685,000	$ 83,123,000

Zygo Corporation

Laurel Brook Road
Middlefield, Connecticut 06455
(203) 347-8506

Officers: Paul F. Forman, chairman of the board, chief exec. officer & treasurer; Richard T. Fedor, president & chief operating officer; Carl A. Zanoni, v.p.-engineering; Sol F. Laufer, v.p.-optics group; James R. Downey, Jr., v.p.-finance & administration; Thomas O. Hagerth, v.p.-marketing; J. Frederick Shotkin, secretary; Winfield L. Guilmette, v.p.-instrument manufacturing.

Directors: Paul F. Forman, chairman; Carl A. Zanoni, Fujio Mitarai, Burton S. Sonenstein, Takashi Kojima, Robert G. McKelvey, Harold N. Cotton, Richard T. Fedor.

Areas of Work: The company designs, develops, manufactures and markets high-performance, laser-based, non-contact electro-optical components to extremely precise tolerances both for sale and for use as key elements in its own products. The company's instruments and systems are used to enhance productivity and improve product quality in a variety of industrial, scientific, and aerospace applications. The company is a worldwide producer of general purpose laser interferometers, microprocessor-based interferometer data analyzers, and related accessories which measure optical elements and systems, and precision manufactured components. The company also produces laser telemetric systems, which use scanning laser beams and microprocessor-based signal processors to make precision dimensional measurements.

Transfer Agent(s):

Continental Stock Transfer and Trust Company
72 Reade Street
New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZIGO (NASDAQ)

Number of Employees:

1987	320	1984	285
1986	355	1983	250
1985	325		

Plant Footage:

1987	100,000 sq. ft.	1984	100,000
1986	100,000	1983	100,000
1985	100,000		

Sales & Earnings

	Net Sales	Net Income
1987	$ 20,214,000	$ (1,029,000)
1986	23,283,000	256,000
1985	21,597,000	1,008,000
1984	17,512,000	1,108,000
1983	14,270,000	802,000

	No. of Com. Shares #	Earn. per Share #
1987	2,415,000	$ —
1986	2,466,000	0.10
1985	2,461,000	0.41
1984	2,129,000	0.52
1983	1,735,000	0.46

(Loss)
Based on the weighted average number of common shares outstanding.

Revenues by Line of Business

	1987	1986
Instruments & systems	80 %	86 %
Precision optical components	20	14
Total	100 %	100 %

Common Stock Equity

	Total Equity	Equity Per Share‡
1987	$ 15,704,000	$ 6.50
1986	16,691,000	6.77
1985	16,421,000	6.67
1984	15,369,000	7.22
1983	6,093,000	3.51

‡ Based on the weighted average number of common shares outstanding.

Income Account*
(000's)

Year ended June 30	1987	1986
Net sales	$ 20,214	$ 23,283
Cost of sales	14,261	14,600
Expenses	8,562	8,452
Interest income	(138)	(271)
Interest expense	255	265
Other expense (income)	(293)	149
Income (loss) bef. taxes	$ (2,433)	$ 88
Tax credit	(1,404)	(168)
Net Income (Loss)	$ (1,029)	$ 256

* Included in Costs and Expenses, Depreciation and Amortization: $1,079,000 in 1987 and $954,000 in 1986.

Assets
(000's)

As of June 30	1987	1986
Cash	$ 1,812	$ 2,415
Accts. receiv, net	4,554	7,116
*Inventories	8,327	7,839
Prepaid expenses	165	242
Current Assets	$ 14,858	$ 17,612
#Fixed assets	6,485	6,742
Other assets	656	413
Total Assets	$ 21,999	$ 24,767

Liabilities
(000's)

Long-term debt, curr.	$ 380	$ 451
Accts. payable	1,162	1,146
Cust. prog. pay.	245	232
Accrued payroll	819	791
Other accruals	847	729
Income taxes payable	9	14
Deferred inc. taxes	8	781
Curr. Liabilities	$ 3,476	$ 4,144
Long-term debt	2,179	2,557
Deferred income	—	200
Deferred inc. taxes	640	1,175
+Common stock	241	240
++Junior common stock	1	1
Add. paid-in capital	9,377	9,336
Retained earnings	6,085	7,114
Total Liabilities & Shareholders' Equity	$ 21,999	$ 24,767

* At lower of standard cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.38
%Net Income to Sales	—	1.10
%Net Income to Equity	—	1.53
Sales to Inventories	2.43	2.97
Debt to Equity	0.16	0.18
Working Capital	$ 11,382,000	$ 13,468,000
Current Ratio	4.27	4.25
Shareholders' Equity	$ 15,704,000	$ 16,691,000

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